

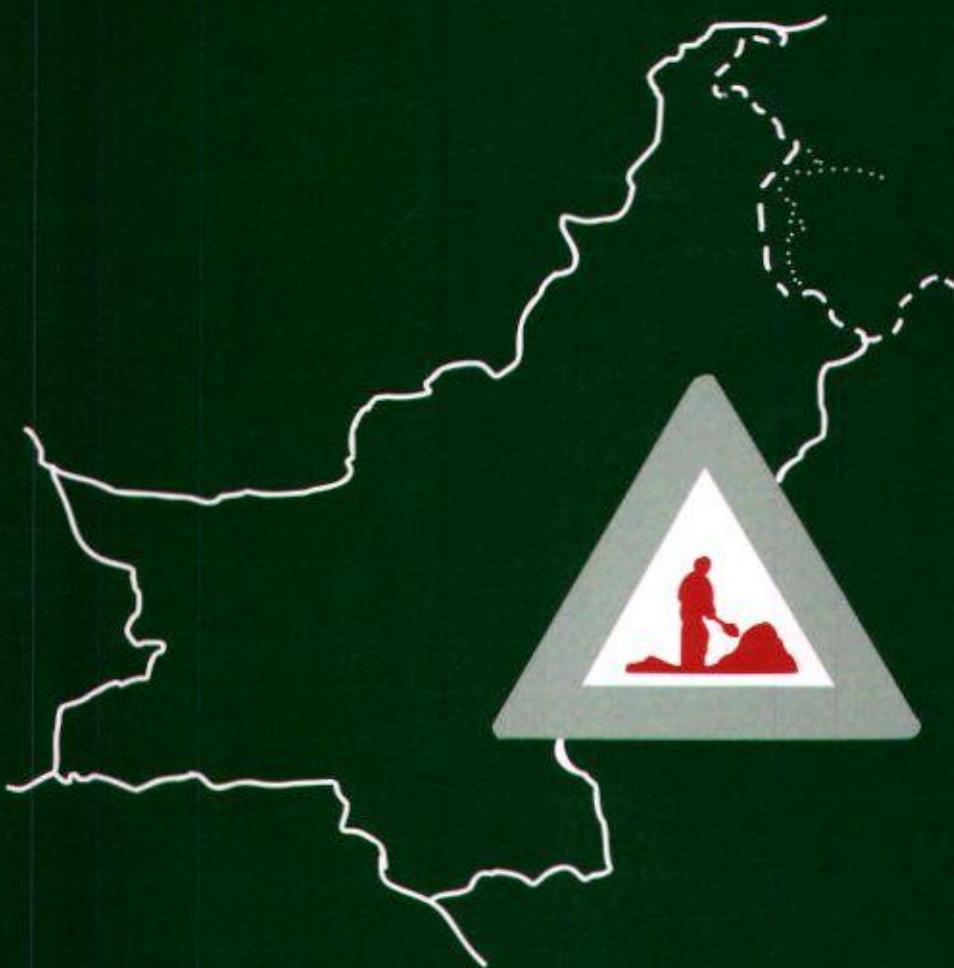
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# WORK IN PROGRESS"

*The Hidden Dimensions  
of Monitoring and Planning  
in Pakistan*

WALTER KOLKMA



## STELLINGEN

behorende bij het proefschrift:

### "WORK IN PROGRESS"

### The Hidden Dimensions of Monitoring and Planning in Pakistan

1. De roep om eenvoudige monitoring systemen voor ontwikkelingsprogramma's is misleidend. Eenvoudige informatie over de sociale werkelijkheid (bijv. *key performance indicators*) is vaak alleen aan de hand van complexe informatiesystemen te verkrijgen.
2. De idee dat één en hetzelfde project monitoring systeem meerdere, elkaar vaak tegenstrevende categorieën van belanghebbenden van zinvolle informatie kan voorzien, berust veelal op een fictie.
3. Alle problemen met betrekking tot de beoordeling van doelstellingen en problemen die spelen bij projectevaluaties spelen ook bij project monitoring systemen.
4. Vele problemen tijdens de uitvoering van het ontwikkelingsprogramma van de Pakistaanse overheid zijn in essentie budgetair; 'preventieve' monitoring van beschikbare budgetruimte en van committeringen kan al veel goed werk verrichten.
5. Monitoring systemen zijn door de standaardisatie van waarneming niet zo geschikt voor de verkenning van de onbedoelde sociaal-economische effecten van projecten en programma's. Rapid Appraisal, survey en evaluatie instrumenten zijn daarvoor geschikter.
6. Het vaak door donoren gehanteerde uitgangspunt evaluaties samen met de counterpart uit te voeren getuigt van een naïef geloof in harmonie; zeker indien het dient te leiden tot verslaglegging onder gezamenlijke verantwoordelijkheid (zie ook IOV 1993, blz. 16).
7. De afwezigheid van een sterke geprofessionaliseerde lokale overheid (zowel op politiek als op ambtelijk niveau) is een van de grote problemen van overheidsbeleid in ontwikkelingslanden als Pakistan.

8. Donoren zouden bij de analyse van hulpontvangende landen veel meer aandacht moeten besteden aan de vraag welke maatschappelijke belangengroepen in de kontekst van een pluralistische maatschappij de meeste steun verdienen.
9. De eis van het Promotiereglement dat ten minste zes stellingen geen betrekking mogen hebben op de inhoud van het proefschrift getuigt van een verouderd geloof aan de universaliteit van het genie van de promovendus.
10. Het Internet is dé manier om informatie te sluizen naar ontwikkelingslanden, en een goede ontsluiting daarvan zou allerwege moeten worden bevorderd in het kader van de Nederlandse ontwikkelingssamenwerking.
11. De Nederlandse overheid heeft een merkwaardige opvatting van het recht op eerbiediging van het gezinsleven als bedoeld in artikel 8 van het Europese Verdrag tot bescherming van de rechten van de mens. Deze opvatting houdt bijvoorbeeld in dat een niet-Nederlandse vrouw met een Nederlands kind en een Nederlandse partner niet zonder meer met haar gezin naar Nederland mag meeverhuizen.
12. Er is meer voor nodig dan het ontploffen van een ondergrondse atoombom, om de Nederlandse projecthulp aan Pakistan te doen opschudden.

Walter Kolkma, 1998

# **“WORK IN PROGRESS”**

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**in Pakistan**

Walter Kolkma

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## PREFACE AND ACKNOWLEDGMENTS

In 1990, the Netherlands Ministry of Development Cooperation gave me an opportunity to gain experience with monitoring systems in a remote area in Pakistan, called Azad Jammu & Kashmir. I was seconded as an Associate Expert to a project implemented by a department of the United Nations. This project was concerned with strengthening planning and monitoring capacities in the Planning and Development Department (P&DD). In the context of a computerised management information system, I was able to gain not only first hand experiences with monitoring, but also collect and analyse a wealth of statistical data, which are now the basis of this study. In 1994, as the project had come to an end, an application for a post advertised by the same Ministry of Development Cooperation, led to another assignment related to monitoring in Pakistan, now as a Monitoring Economist for the Social Action Programme in the North West Frontier Province. From the P&DD in Muzaffarabad I went to the P&DD in Peshawar. This gave me an opportunity to deepen my understanding of the bureaucracy and also keep an eye on post-project developments in Azad Kashmir.

Monitoring systems for public sector development programmes, though much pursued in the practice of development planning, are not yet fully studied from the perspective of the social sciences. There are still some dimensions to be uncovered. Or so I think. I see it as my opportunity to contribute something to this field. Although my registration of this study with the Sociology Department of the University of Wageningen was to some extent a matter of coincidence, I have been very happy with it. I have noticed that this department is interested in post-positivist and post-modernist approaches to social sciences, to which I have come to adhere as well.

I would like to thank all those who have been involved in this endeavour for the past seven years. First of all my supervisors, Dr J.G.M. Hilhorst, Emeritus Professor of Economics and Regional Planning at the Institute of Social Studies in The Hague, and Dr D.B.W.M. van Dusseldorp, Emeritus Professor in the Sociological Aspects of Development Planning in non-Western Countries, at the University of Wageningen. They did not know me from before my request for their help - sent from Pakistan - but have been very interested and supportive from the start. Furthermore I like to thank the then Minister for Planning, Raja Zulqarnain, and Additional Chief Secretaries Yousef Awan and later Tariq Masood of the P&D Department in Muzaffarabad, who supported the idea of using AJK experiences and data as the source for this study. I would like to thank the project team, first and foremost Dr Irene Wilson, from whom I have learned so much, and who also encouraged me after the project and has made useful comments on a first draft. Furthermore Ralph Henderson and Dr Roswitha Newels, good and knowledgeable colleagues at the time. Two short missions to the project by Roger Longhorn put me on the road to learning the valuable techniques of systems design and software programming, for which I am grateful. I would like to especially thank also my project counterpart Aamir Ghani Mir, who was my closest contact in AJK and who continued to help me with various things until the time this dissertation was finally submitted. The list of people who have helped me in one way or another is too long to reflect here, but has to name at least Latif Khan, Anwar Saeed Abbasi, Mansour Qadir Dar, Ayub Minhas, Khalid Bashir Sheikh, Georg Frerks, M.H. Pervez and Ashraf Hussain (in the AJK period), and (in the NWFP period) Muhammad Jehanzeb Khan, Sarmad Khan, Nighat Sethi, Tom McCartan, Arif Majid Mohmand, Willo Brock and Martijn Elgersma. My good friend Dr Tom Kuhlman, with whom I have had so many interesting discussions and correspondence

also has to be mentioned, and monitoring specialist Dr Bert van de Putte, who put me on the right track in the beginning.

Last but not least, I would like to apologize to my wife Sue and son Steven for the loss of so much quality family time...

As Pakistan continues to 'stagger through history', now with their nuclear faux-pas, one cannot help but being extremely concerned about this nation full of human potential. I would like to dedicate this study to all the competent government officers and friendly support staff that I have had the privilege to meet in those interesting years in Pakistan.

WK, July 1998

## LIST OF ABBREVIATIONS USED

ACS	Additional Chief Secretary (Development)
ADB	Asian Development Bank
ADP	Annual Development Programme
AERC	Applied Economics Research Centre, University of Karachi
AG	Accountant General
AGR	Agriculture sector
AJK	Azad Jammu and Kashmir
AKCDC	Azad Kashmir Cabinet Development Committee
AKDWP	Azad Kashmir Development Working Party
AKMIDC	Azad Kashmir Mineral and Industry Development Corporation
ANH	Animal Husbandry sector
APO	Annual Plan of Operations
BHU	Basic Health Unit
BPS	Basic Pay Scale
CDC	Cabinet Development Committee
CDO	Central Design Office (Public Works Department)
CDWP	Central Development Working Party (in FPC)
CIDA	Canadian International Development Agency
CM	Chief Minister (of a Province)
CMA	Central Monitoring Agency
CTA	Chief Technical Adviser
DAM	Development Authority Muzaffarabad
DC	Deputy Commissioner
DDAC	District Development Advisory Committee
DDO	Drawing and Disbursing Officer
DDWP	Departmental Development Working Party
DEO	District Education Officer
DG	Director General
DHO	District Health Officer
DMG	District Management Group
DO	District Officer
DPWO	District Population Welfare Officer
DWP	Development Working Party
ECNEC	Economic Committee of the National Economic Council
EDI	Economic Development Institute of the World Bank
EDU	Education sector
FA	Foreign Aid
FANA	Federally Administered Northern Areas
FAO	Food and Agriculture Organization
FATA	Federally Administered Tribal Areas
FD	Finance Department
FEC	Foreign Exchange Component
FMO	Female Medical Officer
FOR	Forestry sector
FPC	Federal Planning Commission
FY	Financial Year
FYP	Five Year Plan

GDP	Gross Domestic Product
GNP	Gross National Product
GOAJK	Government of Azad Jammu and Kashmir
HEA	Health sector
HT	High Tension
IDA	International Development Association (World Bank)
IFAD	International Fund for Agricultural Development
IHFDP	Integrated Hill Farming Development Project
IMF	International Monetary Fund
IND	Industries sector
IOV	Inspectie Ontwikkelingssamenwerking te Velde (Inspection Unit)
IRDP	Integrated Rural Development Programme
IRR	Internal Rate of Return
KANA	Ministry of Kashmir Affairs and Northern Areas
LFA	Logical Framework Approach
LGRD	Local Government and Rural Development
LRD	Local Government and Rural Development sector
LT	Low Tension
M	Million
M&E	Monitoring and Evaluation
MDA	Mirpur Development Authority
MIS	Management Information System
MMO	Male Medical Officer
MNA	Member of National Assembly
MPA	Member of Provincial Assembly
MQM	Muhajir Qaumi Movement
MSU	Multi-donor Support Unit of the Social Action Programme
n.a.	not available (also: not applicable)
NEC	National Economic Council
NFC	National Finance Commission
NGO	Non-Governmental Organisation
NHA	National Highways Authority
NPV	Net Present Value
NTRC	National Transport and Research Centre
NWFP	North West Frontier Province
O&M	Operation and Maintenance
ODA	Overseas Development Administration (UK)
OECD	Organisation for Economic Cooperation and Development
OED	Operations Evaluation Department (World Bank)
P&DD	Planning and Development Department
PARD	Pakistan Academy for Rural Development
PAG	Performance Audit Guidelines
PC-1	Planning Commission proforma 1 (project document)
PC-II	Planning Commission proforma 2 (feasibility study document)
PC-III	Planning Commission proforma 3 (project progress report)
PC-IV	Planning Commission proforma 4 (project completion report)
PC-V	Planning Commission proforma 5 (project post-completion report)
PM	Prime Minister
PMM	Performance Measurement and Monitoring

POW	Power sector
PPER	Project Performance Evaluation Report
PPH	Physical Planning and Housing sector
PPP	Pakistan People's Party
PSDP	Public Sector Development Programme
PWD	Public Works Department
QMR	Quarterly Monitoring Report
QRR	Quarterly Review Report
Qtr	Quarter
R&D	Research and Development sector
R&M	Repair and Maintenance
RCP	Rational Comprehensive Planning
RNE	Royal Netherlands Embassy, Islamabad
Rs	Pakistan Rupee (Rs 1 = US\$ 0.05 in 1991)
RsM	Rupees in Millions
SAP	Social Action Programme
SAPP	Social Action Programme Project
SDP	Special Development Programme
SPDC	Social Policy and Development Centre
SWD	Social Welfare Department
TOU	Tourism sector
T&C	Transport and Communication sector
TPR	Tri-Partite Review
UC	Union Council
UN	United Nations
UNDP	United Nations Development Programme
UNDTCD	United Nations Department of Technical Co-operation for Development
WAPDA	Water and Power Development Authority
WAT	Water sector
WB	World Bank
XEN	Executive Engineer

## CHAPTER 1. THE ROLE OF MONITORING IN DEVELOPMENT PLANNING; A CONCEPTUAL FRAMEWORK

### 1.1 A renewed interest in monitoring

For most governments of Third World countries, monitoring systems for public sector development programmes have been a regular item on the list of their good intentions. Throughout the history of their independence, efforts have been undertaken to turn the monitoring of development into a serious affair. However, over the past 15 years or so, the interest in establishing or improving monitoring systems has had a further boost (Van de Putte 1991, Valadez & Bamberger 1994; Cracknell 1988). No self-respecting government department these days can be seen without a monitoring apparatus. Donor agencies are increasingly prepared to fund projects to improve these systems, and stress the need for improved monitoring if assistance in other areas is to be granted. In Pakistan, to give just one example, foreign aided projects concerned with improving monitoring systems for development programmes were ongoing in three of the four provinces, whereas in the other, negotiations with a donor were ongoing for a number of years. The author was a member in a project team working on a monitoring system in Azad Kashmir; in the Federal Planning Commission, projects were also being implemented (see also Frerks *et al.* 1990). Several reasons may be advanced to explain this upsurge of interest.

A first reason that comes to mind is that a number of applied social sciences have become popular, which have had an impact on the perceived importance of information collection for decision-making. Public administration, business administration, policy analysis and 'management science' in general have drawn attention to all conceivable factors contributing to the success of organisations, policies or programmes. The observation of the collection and exchange of information in many organisations and projects has led to a gradual reification of this process into monitoring *systems* and related management information *systems*; subsequently they became standard prescriptions. Since most decision-makers in developing countries have had a professional education and many have followed specific training courses in public administration, these ideas have filtered through.

A second reason for the increased interest in monitoring systems is the even greater growth of attention for evaluations in public policy; a trend which blew over mostly from the United States. The need for regular data collection through monitoring, as a precursor to evaluation rounds, was realised by many evaluation advocates (Poister 1982; Casley & Kumar 1987).

A third, more mundane, reason is the advent of the personal computer and relational database technologies in the 1980s which have given the old tedious paper based monitoring systems new analytic potential (Van de Putte 1991), as well as a new aureole of scientific rigour. Every organisation wishes to be known - or convince itself - as basing its decisions on sophisticated, 'high-tech' methodologies, rather than intractable personal observations and perceptions (Palumbo 1987, p.23). Therefore the establishment of such computer based systems was quickly pursued.

A fourth reason is that many governments in Western countries have become more concerned about accountability in the use of public funds to their legislatures and electorates (Kickert 1993, p.21; Wholey 1997, p.125; Mawhood 1997). Some of this wave of concern may have spilled over to developing countries. Money spent increasingly need to be demonstrated to have been spent efficiently, also in countries with weak governments and democracies. With Third World bureaucracies having grown faster than their economies and having become molochs, many bureaucrats and politicians have lost track of what is going

on. Monitoring systems (or nowadays also called Performance Measurement Systems) are seen as opportunities for reinforcing control.

A fifth and perhaps most pertinent reason for the increased interest in monitoring is the general and growing disappointment with central planning as such. Econometric forecasting models have often been proved wrong; most economies have gone their own way. Long- and medium-term plans for infrastructural and social development have not been adhered to. Regional planning has often failed (Guimarães 1997, p.282). The model of comprehensive planning has gone into crisis (Faber & Seers eds. 1972; Van Gunsteren 1976; Lacey 1989; Rondinelli 1993). In the West, the planning of the welfare state has proved to be much more volatile than imagined. In most developing countries, the planned 'take-off' (Rostov) has either failed to take place, or could not be sustained, such as in Pakistan. In Eastern Europe, both economy and society eventually collapsed under socialist totalitarian planning. These developments have led to a world-wide reduced trust in the power of the state to steer society.

As one of the consequences, governments are almost everywhere trying to reduce their participation in the economy. Privatisation programmes of parts of the government have been mounted to reduce the managerial burden of government. In the social domain, many Western governments are now trying to cut down on the safety nets created for the unemployed, old and disadvantaged, because the costs of welfare entitlements have spiralled out of control. Generally, the emphasis has shifted from substantive plans orchestrating the economy and society, to institutional reforms and monitoring and evaluation (M&E) systems to reduce malfunctions. As was noted by for instance Dekker (1989, p.394), monitoring and evaluation seem to be techniques fitting these times better than the old comprehensive and future oriented planning techniques. If the future cannot be predicted and if grand policies to shape it fail, then a more promising approach may be to go about policies in a more piecemeal manner: to monitor constantly in order to refine them, and evaluate to see if there is need to change them altogether.

### *Questions for this study*

The interest in monitoring systems in developing countries gives rise to several questions. Can monitoring systems be effective instruments for the management of development programmes, the achievement of planning goals? Under what conditions can monitoring systems meet the rising expectations? What kinds of systems are best suited to the management of development programmes?

The answer to these questions has to start with the recognition that much will depend on the quality of information yielded by such systems. The quality and transparency of information depends at least in part on the complexity of the subject matter at hand (the project or programme), but of course also on the observations that the system enables to be made (the report formats) and the rapporteur(s) invited to report. Secondly, the effectiveness of monitoring systems depends on the use that can be made of this information; in other words the structure for acting on the information. Both these conditions hinge, in turn, on the organisation of the planning and monitoring system and its anchoring in the overall bureaucratic environment. In many developing countries, the planning system and bureaucratic environment as a whole have been heavily influenced by a positivist, rational comprehensive planning paradigm that unfolded at the start of their independence (Waterston 1965; Caiden & Wildavsky 1974; Ingham 1995). The monitoring systems that can be observed at present, were often created at the same time, or are minor variations on these original systems. An analysis of the structure and problems of monitoring systems in vogue in developing countries such as Pakistan therefore has to start with a description of the

rational comprehensive planning ideology, and contrast it with other possible systems. Then, some implications for the functions and results of monitoring systems can be discussed.

