

FINAL REPORT
PAKISTAN DISTRICTS THAT
WORK
AUGUST 2006 TO APRIL 2010

Prepared for



Prepared by

The Urban Institute

Pakistan Districts That Work
U.S. Agency for International Development/Pakistan
Contract No. DFD-I-00-05-00129-00, Task Order 03



THE URBAN INSTITUTE

2100 M Street, NW
Washington, DC 20037
(202) 833-7200
www.urban.org

July 2010
UI Project 07862-003

TABLE OF CONTENTS

PREFACE	1
SECTION I: AUGUST 2006 – AUGUST 2009	2
SUMMARY	2
TRAINING	4
PUBLIC FINANCIAL MANAGEMENT	5
Preparation of a Drawing and Disbursing Officer (DDO) Guidebook	5
Speedy Processing of Bills	5
Risk Assessment Study	5
COUNCIL GOVERNANCE AND OVERSIGHT	6
Activation of Zila Account Committees.....	6
Training for Zila Monitoring Committees.....	6
TMA OWN SOURCE REVENUE AND SERVICE IMPROVEMENTS	7
Own Source Revenue Raising Campaigns	7
System for TMA Financial Management (STFM).....	8
Participatory Results Oriented Action Plans for Water Service Delivery.....	9
HEALTH AND EDUCATION DECISION-MAKING AND SERVICE DELIVERY	10
Formation of District/Health Education Management Teams.....	10
Support to the National Program for Hepatitis Prevention and Control.....	11
Participatory Results Oriented Action Plans for Health and Education	11
Performance Management Tool for Education	13
Training on Education and Health Management Information Systems	13
District Health Planning	14
CITIZEN PARTICIPATION IN PLANNING AND PRIORITY SETTING	14
Budget Consultations	14
Focus Group Discussions for Priority Setting in the Budget Call Letters	15
INTERGOVERNMENTAL RELATIONS AND POLICY DIALOGUE	15
Decentralization/Devolution Policy Dialogues.....	15
National Public Opinion Poll on Citizen Priorities and Preferences on Local Government Systems (2008 and 2010).....	16
Governance Assessment Tool.....	17
OTHER ACTIVITIES	18
Support to IFES on elections in Pakistan	18
Training for Local Government Training Institutions.....	18
Developing the Capacity of CBOs/CSOs	19
DISTRICT SUPPORT FUNDS	20
SECTION II: AUGUST 2009 – MARCH 2010	20
SUMMARY	20
Continuation of Previous Activities	20
NARIMS Data Set	21
District Profiles	22
System for District Development Planning and Tracking	22
Assessment of People’s Primary Health Initiative.....	22
Experience Sharing Workshops	23
SECTION III: LESSONS LEARNED AND RECOMMENDATIONS	24

ANNEX A – RESULTS OF DTW INTERVENTIONS

LIST OF TABLES

- Table 1: Type of Training and Number of People Trained by DTW
Table 2: Percentage Change in Own Source Revenues after Using the STFM
Table 3: DTW Technical Activities from August 2009 to March 2010

LIST OF BOXES

- Box 1: Increasing Own Source Revenues via Campaigns in Rohri, Punjab
Box 2: Results of Implementation of the Performance Management Tool for Education
Box 3: Budget Consultations in Pakistan

LIST OF FIGURES

- Figure 1: DTW Phase One Districts, 2006
Figure 2: DTW Partner Districts and Hub Offices 2008

LIST OF ABBREVIATIONS

ADP	Annual Development Plan
BCL	Budget Call Letter
BHU	Basic Health Unit
CBO	Community-Based Organization
CCB	Citizen Community Board
CSO	Civil Society Organization
DCO	District Coordination Officer
DDO	Deputy District Officer
DEMT	District Education Management Team
DHIS	District Health Information System
DHMT	District Health Management Team
DHQ	District Headquarters
DSF	District Support Fund
DTW	Districts That Work
EDO	Executive District Officer
FGD	Focus Group Discussion
FMIS	Financial Management Information System
HMIS	Health Management Information System
LGO	Local Government Ordinance
LGTI	Local Government Training Institute
MCH	Maternal and Child Health
MoLG&RD	Ministry of Local Government and Rural Development
MS	Medical Superintendent
NRB	National Reconstruction Bureau
NWFP	North West Frontier Province
OSR	Own-Source Revenue
PFM	Public Financial Management
PHC	Primary Health Care
PHE&RD	Public Health Engineering and Rural Development
PLSP	Pakistan Legislative Strengthening Project
PPHI	People's Primary Health Care Initiative
PROAction	Participatory Results-Oriented Action
PWG	Provincial Working Group
RD	Rural Development
RHC	Rural Health Center

TAC	Tehsil/Taluka Advisory Committee
THQ	Tehsil/Taluka Headquarters
TMA	Tehsil/Taluka Municipal Administration
TMC	Tehsil/Taluka Monitoring Committee
TMO	Tehsil/Taluka Municipal Officer
TO(F)	Tehsil/Taluka Officer (Finance)
TO(I&S)	Tehsil/Taluka Officer (Infrastructure and Services)
USAID	United States Agency for International Development
WG	Working Group
ZAC	Zila Accounts Committee
ZCS	Zila Council Secretariat
ZMC	Zila Monitoring Committee

NOTE

This material is based upon work supported by the Urban Institute USAID contract number: DFD-I-00-05-00129-00 "Pakistan Districts That Work Task Order 03." Any opinions, findings and conclusions or recommendations expressed in this material are those of the Urban Institute and do not necessarily reflect the views of the United States Agency for International Development.

FINAL REPORT

AUGUST 2006 TO APRIL 2010

PAKISTAN DISTRICTS THAT WORK

Contract No.: DFD-I-00-05-00129-00, Task Order No. 03

Date of issuance of task order: 14 August 2006

Amount obligated under task order: \$26,000,000

Total potential task order amount: \$26,000,000

PREFACE

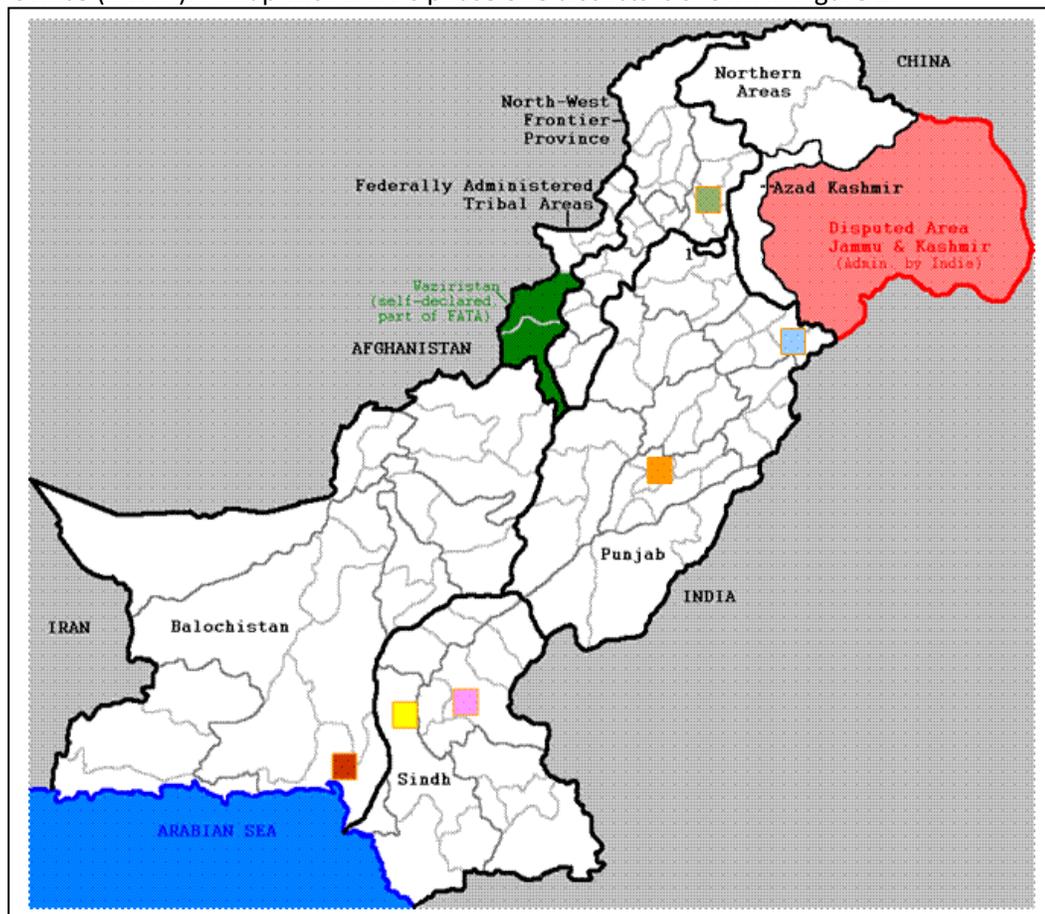
This report is divided into two sections. The first covers the period from August 14, 2006, to August 13, 2009; the second covers the period from August 13, 2009, to April 30, 2010. The project was initially scheduled to end on August 13, 2009. USAID amended the agreement and issued several no-cost extensions: (i) from August 13, 2009, to November 13, 2009, (ii) November 14, 2009 to January 12, 2010, (iii) from January 13, 2010, to March 13, 2010, and (iv) from March 14 to April 30, 2010. In response to political and legal changes in the country such as restrictions on district councils' ability to submit development budgets and expiration of the Local Government Ordinance 2001 on December 31, 2009, the DTW project changed its focus and activities. DTW continued some of its original task order activities through December 2009 (in a limited number of districts and TMAs) and undertook selected new activities in the period November 2009 through March 2010.

SECTION I: AUGUST 2006 – AUGUST 2009

SUMMARY

USAID's Districts That Work (DTW) project, implemented by the Urban Institute (UI), began on August 14, 2006, and was initially scheduled to end on August 13, 2009. The objective of DTW was to provide selected districts in Pakistan with the necessary skills and tools for effective governance to promote USAID initiatives and support devolution. The philosophy behind the DTW project was "governing for results." This involved (i) capacity-building for (a) district administrative staff, (b) district council members and Nazims (District Chief Executive Officers), and (c) Community-Based Organizations/Civil Society Organizations (CBOs/CSOs); (ii) improving district management and delivery of health and education services; (iii) improving the effectiveness of the Tehsil/Taluka Municipal Administrations (TMAs) in water service delivery and own-source revenue (OSR) mobilization; and (iv) improving the effectiveness of provincial local government training institutions and of the Province-District relationship.

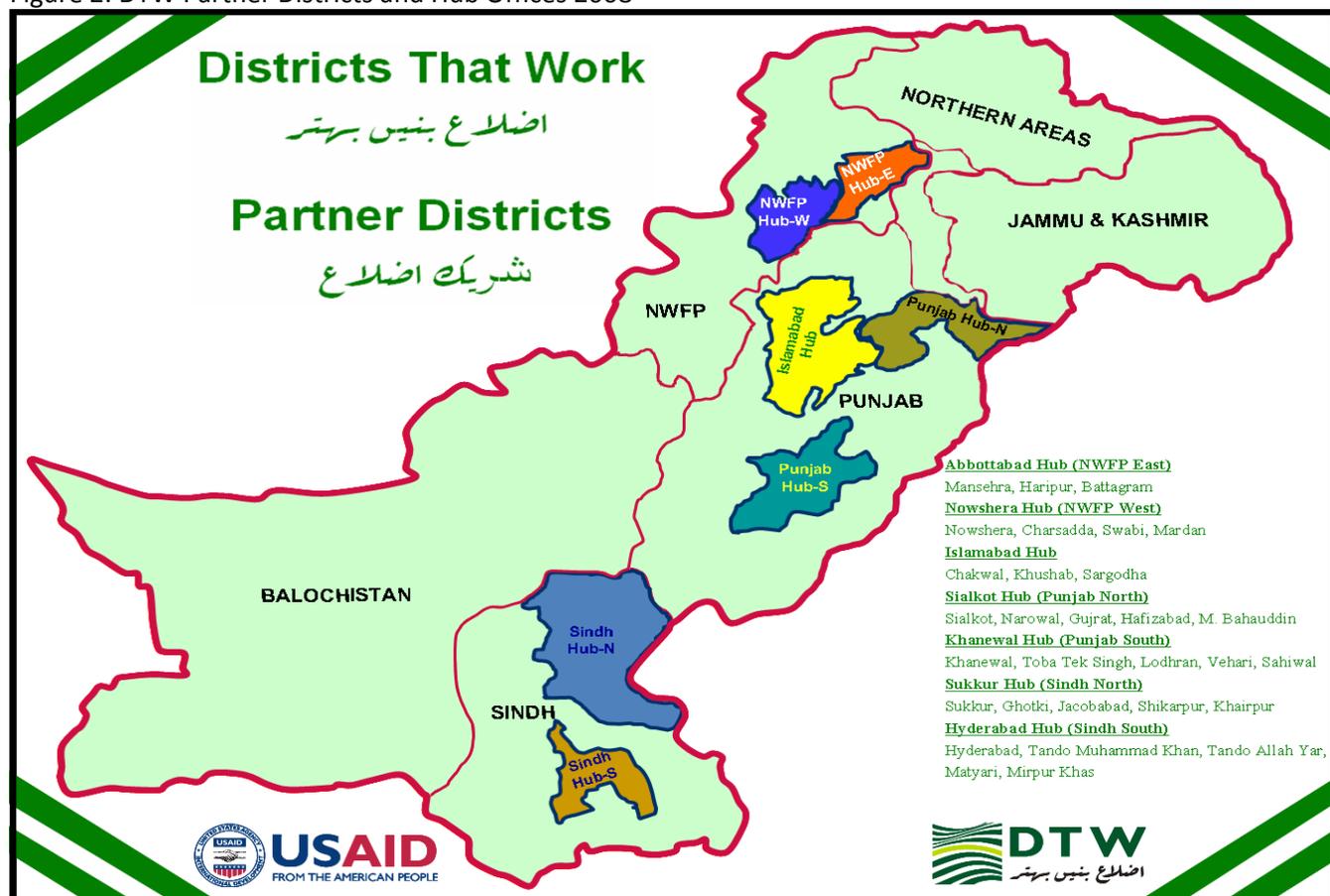
The original DTW project design covered nine districts and nine Tehsil/Taluka Municipal Administrations (TMAs). The design called for UI to work intensively with six districts (phase one districts) in the first year, through an office established in each district; expanding to a total of nine districts in years two and three and working with one TMA in each of the nine districts. The phase one districts included Sialkot and Khanewal in Punjab; Lasbela in Balochistan; Sukkur and Dadu in Sindh; and Mansehra in North West Frontier Province (NWFP). A map with DTW's phase one districts is shown in Figure 1.



In March 2008, in consultation with USAID, DTW expanded to 30 districts and 30 TMAs, and redesigned project activities and operations in order to increase reach in terms of number of districts and TMAs, enhance provincial level engagements, and focus the range of program interventions to achieve demonstrable results in a few key aspects of governance and management. The overall aim of this realignment was to “Bring Devolution to Life.” Building on the experiences and successes of the 2006-2007 phase of the project, DTW expanded its activities by establishing seven regional hub offices. DTW also focused its attention on engaging the provincial governments to ensure sustainability of the results achieved at the district level and to assist the provincial governments in introducing and instituting reforms in the local government system through an inclusive and consultative process. The overall objective of DTW remained the same: supporting more responsive and accountable local governments.

This rapid expansion was done by adopting a hub approach, with each regional office serving as a hub for work with several districts and one TMA in each district. A map of DTW’s hub offices and partner districts is shown in Figure 2 below.

Figure 2: DTW Partner Districts and Hub Offices 2008



DTW's work plan grouped the various task order activities into eight major components for the August 14, 2006, to August 13, 2009, period. This section of the report describes the activities under each component.

TRAINING

Building capacity at the district and TMA levels requires elected and administrative officials to first be aware of their roles and responsibilities and then to develop skills to carry them out. Improved governance also necessitates that other stakeholders know their rights and build constructive partnerships with the government. DTW conducted training on key topics for a range of stakeholders, including community-based organizations (CBOs), government officials, and local government training institutes.

The main objective of DTW's training component was to ensure that people have the right skills for managing, delivering and improving public services and that government officials and elected representatives are educated about their roles and responsibilities. In all cases, training was combined with practical skills for planning, implementation and oversight and followed by technical assistance to ensure use of this knowledge. Civil society organizations also learned to become part of the government's decision-making process and advocate for the public. Table 1 shows the number of persons trained and topic area since the inception of the project.

Table 1: Type of Training and Number of People Trained by DTW

SN	Training Type	# Trained
1.	New Accounting Model ¹	5,191
2.	DDO Guidebook	1,566
3.	Performance Management Tool for Education	1,548
4.	Organizational Development	969
5.	Data Analysis	616
6.	BDD-4 Forms (Project Proposals for Development Budget)	507
7.	Health Management Information System/District Health Information System	635
8.	Data Collection Techniques	410
9.	Health Management Information System	404
10.	Financial Management	261
11.	Leadership Skills	209
12.	Citizen Participation	96
13.	ZAC Roles and Responsibilities	67
14.	Education Management Information System	61
15.	Training Institutes (Curriculum Development, Development & Use of Case Studies)	44
Total		12,460

¹ The New Accounting Model training helped districts comply with local government accounting as well as the Auditor General's auditing procedures and move towards establishing proper financial controls in accordance with applicable rules and regulations.

PUBLIC FINANCIAL MANAGEMENT

One of the strategic objectives of DTW was improving participatory representation and accountable democracy in Pakistan. Achievement of this objective requires an improved public financial management (PFM) system, making the district administration more responsive to the citizens' needs, increasing transparency in financial management and internal control, improving financial oversight function and increasing reliability and efficiency in core financial management procedures.

Preparation of a Drawing and Disbursing Officer (DDO) Guidebook

Consultations with stakeholders in the district revealed a lack of up-to-date materials and a lack of awareness on the part of DDOs regarding revisions in the rules and regulations governing their work that came into force with the New Accounting Model (NAM). Based on these consultations, DTW produced and disseminated a DDO guidebook to 3,000 DDOs in the 13 DTW partner districts of Punjab. DTW also arranged trainings for these DDOs on "How to use the DDO Guidebook."

Speedy Processing of Bills

As part of DTW's strategy to improve the utilization of development funds and the pre-audit process being undertaken at the District Account Offices (DAOs), DTW developed a comprehensive checklist for the Drawing and Disbursing Officers with a list of documents required for the clearance of bills. Often bills submitted by the DDOs to the District Accounts Offices (DAOs) were not approved due to incomplete documentation. This not only caused delays in payment but also affected the utilization of funds at the district level. DTW initially developed the check list for seven selected partner districts, but expanded this to additional districts during the extension period.

Risk Assessment Study

Risk assessment studies were initiated to evaluate the existence and effective operation of PFM systems in DTW partner district governments and identify risks that might limit the achievement of objectives. Effective institutions and systems of PFM play a critical role in supporting the implementation of policies for national development and poverty reduction. Presently, no comprehensive study is available about the capacity of the district governments across Pakistan to manage their finances. Seven partner districts including Khushab, Mandi Bahauddin, Vehari, Sukkur, Matiari, Mansehra and Mardan were selected for the assessment. The risk assessment study was conducted using a standardized framework and detailed working papers. The assessment framework developed specifically for this study was based on international public financial management concepts, keeping in view the regulatory requirements of Pakistan. Elements of the Public Expenditure and Financial Accountability (PEFA) framework applicable to the district governments were also covered in the framework of the assessment, specifically the four strategic areas of: (i) planning and budgeting, (ii) budget execution, (iii) accounting and reporting and (iv) audit and legislative oversight.

The Risk Assessment Studies were shared with stakeholders including provincial finance and local government departments, representatives of the Auditor General's office, Director General Local Government Audit, Director Local Fund Audit, and district administrations.

COUNCIL GOVERNANCE AND OVERSIGHT

Activation of Zila Account Committees

Zila Accounts Committees (ZACs) are the primary accountability framework to improve financial management in district governments. ZACs, like other monitoring committees, were notified by the district governments, but unfortunately due to a lack of rules, procedures, processes and legal framework, they remained dormant during the 1st and 2nd term of Local Governments. Thus keeping in view the roles/guidelines defined under the LGO, the National Reconstruction Bureau and by the provincial government, DTW helped make selected ZACs functional. Seven districts were selected for ZAC activation: Mansehra and Mardan in NWFP, Khushab, Khanewal, and Mandi Bahauddin in Punjab, and Matiari and Ghotki in Sindh.

ZAC members were trained on their roles and responsibilities to review financial reports. In addition, the ZAC along with the audit office representatives and DDOs were trained to review the accounts and audit reports and recommend action on audit paras (observations).

Training for Zila Monitoring Committees

DTW focused on the reconstitution and capacity building of Zila Monitoring Committees (ZMCs) and ZACs. The project encouraged members of the district council to participate in the training programs held for its counterparts. The project also made efforts to strengthen the relationship between the district council and its associated committees with the district administration and CSOs by conducting joint meetings of ZMCs, district officials and CSOs. Furthermore, through its training of ZMCs for education and health, DTW encouraged ZMC members to visit the offices of district officials regularly. District officials were also encouraged to attend the training in order to encourage interaction between the two stakeholders.

DTW conducted a three-day workshop for the health and education Zila Monitoring Committees (ZMCs) in all six phase one districts on their role – including monitoring principles – as set out in the 2001 LGO. The objective of the workshop was to streamline the functioning of the committees and improve oversight of district administration by the council. DTW trained 66 participants, including 19 female ZMC members. The participants drafted action plans for the next six months and identified follow-up technical assistance areas in which DTW district offices could provide support. EDOs from the relevant departments also attended in order to encourage dialogue on monitoring issues and build constructive relationships between the departments and the ZMCs.

In Khanewal, ZMCs shared their action plans with affiliated departments as well as with CSOs/CBOs. In order to maximize the participation of health and education ZMC members at the consultative workshop on the Budget Call Letter (BCL), DTW organized a meeting for ZMC members on the importance and procedures of the BCL as set out in the Local Government Budget Rules 2003; it also addressed their role as councilors and monitors. DTW also organized a meeting of ZMCs and civil society representatives, the first occasion for many to have formal face-to-face interaction.

In Mansehra and Sialkot, the health and education ZMCs met with CSOs representatives to share reports and coordinate actions. In Dadu, DTW also held a post-ZMC training meeting of ZMC members to review the action plan developed during the training. At the meeting, DTW advised the ZMC members on how to address their grievances in the Council meeting with regard to the EDO's holding back of funds. The ZMC members followed up on DTW advice and the EDO promised to release the funds.

With DTW's help, the ZMCs in all phase one districts became active. This included their involvement in coordination activities with the district administration, the other council members and CSOs. In Sukkur, the health and education ZMCs presented quarterly reports to the full council. The health ZMC met with the EDO Health and his staff to review the action plan they developed at the training. Both parties agreed to cooperate and improve the health indicators and targets and meet the goals/actions in the department's annual plan.

TMA OWN SOURCE REVENUE AND SERVICE IMPROVEMENTS

The Local Government Ordinance 2001 devolved political power and decentralized administrative and financial authority to accountable local governments to improve governance, increase effective delivery of services and support transparent decision making. As a result, municipal service delivery became the responsibility of the Tehsil/Taluka Municipal Administration (TMA). However, low user charges and inefficient collection of taxes has severely limited the TMAs' ability to deliver municipal services. TMAs have not been able to manage their financial systems effectively and maximize their revenue potential due to lack of capacity, lack of asset management/inventory, lack of records, incomplete registration of assets and service users, manual collection and recording systems, and the distrust of citizens regarding the collection of service charges.

Finances play an important role in being able to provide improved municipal services to citizens. However, TMAs have not been able to collect more than 40% of their own source revenues. TMAs receive finances through two main sources:

1. Intergovernmental fiscal transfers from the Provincial Finance Commission, provincial finance department and specific grants. These are fixed and beyond the control of the TMA.
2. Own source revenues, which are collected and retained by the TMA staff, and can therefore be increased either by increasing the existing tax rate (which would be an unpopular decision in most cases) or through better management in the collection of own source revenue, which may be achieved by:
 - Adopting a proactive collection approach by sending demand and reminder notices to tax payers.
 - Proper management and follow up of arrears.
 - Providing timely, accurate and summarized information about billing amounts, collections, accounts, arrears, budgeting, receipts, expenditures, savings, etc., in the form of regular reports for informed decision making.

Own Source Revenue Raising Campaigns

The 2001 LGO provided greater financial autonomy to TMAs for generating own source revenue (OSR). However, due to lack of capacity, human resources, and incomplete records, TMAs are unable to optimize their OSR and remain dependent on grants from the provincial government. For these reasons, while most TMAs collect water user charges, they fail to collect the total charges, leading to increasing arrears.

DTW assisted TMAs in developing an OSR raising campaign to maximize their potential OSR and obtain resources for development activities prioritized by TMA citizens. The OSR raising campaign was complemented by a comprehensive communication strategy using a range of communication media, including public gatherings, printed and electronic media, banners, leaflets, pamphlets, etc.