## 1.2 Planning paradigms

There is no one definition of rational comprehensive planning (RCP). The concept as such originates probably from the spatial planning discipline (cf. Banfield 1959; Altshuler 1965) but has been quickly picked up and labeled by the field of public policy analysis in America. As used in this study, RCP coincides with alternative terms from related fields such as 'structure planning', 'technocratic planning', 'synoptic planning' and even the more economic concept of 'central planning'. It is therefore fairly loosely defined here and concerns a process of (preparation for) public decision-making which is built on the premise that the government assumes main responsibility for the economy and welfare of the people and that 'scientific' methods and experts are seen as the principal inputs to steer society. The word comprehensive refers to the idea that planning (i.e. forecasting and policy/plan making) should be applied in all sectors of the economy, and in a coordinated fashion. Faludi's (1974) *Reader on Planning Theory* provides a good starting point for a summary of its essentials:

- 1) Rational comprehensive planning follows a means-ends scheme and rational choice on the basis of complete information: list all the opportunities for action, identify all the consequences from each of the possible actions, select the action which would be followed by the preferred set of consequences (p.140).
- 2) The consensus about objectives comes ideally speaking from the politicians - choice of means constitutes the task of the planners. The task of planners is, however, also to compromise between conflicting objectives (p.142).
- 3) Rational comprehensive planning assumes that it is possible to weigh objectives meaningfully (p.194, p.202) (see also Etzioni 1967, p.227).
- 4) RCP presupposes profound knowledge of society (which is seen not as pluralistic or atomistic but rather as an organic whole) (p.113).
- 5) RCP presupposes that planners know what is the public interest, and that politicians know it (pp.193-194).

Friedmann (1987, pp.96-97) has elaborated on the essentials of this "planning paradigm of considerable staying power" in which it is possible to "lay out the future in advance with something approaching scientific rigor". He traces the rational comprehensive planning view back to the rise of positivism in the 19th century, with proto-planners such as Henri de Saint-Simon, Auguste Comte and John Stuart Mill. In the positivist world view, society's problems are seen as solvable through the scientific study of the empirical reality and the discovery of its historical laws. In the same way that scientific and engineering projects are organised, societal projects should also be organised. Positivists do not recognise a fundamental difference between natural and social sciences; observation of reality stands at the basis of both.

Another scholar of importance to the establishment of the rational comprehensive planning paradigm is deemed Max Weber. In the first decades of the 20th century, this sociologist made a now famous distinction between the notions of objective knowledge on the one hand and political desires on the other; between factual statements and value statements (*ibid.*, p.105). Bureaucrats (including planners) should, in this view, be committed to the production of objective knowledge, in preparation of, or as a result of, decisions taken by politicians on

the basis of values and desires. A derivative of this concept of rationality is Weber's concept of rationalisation, which refers to the social processes through which modern institutions are progressively brought into conformity with the principles of rational thought. Such institutions (bureaucracies, well-established organisations) would be hierarchically structured, functionally specialised and, in the public sector, each institution would pursue one governmental objective (e.g. the provision of education). Employees within these institutions would, in turn, follow abstract rules of universal application irrespective of their own values and interests, and with the purpose of controlling the actions of subordinate subjects so that the objectives of the state or organisation might be attained (*ibid.*, p.101)<sup>1</sup>. In this mechanistic but pervasive view, government institutions should endeavour to be, and are supposed to be, free of values and interests other than those promoting their 'function' in the most rational way, and composed of selfless servants obediently and objectively engineering knowledge and rational action.

Friedmann emphasises that other adherents of the rational comprehensive planning paradigm have taken the concept to, what he sees as, its logical conclusion: once broad political objectives are established<sup>2</sup> and the one and only scientifically correct interpretation of reality is determined, rational comprehensive planners see themselves as, in principle, able to plan the best of all possible futures, and can themselves become a directive force in the general interest. Since rationality implies to a large extent also the impartial weighing of abstract objectives and values, the dichotomy between knowledge and values is regarded as unreal in the final analysis. Planners, as 'professionals' and 'experts', could then suggest plans even in the absence of political decisions and goals. RCP has thus 'technified' political choices to the extent that there is a conviction that government is best left to the technocrats and that science is to substitute for politics. In this sense, it goes a step further than positivistic planning, with its fundamental distinction between governments as goal setters, and bureaucracies as neutral implementers. Some rational planners have suggested that if the rough and tumble of politics would obstruct the realisation of a goal calculated by the planners as superior, then planning must become a force of its own in politics, in order to actively engineer a wide consensus in its favour (Tugwell, Perloff, Mannheim, Etzioni, even Friedmann himself in an earlier epoch). Surely, the scientific superiority of the work of the planning professionals would convince the politicians ultimately - society at large for that matter - of the path to follow. Such are the ultimate, usually implicit, claims of the approach. They sound surprisingly akin to marxist schemes of thought, or something which Karl Popper would call 'historicism' (1945, vol. 1 ch. 2).

#### *The establishment of Rational Comprehensive Planning*

In developed countries after World War II, and developing countries after their independence from colonial rule, the paradigm of state responsibility for the economic welfare of its people was rapidly established. Of special importance in this process was the widespread acceptance of Keynesian economics which instilled confidence in the ability of public investment and

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<sup>1</sup> Some (e.g. De Pater 1984, pp.24-25) have argued that Max Weber should not be seen as a positivist but rather as one of the founders of phenomenology (before Husserl). Some have seen in him an anticipator of postmodernism (Farganis 1996, p.110). The reason that he is here classified as contributing to the positivist paradigm is his approach towards the separation of facts and values.

<sup>2</sup> Killick (1981, p.32-33), in turn drawing on Tinbergen's work, has drawn attention to the striking uniformity in official objectives of economic policy to which practically all governments "from neo-fascist through liberal-democratic to communist" publicly subscribe: increased national income, improved employment situation, price stability; a more equal distribution of income between individuals, and balanced regional economic development.

deficit financing to bring economies out of periods of depression and into sustained growth (Wildavsky 1988, p.65-67; Ingham 1995, p.197). Also important was the orientation of many development economists of socialist and social-democratic persuasion that governments should aim to reduce poverty through redistributive taxation and spending (Ingham 1995, p.197). Myrdal has argued in his famous '*Asian Drama*' (1968, p.739), that RCP in developing countries was favoured by the circumstance that it could be introduced, unlike in the West, "at an early stage of development, and that the conditions of these countries also imply that this [...] planning should be comprehensive and complete, not partial and piecemeal as in the Western countries or rather as comprehensive and complete as their governments can succeed in making it". Conducive to the establishment of RCP ideals in developing countries was that many bureaucracies were looking for new legitimacy after their association with colonial powers. They found this by incorporating the new role of main and impartial promoters of development in the public interest, and were given the benefit of the doubt by the new politicians, who were, themselves, sometimes inexperienced in policy making and planning. Western rational comprehensive planning with its scientific and impartial aureole thus quickly met with a positive response even from the middle classes and the military in developing countries.

Rational comprehensive planning ideals in developing countries materialised into *National Development Planning* focusing on capital investment, in particular in infrastructure, manufacturing and modern agriculture, since these activities were seen as manipulable by scientific methods and capital (Hydén 1983, p.65). National development planning became enshrined in new institutions like central and provincial planning agencies and the supervisory and coordinating roles assigned to them. It manifested itself in the separation of the national budget into capital and recurrent expenditure budgets, each managed by a separate, taskforce-like, department<sup>3</sup>. It was furthermore manifest in the heavy reliance on macro-economic models, perspective plans, five year plans, and annual plans. And it was also manifest in such features as (a) parastatal organisations based on the assumptions that (1) market mechanisms may work imperfectly and (2) bureaucratic approaches are sufficient to make a business operate successfully; (b) a projectised development approach where projects are seen as engineering enterprises (Honadle & Rosengard 1983); (c) the emphasis on regulations and procedures for the enforcement of central objectives; (d) the rigid forms to standardise the project cycle; and (e) the emphasis on centralist monitoring systems for the supervision of line agencies which were seen as in constant need of central control<sup>4</sup>.

In 'soft' states with difficulties in utilising fiscal/monetary policy instruments (taxes, subsidies, levies, tariffs), the desire for the application of rational comprehensive planning is witnessed by the predominance of the physical instruments of policy (licenses, permits, capital investment)<sup>5</sup>. Notably the reliance in policies on a multitude of development projects to achieve societal goals has to be mentioned here (Rondinelli 1993, p.5). An important

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<sup>3</sup> In this thesis, the distinction between departments and ministries is dropped, mainly because in AJK there are no ministries. In a general sense, a department can be a ministry.

<sup>4</sup> See for a comprehensive study of development planning as practiced by developing countries Waterston 1965. Agarwala (1983) has pointed out that (comprehensive) development planning was mostly practiced in Asia; in Latin America it was less so. In Africa, although development plans were drawn up, not much attention was paid to these later on.

<sup>5</sup> This distinction is largely owed to Needham (1982, p.3-5), who also identifies juridical instruments of policy, such as building regulations, environmental health laws, pollution control, etc. and organisational instruments, such as training schemes, promotion and the giving of advice. The latter two are of much lesser importance in developing countries.

rationale for the emphasis on projects is their economic rate of return: as long as this can be shown to be higher than the opportunity cost of capital, projects would pay for themselves - a logic which has led to very large project portfolios under implementation in many developing countries. The parallels between the project philosophy and the rational planning paradigm emerge clearly from this delineation of the basic elements of a project, by Morgan (1983, p.330):

- 1) disciplined conceptual disaggregation of complex, ill-defined problems into discrete tasks for which resources can be mobilized and targeted
- 2) specific time boundaries within which projects begin and end according to a funding schedule and work plan
- 3) pre-programmed activities in which the resources, contracting, procurement, training and anticipated outcomes are all planned or 'designed'
- 4) applied economic and systems analysis used in the appraisal of a project idea to determine whether it is economically viable or rational according to other technical criteria
- 5) standardized reporting procedures for monitoring, control and evaluation.<sup>6</sup>

#### *Decline of RCP*

After a few decades of such experimentation, when, over time, it had become clear that economic development was slow after the shackles of colonialism had been thrown off, disenchantment with central planning agencies and planning itself dampened the enthusiasm, particularly with politicians and the general public (Caiden & Wildavsky 1974, Bryant & White 1982; Agarwala 1983; Wallis 1989). The acceptance of too many loans to finance the large portfolios of projects had often led to unsustainable levels of indebtedness. Due also to the financial and economic crises after the oil shocks in the 1970s, there was increasing reliance on short-term budgeting and a disregard for longer-term planning (Lacey 1989, p.6). Sheer financial survival became the order of the day. In Pakistan, the disillusionment with planning resulted in recurring (and vain) attempts by recent Prime Ministers to abolish the once prestigious Federal Planning Commission (cf. the newspaper *Dawn*, 3 and 4 March 1992). The recent creation of certain other more political commissions, such as for energy and road investments, have reduced the Pakistan Planning Commission's aim for comprehensiveness in practice. Relations between politicians and professional planners became strained. Planners blamed politicians for obstructing plans, politicians blamed planners for bureaucracy and rigidity stifling development. Most planning agencies (at least in South Asia) have survived these attacks, a measure of their resilience and entrenchment in the state bureaucracy; a triumph of hope over experience. It is asserted by this study that, in spite of the general disillusionment, the essential tenets of the comprehensive planning approach still prevail at least at the bureaucratic level (cf. Ingham 1995, p.199 ff). Caiden & Wildavsky (1974, p.152) have claimed that government servants constitute by far the most powerful interest group in developing countries as far as public expenditure is concerned. Their appropriation of RCP has increased their power greatly. This is perhaps one reason why

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<sup>6</sup> According to Morgan this 'project orthodoxy' particularly in developing countries has been at the detriment of a more programmatic approach capable of overlapping planning and implementation (ibid., 338). Morgan's view of a programmatic approach is similar to an incrementalist style of planning (see below). Rondinelli (1993) has posited that the projectised development approach may not be incompatible with such planning, as long as the projects remain small and flexible. Van Dusseldorp (1990) has outlined some (admittedly difficult to meet) conditions that projects have to meet if they are to have a chance of success.

RCP, although in a disguised and scaled down form, is still pursued and recurrent attempts are made to enforce it.

As will be argued by this study, the RCP tenets continue to be of importance particularly with respect to the organisation of monitoring systems in it. They pertain to the notions that all objectives can be weighed rationally so that there must be an objective basis for compromise, that the proper course of the country's economy can be fathomed from the 'facts' as read by experts in the government bureaucracy, and that the quickest way to economic development is through capital investment.

In an analysis of experiences with development planning in developing countries, Agarwala of the World Bank (1983, p.2) has concluded that there is no clear association between a high degree of planning effort in these countries and their performance in terms of growth. Also, the technical, administrative, and political causes of the failure of comprehensive planning in mixed economies are regarded as inherent in the process and as such unlikely to be remedied merely by more strenuous efforts to strengthen the planning machinery. This study argues that there are serious limitations to any rigid practice of rational comprehensive planning, for three main reasons<sup>7</sup>:

- 1) Values cannot be kept out of this type of planning in spite of its scientific pretensions, because of its domain which is social. Values cannot be weighed objectively. In the last resort, values and not technical and econometric analyses must dominate trade-offs and choices between such strategies as growth and distribution, growth and environment, modern urban society and traditional cultural value based society, capitalism and socialism, centralised and decentralised democracy, a large or a lean government. Planning itself cannot logically or scientifically settle such choices.
- 2) RCP is about predicting and shaping the future of society as a whole and in this sense one is reminded of Popper's logical argument against historicism. It goes as follows: The history of mankind is deeply influenced by the growth of scientific knowledge. The growth of scientific knowledge cannot be predicted. We cannot know now what we will discover tomorrow. Therefore, the future of mankind cannot be predicted because scientific discoveries cannot be predicted (Popper 1967, p. 11-12).
- 3) Rational comprehensive planning requires a fair amount of control of the economy, which in turn requires control of society. Strong national leadership is needed over an extended period and any possible societal dissent (including human/labour rights) may have to be suppressed in order to achieve the goals of the plan (cf. UNDP 1995, p.48 ff).

#### *Increased confusion in the present times*

The rooting of democracies with assertive ministers and parliamentarians has led to many civil-military bureaucracies reluctantly letting go of their monopolies on actual planning and to some form of power sharing. This could have led to greater societal consensus regarding planning objectives and improvement in the management of the public sector, but, in practice,

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<sup>7</sup> Early critics of the rational comprehensive planning model include Lindblom (1959), Banfield (1959), Wildavsky (1964, p.147-152), Etzioni (1968, chapters 6 & 11). Rondinelli (1993, pp. 19-21) has recently given an interesting list of ten criticisms of quantitative analysis and systems management which points in the same direction.

it has not worked that way. Part of the reason is bureaucratic unwillingness to change the old administrative decision-making procedures<sup>8</sup>. The result is increased confusion.

In Pakistan, the production of a Five Year Plan by the Federal Planning Commission goes on almost completely detached from the day to day policy decisions and 'economic packages' of the Cabinet. A consultative process of preparation of the Five Year Plan is attempted through the creation of many working groups with nominal representation from the more serious echelons of society (labour unions are not invited). But little of this usually filters through in the final plan.

Today, many planning agencies also focus on functions that have little to do with the original central planning functions, e.g. advocacy functions to attract and service foreign donors (Hydén 1983). These foreign donors, which can be seen as another category of stakeholders apart from bureaucrats and politicians (acting in the 'public interest', in the interest of reason, the poor, the environment, the long term?), have also been unable to increase the consensus on planning objectives. The recent conversion by the World Bank, from a structuralist approach focusing on state-led corrections of market imperfections, to a more neo-liberal approach whereby the public sector is itself seen as the problem (and is to be reduced), has not helped either. Rondinelli (1993, p.4), amongst others, has claimed that the neo-liberal structural adjustment programmes mounted in the 1980s and 1990s "did not rely on national comprehensive planning and even the use of projects as lending instruments, [but they] were nevertheless based on highly standardized prescriptions and rationalistic models. They called almost universally for fiscal austerity, liberalization of trade, strong monetary controls, rapid privatisation of state enterprises, and deregulation of industry, often without an adequate understanding of the social and political characteristics of the countries for which the reforms were prescribed." Meanwhile, the increasing number of aid agencies on the scene and their lack of coordination has made planning practice more chaotic. Actual planning, in spite of five year plans and a machinery geared to comprehensive planning, has become incrementalist.

#### *Incrementalist policy making and planning*

Incrementalism is a term coined within the planning terminology by Charles Lindblom (1959) and stands for a type of planning which 'muddles through' step by step, at best through processes of 'successive limited comparisons of alternatives', rather than through laying down momentous plans and major policies. This is the planning conducted by (and suitable for, as Lindblom argues) pluralistic<sup>9</sup> societies such as the United States of America and most West European countries. More often than the instrumental sounding *planning*, it is called 'policy making' (Lindblom & Woodhouse 1993)<sup>10</sup>, indicative of the inseparability of values and facts in this view. Agreement between political institutions rather than science is the criterion for validity of decision-making. Feasibility rather than goals *per se* is the criterion for the choice of policies. When incrementalism is also *disjointed* - such as in most Western countries

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<sup>8</sup> Other reasons will be investigated through the study of the case of Pakistan. As this thesis will argue, the lack of a serious role for local government is an important one.

<sup>9</sup> Robertson (1986, p.258) defines a pluralist political system as "one that has several centres of power and authority, rather than one in which the state is the sole controller of people's actions". In this study, pluralism refers to a situation where many organised societal interest groups are able to exert pressure on public decision-making.

<sup>10</sup> The one time that Lindblom & Woodhouse (1993, p.15) discuss planning in their book, it is in explicit reference to the work done by coordinating bodies, to coordinate existing policies of different kind (such as on price, investment, employment and foreign trade policies), not to make them.

- then this means that the step-wise planning decisions are not taken centrally, but dispersed, at various places, levels, times and by many different decision-makers. Haynes (1974, p.6-7) gives a good summary of disjointed incrementalism, which:

"eschews the comprehensive ideal in favour of a strategy in which only those policies which differ marginally from existing policies are considered. [...] The model is incremental, or tending towards relatively small changes; remedial, in that decisions are made to move away from ills rather than towards goals; serial, in that problems are not solved in one stroke but are successively attacked; exploratory, in that goals are continually being redefined or newly discovered; fragmented in that problems are attacked by considering a limited number of alternatives; and disjointed, in that there are many dispersed decision points. Rather than adjusting means to goals, ends are chosen that are appropriate to available means, and progress is achieved through a process of marginal adjustment."

Lindblom (1979, p.522) complements incrementalism in policy making with *partisan mutual adjustment* which:

"takes the form of fragmented or greatly decentralised political decision making in which the various somewhat autonomous participants mutually affect one another (as they always do) with the result that policy making displays certain interesting characteristics. One is that policies are resultants of the mutual adjustment; they are better described as happening than as decided upon. Another is that policies are influenced by a broad range of participants and interests (compared to those of more centralized policy making). Another is that the connection between a policy and good reasons for it is obscure, since the many participants will act for different reasons."

Lindblom & Woodhouse (1993) have emphasised that politics and bureaucracy insufficiently represent the variety of stakeholder positions in a pluralistic society, and that the involvement of interest groups (business and others) is essential for the model to work<sup>11</sup>. Disjointed incrementalism in the West, although still rejected by most planners as a normative ideal, has had more support since the 1980s, for instance through such budgeting models as described by Wildavsky (1988), and planning models as strategic choice (Friend & Jessop 1969; Faludi *et al.* 1981; Friend & Hickling 1987). Instead of aiming for such traditional norms as linearity, objectivity, certainty and comprehensiveness, the strategic choice approach recommends to learn to work systematically with cyclicity, subjectivity, uncertainty and selectivity (Friend & Hickling *op.cit.*, p.21).

The intellectual roots of disjointed incrementalism (and later developments such as the New Public Management, see below) probably go back to Popper's 'piecemeal social engineering' (1945) and March & Simon's (1958) 'satisficing behaviour' of organisations and the people in it<sup>12</sup>. Wildavsky's many studies of government and budgetary processes in the United States and outside (1964, 1974, 1988) also lean on such conceptions. Etzioni's (1968) 'mixed

<sup>11</sup> But Lindblom has been concerned also that the influence of business interests in public policy has been disproportional, and he has put forward proposals to ameliorate this (Lindblom & Woodhouse 1993, ch.12).