The steps for the implementation of the OSR raising campaign included:

1. Identification of TMAs for OSR campaign and meeting with TMA officials
2. Presentation to working groups and TMA officials on the existing situation
3. Council involvement through discussion on OSR campaign in council sessions and passing of resolutions with policy guidelines for implementation of the OSR campaign
4. Formation of committees
5. Public meetings
6. Preparation of action plans by the committees/working groups to raise OSR
7. Implementation of action plans
8. Monitoring of action plans by the committees/working groups
9. Review of progress by the TMA council
10. Press briefing
11. Sharing progress with the general public
12. Dissemination of progress report via press, radio, cable, indicating increase in OSR and use of additional resources for the projects identified by the citizens/council.

Box 1: Increasing Own Source Revenues via Campaigns in Rohri, Punjab

In 2009, based on focus group discussions and citizen consultation, Tehsil Municipal Administration Rohri, in Punjab Province, Pakistan, identified water service as a priority for service improvements. To collect more information about the water supply system, and its arrears, the TMA conducted a survey.

Data showed that most citizens do not pay their water bill. Two strategies were developed to deal with this: a media campaign to educate and increase the awareness of citizens, and an employee recognition award to acknowledge the top performing TMA officials working on the recovery of quarterly water bills.

Mr. Zafar, one of the star employee award recipients, said, "The TMA and citizens' appreciation with this award is unforgettable for me. In the future I shall give more to TMA services and will try to be a strong contestant for this award again next year."

In the first phase, seven TMAs (one from each hub) were selected for the piloting of OSR raising campaigns. In all selected TMAs, working groups/OSR committees were formulated and TMA councils consulted about the OSR raising strategy. This was followed by council resolutions with policy guidelines for the implementation of the OSR raising campaign.

Each tehsil started its OSR raising campaign with a public meeting in which the vision and strategy of the OSR campaign was shared with citizens to encourage participation in the campaign. A total of nine public meetings were held in seven TMAs. These public meetings were attended by 3,058 people (of whom 933 women), including TMA officials, council members, business community, local CSOs/CBOs, media, and the general public.

System for TMA Financial Management (STFM)

DTW's strategy to increase OSR also included the development, installation, and implementation of a System for TMA Financial Management (STFM) in partner TMAs. This is a computer-based system for strengthening the financial capacity of TMAs and improving service delivery. Table 2 below shows the change in quarterly collection of OSR in selected partner TMAs before and after the installation of STFM:

In order to support partner TMAs in increasing their OSR through additional charges, DTW developed Version II of the STFM, with the following features:

- i) Surcharge in water and sanitation billing.
- ii) Billing and collection of sanitation charges.
- iii) Documentation and collection of rent on TMA property.
- iv) Printing of licenses and collection of license fees.

Version II of STFM was installed in all 30 partner TMAs and trainings provided for its application.

Table 2: Percentage Change in Own Source Revenues after Using the STFM

SN	Regional Hub	District	TMA	Revenue Collected in a Quarter BEFORE STFM	Revenue Collected in a Quarter AFTER STFM	Difference	%age Change
1	Abbottabad	Mansehra	Mansehra	694,820	843,770	148,950	21%
2		Abbottabad	Abbottabad	1,946,000	2,248,000	302,000	16%
3	Islamabad	Khushab	Noorpur Thal	103,730	508,960	405,230	391%
4	Sialkot	Sialkot	Sambrial	160,860	380,245	219,385	136%
5		Narowal	Shakar Garh	210,800	648,614	437,814	208%
6		Hafizabad	Hafizabad	209,584	287,319	77,735	37%
7	Khanewal	Khanewal	Mian Channu	23,294	31,157	7,863	34%
8		Vehari	Mailsi	464,006	858,049	394,043	85%
9	Sukkur	Sukkur	Rohri	130,450	300,660	170,210	130%
10		Jacobabad	Jacobabad	570,900	723,500	152,600	27%
11	Hyderabad	Mirpurkhas	Jhudo	75,330	142,121	66,791	89%
Average Percentage Increase							107%

Participatory Results Oriented Action Plans for Water Service Delivery

To improve basic service delivery in water (a TMA responsibility), health and education (a district responsibility), DTW initiated PROAction Planning (Participatory, Results-Oriented Action Planning). PROAction Planning improves service delivery through a participatory, evidence-based, performance-focused planning process, and relies on the interaction of citizens and government to develop a realistic plan that addresses a community's needs. PROAction Planning includes the following steps:

- Conducting a situation analysis (Where are we?)
- Setting outcomes and indicators (Where do we want to be?)
- Collecting data (Where are we?)
- Analyzing the data and setting targets (Where do we want to be?)
- Devising an action plan (How do we get there?)
- Monitoring and reporting progress (How do we know we are getting there?)

Ideally, PROAction plans are developed within the timeframe of the budget development process. In Pakistan, DTW provided support to local officials in designing activities to fit in with the Pakistani budget cycle so that there was openness to, as well as ownership of, the process by Pakistani local government members. These concrete activities included:

- Formation of Working Groups (comprised of local elected officials, administrative staff, civil society)
- Phase I: Budget Call Letter (including budget consultations)
- Phase II: Data collection
- Phase III: Target setting and action planning
- Phase IV: Monitoring and reporting

In the TMAs, DTW helped establish TMA Advisory Committees (TACs) – working groups made up of elected and administrative staff and civil society representatives. Budget consultations (see the section on Citizen Participation in Planning and Priority Setting) with the citizens helped identify priority areas in the TMAs after which the TACs set outcomes and indicators for the citizen-selected priority area. These outcomes were included in the budget call letter issued by the TMA. In order to assist the TACs in measuring their performance and achieving the outcomes they identified, DTW provided training and assistance to the TACs in data collection. This assistance included helping TACs identify existing data that provides information on outcomes as well as assisting the TAC in conducting user or household surveys to collect additional information. The data was used to set a baseline against which the TMAs could measure their progress.

In total, partner TMAs conducted 29 household and three user surveys covering services such as water supply, drainage channels, street cleanliness, and sanitation. Following the data collection, DTW district advisors were trained as Master Trainers to assist and train the TMAs to analyze the data, set targets and conduct action planning. These modules focused on developing the TACs' ability to analyze data, especially outcome data, how to use this data to set realistic targets for the coming year within the selected service sectors, and, by looking at the data and targets, plan concrete and actionable steps that work toward those targets.

The targets set by the TAC were communicated to the relevant offices within the TMA for the development of the budget and annual development plan. The relevant offices, most often TO (Infrastructure and Services) and TO (Planning), identified schemes that would contribute to meeting these targets. The TACs also planned non-budgetary actions such as reallocation of staff or changes in procedures followed by the local government.

To supplement the technical assistance on the analysis of data and creation of action plans, DTW provided trainings to TAC members on the BDD-IV form. The BDD-IV form is specified in the budget rules for the development of schemes and projects that will be funded through the local governments' budgets. One of the problems in budget development frequently mentioned by senior TMA officials was the quality of the BDD-IVs and project proposals that they receive. These forms are often poorly completed causing project quality and feasibility to suffer. In an attempt to ensure that projects and schemes developed through the PROAction process were incorporated into the ADP and the TMA budget, DTW provided trainings on the BDD-IV form to the TAC as well as other interested parties in the TMA, as well as hands on support in preparing BDD-IV forms for specific actions identified through the PROAction plan.

At the TMA level, 21 public consultations were held to share action plans with citizens, and a total of 2,266 participants, including 1,331 women, participated. The public discussion of the action plans were intended to provide support for the PROAction plans when they were put before the councils for inclusion in the draft/final district and TMA budgets. Unfortunately, the action plans were not incorporated in the final TMA budgets for 2009-2010 because of changes in the political environment: provincial governments in Sindh, Punjab, and NWFP restricted the ability of all TMAs and districts to pass their development budgets.

HEALTH AND EDUCATION DECISION-MAKING AND SERVICE DELIVERY

Formation of District/Health Education Management Teams

In order to improve planning, decision making and resource allocation in the district education and health sectors and TMA services delivery, DTW facilitated the establishment of District Education

Management Teams (DEMTs), District Health Management Teams (DHMTs) and TMA Advisory Committees (TACs) in partner communities.

The formation of the DEMT/DHMT and TAC was to ensure good governance through a participatory decision making process in district and TMA planning. The DEMT and DHMT are high level management coordination and decision making bodies designed to support smooth implementation of education and health activities in the targeted districts. They guide and monitor progress of these activities and facilitate inter-agency coordination for resolving various issues. The DEMTs, DHMTs, and TACs were notified in all the DTW districts and TMAs respectively.

Members of the DEMTs, DHMTs, and TACs were part of the working groups formed to develop the PROAction planning in the districts and TMAs. They also gave input on the district and TMA requests for in-kind assistance provided by DTW (see the section on District Support Funds).

Support to the National Program for Hepatitis Prevention and Control

DTW, at the request of the district health department, launched a hepatitis awareness campaign in Tehsil Ooghi of the Mansehra district. The campaign focused on hepatitis prevention and on informing the public on the sources of diagnosis and treatment within and outside the district. DTW's approach focused on building the capacity of the district health departments in planning and undertaking public advocacy campaigns on health issues with the involvement of civil society organizations. DTW developed and printed health education material, banners, posters and brochures for the campaign. The event was closely coordinated with the National Program for Hepatitis Prevention and Control (HP&C) and USAID's Primary Health Care Revitalization, Integration and Decentralization In Earthquake-Affected Areas (PRIDE) project. All the partners closely collaborated to conduct a seminar and to organize a walk to raise awareness among the public.

The seminar, which took place on April 9, 2008, was actively supported by Ooghi's citizen community board (CCB) network, 30 village organizations and local CBO Anjuman-e-Naujawan. The seminar was attended by approximately 300 people, including 120 schoolchildren, barbers, dentists, paramedics, elected representatives, and local CBOs/VOs as well as the general public.

Participatory Results Oriented Action Plans for Health and Education

DTW also initiated PROAction planning in the districts to improve health and education services. Working Groups were established to discuss citizens' identified priorities in health and education by holding public consultations and focus group discussions (FGDs), conducting situation analysis and supporting the issuance of budget call letters (BCLs) reflecting citizen priorities. Data was collected through household and user surveys in the two sectors for PROAction. Working groups were trained on data analysis, target setting, and the development of action plans, followed by public consultations to share the survey results and obtain citizen feedback regarding the action plans. These consultations were attended by 2,373 participants including 1,043 women.

Data Collection: Prior to initiating data collection, DE/HMTs first set outcomes and indicators for the citizen-selected priority area. These outcomes were developed through broad public consultation and incorporated in the budget call letter issued by the district. In order to assist the DE/HMTs in measuring their performance in achieving these outcomes, DTW provided training and technical assistance to the DE/HMTs in data collection. This assistance including helping DE/HMTs identifying existing data that provides information on outcomes as well as assisting the DE/HMT in conducting user or household surveys to provide this information. The data allowed the DE/HMTs to set a baseline against which they can measure their progress.

Twenty-three DTW districts conducted five household and 19 user surveys covering sub-sectors such as medicine availability, quality of facilities, teacher absenteeism, functioning of Parent Teacher Committees, and overall quality of services provided in health and education.

Analyzing Data and Setting Targets: DTW district advisors were trained as master trainers on the next steps in the PROAction planning process which includes data analysis, target setting, and action planning. These modules focused on developing the DE/HMTs' ability to analyze data, especially outcome data, how to use this data to set realistic targets for the coming year within the selected service sectors, and, by looking at the data and targets, plan concrete and actionable steps that work toward those targets.

After completion of data collection and cleaning, trainings were provided to 297 DE/HMT members by the district advisors on data analysis. The DE/HMT, facilitated by DTW advisors, analyzed basic frequencies and key cross tabulations by demographic and service characteristics. These data were then used by the DE/HMTs to set targets for the outcome indicators selected for the service.

Creating Action Plans: The targets set by the DE/HMT were communicated to the appropriate offices within the district for the development of the budget and annual development plan. The relevant offices, most often the EDO of the relevant sector (i.e., health or education) and EDO (Finance and Planning), identified schemes that would contribute to meeting these targets. The actions plans were discussed publicly, along with the results of the data collection exercises to provide support for the plans prior to being submitted to the council for inclusion in the draft and final district budgets.

Training on BDD-IV Form: To supplement the technical assistance on the analysis of data and creation of action plans, DTW provided training to 233 district officials and members of DE/HMT on the BDD-IV form that is specified in the budget rules for the development of schemes and projects that are funded through local governments' budgets. One of the issues in budget development mentioned by senior administration officials is the quality of the BDD-IVs and project proposals that they receive. These forms are often poorly completed causing project quality and feasibility to suffer. In an attempt to ensure that projects and schemes developed through the PROAction process were incorporated into the ADP and the district budget, DTW provided trainings on the BDD-IV form to the DE/HMT as well as other interested parties in the district.

Unfortunately, as happened with the TMA action plans, the district action plans were not incorporated in the final budgets for 2009-2010 because the provincial governments in Sindh, Punjab, and NWFP restricted the ability of all TMA and districts to pass development budgets.

Performance Management Tool for Education

DTW used a variation of the PROAction Planning process to develop a Performance Management Tool (PMT) for education. The process was adapted to make use of the existing Education Management Information System (EMIS) and develop both district- and school-specific action plans to ensure complementarities in achieving the objective: decreasing the number of low performing schools in the district. The steps included:

- Conducting a situation analysis of all targeted schools
- Selecting key performance indicators from the EMIS and ranking schools to identify the low performing schools
- Choosing common performance indicators from the EMIS to explain poor performance
- Re-ranking the schools using both key and common performance indicators and the school scorecard
- Developing district action plans
- Validating school data
- Training master trainers on developing school action plans
- Developing school action plans
- Implementing and monitoring the district and school action plans
- Reporting regularly to stakeholders

The PMT was initially implemented in 10 districts in NWFP. Due to the spectacular results, the government of NWFP requested DTW assistance in applying the tool in all 17 districts of NWFP. The tool was also extended to 13 districts in Punjab and 15 districts in Sindh.

Training on Education and Health Management Information Systems

DTW supported trainings on the use of the Health Management Information System (HMIS) and the District Health Information System (DHIS). Trainings were conducted for health managers in nine DTW partner districts to improve health service delivery based on evidence-based decision making. Two hundred fifty-one participants, including 21 women, attended these trainings. The participants of these trainings were EDOs (Health), coordinators working in EDO Health offices, medical superintendents (MSs) or deputy MSs of DHQ/THQ hospitals, HMIS master trainers of the district and medical officers from RHCs, BHUs and MCH centers.

The objectives of these trainings for health managers were to (a) develop basic skills for day-to-day decision making using HMIS information at the district level, including data analysis and interpretation; (b) identify important management questions that can be answered with available HMIS data and (c) understand how to create a supportive environment for the improvement of data quality and the use of evidence-based management.

Box 2: Results of Implementation of the Performance Management Tool for Education

Applying this tool in 10 districts of North West Frontier Province identified 261 low performing schools (based on high repetition rates). One year of implementing and monitoring the plans resulted in:

- Reduction in the number of low performing schools from 261 to 29, a 89% improvement.
- Implementation of 70% of the district action plan.
- Improvement in school infrastructure – by the end of the year, 66% of low performing schools had electricity; 72%, water; 67%, a boundary wall.
- Activation of the Parent-Teacher Councils in 92% of low performing schools.

Application of the tool in Sindh resulted in:

- Overall improvement of 65% in the repetition rate of low performing schools.
- Compliance with approximately 70% of the District Action Plans.
- Improvement in school infrastructure resulting in a 15% decrease in schools without electricity and a 31% decrease in schools without a boundary wall.
- Activation of the Parent-Teacher Councils in 88% of the low performing schools.

Application of the tool in Punjab resulted in:

- Decrease in teacher absenteeism by 30%.
- Improvement in school infrastructure in the low performing schools resulting in a 59% decrease in schools without electricity; a 65% decrease in schools without a boundary wall; a 37% decrease in schools without drinking water; a 60% decrease in schools without a toilet; and a 50% decrease in schools without a functional washroom.

DTW also provided training on the Education Management Information Systems (EMIS) and actively used this data to choose key and common performance indicators for the performance management tool for education. This led 17 districts in NWFP, and 13 and 15 districts in Punjab and Sindh respectively, to validate and use the EMIS data and implement action plans to improve low performing schools in the districts.

District Health Planning

DTW conducted well-received training on health planning to support district health departments in strengthening the health management system and deliver better health care services. In total, three workshops were planned for six districts of NWFP in clusters of two districts per workshop.

Twenty-five participants attended each workshop (about 10 per district), including the EDO-H, DO-H, Deputy DOH, MS-DHQ, MS-THQ, Coordinator NP, Coordinator TBDOTS, and Coordinator EPI, in charge of RHCs. During the workshops districts developed their own action plans. These plans set objectives and targets and an implementation strategy to be followed by the districts.

CITIZEN PARTICIPATION IN PLANNING AND PRIORITY SETTING

Budget Consultations

A key focus of DTW's effort was to encourage inclusive policy decisions that reflect and address citizen concerns in terms of prioritizing budgetary allocations. DTW encouraged district and TMA governments to conduct public consultations, an inherent requirement of the 2003 Budget Rules. In 2007, as a result of these efforts, three of the phase one districts, Khanewal, Mansehra, and Sialkot, held budget consultations to seek public feedback on the budget. In 2008, after the expansion of the project into 30 districts and 30 TMAs, DTW actively replicated this successful initiative in its partner local governments.

Box 3: Budget Consultations in Pakistan

DTW supported a number of districts and TMAs in conducting budget consultations, with the average district attracting over 1,000 participants and TMA 675 citizens. In general citizens prioritized health and education as the two services they wanted the district government to focus on. At the TMA level, sanitation, drainage and drinking water supply were identified most often.

Budget consultations help get citizen input for future budget decisions. The budget consultation is a forum in which the district government shares the past trends in district budget allocations and expenditures with citizens and elicits their priorities for the upcoming budget. These consultations also provide an opportunity for the public to understand the government's financial constraints, competing demands and needs of the citizens, and the allocation of scarce resources. The consultations also gave citizens an opportunity to provide feedback and helped create ownership among all stakeholders.

In preparation for these consultations, the DTW district teams conducted meetings with various CSOs and CCBs, as well as press and bar associations, to ensure the participation of nearly 1000 people for each consultation. Partner CSOs/CBOs were introduced to DTW objectives for the budget consultations and formed management committees to oversee the logistics and participation of citizens. DTW organized these pre-budget consultations with the National Commission for Human Development.

DTW pre-budget consultations were held in 2008 and 2009 in both districts and TMAs. In order to identify actual community needs and the sectors requiring increased expenditures, DTW used a simple balloting system to solicit citizen preferences with respect to the budget. Preferences were sought for the health, education, roads, infrastructure, agriculture, livestock, sports and cultural sectors. The

results were shared with the participants and the government. This enabled the local governments to engage in proactive discussions with citizens and resulted in producing recommendations for the budget. The Education Sector emerged as the top priority in most of the districts; in TMAs, the priority service areas included drainage, sanitation, roads/street, and water supply.

Focus Group Discussions for Priority Setting in the Budget Call Letters

Public budget consultations were followed by a series of focus group discussions (FGDs) in each local government. At the district level, there was one discussion per TMA in the district and in each TMA DTW conducted one male and one female focus group discussion. The participants included government and civil society experts in the sector as well as citizens who were particularly vocal during the budget consultations. The focus group discussions helped to narrow down the prioritized sector to a specific issue within the sector. For example, if the prioritized sector was education then the FGD might result in recommendations to focus on improvement in school infrastructure.

Based on the budget consultations and FGDs held in the districts and TMAs, DTW hub offices facilitated meetings for the DHMTs/DEMTs in partner districts and TACs/WGs in partner TMAs to share the results of FGDs and conduct a situation analysis on the basis of these public consultations. The situation analysis identified problems in service delivery and indicated the resources available within the sector for improvement. The DHMT/DEMT members and TACs/WGs members were then trained on the formation of intermediate and end outcome indicators, which they consequently developed for inclusion in the Budget Call Letter (BCL) for FY 2008-09 and FY 2009-10. This was the first time that the BCLs were issued as a result of broad-based consultations reflecting citizen priorities.

INTERGOVERNMENTAL RELATIONS AND POLICY DIALOGUE

Decentralization/Devolution Policy Dialogues

After the 2008 elections, new federal and provincial governments were formed, presenting significant challenges and opportunities for reforming and strengthening local governance. With the lapse of the 2001 LGO on 31st December 2009, each province positioned itself to pass its own LGO or local government act. DTW held a series of meetings with federal, provincial and district officials in order to undertake a consultative, transparent, and inclusive review of local governance issues that could provide input for each provincial LGO/LGA. Discussions focused not only on the future shape and form of the local government system but also on the process through which the system would be reformed, considering the relevant constitutional and legal frameworks.

A series of dialogues were held in each of the four provinces to review devolution policy along the following thematic areas:

- a. Functions, responsibilities and structure of local governments;
- b. Accountability, oversight and responsiveness of local governments;
- c. Local government finance, budget, accounts and audit;
- d. Human resource management systems for local governments; and
- e. Coordination and conflict management.

With AC Nielsen, DTW also conducted a citizen perception survey in October 2008 in all four provinces to obtain citizen's view of local governance in Pakistan (for more details see the section below on National Public Opinion Poll on Citizen's Priorities and Preference on Local Government Systems). Following the dialogue and completion of the survey, four draft provincial reports were compiled, pulling together the results of provincial thematic dialogues and the survey of citizen perceptions and

preferences on the local government system. These were shared with the Federal and Provincial Governments and also with USAID/Pakistan for review and comments.

Following receipt of feedback from federal and provincial governments, the reports were submitted to the respective Provincial Working Groups (PWG) for consideration. Each report comprised two volumes. The first volume covered the results and recommendations received during the five thematic consultations and survey results, while the second volume contained a record of theme-specific working papers. After finalization by the PWG, each of the provincial reports served as a policy document for local government reforms in the province. It provided informed context to the debate on local government that is essential for their political acceptability and sustainability in the long run.

The reports were also used for interprovincial consultations/conferences to develop a broader national consensus on reform measures and legislation. DTW, keeping in view the capacities of the provincial governments in drafting of such complicated legislation, which affects multiple other laws, hired a legal drafting specialist parallel to this review process, and draft Local Government Acts were shared with each province.

National Public Opinion Poll on Citizen Priorities and Preferences on Local Government Systems (2008 and 2010)

DTW, in collaboration with AC Nielsen, conducted a national survey on Citizen Perceptions and Preferences on Local Government Systems. This national survey was aimed at providing objective and statistically representative data on citizens' perspectives on the operation and form of local government. The survey was designed and conducted, and stakeholder discussions were held in each of the four Provinces to inform policy-makers during the ongoing reform process. The survey was intended to solicit and present the citizens' voice so that it would be taken into account as the provinces and the federal government moved forward with the review and reform of local government systems.

The total sample size for the 2008 survey was 4,002 respondents, with equal gender and rural/urban representation from 78 districts across Pakistan. The survey asked respondents to rate different government-provided services. The survey gauged citizens' views on government accessibility, responsiveness and accountability, as well as citizens' awareness of government responsibilities across different tiers of government. The report published findings from the survey and focused on the quality and coverage of essential health, education, and municipal services. DTW's report aimed to give citizens a voice during the ongoing provincial debates on local government reform. Key findings of the report showed a general mistrust of all levels of government, with the exception of Union Councils. However, while citizens are critical, they remain positive about the potential of the system, and voiced strong opinion for more localized service delivery. The report also showed the current quality and coverage of services such as water, sanitation, schools, and health facilities in urban and rural areas of Pakistan. From the survey findings, it was clear that people in Pakistan support democratically elected governments and believe that a properly functioning local government system is the best method for improving their quality of life through the services it can deliver. The people surveyed expressed substantial dissatisfaction with service delivery to date, by government at all levels, including local governments, but they also have expectations that the system can be improved.

In November 2008, four high-profile provincial and national dissemination workshops were held to share the findings of DTW's Citizen Survey Reports amongst key stakeholders and to encourage discussion on the future of the local government system. The first provincial launch event took place in Lahore on November 10, 2008; the second in Peshawar on November 11, 2008; the third in Karachi on November 13, 2008; and the fourth (the national launch event) took place in Islamabad on November

17, 2008. Due to security concerns, the provincial launch event scheduled to be held in Quetta on November 15, 2008 was cancelled.

The launch events were very successful, attracting over 120 participants each, with representatives including Federal and Provincial Secretaries, Zila/District/TMA Nazims, DCOs and Union Councilors. All major media were present. Donor representatives from USAID, CIDA, JICA, UNDP, and UNESCO were present. Projects included CIDA's DTCE Project, ADB's Access to Justice Project, UNDP's Support to Good Governance Group, and USAID's PLSP. NGO representatives included Asia Foundation, ActionAid, Concern Worldwide, Strengthening Participatory Organization, Human Resource Development Network, and the Citizen's Foundation, to name a few. Research institutes such as PIDE, SDPI, and the researchers and representatives of major universities were also present.