<sup>12</sup> See also Perrow's (1986, pp. 124-125) summary of Simon's and Simon & March's organizational model: ... "calls for satisficing behavior, sequential and limited search processes that are only mildly innovative; specialization of activities and roles so that attention is directed to a 'particular restricted set of values'; 'attention-directors that channelize behavior'; rules, programs and repertoires of action that limit choice in recurring situations and prevent an agonizing process of optimal decision-making at each turn; a restricted range of stimuli and situations and that narrow perception; training and indoctrination enabling the individual to 'make decisions, by himself, as the organization would like him to decide'; and the factoring of goals and tasks into programs that are semi-independent of one another so as to reduce interdependencies. Most organizational activity takes most of the conditions as given; 'only a few elements of the system are adaptive at any one time'."

scanning' planning alternative is mainly based on it<sup>13</sup>. In the field of organisational science, action theory (Harmon 1981) displays striking similarity with disjointed incrementalism, and even its opposites of systems theory (Katz & Kahn 1966) and contingency theory (Pfeffer & Salancik 1978; Mintzberg 1979) are based on the incrementalism and unpredictability of organisations' actions.

Disjointed incrementalism and mutual partisan adjustment are therefore part of a wide current of new social science insights. That they are also becoming more and more predominant practices of many governments in Western countries can for instance be witnessed in public decision-making in the Netherlands by the importance of the 'maatschappelijk middenveld', the societal centre-field of non-governmental, not-for-profit organisations in between the public and private sector. In the last ten years or so, privatisation initiatives have rendered the 'public management' (rather than the government or administration) of the country even more disjointed, whereas public sector reforms such as contract management, contracting-out, and decentralisation of tasks to local authorities have also contributed to this (cf. Frissen 1989, p.584). Paradoxically, these developments have led simultaneously to increased complexity, societal consensus, and governmental efficiency (see Corry (1997) for similar experiences in the UK). They have also led to increased interest in monitoring systems for private sector provision of public services (Mawhood 1997, p.135; Engbersen *et al.* 1997). The new approaches have been labeled 'The New Public Management' (cf. Hughes 1994; Osborne & Gaebler 1992).

#### *Disjointed incrementalist planning as an option for developing countries*

That a *disjointed* incrementalist approach and New Public Management can be more appropriate for developing countries has had some recognition by development analysts, including Chambers (1974, 1983), Caiden & Wildavsky (1974), Morgan (1983), Uphoff & Esman (1984) and, more recently, Sagasti (1988), Esman (1991), Putnam (1992), and Rondinelli (1993). Sagasti proposes that short-, medium- and long-term planning should be abandoned in favour of an approach which focuses on clusters of issues and problems. The old-style, comprehensive development planning system would have to be replaced by a much more loosely organised structure on the basis of participation of a wide variety of institutional actors (both government and non-government organisations) and allow planners to respond more quickly to a changing environment. Each of these actors should pursue his own goals rationally, but can also be expected to pursue them strategically, whereas there should be an explicit recognition, within the law, that each has his rights and that political compromise is legitimate. Gradually, more staff members of the main think tank on development: the World Bank, are favouring the abandoning of technocratic approaches and the change to a more consultative approach (starting with Agarwala 1983; Cernea 1985). Other donor organisations such as UNDP are also promoting a kind of development with more attention to decentralisation, local government, non-governmental organisations, and people's

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<sup>13</sup> Many planning theorists, such as Faludi (1974) and Etzioni himself, have argued that mixed scanning is the (superior) compromise or middle way between rationalist comprehensive and disjointed incrementalist planning systems. This view is not completely shared by this author. Etzioni (op.cit., p.283) himself has recognised the difficulty of identifying the 'contextuating' (fundamental) decisions after which the incremental 'bit' decisions are to come. Politics and bureaucracies would often be too involved in the status quo to initiate on their own the contextuating changes that could jeopardize their existence. Etzioni relies on unattached intellectuals ('bohemians'), universities, policy-research centres, action groups, and so on, to come up with the new issues. That the initiative may come from such arbitrary categories of stakeholders is, however, the essence of disjointed incrementalism.

participation (*Human Development Report 1993* and continued in later year reports). The real interest and real impacts of aid agencies in these realms are, however, yet to be seen (cf. UNDP 1993, p.68 and 89).

In many developing countries, the path of privatisation of parts of the public sector has similarly been treaded in the 1990s, whereas many of the ideas of the new public management are being promoted by such organisations as the World Bank and USAID (see for instance the latest issue of the *World Development Report: The State in a Changing World* (World Bank 1997). However, whether the societal centre-field or the private sector is sufficiently articulated, competitive and professionalised to take over the servicing of essential public needs, remains to be seen. The approach is also vulnerable to new dangers of corruption (cf. Turner & Hulme 1997, pp.234-35). At any rate, the new management techniques have not spread very fast within bureaucracies so far. Institutional reforms within the remaining public sector have met with much resistance, in spite of the adoption of structural adjustment programmes in many countries (Paul 1988, p.7). Due *inter alia* to the absence of an organised civil society and weak regulatory frameworks, the potential benefits of a more disjointed incrementalist approach to public management have not yet been understood<sup>14</sup> and a technocratic approach in combination with hierarchical systems and decision-making continues to be important (cf. Rondinelli 1993, p.3).

This study claims that although actual processes in many developing countries are displaying many incrementalist features, they are not sufficiently disjointed. Decision-making still takes place within a hierarchical, centralist structure of government wherein the 'expertise' of higher officials plays a large role. It may be that certain top politicians are involved in planning through their position in cabinets, but legislatures are not, while neither many other institutional actors are allowed (or are in sufficient position) to participate. This study will demonstrate this by an analysis of Pakistan.

### 1.3 Monitoring and planning

It is argued in this study that monitoring has a different design as well as impact within a centralised planning system from that within a more explicitly disjointed incrementalist planning system. Before such differences are discussed at greater length, a definition is presented which abstracts as much as possible from the substantive functions that monitoring may have, and, by contrast, focuses on procedural aspects. Concentrating on procedural aspects is in the interest of the universal applicability of the definition, since it can then be applied to any kind of monitoring, from project monitoring to programme monitoring even to monitoring of the weather by satellites. Monitoring will meanwhile be contrasted with its 'twin' concept of evaluation, in order to bring out more clearly the essentials of the two concepts. This differentiation is also deemed appropriate given the conceptual confusion as to the respective meanings of monitoring and evaluation, which still prevails in the literature on these concepts (Patton 1987, p.106; Van de Putte 1991).

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<sup>14</sup> A main criticism of this approach has been that if policies are to be decided through a process of mutual adjustment of all actors in society, this would under capitalist and mixed economies lead to a predominance of decisions in favour of those who can wield financial powers, i.e. big firms and corporations, and large government institutions. This is true, but history shows that there is also a danger of alliances between financial power and government power in centrally led economies. Ultimately, democracy is the best safeguard against the long-term negative consequences of such power configurations.

*Monitoring is the standardised and regular collection of concise, relatively un-valuated information and its subsequent (speedy) processing in preparation of routine decision-making with respect to pre-defined purposes and activities. Monitoring has a predetermined point of reference.*

*Evaluation is the non-standard and more irregular<sup>15</sup> collection of usually already processed information and its associated elaborate analysis and explicit valuation provided by the evaluators with respect to specially defined purposes and activities, and in preparation of major decisions. Evaluation often has, but does not necessarily have, a predetermined point of reference.*

As can be seen, the definitions do not speak out on such issues as whether monitoring fits better with the machine-like control exercised by rational comprehensive planning than the irregular practice of stakeholder-based evaluation or partisan analysis with 'disjointed' incrementalism. In the particular way they are formulated the procedures can have a place within both planning methodologies. The definitions also sidestep other issues such as whether monitoring is only an internal activity and evaluation external (cf. UN ACC Guidelines 1984), whether monitoring is only concerned with the present as opposed to evaluation which deals with the past (Van de Putte 1991), whether monitoring is for day-to-day control and evaluation for learning or policy development, whether it is to be done by a separate unit or as a regular function of all staff involved (IFAD 1979), whether monitoring can question the assumptions of the project (cf Deboeck & Kinsey 1980, p.10) and whether monitoring is solely concerned with targets, time-frames and budgets (Valadez & Bamberger 1994) or whether monitoring covers the inputs, outputs and activities, and evaluation the effects and impacts (World Bank 1981).

The definitions also avoid a statement as to whether monitoring is intended for project/programme implementation and not for programme impact assessment, or that it has to use systematic (scientific?) social research procedures, such as implied by Rossi & Freeman<sup>16</sup> (1985, p.19; p.141). Even the position by Crane (1988, p.471) about monitoring yielding basic 'data' and evaluation rendering (only) the critical value judgments on which the outcome of the study depends (through valuation), is not subscribed to: monitoring may be concerned with registering value judgments or making analytical statements. However, the severe limitations imposed by the need for conciseness and speed are to be kept in view here. Those must have a negative effect upon the depth of analysis and valuation that monitoring instruments can yield. In sum, the essence of monitoring lies in its fixed purposes set out *ab initio*, the fixed point of reference (e.g. targets in a project document), regularity and speed of observation and reporting, conciseness in view of the standardisation of data collection procedures, and (therefore) relatively unanalysed supply of information. This means, in practice, that monitoring is usually producing information on the basis of which the managers

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<sup>15</sup> Nowadays, many donor agencies schedule mid-term reviews or ex-post evaluations of their projects almost as a matter of course. This is not seen here as 'regular' in the sense of periodic and frequent and continuous, such as associated with monitoring.

<sup>16</sup> There is something to say for this position, since the term evaluation could then be distinguished from the term review, which in the general usage implies less scientific rigour. The adjective systematic could also be associated with the concept of monitoring, but is deemed sufficiently characterised here by the word standardised.

are to make their own analysis and on the basis of which it could be decided (*ad hoc*) to initiate a diagnostic study in view of a specific problem or even an evaluation exercise<sup>17</sup>.

#### *Monitoring under RCP conditions*

It is, however, posited that the monitoring of development programmes under conditions of centralist planning is quite different from that conducted under systems which rely on various centers of authority. First of all, monitoring through hierarchical systems may serve different purposes. It can be assumed that an important purpose is to collect information 'from the field' of use for the conception of the next master plan (usually a Five Year Plan). Another purpose is feedback as to the compliance with decisions taken earlier, with the specific aim to supervise and if necessary overrule the implementing agencies involved<sup>18</sup>. The latter is all the more important in societies where the plans and objectives of central planning may easily be thwarted by limited implementation capacity and largely unknown conditions at the local level. Monitoring is then a means to enforce, coerce, and, when necessary, re-establish the control necessary to safeguard the original planning objectives and avoid the contingency of implementation moving away from them. Given the need for the centre to weigh different objectives and to compare progress amongst a number of different areas and departments, there would be a focus on unambiguous proxies of the progress, which in practice means financial indicators. If physical indicators are included, then there is a strong stress on their 'objective verifiability'<sup>19</sup>. Since the reporting of problems may divert the attention away from the ultimate objectives, these would not normally be the focus of such systems. Problems would be regarded as 'bottlenecks'. The focus of monitoring would not be coordination between departments except on a technical level; since the objectives and targets are laid down by the centre, these would not form part of the coordination process<sup>20</sup>. The effort would be to create one monitoring system or at least keep the number of systems as small as possible, while encompassing as many levels as possible, and cater to as many demands as possible.

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<sup>17</sup> This view is also held by the widely read Casley & Kumar (1987, p.8). However, most of the U.S. evaluation literature as well as those of international development agencies assume monitoring and evaluation to be closely related, and makes no systematic distinction. Rossi & Freeman (1985) even speak of 'monitoring evaluations'. Frequently the term 'program evaluation' is taken to mean both monitoring and evaluation, or else the acronym M/E system is systematically employed (Valadez & Bamberger 1994, p. 13-14). However, even Valadez & Bamberger, who support the combined term, concede that in many developing countries only monitoring systems are in use.

<sup>18</sup> The advent of the science of cybernetics in the 1950s and 1960s was important to this idea (Ashby 1956; Beer 1967). In the cybernetic model of organisations, the quality of the decisions taken by the head would be critically dependent upon the quality of the information channels leading to it. Feedback is what turns diverse elements in a group into a homeostatic system; it is the only effective mechanism for controlling endemic variation and system disintegration (Beer 1967, p.31). See also the Law of Requisite Variety as formulated by Ashby (1956), discussed later in this chapter.

<sup>19</sup> In a workshop in East Asia, it was reported that project managers expect monitoring systems to produce information that is 1) accurate, 2) objective, 3) reliable, 4) relevant, 5) timely, and 6) action-oriented (Deboeck & Ng 1980, p.7). These were all expectations difficult to meet.

<sup>20</sup> Since the reporting system would be vertically directed, from implementing departments to the funding/supervising department, technical coordination between two line departments through such a reporting system would be a detour. Only at the stage of a conflict, requiring a verdict from a higher authority, would such reporting systems perhaps be an option.

### *Monitoring under conditions of disjointed incremental planning*

Under conditions of disjointed incremental planning, meaning the reliance on various authority and stakeholder centres, monitoring can be assumed to serve the function of generation and exchange of information in the context of coordination as well as competition between organisations (for instance between implementing and funding agencies). Rather than one monitoring system, many different ones would be expected, complementary and possibly competing and overlapping. Horizontal monitoring systems, with reporting between organisations not hierarchically related (such as with funding and implementing agencies) would be at least as important as vertical systems. For instance the exchange of information between a Land Revenue department and a Road Building department. The focus on mutual adjustment and policy evolution would in practice mean a tilt towards problem identification and their resolution. Monitoring would address the need to continually refine and adjust the policies, plans and programmes in the light of implementation capacities and changing local conditions. A learning function would be more important in such a system; accountability and central control would be much less the predominant concern. The need for a common financial denominator of the progress booked in various areas and institutions would be correspondingly less. There would be more variety and less standardisation in systems due to the greater number of information sources, with some of them perhaps not qualifying for the label of monitoring system in a literal sense, but yet contributing to the overall cross-checking and multidimensionality of information.

There may be also organisational differences in monitoring systems operating under different planning systems. Under hierarchical systems, the lines of communication can be expected to be long and unidirectional. One pyramidal system, covering in steps both intra-departmental and interdepartmental communication, and converging towards the centre, would be regarded as most appropriate. This would then also lead to a preference for large management information systems. Under disjointed incrementalist systems, the lines can be expected to be shorter and multidirectional (many agencies reporting something to each other), whereas intra-departmental systems would have very different functions from inter-departmental systems. Multiple small management information systems would be expected.

Perhaps the main difference lies, however, in the assumptions regarding the nature of the information yielded by the two systems. In systems working under conditions of central and rational comprehensive planning, the 'facts' collected are assumed to be unbiased, true and objective reflections of reality as given by one government department to another (other institutions are not included in the system), and as given by the rapporteur to his superior(s). Concern for efficiency and simplicity would then lead to only one rapporteur reporting on a phenomenon in a comprehensive way; multiple systems all yielding fragmented or partial information on the same phenomena would be discouraged. Given that both rapporteur and audience are regarded as 'rational' and reality as factual, information would not be suspected to be multi-interpretable. Information would be treated as common property within bureaucracies and internal monitoring reports would be assumed to be able to function also for external reporting purposes. Cybernetic many-one operations in information, in order to summarise and simplify, would be the norm (Beer 1967, ch.4). Strategic/opportunistic and perspectivistic biases in information would be seen as aberrations and to be avoided<sup>21</sup>.

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<sup>21</sup> This thesis makes a distinction between strategic and perspectivistic biases in information. The former relate to deliberate and opportunistic misrepresentations of reality, in order to advance certain interests of persons or organisations. Habermas (in Pröpper 1993, pp.10-11) has defined strategic activity of organisations as directed at furthering (hidden) objectives through the explicit use of money and or power (authority). A serious attempt (continued...)

Deviations from laid down policies, delays, cost overruns, etc., would be seen as in need of punitive action.

The hierarchical information system would, as a result, tend to avoid or understate any issue that might give rise to controversy; information would be 'thin' in content and 'neutrally' worded. In disjointed incrementalist systems, there would normally be more institutions involved in implementation, including non-governmental or semi-governmental. Since they would be explicitly identified as stakeholders, there would be more implicit awareness of perspectivistic and strategic biases in the information submitted. These would then tend to be 'discounted' as much as possible. Their biases would come to light more easily, since there would be more than one stakeholder reporting on each phenomenon. This would eventually lead to more detailed and improved reporting by all stakeholders. The submission of perspectivistic information might meanwhile come to be regarded as an opportunity to increase the depth of understanding of the multidimensionality of reality. Many departments would gain valuable new information while implementing policies or programmes. Lindblom (1979, p.524) has even put forward that 'partisan analysis' by interest groups is the most characteristic analytical input into politics, *and also the most productive* (italics added). Such partisan analysis could not escape from also being conveyed through reporting systems if these were available. Since disjointed incrementalist planning is a more continuous process of refinement of policies and programmes, decision-making would also be more explicitly resemble bargaining and mutual partisan adjustment (Lindblom 1959; cf. March & Simon 1958).

It may be clear that if these assumptions are correct, disjointed monitoring systems must be superior to hierarchical systems under centralist conditions; the crux lying in the adjective disjointed. It is too early to answer the questions raised in the first section of this chapter. But a precondition to the success of performance monitoring of programmes is its being set up in accordance with a planning and management system which recognises the advantages of disjointed decision-making; success seems less likely if monitoring is set up in accordance with RCP principles. A main focus in the Pakistan case study that follows will be the extent of malfunction of such kind of monitoring. It has to be mentioned that the hypothesis regarding better results of systems under disjointed incrementalism can only be made more persuasive, but not tested rigorously, due to the fact that such systems are not in operation in Pakistan.

#### 1.4 Some interpretations of the concept of monitoring

Given the greater openness towards new and less rigidly central planning systems since the end 1970s, it would be expected that the available handbooks on monitoring (and evaluation) for programmes and projects in developing countries incorporate at least some of the new ideas presented above. Whether this is indeed the case is checked through a short review of literature on monitoring, concentrating on the interpretations given in the more widely used guidelines as published by large development agencies. Since international donor agencies have played an important role in the development of the concept (Valadez & Bamberger 1994, p.5), some of these will be reviewed first.

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<sup>21</sup>(...continued)

at coordination through 'communicative' activity is not undertaken. Perspectivistic biases are seen as relatively unavoidable due to the structural position of the observer/rapporteur as stakeholder. In practice there will however be normally a sliding scale between the two.

Of the more influential monitoring guidelines, only those of the United Nations, the World Bank, and IFAD are reviewed in some detail. Most other guidelines published by international agencies, are not considered here to differ fundamentally. As an example of the use of monitoring by planning agencies in developing countries, the monitoring concept as held by the Federal Planning Commission in Pakistan will also be reviewed.

### *United Nations*

The United Nations started work on integrating the various monitoring and evaluation approaches followed by its agencies (including the World Bank and IFAD) in the mid 1970s, upon setting up an Administrative Committee on Coordination Task Force on Rural Development. This ACC was composed of all the heads of the UN organisations and chaired by the UN Secretary General. Although the final report: '*Monitoring and Evaluation - Guiding Principles for the Design and Use in Rural Development Projects and Programmes in Developing Countries*' was published only in 1985, workshop reports were published much earlier (1976) and therefore its influence must also be dated back earlier. From this work it can be concluded that the main effort was to reify the concept of monitoring from a procedure to a system, and to give it a fixed place in the project/planning cycle. At the same time it is clear that it did not prove as easy to generalise about monitoring as it appeared on first sight. The definition of monitoring in the ACC Guidelines seems straightforward enough:

"Monitoring is the continuous or periodic review and surveillance by management at every level of the hierarchy of the implementation of an activity to ensure that input deliveries, work schedules, targeted outputs and other required actions are proceeding according to plan. (p. 13)"

A footnote attached, however, states that monitoring of a project by an external donor agency through its staff of consultants is defined as 'supervision' for the purposes of the UN, whereas the term monitoring is reserved for national project authorities for its own management purposes. Furthermore it is stated that:

"The purpose of monitoring is to achieve efficient and effective project performance by providing feedback to project management at all levels. This enables management to improve operational plans and to take timely corrective action in case of shortfalls and constraints. Monitoring is thus a part of the management information system and is an internal activity. As an integral component of the management function, and hence an essential part of good management practice, monitoring needs to be conducted by those responsible for project/programme implementation at every level of the management hierarchy" (p. 14).

Evaluation, in turn, is defined as:

"a process for determining systematically and objectively the relevance, efficiency, effectiveness and impact of activities in the light of their objectives. It is an organizational process for improving activities still in progress and for aiding management in future planning, programming and decision-making." (p.14)

In a later statement, the learning function of evaluation (beyond the scope of the project) is also stressed (p.15), while a basic distinction is drawn between ongoing evaluation and terminal and ex-post evaluations.

Some sour comments could be made with respect to these seemingly 'middle of the road' definitions, such as that for the UN Task Force control rather than communication or coordination is the focus. Monitoring is regarded entirely an internal activity performed by

is done by a separate unit in a project, or by another agency commissioned to do the monitoring.

The ACC Task force sees the two 'processes' of monitoring and (ongoing or terminal/ex-post) evaluation as forming a unified system (p. 16); indispensable parts of a project cycle. The systems approach is clear. It is therefore not surprising that the processes of inspection and audit, intended to investigate to what extent a process or performance conforms to predetermined procedures or standards and to report on the extent of conformity or any irregularities, are seen as entirely separate. How to fit these into the harmonious system, is somewhat more problematic.

The Guidelines state that, in a project, the M&E unit has to be situated near to the project management, and in a programme at a central level, either on a regional or on a national level. The mechanics of information generation are assumed to be similar. However, the first case is project-internal monitoring, and the latter project-external monitoring, as it is most likely dealing with more than one organisation. That this may have important effects on the nature of the information generated, is not addressed. The Guidelines even point out that given the paucity of trained M&E staff and other resources in developing countries, it may be desirable to begin with an M&E unit at central level. That the needs at the various levels are different is not recognised. The Guidelines also state, rather arguably, that monitoring is more important within projects, and evaluation more at the sectoral or central levels.

Much attention is devoted to the technical issues of determining information needs, formulation of indicators<sup>22</sup>, data and sources, measurement and assessment of project effects and impacts, and to special topics of interest within M&E, such as target group participation, women in development, nutrition, and environment.

Problems of reliability of monitoring information are discussed only in terms of the size of sample surveys and other methods of data collection (see also an earlier Technical Workshop Report by ACC 1976). The problem noted in previous sections of this chapter, concerning the perspectivistic and strategic nature of much of the information in project or programme monitoring systems, is not addressed. Such biases as would relate to either tunnel vision of staff or ulterior motives for consciously (not) reporting certain aspects of progress to the higher management, both within and outside their project/organisation, are not recognised.

#### *International Fund for Agricultural Development*

In IFAD's '*Guidelines on Monitoring and Evaluation*' (1979, p.16), there is some recognition of the issue of "incompatibility between the MOE team's responsibility to measure the effectiveness of project implementation and its functional requirement to assist in the more efficient management and implementation of the particular project to which it relates. The first is a performance checking function while the other is a staff role. There is thus a risk that project management will, at worst, regard monitoring and ongoing evaluation as a threat and, at best, as an unnecessary or marginal activity restricting its own discretion to make what it sees as appropriate adjustments in the course of implementation." But it cannot recommend more than: "This risk must be countered if both the MOE team and project management are to function properly. [...] the risk of lack of cooperation can be greatly reduced if role relationships are clearly outlined in the design of the project and its MOE component" (pp.16-17). There is also some recognition of the seriousness of filtered

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<sup>22</sup> Indicators are defined as "specific (explicit) and objectively verifiable measures of changes or results brought about by an activity" (*ibid.*, p.37).

component" (pp.16-17). There is also some recognition of the seriousness of filtered information due to interests of those involved in implementation vis-à-vis management. This leads the IFAD to a stipulation, at variance with the ACC Guidelines, that the M&E team should not be part of the project's field management team. This may in IFAD's view mean also that other project staff should be excluded from monitoring routines - an often too expensive solution in practice, as well as unwise for other reasons<sup>23</sup>.

#### *World Bank*

The World Bank's '*Guidelines for the Design of Monitoring and Evaluation Systems for Agriculture and Rural Development Projects*' (1981) define project monitoring technically and substantively like the other two organisations:

"the provision of information for management to assess progress of implementation and take timely decisions to ensure that progress is maintained according to schedule. Monitoring assesses whether project inputs are being delivered, are being used as intended, and are having the initial effects as planned. Monitoring is therefore an internal project activity, an essential part of good management practice. [...] The essence of monitoring the implementation of various components is the comparison of achievements against targets" (p.4).

Unlike IFAD's guidelines, and much like the UN ACC Guidelines, there is no recognition of the problem of ambiguity in roles of reporting staff and other biases due to conflicting interests between field staff, monitoring units and project management. Much less is there a discussion of how to take these into account. In the design of project-specific M&E systems, the following technical issues are seen as critical: the review of project objectives and selection of indicators, the identification of M&E information users, determination of the sources of data and information, special studies, methodology and frequency of indicator measurements, data processing, data analysis, reporting, requirements of staff and logistic support, training of staff, and cost estimates. Of the guidelines discussed here, this one takes the most positivist scientific approach to monitoring observed<sup>24</sup>.

#### *Pakistan's Federal Planning Commission*

The previous guidelines for monitoring, or M&E systems are mainly intended for individual projects, while having been geared more towards foreign aided projects. It is time to look at an example of guidelines written by a government agency dealing with many run of the mill projects. In this study, the *Planning and Development Division in Pakistan* (the secretariat of the Federal Planning Commission) is chosen, because of its considerable experience and interest in multi-sectoral programme monitoring.

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<sup>23</sup> IFAD (1979, pp. 10-11) defines monitoring technically and substantively as: "the timely gathering of information on project inputs and outputs and on conditions and complementary activities that are critical to the attainment of project objectives. It utilises benchmark information collected during the inception phase and continues throughout the project's life-time when it enables comparisons to be drawn between actual inputs, outputs, conditions and activities with the expected or planned levels".

<sup>24</sup> As will be clear also from the study by Valadez & Bamberger (1994) referred to in section 1.6, but also from for instance publications of the World Bank Operations Evaluation Department (1995), the World Bank has come a long way since its textbook of 1981. There has been more attention for perspectivistic and strategic biases. But still, in the 1990s, most attention has gone into the identification of 'key performance indicators' within comprehensive Performance Measurement Systems at project-, subsector- and sector levels. As Kumar (in OED 1995, p. 148) has warned with respect to these indicators: "A key assumption is that managers will be able and willing to make rational decisions in light of the information gathered".

The governmental procedures and system of planning including monitoring have been described in a comprehensive '*Manual for Development Projects*' issued by the Projects Wing of the P&D Division (1991). A review of this manual first of all reveals that the ideal of the rational comprehensive planning paradigm is very much alive in the P&D Division<sup>25</sup>. Monitoring is discussed in system-theoretic and even cybernetic terms as providing feedback of "timely and useful information not only to the project management / implementation agencies but also a feed-back to the policy makers" (*ibid.*, p.98). The conceptual definition of monitoring is given as follows:

"Conceptually, 'monitoring' means to check and assess the implementation status of a project/programme/plan during the implementation on a regular basis. The system of watching / monitoring the progress of programme / project implementation, besides being an important link in the project cycle, helps in the identification/analysis and removal of bottlenecks and expediting action where projects have stalled or fallen behind schedule. Project Monitoring is invariably done with the active participation of the Project Management and is, therefore, quite distinct from 'inspection' which is generally undertaken at a higher level but not very regularly. In fact, Project Monitoring is a tool to serve the interests of both the Project Management and the Planners, as they share a common concern for the timely completion of projects within the approved cost, scope and time schedule (p.98)."

Contrary to the UN ACC Guidelines, a distinction is made between internal and external monitoring, the first being within projects, the second being undertaken by "an outside central agency like the Projects Wing of the Planning and Development Division" (*ibid.*, p.99).

"The internal monitoring unit has to feed the external monitoring unit with necessary information. The external monitoring unit makes efforts for the preparation of special review reports and collection of information on the spot, through field visits, to countercheck the validity of the information being provided by the field staff" (*ibid.*, p.100).

From this description, it is clear that monitoring is seen as comprising activities performed at two levels, with the first level directed at project management but also providing information to the second level which will digest this information and also check its validity. Thus the two systems are seen as capable of feeding into each other.

The P&D Division recognises that there may be problems with the validity of the information, but there is no analysis of the reason for this situation. Project staff and central planners are assumed to have the same interests. That an important reason for problems might be that project management is not keen to send information that may lead to repercussions up to high levels of decision-makers beyond their own agency is not acknowledged.

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<sup>25</sup> The manual equates planning with the preparation of plans for the economic and social development of the country. Projects are seen as the main means to implement plans. Although economic policies are within the purview of the P&D Division, they are less emphasised than the development programme, a portfolio of projects. Projects are seen as "the cutting edge of development". By this is meant that "without projects, it is unlikely that general development plans which hasten economic growth and further a range of social objectives will be fulfilled" (*ibid.*, p.18). "Under a systematic planning procedure, planners [not politicians - wk] determine general guidelines for the fulfillment of overall development goals which are further translated into sectoral objectives, along with overall resource allocation between them. Sectoral planning needs more specific information about the resources and constraints of the sectors concerned. After the collection of this information, disaggregated project programmes are devised which are individually appraised in the light of guidelines and macro-economic parameters provided by the higher-level planners" (*ibid.*, p.19).

### *Conclusions*

Most of these guidelines, then, at best, produce some statements as to the problem of biased information, but none of them use this point as the foundation for the organisation of a monitoring system. Because institutions are supposed to be acting rationally in a Weberian sense, strategic behaviour and biases are treated as anomalies. Both national and international agencies adhere to such views; more modern, post-positivistic insights have not yet filtered through in the seventies and eighties of the 20th century, at least not in the guidelines of aid agencies and national monitoring agencies (see also Rebien 1996, p. 81). A few more conclusions are in order.

- 1) The traditional approach in the manuals is highlighted by the fact that the greatest challenge in monitoring is viewed as the definition of the issues to be monitored, and the translation of these into substantive indicators. In other words: technical or subject-specific issues. It is assumed that a standard set of indicators and one main rapporteur can satisfy the information needs of all interested parties. The information itself is seen as unidimensional and factual. The purpose of monitoring is generally seen as a concise and objective report of the status of a project so that management can 'let the facts speak for themselves' and decide accordingly.
- 2) In most cases, engineering projects are assumed to be much more easy to monitor than 'social' projects. There is little recognition of the possibility that engineering projects can be equally, or even more, beset with strategic or perspectivistic biases of data manipulation (cf. also Casley & Kumar 1987, p.4).
- 3) Monitoring is generally considered to be an internal management activity, even if there are widely differing views as to who are to do the monitoring: a special unit without implementation responsibilities (IFAD) or all project staff involved in implementation (UN ACC). While most guidelines struggle with the question where exactly to place the M&E unit, none seems to pay much attention to the shades between internal monitoring and external supervision, and their effect on the nature of information. Programme management is insufficiently differentiated from project management. For instance, if a federal (funding) agency like the Federal Planning Commission's Project Wing sends its progress forms to a project implemented by a health department in a province, is that internal monitoring, and how will the information returned be affected by the fact that the flow is directed to the federal level and not exclusively the health department's own senior management?
- 4) In guidelines on monitoring within projects or organisations, there is similar lack of attention to the problems of field staff reporting to their superiors. The need for counter-checking of information is discussed here and there (P&D Division Pakistan) but it remains unclear how to organise a system which systematically takes into account all the stakeholders involved (including beneficiaries) into a mutually counterchecking and counterbalancing system.
- 5) The positively coloured concept of monitoring is usually separated from the negatively coloured concepts of inspection and audit. In so far this is intended to convey the impression to project staff that there is nothing to fear from monitoring, this is questionable. Monitoring systems inescapably collect information which can also be utilised for accountability purposes, to check staff's performance and fix

responsibilities. Most monitoring systems even focus on staff performance issues. Ignoring this fact in the design can lead to too rosy expectations as to the quality of data to be generated. It is precisely the reason why the solution lies in multiple and not single systems.

#### *Monitoring in the literature*

It has to be noted that guidelines exclusively geared to monitoring systems (in the sense defined here) are scarce. Mostly, monitoring and evaluation (M&E) techniques are discussed in combination, with the bulk of the attention going to evaluation. Most M&E handbooks, if they are not agency-specific, are subject/sector specific (e.g. the design of a system for monitoring agricultural extension projects). Such literature is mostly concerned with the problem of defining indicators and applying appropriate methodologies, rather than ensuring that stakeholders' views are adequately incorporated and being concerned about how to cope with perspectivistic and strategic biases<sup>26</sup>.

Another central theme in the general literature is the institutional setting of monitoring, internal or external to the project. For instance, Deboeck & Kinsey (1980, p.iv) record the view of participants to a M&E workshop in East Africa regarding rural development projects, that project internal systems are deemed best, also because project-level users rank highest in priority (and donor agencies lowest). The crux that several systems are required, either competing or interlocking, and each geared to a separate stakeholder primarily, is not appreciated, as is argued here because such a notion goes beyond the prevailing positivist paradigm<sup>27</sup>.

Synoptic literature on monitoring, applicable to a range of possible subject matters and organisational arrangements and classifying these systematically is almost completely absent (cf. Rebien 1996, p.169). Similarly, literature spelling out methodologies for the monitoring of large multi-sectoral programmes in development countries has remained scarce. Where such exists it is usually nationally-oriented, and of a descriptive type (e.g. Hussain 1991; Planning and Development Division 1991). This lack of attention is unfortunate given that monitoring systems with such purposes are in existence in planning departments in many developing countries (Waterston 1965; Valadez & Bamberger 1994).

The observation that monitoring continues to be the poor relation of evaluation in social science literature is significant in itself. It demonstrates that monitoring systems are perceived as less problematic, dealing with what is considered as relatively non-controversial, factual information. The avalanche of literature on evaluation methodologies, on the other hand, is

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<sup>26</sup> Clayton (1980,p.9) has summarised the typical problems of monitoring systems in development projects: "inadequate monitoring and evaluation is commonly associated with poor system design (producing more data than is needed or that can be processed), inadequate staffing of M&E activities, inability to handle base-line studies early enough (these strictly should be initiated prior to project implementation), substantial delays in processing data (usually through inadequacy of processing facilities but sometimes due to staffing shortage) and a consequent delay in data analysis and preparation of results (often due to shortages of senior professional staff but also to faulty design of field surveys, which produce data which cannot be used). And finally, if all the foregoing deficiencies are avoided and an effective monitoring and evaluation system produces the required results, they often remain unused by project staff".

<sup>27</sup> For instance, Deboeck & Kinsey note (March 1980, p.6): "Since the needs of the various user-groups are seldom identical, there is a potential demand for a data base far broader than would be needed only by project management. The danger in such circumstances is that M&E units may be expected to be all things to all users, something for which they are not well equipped." But the setting up of different systems by different parties is not offered as a solution; one integrative system continues to be the norm.

symptomatic of the fact that 'valuation' techniques, as scientific tools, are viewed as much more complex and challenging (Rossi & Wright 1984).

The specific problems to which the prevailing approach to monitoring has led in South Asia are discussed in the following section.

### 1.5 Experiences with monitoring systems in South Asia

This study is fortunate in being able to review fairly recent experiences with government monitoring systems in South Asia, based on the work of Viqar Ahmed and Michael Bamberger for the Economic Development Institute (EDI) of the World Bank in the late 1980s (Ahmed & Bamberger, 1989)<sup>28</sup>. From their seminar report '*Monitoring and Evaluating Development Projects; the South Asian Experience*' it can be concluded that in all South Asian countries<sup>29</sup>, a hierarchical and interlocking system of monitoring and evaluation is operative such as identified with central planning systems described above. The system is usually controlled by a central planning agency, responsible for formulating the Five-Year Plans and Annual Plans and, due to the felt need for central control of the development process, for both monitoring and evaluating the implementation of the plans<sup>30</sup>. Apart from an overall monitoring system for these central planning agencies focusing on 'national' and foreign aided projects, there are sub-systems at the state/provincial levels under the control of Planning and Development Departments. These systems also serve internal purposes in many departments, although in some of them there are additional systems. In most of the countries, performance auditing systems are being developed within the Accountant General's Departments, but these have so far remained embryonic and it can be questioned whether they are not token measures. Major projects frequently have their own monitoring units and systems. Lastly, there are a variety of monitoring systems active for parastatal organisations. All systems are expected to be open and report to higher or lower levels of management when required.

The functions of the monitoring and evaluation systems of central planning agencies are usually directed both at planning and implementation, i.e. they are supposed to serve both learning and control functions. The focus of the systems is, however, the control of implementation. Evaluation of operation and maintenance, impacts and sustainability of the projects/programmes has received little attention (*ibid.*, p.6). Whereas all countries of the region have both development and recurrent budgets, the monitoring systems in place concentrate on the former. The systems usually comprise standardised monthly or quarterly reporting covering all or a selection of the development projects and associated reviews held in the central planning agencies, either at the national or at the state/provincial levels. The main source for completing the standard report forms is the implementor of the project. At the level of the national planning agency, the information is occasionally complemented by site visit reports, inspections or evaluations held by special wings. At the level of the state or province, such counter-checking and evaluation systems are usually not present, or rudimentary.

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<sup>28</sup> For a similar review of progress reporting systems, mainly but not completely confined to South Asia, see Waterston (1965, pp 355-65).

<sup>29</sup> India, Bangladesh, Pakistan, Nepal, Sri Lanka, Bhutan and Maldives.

<sup>30</sup> In India, however, monitoring is controlled by two agencies, one the Planning Commission, which evaluates social sector programmes, centrally managed and sponsored projects, and the Ministry of Programme Implementation, which monitors megaprojects mainly.

### Problems

In spite of the fact that most monitoring systems were started soon after independence, and that considerable experience with their operation must have been built up, all systems continue to face problems. With thousands of projects to be monitored, progress information is frequently late, not answering the right questions or too costly to collect (*ibid.*, p.3). In addition, it is widely recognised as incomplete, carelessly collected or in some cases deliberately falsified (*ibid.*, p.9). Also, the information is, in the main, focusing on quantitative and financial aspects, to the neglect of other aspects. Because monitoring is focusing on the development budget, and neglects maintenance and operation issues, much of the information cannot be interpreted meaningfully for (comprehensive) planning purposes. A general complaint is that the monitoring systems of central agencies do not serve the needs of project staff at local level at all: project staff tends to look upon central M&E systems as a waste of time, a nuisance, or even a threat (*ibid.*, p.9). Usually, central governments require agencies to provide standardised quantitative data on all projects rather than allow them to tailor the M&E systems to suit the information needs of each project (*ibid.*, p.10). Sometimes, it was observed that the monitoring and evaluation systems at both the central and project levels respond more to the information needs of the donor agencies than to the needs of project/programme management (*ibid.*, p.5).

Frequently, project M&E systems are required to produce information of use to a large number of government and donor agencies all at the same time. All of these 'stakeholders' have different demands, a situation which often leads to difficulties with respect to settling the format of monitoring systems. These systems often change, which is not conducive to the continuity of data and the morale of reporting staff. In other cases, projects are required to report in different formats to many different agencies, which makes monitoring a time consuming and costly affair.

A further characteristic of most M&E systems in South Asia is the serious underutilisation of the data. Data collected during the monitoring of a project is often filed and forgotten once project implementation is completed, in spite of the learning/planning co-objective of the systems. In none of the South Asian countries, there is any systematic creation of a national data bank that can be used for planning future projects<sup>31</sup> (*ibid.*, p.8). In some cases, it is even observed that not only project management is reluctant to report problems, but central monitoring agencies are also reluctant to receive reports that document problems, which they do not wish to confront and many of which are already known to them (p.11).

A finding in all of the countries of South Asia, is that central M&E systems have a controversial history, usually one of many false starts. Due to the considerable degree of central economic planning, central agencies have often sought to use monitoring as an instrument of financial control and budget allocation. This has frequently led to protest by line ministries that their autonomy and financial independence is being eroded by a super ministry, and in some cases this has resulted in a reduction of power or a relocation of the central monitoring agency. In a number of countries, this has even led to the central monitoring agency being transferred from one central agency to another, while in other cases, different ministries such as Finance and Planning are developing parallel central monitoring systems. It was noted that at the time of the seminar, in every country of South Asia, the central M&E system had been operating in its present form for less than three years at the time of the study (*ibid.*, p.4).

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<sup>31</sup> It is mentioned, however, that Pakistan's Auditor General's Office had recently begun the creation of such a data bank to compile data on the cost and time duration of different components of project implementation.