The survey was repeated in 2010, with a sample size of 3992 households. In addition to the 2008 questions, the 2010 survey also included a series of questions about the perception of public safety/law and order, including how changing perceptions have affected every day behavior, perceptions of safety at home and in public, and where people get their information about public safety/law and order – and how much they trust these sources of information.

Governance Assessment Tool

In early 2009, DTW designed a governance assessment tool (GAT) to assess the current state of local governance in Pakistan, based on a set of indicators. The assessment tool incorporated the following design elements: identification of strategic areas of local governance and specific governance outcomes; the specification of objectively verifiable indicators for each area/outcome; and the use of numerical scores to measure performance in each area and for each outcome. On March 12, 2009, a consultative meeting was held to discuss the GAT in Islamabad. The meeting was attended by 35 participants including provincial, district and TMA officials, experts and practitioners from donor agencies, and representatives from NGOs. The meeting focused on designing a valid, reliable, and cost-effective means for measuring governance improvements.

The GAT enables the scores of individual local governments to be processed, analyzed, and presented in table form, listing scores for each indicator and total for each outcome and strategic area. While this is in effect an index of local governance, how this index is used can be decided by the stakeholders. Instead of an index ranking local governments on a scale of "governance performance," the numerical scores are used to establish averages, ranges and benchmarks for different strategic areas of governance. The assessment tool measures performance in the following eight areas:

- 1) Council Governance
- 2) Council Effectiveness
- 3) Responsiveness
- 4) Transparency
- 5) Budget Management
- 6) Management of Services
- 7) Asset Management
- 8) Internal and External control

The objective of the GAT is to establish a baseline for understanding and improving local governance, not to generate a ranking of "good" and "bad" performers. The tool measures the current state of devolution, identifies strengths and weaknesses, and pinpoints specific areas for improvement for the local government.

The GAT was piloted in one district (Narowal) and one TMA (Talagang) and the scoring system revised based on feedback from the government.

OTHER ACTIVITIES

Support to IFES on elections in Pakistan

The second term of local governments expired on October 16, 2009, and the constitutional protection to the local government system lapsed on December 31, 2009, allowing the provincial governments to amend their systems without the Presidential approval. This led to considerable debate in 2009 about the way in which provinces should revise their local government systems. While there was much debate about the structure and powers of possible future local government arrangements, there had been less debate or clarity on the ways in which these bodies might be elected. DTW in collaboration with the International Federation for Electoral Systems (IFES) hosted a consultative workshop on the local government electoral system on September 17, 2009, in Islamabad. The purpose of the consultative event was to initiate a discussion amongst stakeholders about the strengths and weaknesses of different electoral system design options in the context of local government elections in Pakistan. A leading international expert on electoral systems, Professor Andrew Reynolds, was present at the event and shared his knowledge and international experience of various electoral systems.

Over 65 participants attended the event, including representatives of the Federal Ministry of Local Government, Ministry of Law, Election Commission of Pakistan, NRB, NADRA, provincial local government and law departments, Members of National and Provincial Assemblies, provincial local government associations, District/Zila Nazims, TMA Nazims, Union Council Nazims, Local Government societies/unions, NGOs/CSOs, the DTCE Chair, Election Commission of Pakistan, the Provincial Election Authorities, international donors, and the media.

There was consensus among the participants that direct elections should take place at all levels of local government and that the current system of reserved seats for certain groups should be retained. The vast majority of participants supported the introduction of political party-based elections. As next steps, participants suggested that the dialogue among stakeholders be broadened to include a full range of local government issues and that a working group be formed to continue this dialogue.

Training for Local Government Training Institutions

There are four principal Local Government Training Institutions (LGTIs) in Pakistan: the Punjab Local Government and Rural Development Training Institute in Lalamusa; the Sindh Civil Services and Local Government Academy, Tandojam, in Tandojam; the Pakistan Academy for Rural Development, in Peshawar (supported by the federal government and all four provincial governments and providing training to local government officials and elected representatives from all four provinces); and the Rural Development Academy Balochistan, in Quetta.

One of the objectives of DTW was to build and institutionalize the capacities of LGTIs so that they can provide specialized services such as training and facilitation and consulting services to local governments (including districts and TMAs), develop and disseminate case studies and other types of materials related to local governance, undertake research, surveys, and studies of local governance in Pakistan; prepare proposed Federal and Provincial laws, ordinances, and regulations and local government by-laws, regulations, rules, and procedures, etc.

In support of this objective, DTW conducted workshops to strengthen the capacity of the LGTIs:

- Train the Trainer/Facilitation Skills and Curriculum Development Workshop. The general objective of the workshop was to enable LGTI staff to strengthen and enhance their ability to deliver relevant training courses to local leaders, councilors and administrative staff to help them shift to a governing-for-results mindset; that is, an outcome-oriented, citizen-focused approach to governing. The training was designed to provide an opportunity for LGTI staff to learn how to use facilitation skills (asking open-ended questions, summarizing, and paraphrasing) and to elicit participation when delivering interactive presentations. Facilitation skills help trainers generate interaction among participants, and guide learners through an experiential session. The training also enabled staff to establish realistic learning objectives relevant to the content and the time allotted for the learning session; choose appropriate experiential methods (lectures, exercises, small group tasks) for the content to be learned; develop session designs with the necessary level of detail to effectively carry out the steps of the experiential learning cycle; and create relevant materials and simple visual aids to support the learning process.
- Case study writing and case study delivery workshop. This demand-based training addressed the expressed need of LGTIs to develop and disseminate case studies related to local governance. Participants learned how to write cases and identify ways to utilize case studies to improve the quality and relevance of their training programs.

Developing the Capacity of CBOs/CSOs

The DTW project conducted leadership training for CBOs/CSOs in all six phase I districts. The goal of the training was to help CBOs/CSOs be effective partners working collaboratively with district government. The training sought to improve their understanding of the devolution system, the actual workings of district government, and their data collection skills. It also focused on increasing their skills and interaction techniques with constituencies and explored the role of CBOs/CSOs in local governance, especially in the budget process. At the end of the training, each participating CBO/CSO developed an action plan to apply the training to their organization.

DTW's leadership training facilitated some significant actions by CBOs/CSOs. For example, in Lasbela, one partner organization, the Dazguran Taraqiathi Tanzeem brought to the TMA Hub's attention the issue of a blocked road in UC Barout linking the small village to the highway. After discussing the issue with the CSO, the TMA removed the unwanted trees and cleared the road. In another case in Lasbela, partner CBO Merra Development Organization arranged a community meeting where they discussed the Girls' Primary School in Goth Hajji Hashim, which had been closed for more than a year due to a teacher transfer. They submitted a written complaint to the education officers, who subsequently posted a teacher from Hub, allowing 40 girls access to education.

DTW also conducted training in Sukkur, Lasbela, and Dadu on participatory vision setting. This training helped partner organizations determine their vision, mission, goals and targets in consultation with members of the community. This training was not conducted in the districts in NWFP and Punjab as there were already several capacity building organizations working in these two provinces.

DTW noted many successes in its activities with CSOs/CBOs. In Dadu, through DTW facilitation, unutilized funds for CCBs became available to CSOs and their constituents. In Sukkur, DTW provided technical assistance to various partner organizations in the area of NGO management, report writing and record keeping skills. It provided support to ESRA/district Sukkur's joint venture, Centre for Excellence (CoE), a training center that provides basic computer training to teachers and staff of the education department, in the areas of financial management and school performance monitoring training to School Management Committees.

In Sialkot, DTW provided technical support to the Young Supreme Welfare Council to establish a CCB in the domain of health and education and facilitated them to launch the Sambrial health education program. DTW also worked with the Rural Health Care Project of the Memorial Christian Hospital to reorganize its inter-union council health committee, which is a body of volunteers to increase efficiency and improve responsiveness to citizens.

In consultation with USAID, this component was not continued when the project expanded to 30 districts.

DISTRICT SUPPORT FUNDS

DTW also provided significant in-kind support to partner districts and TMAs in consultation with local government officials, including both commodities and rehabilitation of key community infrastructure.

Commodities provided ranged from computers and related items needed to support the implementation of STFM (see above) to generators for hospital. Infrastructure rehabilitation focused on needs related to the DTW goals, including repair of school boundary walls and community centers. The initially plans for rehabilitation work was scaled down as the result of ongoing problems with the selected contractor; final construction work was completed on April 30, 2010.

SECTION II: AUGUST 2009 – MARCH 2010

SUMMARY

According to the original task order agreement, DTW was scheduled to end on August 13, 2009. USAID amended the agreement and gave several no-cost extensions: (i) from August 13, 2009, to November 13, 2009; (ii) November 13, 2009, to January 12, 2010; and (iii) from January 13, 2010 to March 13, 2010. In response to changes in the country, including the 2008 elections and later provincial actions constraining the ability of district councils to submit development budgets as well as the expiration of the Local Government Ordinance 2001 on December 31, 2009, DTW changed its focus and activities over the course of the project. During the extension periods, DTW continued to look for “targets of opportunity” to expand some of its most promising activities that showed success during the previous period, either into new districts and TMAs or within the 30 districts or TMAs that had not adopted specific reforms. In addition, following consultation with USAID, a limited number of new technical areas were selected for rapid implementation. All technical work ended by January 2010, except for final conferences held in each of the provincial capitals and the second public opinion poll survey, which was completed in March 2010.

Continuation of Previous Activities

Table 3 shows the technical activities that were continued during the extension period August 2009 to March 2010. These activities mostly focused on further expansion or dissemination of DTW tools and techniques.

Table 3: DTW Technical Activities from August 2009 to March 2010

Activities	Description
DDO Guidebook	Based on requests from NWFP and Sindh provinces DDO Guide Books for Sindh and NWFP were completed and provided to DDOs of counter part districts. This Guide Book was also shared in the Provincial Experience sharing workshops with stakeholders.
Speedy Processing of Bills	After August 2009, based on demand from other districts, 2000 copies of the Speedy Processing of Bills checklist were printed and distributed amongst the DDOs of an additional 31 districts.
Risk Assessment Study	Risk Assessment Study Review Workshops were held in January, 2010 at Lahore, Peshawar and Karachi. The workshops provided a platform for the stakeholders and DTW members to discuss the findings of the studies in greater detail and develop mechanisms and process for minimizing the highlighted risks.
Activation of Zila Account Committees	Given the successful activation of ZAC in an initial seven districts, the activation was replicated in Chrsada, Lodhran, Mirpurkhas, Sargodha, and Narowal during August – December, 2009. These five ZACs were re-notified, 67 ZAC members trained on their roles and responsibilities and on how to review account and audit reports.
STFM	During the extension period, STFM Version II was replicated/implemented in 25 additional TMAs. To operationalize and implement STFM, 25 system administrators (one from each TMA) and 50 system users (two from each TMA) were trained at Lahore and Islamabad during December 2010. To operationalize the Budget preparation and Accounts Modules 25 TAOs/TO (F) were also trained.

In addition to the above activities, DTW also initiated a limited number of new activities as described below.

NARIMS Data Set

At the request of USAID, DTW undertook the task of advancing the potential of the National Reconstruction Information Management System (NARIMS) database for baseline information, informed governance, planning and development and post-conflict reconstruction. The study was done in collaboration with the Governance Institutes Network International (GINI) to update the NARIMS data collected in 2006/07 in Swat District. The project commenced on October 20 and was completed on December 30, 2009.

GINI worked with the local government to operate on a single platform with regard to the recording and collection of data while maintaining flexibility in distributing 53,301 forms to 1,708 facilities including over 12,200 personal and around 800 public representatives. In addition, around 1800 forms were distributed for area details. The total number of records updated was approximately 92,000, inclusive of special findings.

The project also included digitization of the Google Earth image of Swat for all visible salient features covering line, polygon and point information. This included, for the first time, digitization of the boundaries and place names of all villages (mauza), unions and police jurisdictions (thana) in the district.

In addition, the team collected sample GPS coordinates for district government facilities and incorporated them as part of the mapping component. In total, 750 GPS coordinates were collected and a total number of 57,202 features/objects digitized. After the data was collected, tabulated and coded, inter-relational queries were generated to link the NARIMS data with other databases, particularly the 1998 census data. The final report was presented at each of the four DTW Experience Sharing workshop held in the provinces in January and February 2010.

District Profiles

In October 2009 DTW initiated the development of a database on socio-economic indicators to provide necessary background information and establish a baseline for future USAID projects. This exercise was also designed to develop planning tools to provide support to district governments and empower citizens through easy access to information of public interest.

The tasks included:

- Selection of indicators and identification of data sources including surveys and routine data reporting systems.
- Identification of data sources with disaggregated data to the extent possible, particularly at the TMA level for all districts in Pakistan.
- Development of a database with easy retrieval and presentation of information.