Ahmed & Bamberger (*op.cit.*, p.9) conclude that:

"the highly centralized nature of M&E systems means that they are seen primarily as an instrument for central government to control managers - not as a management tool to improve project performance. One potential danger is that current M&E systems tend to weaken project managers by reducing their areas of responsibility and making them subject to increased central control. In many cases the monitoring information produced by the project M&E unit must be sent to the central M&E agency for compilation and analysis. The CMA [central monitoring agency], rather than the project manager, decides what actions are to be taken to correct certain categories of problems that have been identified. In addition to causing delays, this makes the manager less directly accountable and reduces his/her incentives to improve project performance.

Of course, all of these problems should not be blamed on the M&E system since they are a product of centralized planning in all of the South Asian countries".

## 1.6 General problems of monitoring systems

In a recent comprehensive handbook on monitoring and evaluation techniques, Valadez & Bamberger of the World Bank (1994, p.27 ff.) have summarised the problems with the current approaches to monitoring and evaluation in developing countries. In their view these can be classified into four main groups: (1) organisational and political problems, (2) managerial problems, (3) problems of focus, and (4) methodological problems. Although Valadez & Bamberger seem to be speaking mainly about evaluations, their classification can also be held to have relevance to monitoring.

### *Four types of problems*

*Organisational and political problems* of monitoring systems can be called the main concern of this study. According to Valadez & Bamberger (1994, p.25), political dimensions of monitoring and evaluation have been by and large neglected in literature on developing countries, in spite of the fact that they have been widely discussed in the United States, which produce most of the literature on monitoring and evaluation. Since central monitoring agencies exercise considerable influence over resource allocation and over decisions concerning the future fate of the programmes they are monitoring, they position themselves in the centre of a power play amongst other powerful actors in the development process. In consequence, these agencies are often switched between departments or have their powers or resources greatly reduced. The power play also leads to concentration in the monitoring systems on certain actors (information sources) to the exclusion of others. This study argues that there is also an effect on the information submitted.

*Managerial problems* are, to a large extent, interlinked with the political and organisational problems. They relate, according to Valadez & Bamberger, to the failure to establish clear procedures for identifying the main users of the information they produce, for comparing the importance of studies requested by different national and international organisations, and for defining the kinds of information required by each potential user. However, in the view of this study this can be seen as again largely an effect of being immersed in a power game: the political context of monitoring. Programme managers are, according to Valadez & Bamberger, reluctant to comply with monitoring systems imposed on them from above due to their wish to minimize accountability, due to their lack of confidence that monitoring products will yield practical benefits exceeding their cost, and due to the lack of rewards. Monitoring systems not imposed from above are often not evolved within projects, for fear that written materials might fall into the wrong hands and may be misunderstood. (It can be

added that within many projects, therefore, reviews of progress are done on an informal basis, through staff meetings, and on the basis of personal, unsystematic observations.) Another set of managerial problems relates to the difficulties of recruiting and retaining qualified staff for the monitoring units within the public sector.

*Problems of focus* of monitoring systems reduce their effectiveness: practically all of the monitoring systems for public sector development programmes focus on capital investment to the neglect of recurrent expenditures. Thus, such monitoring systems are reduced to gauging the implementation process only. The biased and partial image of progress that this produces is not conducive to analysis for development planning and not a sufficient input for impact evaluation. A similar problem is that monitoring systems are generally seen to be more concerned with inputs than with outputs, whereas they generally operate in the context of annual plans rather than medium or long-term plans. This means that monitoring systems have come to be preoccupied with short-term objectives.

*Methodological problems* have beset monitoring systems, as has been pointed out by many other studies. In this vein, Valadez & Bamberger (*op.cit.*, p.28) mainly discuss the problems of impact evaluations, sample surveys and quantitative methods, but it can be held that monitoring systems similarly suffer from design problems, ranging from choice of indicators, neglect of qualitative indicators, lack of incorporation of diagnostic studies (Casley & Lury 1982), insufficient validation of data, to bad formats of forms and badly designed computer processing systems. This study adds that monitoring systems may suffer from failing Ashby's Law of Requisite Variety (1956, ch.11).

This cybernetic law states that "R's capacity as a regulator cannot exceed R's capacity as a channel of communication". In other words, "the quantity of regulation that can be achieved is bounded by the quantity of information that can be transmitted in a certain channel" (*ibid.*, p.195). When the statement is applied to monitoring systems, then being short of requisite variety means nothing more than that the information delivered by these systems will be too simple or biased to cope with (or to display an adequate picture of) the actual complexity of the situation (see also Beer 1967, p.50; Haynes 1974, p.10). With such systems, adequate regulation or control cannot be achieved. How a system can be concise and yet encompass requisite variety is one of the main methodological headaches of monitoring systems.

It can be concluded that Valadez & Bamberger have taken the attention for political dimensions into the mainstream of World Bank guidelines on aid evaluations and to some extent project monitoring systems. Still, it is contended here that much further work is needed to spell out the exact implications for monitoring systems; this case study is a contribution to such work.

The four types of problems will be the focus of the evaluation of the functioning of monitoring systems for public sector development programmes in Pakistan. As mentioned, the hypothesis is advanced that political and organisational problems are most pertinent to understanding the 'failure' of these systems, but all four problem areas will receive separate attention, in order to compare their relative importance.

## 1.7 Some clues from organisation theory

The analytical framework of this study is political<sup>32</sup>. In the absence of a well-developed monitoring discipline, it draws on ideas from (1) planning theory, (2) organisation theory and (3) evaluation theory. The main ideas of relevance to monitoring as derived from planning theories have already been outlined, so this section discusses those from organisation theory, while the following will concentrate on those derived from evaluation theory. It must be recognised that these ideas form part of a wider scientific interest in the perspectivistic and strategic aspects of policy and decision making. This interest was incipient already in the 1950s, but came to blossom in the 1970s and 1980s, and has led to new post-positivistic and post-modernistic paradigms for the social sciences in the 1990s<sup>33</sup>. As such, if there is a restriction to organisation theory and evaluation theory in this study, it is only in order to be concise.

### *Traditional and new organisation theory*

This study is concerned with monitoring both between and within organisations, and therefore organisations can be said to be at its heart. Most government departments in developing countries are based on traditional organisational models, and their monitoring systems and practices are embedded in these. The original organisational models are still very influential as normative ideals in the West as well (Pröpper 1993, p.43, 56, 61)<sup>34</sup>. The following features were important in these models: scientific management, material incentives, specialisation, standardisation of work processes, pre-programming of employees, the congruence in objectives of managers and subordinate staff (Taylor); the importance of having one leadership as ultimate authority, the reification of planning and monitoring into separate management activities and units (Fayol); the singleness of functions of public organisations, and the superiority of rational, rule-bound and dispassionate bureaucracies which would reduce disloyal, arbitrary or corrupt behaviour of its officers through the security offered (Weber). All these features were assumed to lead to efficient and predictable results of organisations. In the interest of what Weber calls 'instrumental rationality' (*Zweckrationalität*), most such models also assumed public organisations to be naturally inclined towards coordination and cooperation rather than competition.

Later organisational models often went in the other direction. They saw more benefits for organisations from less repetitious and 'machine-like' work (which would be leading to 'deskilling'), from improvisation, and non-material incentives. The newer organisational theories (based on Barnard) emphasised that human relations (Mayo), or human resources (Likert) - not rules and regulations - were important to the efficient and predictable functioning of organisations. Still, to some extent, they expounded the optimistic view of organisations as being rational, although not necessarily the individuals in it (cf. Perrow 1986, p.67).

But gradually more models started focusing on explanations why so many 'classical' bureaucracies were less than fully effective, and even displayed non-rational behaviours. They

<sup>32</sup> Palumbo (1987, p.18-19) defines politics as meaning more than narrow partisan politics among political parties; it refers also to the interactions of various actors within and among bureaucracies, clients, interest groups, private organisations and legislatures as they relate to each other from different positions of power, influence and authority.

<sup>33</sup> This interest has to the knowledge of this author not touched the study of monitoring systems in the social realm as yet, but this study wishes to be a first contribution.

<sup>34</sup> This section leans on Pröpper (1993) and Perrow (1986). See also Turner & Hulme (1997, ch.1).

came to argue that the human capacity for rationality was 'bounded' and that therefore 'satisficing' behaviour both *in* and *of* organisations was more likely and more realistic than (Weberian) optimising behaviour (March & Simon 1958). Important strands in organisation sociology even came to claim that organisational functioning was, in fact, irrational and arbitrary because of the fundamental indecisiveness and self-interest of man (March & Olson 1976). Or they argued that intra-organisational functioning was determined by conflicts of interest, internal competition and rivalry, which might, however, also have positive effects in a Lindblomian sense (cf. Whetten 1982; Pröpper 1993, ch. 10).

### *Relevant ideas*

The development of system and network theories contributed to an explicit recognition that (1) organisations can display other logics than instrumental ones, and (2) even public organisations with clear mandates are often behaving like rivalling organisms instead of harmoniously cooperating entities together forming a monolithic bureaucracy (with varying evaluations of its effects: some calling competition and conflict a benefit in disguise, others a liability)<sup>35</sup>.

Of particular interest to this study are the theories of Selznick (in Pröpper 1993, p.179) who distinguishes between the concepts of organisation and institution. The former is viewed as a formal system of rules and functions, the latter as an organism capable of reaction to and adaptation to the environment, self-preservation being the most pressing objective of the institution. Real life corporations / bureaucracies incorporate aspects of both<sup>36</sup>; any formal organisation gradually 'institutionalises' and thereby becomes, from 'executive', a 'statesman' (i.e. a political entity). The official functions and objectives of organisations thereby also potentially vary from their unofficial functions and objectives, and this carries implications for their activities and communication with the organisational environment. Cyert & March (1963) corroborate that organisations usually have multiple, contradictory, ambiguous and not operational goals: organisations often do not specify operations or steps that must be taken to achieve their objectives, whereas criteria do not exist to determine whether they have been achieved adequately. For instance, satisfactory achievements or profits of an organisation in a given year might be at the expense of satisfactory results three years hence. The ambiguity in objectives of organisations must bring an element of randomness to their reporting of progress.

This randomness is only relative, however, and easily translates into systematic bias. March & Simon (in Perrow 1986, pp.125-128) have put forward the view that organisations impose their own set of concepts on their staff for the sake of the necessary 'uncertainty absorption'. All information is filtered to fit the organisation's conceptual scheme of things. The reliance on only few sources of information, or only one information processing unit is preferred in order in order to preserve organisational consensus. In this view, unidimensionality of information is not so much an outcome of a positivist paradigm, as of needs inherent to any organisation. Organisational logic would furthermore demand that in case of failure, individuals are blamed rather than the system itself. The implications of the latter theory for monitoring are clear. Reporting systems would, in case of project failure, serve the (hidden)

<sup>35</sup> Such theories have been used to explain phenomena in India. Chaturvedi (1988) for instance, concluded on the basis of a study of departmental cooperation patterns, that coordination between departments was not the norm, but only the exception resorted to in times of crisis. Non-interference and non-intervention were the norm rather than cooperation and coordination.

<sup>36</sup> This study will use the two terms organisation and institution interchangeably: most organisations in the public sector have become institutions in Selznick's terms.

function of attributing fault to individuals rather than the organisation itself; another organisational rather than positivist ground *per se* for the deliberate filtering of information conveyed through such systems.

### *Interorganisational networks*

This study is concerned with the influence of inter-organisational relations on monitoring systems. Since the 1970s, attention for interorganisational networks have come to the forefront of organisation theory. Of importance are, first of all, Pfeffer & Salancik (1978). Their open systems theory maintains that the prime factor of importance to the understanding of organisations is their constant and primordial need to secure resources within a potentially hostile and continually changing environment. The relevance of such observations in the conditions of mutual dependence between funding and implementing agencies in Pakistan, and the implications for monitoring systems, are self-evident. Ways out from the strains of resource-dependence are the differentiation of the organisation into subunits or the diversification of activities (*ibid.* pp.274-275). Both strategies are moving away from the single-objective, instrumental view of organisations. The escapes are, however, only possible if slack resources are utilised, resources which must be created for this specific purpose. Such solutions, it may be assumed, will then also improve the quality of interorganisational coordination and reduce sycophantic biases in inter-organisational reporting. However, if such resources cannot be created easily, such as in the resource scarce conditions of most developing countries, then there is a serious problem: "Organizations dealing with a large set of diverse environmental elements without sufficient slack resources face difficulties in managing and resolving the competing groups therefore confronted" (*ibid.*, p.275).

Chaturvedi (1987, p. 37 ff.), lastly, has drawn attention to two other relevant aspects of inter-organisational relationships than resource-dependence, namely domain-consensus, and regulation-compliance. The former refers to the "fight by organisations for a piece of the turf and acknowledging the right of others to a piece for themselves". Regulation-compliance relates to the acceptance by organisations of hierarchical relations among them. If the two relationships are disputed, then interorganisational relations as a whole will become more troubled. This will also affect, it can be imagined, interorganisational reporting systems ('What business is it of other organisations to know about the problems of our projects?' 'What right has the other organisation to control us?'). Chaturvedi (*op.cit.*, p.50) concludes : "One of the attributes of public agencies is that their domains are clearly prescribed by a mandating body. [...] However, [...] a singular problem is that such a definition of domain is a static one and does not incorporate the evolutionary changes that may occur during the course of time. [...] such shifts may result in fairly wide difference between the prescribed and the operating domains." In the context of this study, the question arises: how are monitoring systems affected by changing interorganisational relations and changing paradigms?

### *Conclusion*

From the perspective of this study, the earlier organisation theories are an important resource to explain the intentions and orientations of monitoring systems; the later theories give clues as to why the practices and operations in practice can be different, and point to possible new setups. But because organisations will be organisations, they also point to the limitations to the potential for improvement of any organisation and the rationality they can bring to public action. This will constrain for instance the disjointed incrementalist planning approach put forward in section 1.3, as a means to improving information and decisions. Thus, recent

organisational theory seems to indicate that there are absolute constraints to the types and quality of information that reports from organisations can furnish.

### 1.8 Some clues from evaluation theory

Evaluation theory has undergone similar shifts in the paradigm as organisation theory and planning theory, although its genesis is to be dated somewhat later than both other fields of inquiry. The earliest professional literature can be dated back to the 1950s in America and shows that evaluations were under the influence of the heyday of the rational comprehensive planning ideology. The many social programmes started in the United States in the early 1960s as part of the government's 'war on poverty' initiative led to a proliferation in evaluations being undertaken (Rebien 1996, pp.12-13). Evaluation became a profession, then an academic discipline. 'Reading' social developments, evaluations were to be objective statements made by scientists in the employ of policy makers. Evaluations were to be preferably value free responses to value free 'instrumental' questions<sup>37</sup>. As Guba & Lincoln (1989), and also Shadish, Cook & Leviton (1991) observed, quantitative measurement and description of a reality external to the evaluators were the crux of these evaluations, and thereafter the identification of cause-effect relationships, the calculation of comparative advantages and disadvantages of approaches, and the rating of levels of effectiveness and efficiency. Since policy-makers were assumed to be rational, utilisation was not a serious issue in the design of evaluations at this time. Utilisation would be depending only on the technical quality of the evaluation itself; with a good evaluation its utilisation would be automatic.

#### *Changing ideas in the 1970s*

In the early 1970s, the rationalist paradigm surrounding evaluations began to be contested and evaluation experts such as Weiss began to criticise the evaluations conducted so far as narrow, unrealistic, irrelevant, unfair and unused (Weiss in Rebien 1996, p.23). In the 1980s the positivistic position had come to be "roundly condemned by many" (Kelly 1987, p.284). Gradually, the new evaluations began to incorporate more qualitative information (see e.g. Patton 1990). They turned from summative or product-oriented, 'definitive' evaluations, to formative, i.e. process- and recommendations-oriented. They began to see fundamental differences between more 'wicked' and more 'benign' issues in the social realm, the former pertaining to indescribable, elusive or value laden phenomena (such as public safety), the latter to more hard and technical issues (Rittel & Webber in Friedmann 1987). They began to more systematically incorporate perspectives of the main stakeholders in programmes, both to increase the likelihood of use of the evaluations by these stakeholders, and to do justice to a reality which was perceived to be multidimensional (e.g. Patton's 'utilisation focused evaluation' (1986); Lawrence's (1989) 'stakeholder approach'). In order to transcend the

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<sup>37</sup> Kelly (1987, p.284) has written that the value neutrality notions of logical positivism led in the sixties and seventies to a goal-achievement evaluation model which permitted "passing value judgments back to program managers and governmental policy makers who in turn can pass responsibility back to legislators. By focusing on the effectiveness of the means to attain ends specified by others, researchers are able to convince themselves that they are maintaining their value neutrality."

limitations imposed by 'political' or otherwise biased official goals of programmes<sup>38</sup>, some recommended 'goal-free' evaluations and advised to even shed all guidance from either programme or evaluator theories in the evaluation exercise (Scriven 1972). This was also viewed as necessary because, under the influence of organisation theory, it was recognised that programmes were often the unintended and continually changing products of bureau-political games played by actors at different levels in the organisation and with different perceptions as to the programme's goals (Allison 1971). Peck & Rubin (1983, p.686), for instance, concluded: "inhouse evaluations and contract evaluations provide a convenient vehicle for legitimizing organization requirements". Some evaluation analysts advised to make the theories behind social programmes more explicit, as well as those chosen by the evaluation researchers to study the programme, in order to enlighten the user with the inevitable theoretical (i.e. partial) perspectives from which both the programme and the evaluation were undertaken (Chen 1990).

Generally, there was more recognition of the inevitability of the perspectivistic biases of evaluators, who approach their subject from their professional background and experience, and therefore may see certain but not necessarily all aspects of relevance. Some, like Marsden & Oakley (1991), argued that projects are arenas of struggle, and that therefore an actor-oriented perspective in evaluations would lead to the most valuable insights. This was also in the wake of a wider sociological debate, calling for attention to such aspects (Bierschenk 1988; Crehan & Van Oppen 1988; see also articles in Frerks & Den Ouden (1995) and in *Sociologia Ruralis*).

Many of these realisations and refinements led to increasing comprehensiveness and methodological complexity of these evaluations, and concomitant increases in costliness. Mainly for programmes and projects in developing countries, alternative styles of evaluation called Rapid Rural Appraisal (McCracken 1988; Kumar 1993), Participatory Rural Appraisal (Chambers 1983, 1997), or Beneficiary Assessment (Salmen 1989, 1995) were advocated.

#### *Political aspects of evaluation*

A related strand of evaluation theories stressed the importance of coming to terms with the 'politics of programme evaluation' (Palumbo 1987). Evaluators became aware that they were often only pawns in power games played by institutional principals and that their findings were not used if not favourable (see e.g. Weiss 1987, p.62). This led to the finding that the ultimate aim of evaluations from the side of those commissioning them was often not 'instrumental' but opportunistic. Similarly, it was found that the objectives of many programmes are often held deliberately vague, are compromises, and that few goals even have majority support (cf. Floden & Weiner 1978, p.11). In the wake of such findings came the realisation that evaluators should take a greater political responsibility themselves, leading to some analysts even expounding a view that evaluation was in the first place an ethical activity (Newman & Brown 1996)<sup>39</sup>. Weiss (1987, p.54) argued for inclusion of the study of political goals of programmes, so that it would be clearer "why some programs survive despite abysmal outcomes, why some that look fine on indicators of goal achievement go

<sup>38</sup> Allison (in Pröpper 1993, p.155 ff), an organisation sociologist had already claimed that goals of organisations were often resultants rather than choices, and emerging from bureau-politics. Players of bureaucratic games at different levels of organisations often perceive quite different faces of an issue and may therefore differ markedly in the actions they prefer.

<sup>39</sup> Some policy analysts also realised that evaluations might not take place for the very reason that they might be threatening to certain interests. That so many organisations yet involve in evaluation is surprising for instance Wildavsky (1972).

down the drain, and which factors have the most influence on the making and persistence of policy". That evaluations cannot be neutral and objective ('scientific') verdicts on programmes is now widely accepted in the (mainly American) evaluation discipline, including that evaluators must always take a stand about the efficiency, effectiveness and even the relevance of programmes<sup>40</sup>. Often the most important questions to be asked in evaluations are not the efficiency and effectiveness of a programme, but which of the many and often conflicting goals are to be pursued by it.

### *Strategic interests of evaluators*

A smaller concern, often raised outside the evaluation discipline itself, was the effect of self-interest from the side of evaluators. For instance, Chambers (1974, p.125) concluded that internal 'co-opted' evaluators resembled "parasites in their concern not to kill their hosts". Wildavsky (1972, p.520) in an article about '*the self-evaluating organisation*' found evaluations conducted internally so unlikely to yield good information that "organization members would have to be rewarded for passing on bad news". Wildavsky asks the rhetorical question how to convince administrators to collect information that might help others but can only harm them. He comes to recommendations that are rather tongue in cheek. "The very idea of hierarchy may have to give way to shifting roles in which superior and subordinate positions are exchanged so that each member knows he will soon be in the other's position. The self-evaluating organization clearly requires an extraordinary degree of mutual trust" (*ibid.*, p.520).

### *New paradigms*

In a volume called '*The Paradigm Dialog*', Guba (1990) argues that there may be three new paradigms developing in the evaluation discipline, next to the older positivist paradigm: post-positivism, critical theory, and constructivism (or post-modernism).

*Post-positivism* maintains that a real world driven by real natural causes exists, but that it is impossible for humans truly to perceive it with their imperfect sensory and intellective mechanisms (Guba 1990, p.20). As Phillips (1990, p.45) argues however, objectivity remains the "regulative ideal". Methodologically, Cook's (1985) 'critical multiplism' is emphasised, relying on triangulation techniques. "If human sensory and intellective mechanisms cannot be relied upon, it is essential that the findings of an inquiry be based on as many sources - of data, investigators, theories, and methods - as possible" (Guba 1990, p.21).

*Critical theory* is an umbrella of divergent theories which might be more appropriately labeled "ideologically oriented inquiry, including neo-Marxism, materialism, feminism, Freireism, participatory inquiry, and other similar movements as well as critical theory itself" (*ibid.*, p.23). In programme evaluations, the focus is usually power; programmes are looked at from the side of the oppressed, rather than from the side of the 'government' such as is often the case with post-positivists (the equivalent of power being called control in that paradigm). Critical theory adherents in evaluations generally reject the claim of value freedom made by positivism (Popkewitz 1990). They make a point of exposing the values inherent in

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<sup>40</sup> A political stand is self-evident when a negative verdict is given in terms of any of these three criteria. But also if evaluators speak out positively on these criteria, it is argued that a political verdict is given at least implicitly: the evaluators agree with the goals themselves. Because evaluators, if they want to be more than pawns, cannot avoid to speak out on the relevance of programme goals, instrumental rationality has been superseded. For instance, announcing the success of an agricultural policy in terms of efficiency and effectiveness, would carry the implication that such a policy is preferable, also compared to alternative uses of the resources engaged by such a policy (Palumbo 1987).

any inquiry, and see it as their task to combat 'false consciousness'. Because of the implication that there must also be a realist 'true' consciousness, Guba (1990, p.24) criticises that there appears to be a logical disjunction: a realist ontology coupled with a subjectivist epistemology.

Constructivists in the evaluation discipline are for instance Guba & Lincoln (1985, 1989). Constructivists share earlier reflected views as to the theory and value ladenness of facts, but add a position of relativism: realities exist only in the form of multiple mental constructions, "dependent for their form and content on the persons who hold them" (Guba 1990, p.27). The methodology is hermeneutic, actor-oriented and dialectic: "depicting individual constructions as accurately as possible [...] comparing and contrasting these existing individual (including the inquirer's) constructions so that each respondent must confront the constructions of others and come to terms with them" (*ibid.*, p. 26). Notions of causality are rejected, as well as the possibility of generalisation of evaluation findings. 'Thick description' becomes the norm (Green 1990, p.237). Kelly (1987, p.290) has pointed out that if reality exists only in the minds of the individuals, "only ideographic statements specifying particular times, particular spaces, and particular contexts are possible."

### *This study's position*

This study agrees with much in the post-positivist view, whereas constructivism is rejected since its ultimate consequence would be that all human communication, as well as science, becomes an impossibility. It is the "death of reason" (Hassard 1993, p.1). The constructivist view is logically contradictory (see also Norris 1997); how can a constructivist evaluator climb into the skin of another person, and reflect his or her view accurately? If all observation is unique, then why is there a need for confronting the constructions of others and coming to terms with them? If generalisations are not possible, then evaluation has lost its learning function. Even consensus creation (as pursued by constructivists) seems an impossibility; and why should consensus creation be desirable at all? Constructivists are perhaps in the final analysis not as radical as they claim themselves. In fact, there are a fair number of evaluation analysts (Firestone 1990; Patton 1990) who have taken a pragmatic view and claim that in practice the three new paradigms all lead to the same kind of evaluations.

This study is undertaken from the view that reality must be constituted by observable or perceivable phenomena (things, facts, occurrences); without these no understanding is possible between people. But their observation can never be complete and proclaim truth about them. Phenomena have many sides and dimensions, which may not all be simultaneously visible to one and the same observer. They may indeed have as many dimensions (sides) as there are viewpoints. The appearance of a phenomenon will therefore always depend on the perspective of the observer. If a phenomenon looks principally the same to many observers, then this means that the viewpoint of these observers is usually the same. Those phenomena for which there are many common observers and perspectives may be called facts. This, however, does not mean that other perspectives are not possible on any of these facts, or do not produce other truths concerning the observed.

If the positivist social scientist adheres to a *correspondence* theory of truth, whereby "reality is viewed as being objective, discernible to skilled researchers, and capable of being interpreted correctly in sentences exhibiting isomorphism between the empirical world and theories about the world" (Kelly 1987, p.280), the post-positivist social scientist adheres more

to a *consensual* theory of truth; triangulation being the method to approach it<sup>41</sup>. "Given [...] ambiguity, democracy requires that multiple investigators conduct analyses of the data so that rival plausible interpretations will be disclosed. Research on critical national policy issues requires multiple value perspective and multiple meta-analyses to identify commonalities" (*ibid.*, p. 288). It can be argued further that only democracy (majority view) will then be the suitable framework for taking decisions in the social and public domain.

This study also disagrees to some extent with post-positivism, though mostly from a practical point of view: not only, as Patton (1990, p. 187) has commented, is triangulation as a method very expensive, the comprehensiveness and methodological complexities of such evaluation render it a very difficult undertaking. Moreover, as Patton (1987, p. 120) has argued, many post-positivist evaluators (such as Palumbo) claim that they can represent the public interest as opposed to 'specific interests'. But since there are inevitably multiple publics, who can claim to represent them all fairly? A more practical strategy for evaluators seems to be more deliberately partisan, and for policy-makers to rely on more than one information flows, and more or different evaluations to bring the multidimensionality of reality into perspective. It is then up to the decision-makers, rather than the evaluators, to 'triangulate' and take the proper decisions. As Lindblom & Woodhouse (1993) have argued (but a point not yet picked up in the evaluation discipline except by critical theorists): in explicitly partisan analysis (evaluation) within a pluralistic context lies the greatest contribution to policy making<sup>42</sup>. Monitoring systems could arguably be confined to those dimensions of reality which are relatively less contested; the question of course being which are those dimensions. But the restriction to the less contested dimensions is not essential for monitoring to yield valuable information. This study will also show that in the domain of project and programme monitoring systems even the dimensions which are regarded as more straightforward (such as project finance) are, in practice, full of pitfalls and therefore much more contestable than generally assumed.

### *The politics of monitoring*

As is clear from the above, an important part of this study is engaged in unravelling the politics of programme monitoring; in applying a relativity theory of monitoring. This is so because the information yielded by monitoring is generally used for taking immediate management decisions, and because the monitoring agent, *much more than the outside evaluator*, is a major stakeholder him/herself in the outcome of this decision-making. His direct material stakes (his professional reputation, his job, other 'rents') might be more important for gauging and passing on information than his or his organisation's conceptual scheme of things. Because monitoring is concerned with such questions whether programme staff have done their work well and in time, accountability issues are always right around the corner. If personal benefits are less at stake, then monitoring reports are often still used strategically, but now to promote the interests of the organisation vis-à-vis other organisations in its environment. The assumed concern with objective and basic information is thus often not observed in project/programme monitoring systems: *because* the information is basic and

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<sup>41</sup> Denzin (in Patton 1990, p. 187) has identified four basic types of triangulation: (1) data triangulation - the use of a variety of data sources in a study; (2) - investigator triangulation - the use of several different researchers or evaluators; (3) theory triangulation - the use of multiple perspectives to interpret a single set of data; and (4) methodological triangulation - the use of multiple methods to study a single problem.

<sup>42</sup> Fortunately, it seems, in policy analysis (as in evaluation) some issues are more straightforward than others. Some observations are shared even by the otherwise most antagonistic opponents, and consensus will be then easy to achieve. Other phenomena will remain more contested and decisions will be more difficult to take.

in project monitoring directly related to accountability, it is not objective. Therefore, such systems can be assumed to always give a coloured image of reality.

Although this view is largely unsupported by detailed research, some such evidence was found by Kelly (1987, pp 274-275). She reports that studies of performance measurement and monitoring (PMM) undertaken in the United States in the 1980s have confirmed that in such systems, politics is intimately interwoven. Politics is particularly evident in those stages where meaning is to be given to specific indicators. The example is given of a comparative study of state mental health programme performance measurement systems from three states. The findings led to a conclusion that value judgments and political trade-offs were integral parts of the PMM systems. 'Fudge factors' and qualitative judgements were found needed to adjust the data reported to the system so that artifacts and radical changes in indicator scores that might result in arbitrary and undesirable intercounty comparisons, could be removed. It was also recognised that *what was left out of such systems* in terms of indicators was as important - and as political potentially - as what was included. Lastly, it was found that organisations were usually reluctant as to their cooperation with the establishment of inter-organisation management information systems, because these were seen as leading to enhanced external control. Ahmed & Bamberger's findings on monitoring in South Asia come to mind here. This study will investigate and substantiate such findings using material collected in Pakistan.

## 1.9 Organisation of the study

The subject of this book is the monitoring of development programmes in poor countries, with Pakistan as the case study. It deals with the assumptions behind this kind of monitoring, the procedures, the practices, the hidden dimensions, the problems and their possible solutions. The monitoring referred to in this study is, in practice, mainly based on reporting systems for progress with large numbers of government implemented projects in capital investment programmes, as supervised by government planning/funding agencies. This book is therefore not primarily concerned with other important kinds of monitoring that can be distinguished in the world of development policy. For instance, it does not focus on project-internal systems, or department-internal monitoring systems. Neither is it about monitoring by international donor agencies, or about methods for the collection of monitoring data in the field. This is not to say that reference will not be made to such methods and systems; there are of course many linkages.

In the case study that follows, two strands will be pursued. First, attention will be devoted to the origins and modalities of positivist bureaucratic organisation and rational comprehensive planning in Pakistan. The main hypothesis is that they lead to malfunctions in the implementation of the development programme and a waste of government resources. Secondly, various monitoring systems as operating in Pakistan (particularly Azad Kashmir) are analysed. The main hypothesis here is that the organisation of the monitoring sub-system and specifically inter-organisational reporting, similarly leads to malfunctions and a waste of effort. It is hypothesised that the planning system works in such a way that the emphasis in monitoring is on progress reporting by implementing agencies, to the neglect of other types of monitoring. Special attention will be devoted to the role of strategic and perspectivistic behaviour of departments and their rapporteurs, as well as the potential of improvements in report formats. On the basis of recent organisation theory and evaluation theory, the hypothesis is advanced that organisational filters and personal predilections of rapporteurs colour the information reported to such an extent, that the supposedly technical, objective progress reports are in fact not objective at all. Lastly, the hypotheses will be checked that

there are distinct effects visible on the nature and quality of progress reports from (1) the limited perspective that current capital investment programmes offer on 'development', and (2) the need for conciseness in monitoring systems while their subject is the complex world of projects.

Evidence and illustrations will be given based on information collected and experience gained during an almost seven year long stay in Pakistan. From June 1990 to August 1994, the author was working in a UNDTCD project in the State of Azad Jammu and Kashmir (AJK), and from October 1994 to May 1997 in the context of a Netherlands funded project in the North West Frontier Province (NWFP), one of Pakistan's four provinces. Both projects had, as one major objective, the improvement of systems for the monitoring of projects funded through the public sector development programme. The main empirical information for this study stems from Azad Kashmir, but the author's other experiences in Pakistan, first and foremost in NWFP, and to a lesser extent at the federal level and in the other provinces, will also be utilised. Since in the period 1994-97, the author was also involved as an adviser to the Social Action Programme in NWFP, examples and case material from this programme will also be integrated. The study is based on a study of relevant literature on Pakistan<sup>43</sup>, computerised project databases in AJK, a large and representative sample of AJK project dossiers, reports on and experiences with the Social Action Programme and the UNDTCD project, interviews with key informants, and participatory observation. Statistical materials regarding projects and monitoring reports mainly concern the period of 1990 to 1994, but certain findings have been updated based on information obtained in early 1998. Information regarding Pakistan's political and planning history has similarly been updated upto early 1998. For further details on the study's sources of information the reader is referred to Annex 1.

### *The next chapters in this study*

Chapters 2 through 4 discuss the planning context, within which monitoring and project reporting systems are employed. Chapter 2 traces the history of planning and monitoring in Pakistan in the context of its society and political history. Pakistan's diversity and idiosyncrasies are set against the attempts to conduct rational comprehensive planning. Chapter 3 introduces Azad Kashmir and investigates whether the main preconditions for the success of rational comprehensive planning are being met in the context of a smaller, sub-national microcosm. Chapter 4 takes the opposite perspective and analyses how, in the context of these conditions, the various control instruments of the Planning and Development Department are being utilised. The chapter focuses on the five year plan, the project approval process, the annual development programme, the project workplan, and various monitoring and evaluation instruments. It concludes with a review of the consequences of the type of planning practiced for the implementation of the development programme.

Chapters 5 through 7 concentrate on reporting systems employed to record progress with government projects and programmes. Chapter 5 discusses the old reporting system for the development programme in AJK, which functioned until around 1991-1992. It focuses on the information content in terms of its three main substantive components: financial progress of projects, physical progress, and problem reporting. Apart from *technical* aspects, it also looks at the extent to which the reporting of each of these components is affected by *strategic*, departmental interests. Chapter 6 elaborates this theme by analysing two technically improved

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<sup>43</sup> The literature list in this study separates literature on AJK, Pakistan and South Asia from other literature used.

reporting systems, one for the federal government, the other for the AJK government. The attention here goes to the effects of the *format* of the reports on the information submitted, the *audience* for which the reports are intended, the *purpose* of the submission, and the *category of stakeholder* submitting. Experiences with the project monitoring system used within the United Nations Development Programme will also be reviewed, as well as those with a survey into the Social Action Programme in Pakistan. Chapter 7 deals with biases due to the *conciseness* constraint in monitoring systems, its relation with the 'wickedness' of the subject of many project monitoring systems, and the biases due to the *nature of the development programme* in Pakistan.

The final chapter presents conclusions and elaborates on the implications for monitoring theory and planning practice.

## CHAPTER 2. POLITICS, PLANNING AND MONITORING IN PAKISTAN

Pakistan, a country with over 130 million inhabitants and the ninth most populous nation in the world, harbours great diversity. This diversity, in populations, physical environments, and constituent historical areas, is much like India's, and seems to the author of this study much larger than in other countries in the region such as Bangladesh, Nepal, or Sri Lanka. The diversity has to have some bearing on the internal cohesion of the country, which is widely acknowledged to be small, and its overall management, which has been precarious throughout its fifty year history.

How politics, planning, and monitoring have adapted in this country context, is the subject of this chapter. In line with the views of many other social scientists, this study claims that throughout Pakistan's political history, the so-called civil-military bureaucracy has been the dominant actor. The second claim is that this bureaucracy has been officially pursuing positivist, rational comprehensive planning (RCP) principles since independence, and up to this day. The third claim is that also the Governments have been under the spell of this paradigm for a long time. This is perhaps not surprising, since the military regimes under which Pakistan has lived were to a large extent the exponents of civil-military bureaucracy. Only in the last 10 years, when there were democratically elected governments, there has been a dilution of the paradigm at the political levels but, as is claimed here, not at the administrative levels.

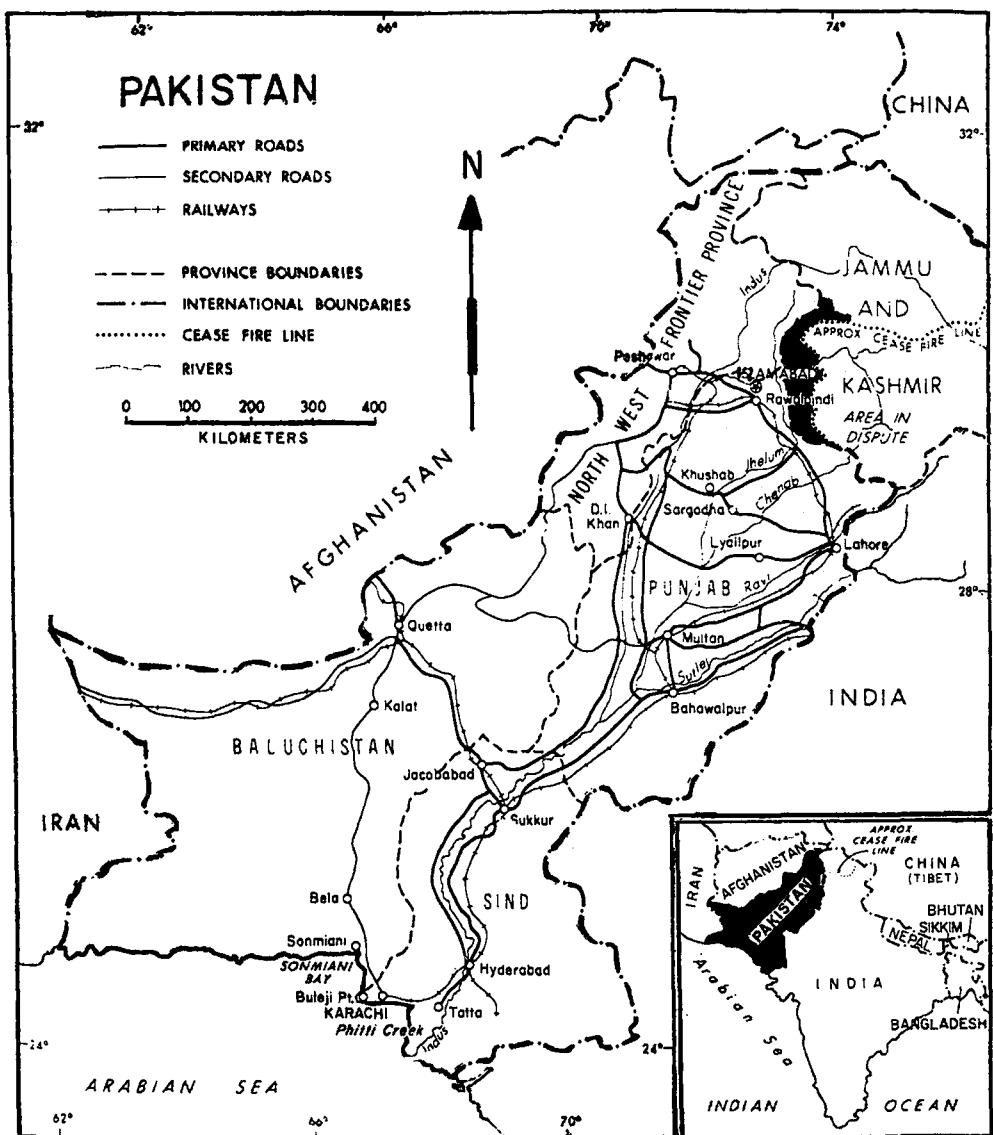
A few explanatory notes are in order first. When the government is discussed in this study, it is referred to the political government of the country, as opposed to the administrative machinery of the state, which is the permanent (unelected, appointed) bureaucracy or the civil and military administration. In many states, the administration (or executive) is formally headed by the President, and the same applies to Pakistan, but in Pakistan's history, government and President have often coincided, for instance under periods of military rule or adherence to a presidential (versus parliamentary) political system. When it is stated that the civil-military bureaucracy has dominated the country, it is implied that the unelected, administrative machinery has dominated the business of government.

One more explanatory note is in order. The analysis will refer on several occasions to the view that Pakistan is a centralist state, and that Pakistan's administration is following a rational comprehensive planning paradigm. The relationship between centralism and RCP is obvious but it is not implied that centralism is not possible with a more incrementalist paradigm (albeit not *disjointed* incrementalism). However, whereas incrementalism does not exclude the possibility of centralism, rational comprehensive planning is not possible without centralism. The very nature of such planning requires central and conscious choices regarding the relative rates at which - and the places where - industry, agriculture, transport and communications, housing, and the like are to be supported.