This assignment built on earlier work done by DTW's M&E team to identify a set of measurable, outcome-level development indicators. It used as a base the UN's DevInfo database tool that already contained a dataset on socio-economic indicators of Pakistan. A total of 79 unique indicators were finalized for data capturing. Data on 490 different variations of these indicators, according to population sub-groups consisting of area (rural/urban), gender and age groups, were captured and added to the DevInfo database. All data from the 1998 Population Census and other older sub-district databases were re-divided along the new district boundaries and the boundary map files were also adjusted to facilitate up-to-date graphic presentation.

System for District Development Planning and Tracking

The System for District Development Planning and Tracking (SDDPT) was developed by DTW to help local government officials monitor the progress of development schemes, make informed decisions, and generate customized reports on development schemes. During the reporting period, orientation meetings on SDDPT were held with Planning & Development Departments of NWFP and Balochistan. SDDPT was also presented to provincial stakeholders in DTW provincial experience-sharing conferences.

Assessment of People's Primary Health Initiative

The Government of Pakistan initiated the People's Primary Health Initiative (PPHI) to improve health service delivery at the primary level through improved management of health institutions. The program is fully owned, and funded by, the federal and provincial governments. At the request of NWFP, DTW undertook a PPHI evaluation survey to assess the status of primary health care delivery services in the districts of NWFP Province. It was completed in December 2009 and the report was shared with the Secretary Health, NWFP.

In the survey, both descriptive cross sectional and quantitative techniques were used to assess the status of primary health care delivery services by comparing the results of the non-intervention and intervention districts. The assessment survey was carried out in 10 districts of NWFP. The survey was

undertaken in 105 basic health units (BHUs) in seven PPHI intervention districts (Kohat, Karak, Upper Dir, Chitral, Peshawar, Nowshera, and Swabi) and in 45 BHUs in three non-PPHI districts where the BHUs remained under the management of the district health department (Abbottabad, Bannu, and Lower Dir).

The assessment revealed that there was improvement in PPHI-managed districts in relation to BHU infrastructure, cleanliness of environment, availability of medicines, recordkeeping, and filling of the vacant positions of doctors and paramedical staff. However, there was no significant improvement in the provision of preventative public health measures. In addition, poor communication between the PPHI teams and the provincial health department led to numerous implementation difficulties.

Recommendations included holding joint monthly review meetings of all district and provincial stakeholders to resolve issues regarding audit and reporting; assessing progress of activities and involvement of the district health department in the process of recruitment, posting and transfer of staff, purchase of medicines, and equipment; and initiation of innovative strategies at the provincial as well as at district level.

Experience Sharing Workshops

In January and February, 2010, DTW held experience-sharing workshops in each provincial capital: January 28-29 in Karachi, February 2-3 in Lahore, February 8-9 in Peshawar, and February 15-16 in Quetta. The workshops were designed to serve as a mechanism to hand over the tools and lessons learnt by DTW over its period of performance and also obtain feedback from provincial and local government officials, as well as other stakeholders, on future USAID local government support programs.

The timing of these conferences was of importance not only because it was the end of the DTW project, but also because the four provinces, for the first time in the history of Pakistan, were formulating local government laws under a democratic framework at the provincial level. At the end of December 2009 following the expiration of the 2001 LGO, all four provinces expressed their intention to review and revamp the existing local government system. Thus, the workshops were extremely useful as they provided an opportunity for practitioners to focus on critical technical capacity building of local government operations that would be critical for effective local governance in the near future.

Since the workshops were focused on the technical tools and mechanisms for building capacity at the local level, the objectives of this workshop were as follows:

1. To share DTW knowledge and tools with stakeholders and obtain commitment for continuing the expansion of the DTW tools at the provincial and district levels;
2. Elicit options from the participants for appropriate ways to replicate the DTW interventions within each province;
3. Establish the basis for the formation of a dialogue forum for continuing engagement of provincial government, civil society and international assistance organizations on matters relating to local development and governance; and
4. To seek stakeholders' input for the sustainability of DTW tools by taking into consideration their recommendations regarding the DTW tools.

The workshop brought together key stakeholders from diverse sectors and interest groups including USAID projects, public officials, NGOs, and academia and comprised of interactive presentations and discussions around the key issues regarding capacity building and technical tools. The workshop was divided into five sessions:

The first session provided the participants with an overview of the DTW project and key findings. Following the opening session, participants were divided into two parallel sessions – finance and service delivery. During these sessions, the key technical tools relating to the two areas were introduced by DTW staff, followed by case studies illustrating the benefits of using the tools by selected district and tehsil representatives.

Many of the discussions and recommendations of the participants are reflected in the following section.

SECTION III: LESSONS LEARNED AND RECOMMENDATIONS

Effective and successful local governance requires certain preconditions to achieve the potential of a responsive, consultative, and transparent government that has sufficient resources to provide cost-efficient service delivery. This includes an enabling legislative environment, clarity of functional assignments, fiscal resources, oversight mechanisms and finally the technical tools based on which the practitioners strive to make the delivery of services more efficient.

Over a course of three-and-a-half years, the DTW project worked on several of these issues, in a challenging and often changing environment. Despite the establishment of democratic rule in the February 2008 parliamentary elections, Pakistan is currently a country in a state of conflict, battling insurgency and destabilizing forces that have now spread beyond the tribal areas into the entire country.

Recommendations from DTW's experience-sharing workshops:

1. While there exist a plethora of NGOs, CBOs, and CSOs in the country, it is currently lacking a forum through which the dialogue on local governance capacity building can be continued, with suggestions for technical interventions and a platform through which the academia, government, and civil society can share experiences in local governance. The idea of such a forum was discussed, with the following areas suggested as its domain of interest:
 - Community linkages: Work actively with local governments to help them operate better at the community level.
 - Networking: Coordinate, host and/or sponsor opportunities for the stakeholders to come together to share knowledge and experiences and plan responses.
 - Professional Development: Become a platform for human resources support and training and education programs.

Participants suggested that:

- The forum should be placed in a training institute like the National Institute of Public Administration (NIPA), which has an autonomous status within the government. It should include representatives from government, civil society, professors, politicians, and community representatives. They should at least meet quarterly and share ideas with the federal government. In addition, the government could also give it any special task pertaining to local governance.
- The organization should be established in a university and have the ability to obtain historic and current data/information on all local government projects in the country – funded either by the Government of Pakistan or donor organizations.
- The organization should be based in Islamabad with sub/regional offices in all the provincial capitals. In addition, nazims/councilors should also be members of this organization since they have eight years of experience dealing with local government issues.
- It should focus on areas of local government that are not covered directly by the federal government.

- Rural Academies are working under provincial governments and have decades of local government experience. The forum should be placed under these academies, which already have physical infrastructure and scholarly resources.
 - Local government associations have recently been formed in Pakistan. The possible mandate of the forum should be compared with the mandate of the local government associations to ensure that they complement rather than overlap with each other.
2. Overall, there was substantial praise for DTW tools; however, the participants acknowledged that sustainability could be a challenge and recommended that support for the tools be continued in other projects.
 3. There needs to be effective coordination among donor agencies, civil society organizations, and government bodies to avoid duplication in resources (parallel systems) for social sector programs and strengthening of existing institutions.
 4. Training on procurement processes needs to be mandatory for all DDOs health. Procurement policy/SOPs document must be available at each health facility, and the government needs to revisit and revise its procurement rules in light of modern methods of procurement.
 5. There is a need for donors to build the capacity of the government so that it can change from a manual to e-governance system.
 6. The tools developed by DTW should be handed over to the respective provincial government departments for use and roll out to other districts/TMAs. Participants stressed the need for integration of similar tools/systems to avoid duplication of efforts. For instance; t NWFP has developed a system for performance-based budgeting, while the federal government has introduced a Medium-Term Budgetary Framework (MTBF).
 7. Further institutional strengthening of the provincial HMIS and EMIS for effective policy planning and decision making is needed.
 8. More own source revenue raising campaigns to persuade potential tax payers and defaulters to pay. Moreover; regular surveys should be conducted to update consumer database for improvement in the OSR of local governments.

Annex A: Results of DTW Interventions

Introduction

This document summarizes the achievements of the Districts That Work (DTW) project from August 14, 2006, to March 13, 2010.

In March, 2008, DTW expanded from working with six districts and six Tehsil/Taluka Municipal Administrations (TMAs) to 30 districts and 30 TMAs and refocused program interventions on key aspects of local governance and management that had the potential to show measurable improvements within the project timeframe. In the second half of 2009, DTW further scaled up to working with 45 districts and 55 TMAs, with the expansion of the Performance Management Tool for education, installation of the System for TMA Financial Management, and assessment of the People's Primary Health Initiative.

Overall, the indicators show that DTW has:

- Established a larger “footprint” for USAID interventions throughout the country aimed at strengthening local governance and improving service delivery;
- Engaged a significant group of local government officials, administrators and citizens in efforts to improve the working of their local governments; and
- Improved public debate on local government reform through open, inclusive dialogue with all key stakeholders.

Moreover, by focusing on those aspects of local governance and management that will continue to operate whatever the reforms to the local government system, DTW has maintained the relevance of USAID programming in the midst of considerable political change and policy reform. By building the capacity of government officials and developing practical tools, DTW has created the goodwill and consequent space for future USAID engagement with provinces even with a changing and evolving local government devolution policy and reform.

Improving Local Government Budgeting

The DTW program interventions in the area of improving local budgeting have focused on assisting local governments in complying with the provisions of the 2001 Local Government Ordinance, which requires districts and TMAs to carry out public consultations on investment budget priorities. However, in practice this had previously rarely or never been applied by most local governments. DTW worked with district and TMA councils and administrations to show how complying with this aspect of the 2001 LGO can improve the quality of their decision making and at the same time generate greater overall political legitimacy for budget decisions.

This approach was chosen because budgeting is a process that will continue, irrespective of the form of local government that emerges from the policy reforms now underway. The objective of the public budget consultations in participating districts and TMAs was to:

- a. Create willingness amongst the political leadership and within the district and TMA administration to share budget information with the public.
- b. Provide a forum for purposeful and concrete engagement between the government and the public to discuss critical budget choices.

- c. Initiate mechanisms for public involvement that translate into development efforts identified by the citizens themselves.

The Local Government Ordinance 2001 stipulates that local government units conduct pre- and post-budget consultations with their citizens. However, in practice the local government has not involved citizens. Routine meetings in offices with the citizenry by local government officials and elected representatives are the main mechanisms for eliciting the opinions of the citizens. There is no broad-based mechanism for involving citizens and understanding their priorities in local government affairs, especially with respect to how local government resources are spent. To achieve this, it is necessary to establish linkages between the local government and citizenry, on the one hand, and, on the other, build the capacities of local government representatives in participatory budget making. DTW's intervention was designed to support initiative to have district and TMA government solicit and consider citizen priorities in making budgeting decisions.

Overall, as seen in Table 1, the baseline in FY 2005-06 shows that none of the DTW districts and TMAs were carrying out budget consultation as required by the LGO 2001. However, in the final year of the project, 30 DTW districts and 29 TMAs conducted budget consultations. Budget consultations were not carried out in one TMA due to security concerns.

Table 1: District and TMA Budget Consultations

Indicators	Baseline Source and Value FY 2005-06 No. (%)	Project End (Change on final result to Baseline) No. (%)
Number of DTW Districts holding LGO 2001 mandated pre-budget or budget implementation consultations	District Records 0 (0)	30 (100)
Number of DTW TMAs holding LGO 2001 mandated pre-budget or budget implementation consultations	TMA Records 0 (0)	29 (96.5)

The breakdown of results for this component over the three years is shown in Table 2. In 2007, DTW initiated post-budget consultations in three districts – Khanewal, Sialkot, and Mansehra. In 2008, budget consultations were held in all 29 districts and at the same time taken to a larger scale. In 2009, public budget consultations were carried out in 28 districts and 29 TMAs, respectively, as shown in Table 2:

Table 2: District and TMA Budget Consultations (Detail)

Indicators	Activity Start Date	Baseline Source and Value FY 2005-06 No. (%)	FY 2006-07 No. (%)	Comments	FY 2007-08 No. (%)	FY 2008-09 No. (%)	Comments	FY 2009-10 No. (%)
Number of DTW Districts holding LGO 2001 mandated pre-budget or budget implementation consultations	August 2006 in 6 districts. May 2008 in 30 districts.	District Records 0 (0)	3 (50)	In FY 2006-07, DTW was working in 6 districts, of which 3 conducted pre-budget consultations.	27 (90)	28 (93)	In Jul-Aug 2008, DTW supported 28 partner district governments in holding FGDs to identify issues in the prioritized sectors for inclusion in FY 2009-10 budget.	28 (93)
Number of DTW TMA s holding LGO 2001 mandated pre-budget or budget implementation consultations	July 2008 in 30 TMAs	TMA Records 0 (0)	0 (-)		0 (0)	30 (100)	In Jul-Aug 2008, DTW began working with the 30 partner TMAs in holding public consultations and FGDs to identify issues in the prioritized sectors for inclusion in FY 2009-10 budget.	29 (97) Due to security reasons the pre-budget consultation was not held in one TMA

Citizen Participation in Priority Setting

The DTW technical approach also supported community participation in priority setting, through which citizens are able to engage with elected and appointed officials in reviewing previous budget priorities and expressing their opinions on priorities for future budgets. This was done in the public budget consultations, during which the participants filled out ballots on their preferred ranking of priorities in key areas (health, education, water, roads, etc.). The ballots were processed quickly and the results were presented and discussed in the same meeting.