### 2.1 Introduction to Pakistan

Pakistan as a nation was created on the 14th August of 1947 through the proclamation of independence and simultaneous partition of the colony of British India into two new states: India and the Republic of Pakistan (see map 2.1). Pakistan was initially a discontinuous country, with a western wing comprising four provinces called West Pakistan, and an in population larger eastern wing on the other side of its neighbour India, called East Pakistan.

### Map 2.1 Pakistan, with location of Azad Jammu & Kashmir



Source: Government of Pakistan

The main reason for the partition had been the desire of the All India Muslim League party representing the Muslims of the subcontinent, to create their own homeland. The assumption that adherence to the same faith would lead to unity proved unjustified. Problems of ethnicity and governance of the two units led to further 'partition' into Pakistan and Bangladesh in 1971; this time involuntary from the perspective of the western half of the country. A civil war was waged by the Bengalis to force through what the present Pakistan calls dismemberment, and Bangladesh secession. Further tendencies towards disintegration of the country have been making headlines frequently, but have not led to new secessions. Nevertheless, provincially oriented independence movements such as those for Punjab, Sindudesh, Balochistan, Pakhtunistan, and Muhajirland (independence of Karachi) have had a distinct effect upon the history of the country, calling for martial law proclamations and suspension or dismissals of democratic provincial governments at some time or other. Indeed, a recurring theme in Pakistan's historical literature is the issue of cohesion of the country. The lumping together of disparate provinces and princely states and other 'areas' on the east and west side of the subcontinent under the common denominator of Pakistan has been seen as in and by itself not sufficient to generate a nation in the true sense of the word. The populations of these provinces and areas have had very few other commonalities than Islam (but there is an important Sunni-Shia divide running through the country) and subjugation to British rule in the past; otherwise they have constituted different ethnicities with different languages and societies. Even in the more homogeneous post-1971 Pakistan, civil disturbances on the verge of civil wars have played havoc for extended periods in urban Sind (Karachi, Hyderabad), rural Sind, Balochistan, and parts of North West Frontier Province (Malakand, Swat, Waziristan) and the Northern Areas, and a main purpose of the Pakistani army and police has become the containment of the violent centrifugal forces in society rather than the defence of the country against international foes.

#### *Political and constitutional turmoil*

Politically and constitutionally, the state has been in turmoil since its inception. As Braibanti wrote in 1987 (in Khan, p.v-6):

"Since its establishment in 1947, Pakistan sustained more fundamental constitutive changes and traumas than any other state established after the Second World War. It has functioned under five different constitutions and changed its internal allocations of power four times: from five provinces to two, then to five, then to two and finally to four. It has moved from a parliamentary to the presidential system, returned to a parliamentary form, and then modified that form by strengthening the presidency. It has survived the physical and emotional shock of the loss of slightly more than half its population and a portion of its territory through the secessional establishment of Bangladesh. There have been three periods of martial law and during much of this time legislative and political party processes were suspended. Three wars with India were fought. Ingenious, courageous attempts to adapt ideology and structure to its own cultural context were made".

#### *International tensions*

Tensions with India grew right from the start, in the wake of the bloodbath unleashed among Muslims and Hindus at Partition in which perhaps two million people lost their lives, and an exodus involving some 10 million people (Kochanek 1983, p.17-18). This, in combination with the accession of the State of Jammu and Kashmir to India, disputed by Pakistan, set the stage for a conflict-ridden relation with Pakistan's huge neighbour which has not improved to this day. Apart from the wars with India, the effects have been loss of potential trade, high

demands on the national exchequer from the side of the Pakistani military, and large influence of the army in politics as a result of perceived security concerns<sup>1</sup>.

Tensions have also risen on the other border of the country, with Afghanistan, especially since the military intervention of the Soviets in 1979. Here the effects have been of an entirely different nature but were no less serious. The invasion by the Soviets, and later the civil war in the country after the Soviet army withdrew, led to an Afghan refugee population in Pakistan of around 3.5 million, placing a heavy burden on the economy and administration. The refugee problem and the way this was manipulated by the Afghan rulers has led to conflicts with the local population, eventually to a large extent destroying the common bonds of the Pathan tribes on either side of the border. The nature of the civil war and resultant breakdown of the state in Afghanistan also led to the flourishing of large drugs and arms trades in which Afghans and Pakistanis have become heavily involved. It is generally claimed that the Afghan situation has led to a 'kalashnikov' culture in Pakistan, to widespread drugs addiction and a drugs mafia, to smuggling and black marketeering, and that these developments in turn have contributed to a general climate of diminished respect for the law.

#### *A tradition-bound country?*

Pakistan has been called a tradition-bound country. A 'modern' or Western outlook, whatever it may stand for, would not have pervaded the country. This is in many ways a simplification. Pakistan is diverse and important segments of the population such as the upper and emerging middle classes, look at the West as much as to their own origins, or to other Muslim nations (Baxter *et al.* 1988, p.219). Certainly this author would corroborate that Western concepts of planning and management have been absorbed by the country's bureaucracy as well as politics at its apex. Nevertheless, there are many societal features which can be associated with traditionalism in the country, the most important of which are probably tribalism, clannism and 'feudalism'.

Tribes such as the Pathans in NWFP are what Lindholm (1996) calls segmentary lineage systems, where central authority is strongly rejected at all times except those of severe external threat. Many tribal societies rely on a combination of agriculture and pastoralism which may involve nomadism for part of the family. In the tribal code of life, family honour, bravery, hospitality, male equality, endogamy and strong individualism play a large role. The prevalence of inter-tribal as well as intra-tribal blood feuds (among cousins) is the other side of the coin.

Clan, caste or what is locally called *biraderi* societies are highly village-oriented and prevail in areas dominated by settled agriculture where the importance of good neighbours is greater than in more mobile tribal situations. Biraderis rely on mutual support and interdependence within clans or castes, and often cover entire settlements / villages. Biraderis are more familiar with central authority, be it from princely rulers or feudal landlords or presently the state machinery. Influences from the Hindu caste system impinge on the biraderis, with its explicit rejection of equality and basis in rank, hierarchy and subordination (Sinha 1990, p.34). A cult of individualism is also not preeminent like in tribal societies: the individual is tightly knit into a well-structured kinship network which determines his status, mobility and success.

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<sup>1</sup> Until the present day, Pakistan spends the highest proportion of its GDP in South Asia on defence capacity (6.2 percent). Ayesha Jalal (1991; 1995, ch.4) has called Pakistan a political economy of defence. This economy has found it necessary to retain firm control over provincial resources in the interest of keeping military expenditure to a staggering 43 percent of the federal government budget after debt servicing (in 1994-95).

The tribal / communal or clan divide runs basically along the borders of NWFP and Balochistan on the one side (as tribal societies) and Punjab and Sind on the other (as clan- and caste based societies). Although the two belong to different socio-cultural realms, they have in common that they break up overall society into more localised segments and networks in which there is heavy reliance on reciprocal relations and mutual obligations as much as there are exclusionary, antagonistic relations with other tribes or clans / castes. It is in this vein that Jalal (1995, p.211) calls Pakistan (as India) a mosaic of local societies.

Tribalism and clannism are sometimes called an impediment to the economic development of the country, since they appear to stand in the way of the individualism supposedly needed for the flourishing of capitalism (Weiss 1991, p.22). Similarly, they are deemed to have impeded the development of more formal organisations in the country, capable of transcending primary group loyalties. However, they can also be seen as defence mechanisms in a state which has not so far developed overarching social security networks. Some authors have claimed that they do not impede capitalism *per se*, since extended families, *biraderis* and tribes enable quick raising of entrepreneurial capital (Kochanek 1983). Of importance to the argument of this study is that it may be conjectured, as has been done by Lindholm (1996), that tribalism and clannism have particular political implications: politics would be dominated by local issues, be based on loose and shifting alliances constantly brokered and re-brokered, without thematic or ideological issues playing a major role.

The prevalence of *feudalism* has been called a drain on the country, on account of economic inefficiency and the domination of national and provincial assemblies by feudal landlords. Feudalism, a term of common derogatory usage in Pakistan like the term corruption, connotes a situation whereby rural landlords, mainly in Sind and Punjab, own vast tracts of land, and thereby have a strong grip on the communities on these lands. In Sind, medieval practices of bonded labour (*haris*) are still reported frequently in the press. Feudals conniving with the bureaucracy (deputy commissioners) to bend the judiciary in their areas in their favour, are potent vote catchers. Due also to the particularities of the electoral system in Pakistan, as derived from the British, it is possible that they become the sole representatives of constituencies with only 25 percent of the votes. Feudalism is more prevalent in Pakistan than in India or Bangladesh due to its wider disparities in land ownership. Because the agrarian landowners have had significant political power from the British days onwards, the big landlords have been able to resist attempts at land reforms better than their counterparts in the other countries. Feudalism as a factor in politics focuses on local issues to the detriment of a crystallisation of political forces along non-regional thematic issues.

### *Patronage*

Although not investigated specifically for Pakistan so far (but see Waseem 1994), many spectators would agree that Pakistan's political culture is rampant with patron-client relationships and political clientelism (Schmidt *et al.*, 1977). Some of the consequences of political clientelism as seen by Landé (1977, p.88) are:

"(1) It provides specific benefits for some members of all sectors of society, thereby minimizing intercategorical, including interclass, hostility, and reducing the bitterness of conflict between the political parties as well as between other organized groups. At the same time, it produces dissatisfaction among those other members of all sectors of society who have not received their share of specific rewards. (2) By permitting favoritism to undermine the impersonal administration of justice, it contributes to [...] near anarchy [...] and it erodes public confidence in the system of government. (3) It causes changes in governmental policy to be secular rather than cyclical, for it makes change depend not upon the alternation in power of the two political parties but mainly upon long term changes in the

constellation of forces in [...] society, as well as upon the accident of an individual president's personal views. (4) It produces a system whose responsive and distributive capabilities are quite high, but whose extractive and regulative capabilities are exceedingly low. (5) It makes the mobilization of political support immensely costly both in money and effort. [...] (6) Finally, it leads to that preoccupation with personalities, offices, and spoils, and that lack of interest in policy or ideology".

### *Lack of non-governmental organisations*

Primordial loyalties to kinship, tribe, clan, community and feudal lords have had a negative impact on the formation of formal organisations in the country. The overall level of institutionalisation of (non-governmental) organisations in the country is very low even in comparison with India (Kochanek 1983, p.300 ff) and much of the rest of Asia (see also Uphoff & Esman 1974, p.30, 122). Pakistan has relatively few non-governmental organisations that cross the boundaries of tribe or clan, much less professional associations. The NGO-based Aga Khan Rural Support Programme and the Orangi Pilot Project, famous and successful as they are, have largely remained exceptions. In the 1990s, the number of registered NGOs has risen like in the rest of the developing world - most of them totally dependent on government funds (Hulme & Edwards 1997, p.3,7). There are now said to be some 15000 registered NGOs in Pakistan including small community-based organisations (SPDC 1997, p. A-156). However, as confirmed by many observers, their professionalism, grassroots-basis, and not-for-profit orientation can often be questioned. Many of them exist on (government) paper only, as declarations of intent to start activities as soon as funds materialise. In the areas of the Social Action Programme, NGO performance has been found to be very weak so far (*ibid.*, p. A-158 ff).

Even business associations are hampered by the fragmentation of kinship loyalties. The few in existence are ridden with ethnic conflict, in spite of their joint interests. A government policy actively opposing the formation of independent professional non-governmental organisations (or taking them over) has not been conducive to their institutionalisation (Kochanek 1983, p.310; Haroon 1986). Even in the more 'pluralistic' 1990s, there are few signs that the situation has turned up significantly (Kochanek 1995).

### *Corruption*

The mosaic primordial loyalties mentioned and the breakdown of society are perhaps the main reasons for the lack of internalisation of concepts of 'the common good' and identification with the aims of the nation as a whole. This, in turn, may have contributed to the rise of various forms of corruption and nepotism in the country. The significance of political and administrative corruption in Pakistan has been widely acknowledged, not only internally, but increasingly internationally. Human Development Reports of the UNDP have made mention of it, and recently Transparency International, a Berlin based organisation, has started to publish findings of annual surveys among Western businessmen. In 1996, they concluded that Pakistan was the most corrupt country in Asia, second world-wide only to Nigeria; a year before they positioned Pakistan at a third place on the world list (see also Bardhan 1997). Whilst the then government, in the person of Prime Minister Benazir Bhutto, immediately denied the existence of corruption in government in front of the international media, the general mood, also reflected in national newspapers, is that this survey cannot be very wide of the mark. Corruption is increasingly seen by the population as the main problem holding back the development of Pakistan (cf. Afzar 1992, p.74 ff; Lohdi 1994; Jamil 1996).

Political corruption manifests itself in bribes paid to politicians<sup>2</sup> for the approval of contracts, the appointment of government staff, and the granting of licenses or permits. Administrative corruption, believed to be even more widespread, manifests itself similarly in bribes being paid to bureaucrats for approving or holding up contracts and licenses, appointing staff, fudging accounts, speeding up file movements, increasing unit costs, land rates and other 'transaction costs'. In fact the two types of corruption are intertwined. In a wider sense, favouritism, pilferage, tax evasion and the frequent defaulting on soft loans of state owned banks by politicians, government employees, and cooperative societies are equally prevalent manifestations of an increasingly 'soft' state.

#### *Administrative and political diversity*

In its administrative structure, Pakistan's diversity is great. Pakistan is a Federation consisting of four provinces and two special areas: the Federally Administered Tribal Areas (FATA) along the border with Afghanistan, and the federally administered capital, Islamabad. In addition, but formally not part of the Federation, there are the Federally Administered Northern Areas (FANA) and the State of Azad Jammu & Kashmir (AJK). These areas are deemed unsettled by Pakistan but are governed in the meantime by the federal government under a variety of arrangements. The four provinces are unfortunately not of roughly equal size and development. They vary greatly in geographical size and population, with the largest province Balochistan occupying 40 per cent of the country but containing only five percent of the population. Punjab, conversely, is in population larger than all the other provinces combined (a situation fairly exceptional in the world<sup>3</sup>). The political power that this has entailed has led to a national assembly biased in its favour. Since East Pakistan, due to its population size, was in the same position versus the rest of the provinces before its secession, the problem of Punjabi numeric predominance represents a frightening precedent. It has led to a general antagonism between Punjab versus the other provinces. This is reinforced by the fact that most of the military consists of Punjabis and that, overall, their representation in the federal bureaucracy is even higher than proportional<sup>4</sup>.

The democratic system in Pakistan, when it is not set aside by governments, is based on the British 'first past the post' plurality system, whereby the country is subdivided in political constituencies at both federal and provincial levels, and the political candidate winning the highest number of votes wins. Given the fragmented nature of society, this usually leads to a situation of a candidate not winning more than 20-40 percent of the votes and yet representing all. It also leads to a practice whereby, after elections, only the public representative's vote bank which is heavily clustered in villages, *biraderis* (castes) and tribes (cf Nicholson & Khan 1983, p.315), benefits from government support. The absence of a proportional representation system in the country leads to the underrepresentation of these parties in assemblies which may have a large national or provincial vote bank, but insufficient to dominate any one constituency in particular. While this may have advantages too

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<sup>2</sup> Politicians are in this study those public representatives elected to national, provincial or state parliaments (including (prime) ministers), plus those electoral candidates that were defeated but which occupy public roles by virtue of their importance to political parties in power.

<sup>3</sup> In most countries of the world, no single state or province has an absolute numerical majority in population, cf. Human Development Report 1993 (UNDP, p.68)

<sup>4</sup> At the same time, this potentially explosive inequality has led to the enforcement of a rigid egalitarianism in the distribution of resources in the country (on the basis of population size), as well as the quota based recruitment system to government posts. Both of these measures create their own problems for the economic development of the country.

(discussed at length e.g. in Waseem 1994, pp.211 ff), a disadvantage is that it can reinforce the conflicts already pervading society at the local level, since the elected representatives are under pressure to do favours to their own voters to the detriment of others. This applies especially to the situation, prevalent in Pakistan, of dissolved or ineffective elected local bodies unable to counteract the effects of patronage by members of provincial or national assemblies. Another problem is, as noted, the predominance of petty regional and local issues in national and provincial assemblies.

### *Religion*

Religion has also played a distinct role in the government style of the country. Pakistan is a republic created in the name of Islam and, although far from being a theocracy, theocratic provisions are well-founded in the Constitution. The role of Islam in the state has been a highly charged subject all along, due to partition and artificial lumping together of Muslim dominated provinces of the former British India. It has led to several attempts at establishing a theocratic republic, but generally, Islam has not had the unifying force in Pakistan that was expected of it. Different concepts of Islam have dominated the governments in Pakistan (Ahmed 1986). A major issue has been the role of democracy in an Islamic state (or the role of Islam in a democracy). Some Islamic scholars and politicians (Maududi) have claimed that democracy and Islam are incompatible; the state should be ruled by those best versed with the Quran. There can be only one truth and divine law should rule over man-made law. It is sure that this argument has been used to justify military take-overs of the country's governments. Ziring (1980, p.168) opines: "The intense activity concerned with the establishment of a viable Islamic state is in direct conflict with predilections aimed at the development of constitutionalism. Despite Pakistani efforts at balancing off Islamic requirements with constitutional principles, the two systems are diametrically opposed and one must invariably take precedence over the other." Although controversial, it is worth pursuing this argument a little further.

It has been claimed that Islam, more than some other religions, places heavy emphasis on external authority, the importance of tradition as a guide to human conduct and obedience. As Kochanek (1983, p.29) observes, the Quran is God's final and authoritative revelation to mankind, and provides for a comprehensive set of rules which catalogue God's commands to guide man's actions. Any reform and change will then produce a dilemma of reconciling revealed truth in the Quran with new circumstances and experience. Rather than deciding on this reconciliation through democratic means, Islam has developed a strong juridical tradition where religious leaders (the *Ulema*) play a dominating role as exegetes.

Kochanek (*ibid.*, p.30) has argued also that Islam, like any religion, has accustomed people to particular organisational forms. Islam does not have a highly structured organisational system to enforce its doctrine: the prophet Muhammad vigorously opposed any organised priesthood. Instead of an organisational structure, Islam came to place special emphasis on leadership as a means of guiding prayer and the community. The state, as guided by the religious leaders, was seen as the prime mechanism to enforce religion and unity. Thus, the case is made that Islam, going against the subcontinental tradition of personalised rule systems, has favoured the establishment of strong unitary and homogeneous states, suppressed regionalism, and has hampered the rooting of democratic forms of government, as well as the flourishing of non-government and secular organisations in the country (see also Ziring 1980, pp.53-54).

More important perhaps than the alleged indirect negative impact of Islam on democracy and formation of organisations, is the immediate effect that the debate on the role of Islam in the state has had on the development of law in the country. The development of law has

been problematic. The fact of so many Constitutions and amendments to these are only one indicator of this. The Shariah Law, added on to the Constitution by the first government of Nawaz Sharif (1990-1993), is, in practice, not reconciled completely with the law of the land which is to a large extent based on British law. Paradoxically, a great interest in legal affairs in the country by the general public, and the presence of a large community of legal professionals has not led to a stable law environment. The reconciliation of existing laws with the Shariah / Islamic law has held back the development of law in many fields, for instance town planning legislation (AERC 1991, p.4).

All in all, Pakistan's diversity and idiosyncrasies have put a heavy strain on the formation of stable political institutions and legal environment in the country, necessary pre-conditions for the effectiveness of comprehensive planning (and to some extent disjointed incremental planning as well). Out of the last 50 years, some 25 have been under military or quasi-military rule. The instability also contributes to the continuation of underdevelopment.

## 2.2 Underdevelopment in Pakistan

As is mentioned in most introductory texts on the country (e.g. Dekker *et al.* 1988), Pakistan carries most of the classical features of a low-income developing country. These include a GDP *per capita* around US\$400, a high population growth (one of the highest in the world: 3.1 percent annually), rapid urbanisation, poverty, a large gap between the rich and the poor, a very high rate of illiteracy, high share of low-productivity agriculture in the economy (48 percent of employment and 24 percent of the GDP), low employment in the industrial sector, a growing but not very productive services sector, reliance on foreign aid and remittances from a large migrant labour force abroad, a large army with manifest influence in politics, corruption, underdeveloped health care for the majority of the population, squalid housing conditions for a large sub-section of the population, and an infrastructure lacking in provision of electricity and drinking water, sanitation and roads.