With DTW's support, districts and TMAs engaged nearly 200,000 citizens in pre-budget consultations for the 2007-08, 2008-09 and 2009-10 fiscal years as is evident in Table 3 below and detailed in Table 4. The budget consultations included a substantial communications component, using local radio and cable to inform citizens about the budget process and to discuss community priorities with elected and appointed officials. While it is difficult to measure radio audiences, DTW estimates that over 18 million people listened to these programs. Through this approach, DTW interventions have reinforced citizens' expectations for participation in local affairs.

Table 3: Citizen Participation in Priority Setting

Indicators	Baseline Source and Value FY 2005-06 No. (%)	Project End Total No. (%)
Consolidated total of participants in LGO 2001 mandated pre-budget or budget implementation consultations	District, TMA and DTW Records 0 (0)	203,890 (-) (This includes figures of districts and TMAs for all the years)
No of persons in DTW Districts participating in LGO 2001 mandated pre-budget or budget implementation consultations	District Records 0 (0)	136,311 (-)
Men		80819 (59)
Women		55492 (41)
No of people in DTW TMAs participating in LGO 2001 mandated pre-budget or budget implementation consultations	TMA Records and DTW Balloting Records 0 (0)	67,579 (-)
Men		45,747 (68)
Women		21,832 (32)
No. of DTW Districts where citizens set sector-wise priorities as mandated by the LGO 2001	District Records 0 (0)	29 (97)

Table 4: Citizen Participation in Priority-Setting in Districts and TMAs (Detail)

Indicators	Activity Start Date	Baseline Source and Value FY 2005-06 No. (%)	FY 2006-07 No. (%)	Comments	FY 2007-08 No. (%)	Comments	FY 2008-09 No. (%)	Comments	FY 2009-10 No. (%)
Consolidated total of participants in LGO 2001 mandated pre-budget or budget implementation consultations		District, TMA and DTW Records 0 (0)	330 (-)	This value is the sum of participants at district and TMA levels.	45,563 (-)	This value is the sum of participants at district and TMA levels.	54,955 (-)	This value is the sum of participants at district and TMA levels.	103,042 (-)
No. of people in DTW Districts participating in LGO 2001 mandated pre-budget or budget implementation consultations		District Records 0 (0)	330 (-)		45,563 (-)		32,939 (-)		57,479 (-)
Men			263 (80)		31,909 (70)		16,112 (49)		32,535 (57)
Women			67 (20)		13,654 (30)		16,827 (51)		24,944 (43)
No of people in DTW TMAs participating in LGO 2001 mandated pre-budget or budget implementation consultations		TMA records and DTW Balloting Records 0 (0)	0 (-)		0 (-)		22,016 (-)		45,563 (-)
Men			0		0		13,838 (63)		31,909 (70)
Women			0		0		8,178 (37)		13,654 (30)

Results of DTW Interventions

Indicators	Activity Start Date	Baseline Source and Value FY 2005-06 No. (%)	FY 2006-07 No. (%)	Comments	FY 2007-08 No. (%)	Comments	FY 2008-09 No. (%)	Comments	FY 2009-10 No. (%)
No. of DTW Districts where citizens set sector-wise priorities as mandated by the LGO 2001	August 2006 in six districts. May 2008 in 30 districts.	District Records 0 (0)	3 (50)	In FY 2006-07, DTW was working in 6 districts, of which citizens in 3 districts set sector wise priorities through pre-budget consultations.	27 (90)	In May 2008, citizens of 27 DTW partner district governments set sector wise priorities through pre-budget consultations.	28 (93)	In Jul-Aug 2008, DTW supported 28 partner district governments in holding FGDs to identify issues in the prioritized sectors for inclusion in FY 2009-10 budget.	28 (93)

Performance Management in Health and Education

In parallel with the activities to improve district budgeting and strengthen citizen engagement, DTW also worked with the districts to introduce performance-based planning and budgeting in health and education. In each district DTW supported the creation of District Health Management Teams (DHMTs) and District Education Management Teams (DEMTs), made up of administrative staff and elected officials, managers of service units, and civil society representatives.

DTW's approach focused on assisting the DHMTs and DEMTs to develop Participatory Results Oriented Action (PROAction) plans aimed at improving service delivery. Using the priority rankings established in the participatory budgeting and priority-setting exercises described above, the teams carried out more focused consultations with CSO representatives to identify sector-specific problems, issues, and proposed solutions. Subsequently, the DHMTs and DEMTs designed indicators to measure the performance (outcomes) in each sector, identified data sources for each indicator, collected the necessary data, and then set targets for improvement with an action plan to achieve the target.

The approach included training on the use of data for decision making, with an emphasis on using the existing national Health Management Information System (HMIS) and the Education Management Information System (EMIS). With DTW's help, District staff is now able to use these databases (which are extremely costly to maintain) to establish indicators and performance measures for their own management needs. DTW also provided Districts with training on alternative data collection, including user and household surveys and other instruments to measure different service delivery indicators.

Subsequently, DTW worked with the District administrations to analyze the results of the public budget consultations and priority setting exercises and the PROAction performance indicators developed by the DHMTs and DEMTs, to incorporate them as much as possible into the annual budget guidance document, known as a Budget Call Letter (BCL). The BCL is the reference point for the District administration in preparing their project proposals for the investment component of the annual budget (annual development program-ADP). The budget call letter is a key item in the Pakistani budget development cycle. According to the Local Government Ordinance this key document, meant to be developed through consultation with stakeholders in the community, lays out the development priorities and vision for the community for the coming year.

An examination of the practice of the budget call letter revealed that very few TMAs actually issued a budget call letter. While most districts issued budget call letters, many of them were simply copies from one year to another with no review of citizen priorities. Additionally the budget call letters simply stated outputs that the local government should focus on for the upcoming year instead of any focus on results or any way to measure how successful the government has been in implementing the priorities from the previous year

As Tables 5 and 6 below show, in 2005-06 and 2007-08, half of the partner districts complied with the 2003 Budget Rules requiring the issuance of a BCL. However, none of them related the contents of the BCL to the public consultations required by the 2001 LGO. With DTW's support, almost all of the partner districts came into compliance with these legal provisions. More importantly, through this process they considerably improved local governance practices and strengthened budget management. In 2009-10, this process was interrupted by the provincial authorities' restrictions on the development budget.

Table 5: Citizen Priority Rankings, BCL, and Budget Allocations in Districts

Indicators	Baseline Source and Value FY 2005-06 No. (%)	Project End Total No. (%)
No. of DTW Districts that issued Budget Call Letter as mandated in the LGO 2001	District Records 3 (50)*	28 (93)
No. of DTW Districts where Budget Call Letter priority rankings reflect the sector priorities set by citizens as mandated in the LGO 2001	District Records 0 (0)	28 (93)
No. of DTW Districts where budget allocations reflect the Budget Call Letter priority rankings and the sector priorities set by citizens as mandated by LGO 2001	District Records 0 (0)	28 (93)

Table 6: Citizen Priority Rankings, BCL, and Budget Allocations in Districts (Detail)

Indicators	Activity Start Date	Baseline Source and Value FY 2005-06 No. (%)	FY 2006-07 No. (%)	Comments	FY 2007-08 No. (%)	Comments	FY 2008-09 No. (%)	Comments	FY 2009-10 No. (%)
No. of DTW Districts that issued Budget Call Letter as mandated in the LGO 2001	August 2006 in six districts. May 2008 in 30 districts.	District Records 3 (50)*	3 (50)	In FY 2006-07, BCL were issued by 14 district governments out of which 3 were DTW partner districts.	4 (67)	In FY 2007-08, BCL were issued by 15 district governments out of which 4 were DTW partner districts.	28 (93)	In FY 2008-09, 28 DTW partner district governments issued BCLs reflecting citizen priorities for next year's budget.	Not applicable as provincial authorities limited districts' ability to carry out development budgets
No. of DTW Districts where Budget Call Letter priority rankings reflect the sector priorities set by citizens as mandated in the LGO 2001	August 2006 in six districts. May 2008 in 30 districts.	District Records 0 (0)	0 (0)		1 (17)		28 (93)	All BCLs issued by partner DGs reflected citizen priorities that emerged during budget consultations.	

* In FY 2005-06, BCLs were issued by 13 district governments of which 3 were DTW partner districts in FY 2006-07.

Table 7: Performance Management in Health and Education

Indicators	Activity Start Date	Baseline Source and Value FY 2005-06 No. (%)	FY 2006-07 No. (%)	FY 2007-08 No. (%)	FY 2008-09 No. (%)	FY 2009-10 No. (%)
No. of DTW Districts in which the administration are carrying out plans to improve service delivery in health	2008	0 (-)	0 (-)	0 (-)	12 (41)	16 (55)
No. of DTW Districts in which the administration are carrying out plans to improve service delivery in education	2008	0 (-)	0 (-)	0 (-)	12 (41)	16 (55)
No. of DTW Districts using customer surveys to improve service delivery for health and education	November 2008 in 30 districts	District and DTW Records 0 (0)	0 (0)	0 (0)	25 (86)	28 (97)
No. of DTW Districts using DHIS/HMIS data to design and implement action plans	April 2008	District Records 0 (0)	0 (0)	0 (0)	12 (41)	17 (59)
No. of DTW Districts applying performance criteria to evaluate or monitor BHUs		District Records 2 (7)	2 (7) ¹	7 (24) ²	20 (69) ³	23 (79)
No. of DTW Districts using EMIS data to design and implement action plans	April 2008	District Records 0 (0)	0 (0)	0 (0)	29 (100)	45 (100)
No. of DTW districts allocating budget resources to school improvement plans	Second half of 2009	0	0	0	0	33 Districts

¹ Use of HMIS, DHIMS² Use of HMIS, DHIMS, PPHI³ Use of HMIS, DHMIS, PPHI, PRSP

Parallel to the PROAction plans, the districts also introduced performance criteria in other aspects of day-to-day management. The training on the use of HMIS and EMIS data included follow-up activities to measure the performance of individual service provision units (schools and health centers). As Table 7 above shows, most partner districts began using customer surveys and HMIS/EMIS data to evaluate services; also an increased number of DTW Districts began using this data to design service improvement strategies.

Performance Management in TMAs

DTW interventions in TMAs also focused on the use of performance-based management tools, through the PROAction process. DTW assisted the TMAs in establishing working groups (TMA Advisory Committees – TACs) to lead the PROAction planning process. As with the districts, this approach begins with the public budget consultations and priority-setting exercises described above and continues through the TACs with the design of performance indicators, data collection, and target setting. In this way, it reinforces principles of “governing for results” in partner TMAs.

Table 8: Citizen Priority Rankings, BCL, and Budget Allocations in TMAs

Indicators	Activity Start Date	Baseline Source and Value FY 2005-06 No. (%)	FY 2006-07 No. (%)	FY 2007-8 No. (%)	FY 2008-09 No. (%)	FY 2009-10 No. (%)
No. of DTW TMAs where citizens set sector priorities as mandated by the LGO 2001	July 2009 in 29 TMAs	TMA Records 0 (-)	0 (-)	0 (-)	30 (100)	Not applicable as provincial authorities limited TMAs' ability to carry out dev. budgets
No. of DTW TMAs that issued Budget Call Letter as mandated in the LGO 2001	July 2008 in 30 TMAs	TMA Records 5 (17)	5 (17)	7 (23)	30 (100)	
No. of DTW TMAs where Budget Call Letter priority rankings reflect the sector priorities set by citizens as mandated in the LGO 2001	July 2008 in 30 TMAs	TMA Records 0 (0)	0 (0)	0 (0)	30 (100)	
No. of DTW TMAs using customer surveys to improve service delivery in water, sanitation or garbage collection	November 2008 in 30 TMAs	TMA Records 0 (0)	0 (0)	0 (0)	30 (100)	
Change in TMA development allocations in water and sanitation sector year on year to meet citizen priorities		3.91 (Rs in million)	4.99 (Rs in million)	7.19 (Rs in million)	11.81 (Rs in million)	TMA budgets were frozen
Change in TMA development allocations in garbage collection sector year on year to meet citizen priorities		0.13 (Rs in million)	0.21 (Rs in million)	0.21 (Rs in million)	0.59 (Rs in million)	TMA budgets were frozen

Table 9: Citizen Priority Rankings, BCL, and Budget Allocations in TMAs (Detail)

Indicators	Baseline Source and Value FY 2005-06 No. (%)	Project End (Change on final result to Baseline) No. (%)
No. of DTW TMAs where citizens set sector priorities as mandated by the LGO 2001	TMA Records 0 (-)	30 (100)
No. of DTW TMAs having issued Budget Call Letter as mandated in the LGO 2001	TMA Records 5 (17)	30 (100)
No. of DTW TMAs where Budget Call Letter priority rankings reflect the sector wide priorities set by citizens as mandated in the LGO 2001	TMA Records 0 (0)	30 (100)
No. of DTW TMAs using customer surveys to improve service delivery in water, sanitation or garbage collection	TMA Records 0 (0)	30 (100)
Changes of TMAs development allocations in water and sanitation sector year on year to meet citizen priorities	TMA Records 3.91 (Rs in million)	TMA budgets were frozen
Changes of TMAs development allocations in garbage collection sector year on year to meet citizen priorities	TMA Records 0.13 (Rs in million)	TMA budgets were frozen

The indicators show that DTW has had considerable success in achieving greater compliance of the 30 partner municipalities with the provisions of the 2001 LGO and the 2003 Budget Rules. Equally important, through the public consultations and priority setting, the TMAs became more responsive to community needs, in that all of the BCLs issued in 2008-09 incorporated the priority rankings expressed by the citizens and CSO representatives. At the same time, DTW partner TMAs are beginning to use customer surveys to inform their own decision making. Overall, these interventions reinforced citizen expectations for greater consultation, access to decision-making processes and accountability of TMA councils for budget decisions.

The New Scenario – Effect on Public Budget Consultation and PROAction Process

Since the February, 2008, provincial and national elections, the local government system has been a target for criticism. While there is fairly broad agreement that the system could be reformed, newly empowered provincial leaders have taken the stance that the system should be rolled back completely and the functions and responsibilities of local governments should revert to the provincial governments. A number of provinces drafted new Local Government Acts that essentially reestablish the system of 1973 where local councils had a limited advisory role and local government services were provided by deconcentrated units of the provincial government.

In mid-June, well into the budget preparation cycle for local governments, the provincial governments of Sindh, Punjab and NWFP issued notifications stating that district governments and

tehsil/taluka administrations should not prepare any new schemes for the development budgets for the fiscal year 2009-2010. For this year the local governments were only allowed to budget for salary, non-salary and any on-going schemes from previous years. Since most recurrent costs, in particular salary costs, are determined by the provincial government, this move took away the budgeting powers from local governments.

The Sindh notification justified these actions by explaining that the tenure of the existing local governments was expiring and that the move was necessary in order to maintain fiscal discipline. The Punjab notification was a bit more legally nuanced, stating that, as it is an election year, no new expenditures could be authorized under the LGO. Balochistan had never truly devolved this authority to local governments.

Because of these moves by the provinces, the action plans that were developed by the district and TMA working groups with support from DTW could not be formally adopted by the councils as part of the annual development plan or the fiscal year 2009-2010 budget. Instead some local governments, taking advantage of the need to revise budgets, allocated unused funding from the FY 2008-2009 budget to immediately implement some tasks in the action plans. Other local governments adopted measures that required little or no immediate funding, but rather changes in the way that they do their work.

Financial Management in Districts

DTW built districts' capacity for financial management through a variety of interventions, including assisting Drawing and Disbursing Officers (DDOs) to understand rules and regulations. In particular, province-specific DDO Guidebooks were compiled for Punjab, NWFP and Sindh. About 15,000 DDOs from 10 districts of Punjab were trained on the material in the guidebook. Similarly, with DTW's support, for the first time, Zila Account Committees (ZACs) were notified in 12 districts and were involved in resolving the audit observations raised in previous year's District Audit report. DTW also worked with the districts to expedite the processing of bills, establishing a target of four days.

Revenue Management in TMAs

TMAs have a stronger tax base and more opportunities for generating own source revenues (OSR) from both taxes and service fees than do the districts. DTW's approach focuses on improving TMA decision making in the area of revenue management through better information and through a more open process of policy design and implementation. At present, TMAs use manual systems (handwritten ledgers), which have numerous problems, not least of which is the large amount of work involved in preparing regular financial reports, making it difficult to monitor financial indicators on a regular basis. TMA councils do not receive regular financial reports other than annual budgets.

Moreover, TMAs use a manual billing system, involving making bills by hand, from written ledgers, with no functional internal control system (billing not recorded, payments registered in separate ledgers, no easy way of comparing bills to receipts, etc.). Not surprisingly, there is considerable non-payment (arrears) and corruption in billing and collections. Also, there is no easy way of cross-checking payments across different revenue categories (for example, checking if all registered residences for property taxes are also included in the water billing registry, or if all water users are paying their other tax obligations, etc.).

Building on UI's experience in other countries and adopting international best practices, DTW designed an integrated financial management system, i.e., System for TMA Financial Management (STFM) for TMAs incorporating general ledger, budget preparation, treasury, accounts receivable

and payable, and revenue (utility billing, fees and taxation). It uses a low-cost, flexible architecture aimed at enhancing performance, reliability, adaptability, future proof, and ease in creating new versions to incorporate improvements and changes in regulatory framework. STFM is fully operational in 38 districts and 55 TMAs.

Table 10: Revenue Management in TMAs

Indicators	Activ ity Start Date	Baseline Source and Value for FY 2005- 06 No. (%)	FY 2006 -07 No. (%)	FY 2007 -08 No. (%)	FY 2008 -09 No. (%)	FY 2009-10 No. (%)	Project End (Change on final result to Baseline) No. (%)
Number of DTW TMAs using automated systems for financial management	Aug. 2008 in 30 TMAs	TMA and DTW Records 0 (0)	0 (0)	0 (0)	30 (100)	55 (100) Note: 25 TMAs were added in this year	55
Number of DTW TMAs monitoring targeted Own Source Revenue	Aug. 2008 in 30 TMAs	TMA and DTW Records 5 (17)	5¹ (17)	5¹ (17)	30 (100)	55 (100)	50
Change in the number of TMAs preparing budget as per NAM guidelines		TMA and DTW Records 0 (0)	0 (0)	0 (0)	30 (100)	30 (100)	30
Change in the number of TMAs showing verified record of arrears in their financial statements/ reports		TMA and DTW Records 14 (47)	14 (47)	14 (47)	16 (53)	30 (100)	16
Change in the number of TMAs compliant with NAM standards in their		TMA and DTW Records 0 (-)	14 (47)	14 (47)	16 (53)	30 (100)	30

Indicators	Activity Start Date	Baseline Source and Value for FY 2005-06 No. (%)	FY 2006-07 No. (%)	FY 2007-08 No. (%)	FY 2008-09 No. (%)	FY 2009-10 No. (%)	Project End (Change on final result to Baseline) No. (%)
accounting procedures							
Change in the number of TMAs preparing budget according to budget rules 2003		TMA and DTW Records 0 (-)	14 (47)	14 (47)	16 (53)	30 (100)	30

¹ 5 TMAs in Khanewal hub were manually monitoring targeted OSR.

It should also be noted that on installing the STFM, partner municipalities are able to comply with all national and provincial government regulations on accounting (all forms comply with the New Accounting Model – NAM – promulgated by the AG) and budgeting (all forms comply with 2003 Budget Rules). At project start, only five of 30 TMAs were compliant with these regulations; DTW's target was that all partner TMAs would be compliant by project end.

As the indicator table shows, as of May 2009 all 30 partner TMAs had installed STFM, and they were monitoring own source revenue. By DTW project end date, the target was to have all 30 TMAs with fully functional operating systems and all with the capacity to monitor own source revenue on a regular basis, through regular financial reports and summary revenue reports by major headings presented to senior management and Councils.

The initial results of installing STFM in the pilot municipality in Sambrial, Punjab, showed an immediate increase in own source revenues from water fees, on the order of 88% from one month to the next. By installing STFM, the TMA suddenly had an up to date user registry, a complete record of arrears, and the ability to cross check bills and payment receipts, thus reducing leakage.

The successful installation and operationalization of STFM in partner TMAs resulted in substantial increase in the monthly collection of OSR. The table below shows the change in the earning of TMAs before and after the installation of STFM in Sialkot Hub as an example of how it impacted revenues in TMAs:

SN	Regional Hub	District	TMA	Monthly Collection of TMAs		
				Before STFM	After Installation of STFM	%age Change
1.	Sialkot Hub	Sialkot	Sambrial	65,000	120,000	88%
2.		Hafizabad	Hafizabad	42,562	67,094	58%
3.		Narowal	Shakar Garh	85,420	387,000	353%
4.		Mandi Bahauddin	Phalia	52,750	118,105	124%

Open, Inclusive Policy Reform

While DTW was implementing targeted interventions to improve key aspects of local governance and management by districts and TMAs, there was a fundamental shift in the political context, as a result of the 2008 national and provincial elections. The newly elected governments proposed radical changes to the 2001 LGO; senior provincial bureaucrats and newly elected MNAs and MPAs in particular, voiced their preferences for a “roll back” of the existing system and a return to the 1979 LGO. Once the provincial governments were in place a few months later, they also began to move in this direction.

In this context, DTW moved rapidly to engage all of the major stakeholders in a structured review of the existing framework for local government and to support an open, inclusive dialogue on policy reform options. DTW provided all of the provinces with technical and logistical support to carry out provincial dialogues, using provincial working groups (PWGs) and establishing policy reform units in each provincial government.

At the same time, DTW supported public consultations in each province involving government, legislatures, senior bureaucrats, civil society representatives, academics and researchers. The PWGs in effect held hearings to listen to different points of view on the reform. At the federal level, meanwhile, DTW engaged the MLG&RD, NRB, MNAs, and the PMO in a broad dialogue, to clarify the federal position on the policy reform process.

While the provincial governments claimed a broad popular mandate to roll back the 2001 LGO, in fact, there was no recent information available as to public preferences. Thus, DTW carried out a national and provincial opinion poll on local government and policy reform options. The results were presented in national and provincial meetings and widely disseminated through communications media in each province.

Overall, DTW’s work in this area ensured a fair hearing for broad public opinion in support of strong local government at a time when bureaucrats and elected officials were claiming a mandate to weaken it; it helped to conciliate opposing positions at a particularly fractious time in Pakistani politics. Finally, by supporting the PWGs, by emphasizing the need for listening to different voices, and by using Pakistani experts in leading and structuring the policy debates, DTW was successful in avoiding or overcoming potential criticisms of “donor involvement” at a time of heightened political tensions between the federal and provincial governments.

DTW supported the Provincial Working Groups in drafting four separate policy documents on a future Local Government system for each of the four provinces. These documents were presented before provincial elected representatives (MPAs) and their feedback was incorporated into these draft policy documents.

Table 11: Governance Policy Reform

Indicators	Baseline Source	Baseline FY 2005-06 No. (%)	FY 2006-07 No. (%)	FY 2007-8 No. (%)	FY 2008-09 No. (%)	FY 2009-10 No. (%)
No. of provinces engaged in devolution policy reform dialogue	Provincial and DTW Records	Not Applicable	0	0	4	0
No. of provinces notifying Provincial Working Groups (PWGs) for devolution policy identification	Provincial and DTW Records	Not Applicable	0	0	3 (In NWFP the Cabinet Committee was treated as a PWG)	4
No. of provincial dialogues held (total)	Provincial and DTW Records	Not Applicable	0	0	20	0
a. Punjab	Provincial and DTW Records	Not Applicable	0	0	5	0
b. Sindh	Provincial and DTW Records	Not Applicable	0	0	5	0
c. Balochistan	Provincial and DTW Records	Not Applicable	0	0	5	0
d. NWFP	Provincial and DTW Records	Not Applicable	0	0	5	0
No. of provinces in which MPAs directly engaged in devolution policy reform dialogues	Provincial and DTW Records	Not Applicable	0	0	4	0
No. of MPAs directly engaged in devolution policy reform dialogues	Provincial and DTW Records	Not Applicable	0	0	63	0

a. Punjab	Provincia l and DTW Records	Not Applicable			20	0
b. Sindh	Provincia l and DTW Records	Not Applicable			21	0
c. Balochistan	Provincia l and DTW Records	Not Applicable			0	0
d. NWFP	Provincia l and DTW Records	Not Applicable			22	0