Some have qualified this situation, such as Burki (1991, p.5):

"Pakistan exhibits many of the characteristics of a middle-income country: it is less dependent on agriculture than most low income countries and has an industrial sector that is comparable in size and diversity to those in many middle-income nations; it has a vast reservoir of highly trained labourers; it has a large middle class that numbers more than 30 million people; and it is as urbanised as the more developed countries of East Asia and the Middle East."

This is undoubtedly the case, but other features specific to the Pakistani economy could be brought into the equation to turn the argument again, for instance the high internal and external indebtedness of the country, the extremely low savings rate, the very small foreign investments, and the destabilising effects of inflation (between 7 and 13 percent annually) coupled with persistent depreciation of the Pakistani Rupee against international currencies. A worrying aspect also hazarding planning is, lastly, Pakistan's high reliance on cotton and its products in its foreign trade, in the context of continually declining terms of trade and the vagaries of nature.

### *Economic performance*

In the evaluation of Pakistan's economic growth patterns since independence, Malik *et al.* (1994, pp.66-68) conclude that in the 1960s upto the 1990s, the increase in the Gross National Product (at constant factor cost) has been at a compound annual rate of around 5

percent. Due to the high population growth, however, the *per capita* income grew at an annual rate of just over 2 percent over the years 1949-50 to 1987-88. The 1960s were the years of highest growth rates; in the 1970s the influence of the oil crisis and international recession was felt, compounded by a nationalisation policy which led to reduced investment. In the 1980s, these policies were to some extent reversed, while the influence of greatly increased remittances from Pakistani workers in the Gulf states began to positively influence Gross National Product. From a study of Economic Surveys published since this evaluation, it would seem that in the 1990s, economic growth has become erratic and has tailed off, perhaps to an average *per capita* growth rate of only 1 percent annually.

In relative terms, the level of wealth or poverty in Pakistan can be evaluated on the basis of international comparisons of Purchasing Power Parities estimates (PPP). If these are looked into, it must be concluded that Pakistan's population is generally better off than most other countries of South Asia, such as India, Bangladesh, Nepal and Bhutan. It is slightly worse off than Sri Lanka. According to World Development Report 1997 (Table 1), the PPP of GNP *per capita* in Pakistan, if the United States would be indexed at a 100 in 1995 (or US\$ 26,980), Pakistan would be at 8.3 or US\$ 2,230. India on the same scale would have an position of 5.2, Bangladesh 5.1, and Sri Lanka 12.1. In comparison, countries such as Thailand recorded 28.0, Brazil 20.0, and Indonesia 14.1 in the same year. The wage of a skilled labourer (masons, carpenters) in 1992-93 was recorded by the Economic Survey as 6 dollars per day, that of an unskilled construction worker at 3 dollars.

The Purchasing Power Parity, as the GDP *per capita*, does not reveal the potentially large gap between poor and rich. According to Pakistan's Economic Survey 1994-95 (p.5), published by the Government, this gap is not larger than in most other countries in the region, a fact confirmed on cursory glance from Table 5 in the World Development Report 1997 on income distribution (Gini index of 31.7). However, the Economic Survey states that the gap between the richest and poorest sections of society has been widening in the 1990s (see also the Seventh Five Year Plan, p.15; Noman 1995, p.2). More importantly, the unusually large black economy in Pakistan, based on tax evasion, political and bureaucratic corruption, smuggling and drugs trafficking, is not accounted for in the figures, and must have a negative effect on income disparities since they work in favour of those holding power. Noman (1990, p.168), has estimated the annual value of the drugs trade at 8 percent of GNP, an amount that remains unaccounted for in the official statistics. Recent estimates of the overall size of the unofficial economy, are as high as one-half of the official economy (Europa Publications 1997, p.878).

### *Social sector development*

A general notion, now widely accepted in Pakistan and outside, is that the country has lagged behind in social sector development in comparison with the rest of the world. The literacy rate is one of the lowest world-wide, including South Asia, and is currently estimated at 37 percent - 49 percent for males and 24 percent for female literacy (GOP, Economic Survey 1994-95, p.105). Levels of literacy less than half that size are encountered in the rural areas, a cause of their high (hidden) unemployment levels as well as lack of organisation. Education, but also health, rural water supply and sanitation, have historically been neglected in terms of government attention, which has been directed more to defence requirements, government employment creation, and infrastructure development (and, presently, debt servicing). For instance, expenditure on development-related sectors such as social, community and economic services including subsidies was at 32 percent of the federal budget (after debt services) more than 10 percent less than that for military expenditure (in 1994-95).

The lack of literacy and education in wide sections of the population has not benefitted the economy nor the development of political institutions.

### *Economic prospects*

There is much disagreement on the economic outlook for Pakistan. The first Nawaz Sharif Government was set to make Pakistan another Asian tiger, a target which was deemed feasible given that the economy was supposed to have displayed high annual growth rates between 5 and 7 percent through much of its history. The later Benazir Bhutto government was not referring to the concept of Asian Tigers anymore, but was yet confident that Pakistan could easily make it to the status of a middle income country (a position not yet achieved in 1998). It is worth going over this issue in some detail because rapid development of the economy in Pakistan may, in itself, tilt the balance to more public resources and better government (an hypothesis advanced by Caiden & Wildavsky (1974), following Landau). The country has widely acknowledged large economic potential in terms of irrigated agriculture, hydro power, as well as oil and gas and other mineral reserves. In that sense Pakistan is not comparable to many other developing countries with smaller natural resources. Pakistan, as Burki has highlighted, has also a sizable reservoir of well-educated people with entrepreneurial skills (in spite of the low literacy rate). In addition, the uneducated masses still make up a vast and extremely cheap labour force to be used for industrial development. It is for this reason that well known economists such as Shahed Javed Burki (1991), Omar Noman (1990), and international establishments such as the World Bank, the IMF, and the Asian Development Bank, are still fairly positive about Pakistan's economic future.

But this optimism is not reflected by most of the people this author has met, and neither by the editorials of the national newspapers. They are supported by a growing number of economists writing in these newspapers and magazines (see also Jalal 1995; Afzal 1992, p.91). The cost of living is rising sharply for large sections of the population, not least those working in the public sector. Doubts are cast sometimes on the correctness of the statistics used by the Government to support that the economy is growing faster than the population growth rate. Even when growth is occurring, history shows that it is easier to achieve high growth rates on a very low base, than to sustain these at a relatively advanced stage: Pakistan should not assume that earlier growth rates are any guidance to future growth rates. Is a take-off occurring? Pakistan, unlike India, is not included in the list of emerging markets in *The Economist*. Given the unstable environment in which, for instance, sectarian violence, kidnappings and strikes have become endemic in the economic centres of Karachi and Lahore, little foreign investment is coming forward even with the opening up of the economy; in 1996-97 it was only US\$ 950 M and 27 percent down on the previous year's levels. Similarly, in this environment, internal private investment is not as high as it might be without the conditions bordering on anarchy. At the same time, the press is dominated by scandals of corruption, bankrupt corporations and banks, political 'horse trading', mudslinging and 'character assassination', civil unrest, banditry (*dacoity*) and general lawlessness. Ultimately, the evaluation of Pakistan's potential as well as the positive effects economic growth might have on the quality of government and bureaucracy remains a matter of speculation.

## 2.3 Politics and bureaucracy at the national level

It is the claim of this study that political and economic developments since Pakistan's independence can be linked to the rise and decline of a centralist, developmentalist ideology in the country. An analysis along these lines will not detract from the main thesis by leading political analysts of the country's history, such as Sayeed (1966, 1968, 1980), Alavi (1983, 1989), Waseem (1987, 1989), Noman (1990), Jalal (1991, 1995), and Malik (1997) that the appropriation of government by certain sub-sections of the population (military, bureaucrats, feudals, industrialists, 'the establishment'; Punjabis) has shaped the governments of Pakistan and their policies. This study argues, however, that the flourishing of the doctrine of central planning has had its own distinct impact.

### *An 'administrative' paradigm before independence*

A centralist and rationalist paradigm informing the leaders of the nation is not something that started off with independence. A hierarchical, rule-bound colonial administration was imposed on the very fragmented and 'charismatic' or 'patrimonial' government systems in the subcontinent for a period of a hundred years<sup>5</sup>. Although some experiments with democracy had been allowed by the British in the twenties and thirties of this century, they involved only local bodies and provinces or states, but never elections at the national level. The provinces of Punjab, Sind and NWFP were even ruled directly from Delhi, without any form of elected local government (Waseem 1989). A corollary was that the growth of political consciousness was constrained in these provinces. As was proudly observed by the famous Simon Commission, in British India "government was administration" (quoted in LaPorte 1988, p.239). Impersonal, efficient administration became the norm for government.

The induction of the local elite in the lower positions of the colonial administration brainwashed it into similar conceptions of government as administration. The political nature of decisions taken by the British administrators was not recognised as such. The foundation of the British administration was embodied in the Deputy Commissioners who, at the district level, combined administrative, developmental, political and judicial functions. Sayeed (1968, p.280-282) has claimed: "In no other Provinces of British India did this system strike such deep roots as it did in the Provinces of the Punjab and the North-West Frontier". The local officers who were later to inherit the country's administration had no clear concept of the distinction between the two spheres of political and administrative decision-making and had only limited experience with democracy.

### *A central planning paradigm after independence*

After independence, efforts were directed at creating a Government of Pakistan in the tradition of the seemingly apolitical 'administration' that had dominated British India. This was already apparent from the fact that the nation's founding father, Muhammad Ali Jinnah, chose the essentially administrative position of Governor-General and had left the political position of Prime Minister to somebody else<sup>6</sup>. In the short period that he was still to live, he often transgressed the limits of his administrative powers<sup>7</sup> and thereby set in a trend

<sup>5</sup> Heady (1991, p.224) has argued that the imposition of Weberian bureaucracy in India through the Indian Civil Service preceded and even inspired the development of such bureaucracy in Great Britain.

<sup>6</sup> In contrast, Nehru in India did take up the position of Prime Minister.

<sup>7</sup> For instance, Jinnah toppled the NWFP provincial government within 14 days; the Sind Chief Minister was sent home by him within seven months (Noman 1990, p.11). For a detailed discussion of the administrative and political powers of Jinnah see Sayeed (1968, ch.8).

whereby the apex of the administration came to view itself as the guardian of the state, to take charge of the business of government (Sayeed 1980, p.26). Provincial governments were dissolved easily in those years, and even Prime Ministers could be, and were, dismissed by Governors General (Sayeed 1966, pp.63-64; Noman 1990, pp.10-12). The domination of the Provinces by the Federation was assured by the elite cadre the Civil Service Pakistan (CSP), part of which was posted in the Provinces but, like in the British days, was only responsible to the central government. Ministerial control over the civil service was not permitted during the first ten years of independence and LaPorte (1988, p.249) observed that "the 'steel frame' of the Viceregal system, the ICS/CSP [civil service], was vested with powers to control, direct, and administer."

The Constituent Assembly which had been elected on the basis of a very restricted franchise under the Government of India Act of 1935, was continued after independence, and was allowed to act as both legislature and constitution-making body (cf. Callard 1957, p.77 ff; Jalal 1995, p.51). Due to the fear that the numerical majority of Bengalis in the new country would lead to their domination of the new Legislative Assembly and therefore the next Government of Pakistan, national elections were delayed by the West Pakistani dominated political top and civil-military bureaucracy until after the completion of a new Constitution (Noman 1990, p.13). Since the Assembly could not easily agree on a Constitution due to ethnic divisions, such elections did not take place for many years and the administrative style of government continued to expand its history of habituation and precedent, while the reputation of politicians in the Constituent Assembly steadily declined.

There were also other factors leading in the same direction. Jalal (1991, p.31) has claimed that centralism in Pakistan was fomented by the immediate needs of the country after partition, when its resources were extremely low and, contrary to India, a central government bureaucracy had to be created almost from scratch. The need for military investments to build a credible defensive capacity against the second most populated nation in the world, was met by draining the provincial governments of resources and limiting their sovereignty; central control was deemed indispensable for this.

The attempts at creating harmonious and efficient governments at the central and provincial level therefore largely failed in the first decade of Pakistan's existence (contrary to India). When the Constitution was finally ratified in 1956 and the prospect of national elections loomed, the military seized power. Their justification for the imposition of an undemocratic military government on the country in 1958 was, to a large extent, based on the assumed inability of parliamentary governments to run the country, as supposedly demonstrated by weak political parties and corruption in politics (Ayub Khan 1967, chapters 5 through 7). There was of course the fear for a Bengali majority in Government which put off the Punjabi-muhajir based civil-military bureaucracy. But also another reason was stated. Partly under the influence of the times, rational, central and even military planning was deemed essential for the development of the country, and this was viewed as incompatible with democratic and provincialised politics (Ayub in Sayeed 1966, p.105; Sayeed 1980, p.42, 55)<sup>8</sup>. With the overt

<sup>8</sup> There has been a debate about the role of the civil-military bureaucracy in the delaying of the establishment of a democratic structure in Pakistan. Some writers have come to radically different evaluations than that of this author. For instance, Braibanti (in Khan 1987a, p.90) has written that the continuation of the British and change-averse style of administration after partition, may have been desirable in the midst of serious political instability. Notions of the bureaucracy being the 'steel frame' of the country are being supported by such writers as Burki (1991), Sayeed (1968, p.299), Khan (1987b), and others, who do not see a correlation between an 'over-developed' bureaucracy and an 'underdeveloped' political domain in the Riggsian sense (Chowdury 1988, pp. 132-133; see also Goodnow 1964).

sanction from international powers and such institutions as the IMF and the World Bank, themselves captivated by this paradigm in those years, 'economic development' was proclaimed the legitimising focus of the new undemocratic government of the country (cf. Papanek 1967, pp.86-87).

The United States of America started pouring in funds and technical assistance in its pursuit, followed by other international donors, such as for instance the Netherlands, for whom Pakistan was one of the first countries to provide development assistance. A great deal of technical assistance was devoted to the methods and techniques of central planning and management of the economy. Pakistan's major new government institution, the Federal Planning Commission, relied on the Ford Foundation's Harvard group of Western planning experts, who were engaged in macroeconomic techniques of forecasting and drafting of plan documents (Waterston 1963, pp.34-35). Much attention was paid to training in planning over the years, and hundreds of senior civil servants were imbued with the concepts of central planning.

#### *General Ayub Khan*

Ayub Khan, the leader of the military take-over, proclaimed himself President of the country in 1958 and created - for purposes of legitimacy - a non-party based, indirectly elected national assembly, through a system of *Basic Democracies*. In the early 1960s, he asked these to endorse his presidency, and got this done. The election of some 80,000 'Basic Democrats' into local councils, the predominance of civil servants within district councils, and the abolition of political parties and provincial governments were in the meantime intended to neutralise the potentially complicating influence of supra-local politics (Nicholson & Khan 1983). The mood of the time was that professionals should run the government; democracy at best had a place at the local level<sup>9</sup>. Interest groups outside the government had to be controlled and coopted. As Kochanek (1983, p.310) has noted: group action was seen as illegitimate and a threat to government authority.

Strategies developed by the World Bank and IMF were adopted by Pakistan, based on the primacy of economic growth and the principle of 'functional inequality', with intended concentration of capital in a few hands for purposes of maximum reinvestment, and trickle-down effects only in later stages<sup>10</sup> (Sayeed 1980, p.57 ff). The Ayub government favoured an interventionist role of the state, trying to mould capitalism through regulation of the economy in combination with a curtailment of labour rights and freedom of press. Licenses and permits (especially for imports and exports) became important instruments of economic management (Waseem 1989, p.204). The 'Green Revolution' for which Pakistan became famous favoured Punjabi farms of a size of over 25 acres disproportionately (Sayeed 1980, p.57; Alavi 1976). The result was that Pakistan's GDP in that time rose substantially, by on

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<sup>9</sup> According to Altaf Gauhar, Information Secretary under Ayub, the general view in Ayub's cabinet was that all the people were not qualified to form opinions on matters like fiscal policies, legal technicalities, scientific developments (Gauhar 1993, p.176). Ayub felt that "politically, our people are immature. They are in the process of emerging from the tribal and feudal state. By and large, their horizon and thinking is still individualistic, tribal and parochial. However, there are signs that after a couple of generations are reared in an atmosphere of freedom and suitable education [...], a national outlook will emerge. Until then we shall have to be continually on our guard, and may even have to do things to save people against themselves" (*ibid.*, p. 182). Even politicians were viewed as irresponsible and immature (Ayub Khan 1967, p.49).

<sup>10</sup> There was a current in modernisation theory in those days that held that the military were perhaps the most effective agents of modernisation and development (cf. Samuel Huntington's views in Saeed (1980, p.55)).

average more than six percent per year. Optimism initially ran sky high<sup>11</sup>. However, the inequalities that ensued and tensions which the policies ultimately unleashed, became major reasons for the regime's downfall after almost 11 years in 1969.

Ayub's demise led to the abandonment of the more typical trappings of rational comprehensive planning but the paradigm itself was not abandoned. Ayub's main successor (after a brief military interregnum), Zulfiqar Ali Bhutto, represents in Pakistan an era of socialist and populist 'planning' which this study also associates with RCP.

### *Z.A. Bhutto*

Bhutto was the first prime minister of the country who had come to power through national elections, and inspired his government with populist ideals focusing on the poor. In the Bhutto era, which lasted from end 1971 to 1977, central planning was to be the main instrument again, to carry out Bhutto's ideals of 'democratic socialism'. In this phase it translated not so much into formalised plans but into the sudden imposition of state controls on big business and the nationalisation of major strategic industries, as well as the banking and insurance sectors. Due to the absolute majority of the Pakistan People's Party in the National Assembly, a private army to enforce his rule, as well as limiting clauses rapidly added to the 'democratic' 1973 Constitution, he was able to impose his will on the country as a true dictator (cf. Baxter *et al.* 1988, p.205; Ali 1996, p.32). However, Bhutto had not counted on the strength of provincial dissent, and dismissed a non-PPP government in the province of Balochistan, crushing the resistance movement there violently. He also dismissed the non-PPP government in NWFP. The increasingly centralist and authoritarian tendencies in his government led to a mass resistance movement, which after his re-election in 1977 (disputed widely on the claim of electoral rigging), eventually led to his dismissal and even hanging by the military, and the imposition of martial rule in the country by Bhutto's handpicked general Zia-ul-Haq. The Bhutto era, while hailed in terms of foreign policy (Baxter *op. cit.*, p.212) was condemned, amongst other things, for having led to reduced investments by a private sector paralysed by the fear for further nationalisations to be carried through by Bhutto.

In fact, the nationalisation drive followed the corporatisation and regulation drives of the previous regime, during which public corporations and authorities were created wherein their cumulative budgets were larger than that of the government itself (LaPorte 1983, p.250). Although a principal motive for their creation was that such corporations would have greater flexibility than regular government 'line' agencies, a consequence was the further elimination of legislative (read: political) control over expenditure in the country. The loss of administrative control over such entities was meantime much smaller than it seemed, since many were run by bureaucrats and military on secondment or in *ex-officio* capacities. The corporations and authorities quickly came to be controlled by the administration, and to such an extent that their independent status was rendered only nominal. This reduced their effectiveness greatly. In later years, the number of corporations, authorities (and later again, privatised institutions), would rise further. Due to undiminished regulations and co-opted management, room for independent maneuvers remained small and administrative influence stayed of paramount influence to their survival (cf. Haroon 1986). Thus, the ideal of comprehensive planning was still carried forward although the methods changed drastically.

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<sup>11</sup> Papanek (1967, p.2) wrote in his well known book: "Pakistan was widely regarded as one of the half dozen countries in the world with the greatest promise of steady development. In the face of its pitiful resource and capital endowments at independence, and in comparison with other countries, Pakistan's performance was outstanding."

### *General Mohammed Zia-ul-Haq*

Bhutto's successor Zia-ul-Haq reverted to some extent to Ayubian policies but, paradoxically for a military dictator, with some dilution of the more extreme forms of centralism and more attention for accommodation of regional/provincial interests (Waseem 1989, p.384). Thus he followed the international trend whereby centralist planning was less manifestly enforced, albeit for different reasons than the inadequacy of such planning itself. The politically isolated Zia had to create a constituency for himself by pacifying provincial bureaucrats and some social groups with a clientelistic hold on the population<sup>12</sup>. A characterisation of his eleven year regime cannot be complete without mentioning Zia's drive for further 'Islamisation' of the country. In itself perhaps inspired by a world-wide wave of politicisation of Islam, it was for Zia a device to give legitimacy to his seizure of power (compare Ayub's legitimisation: economic development). This may not have anything to do with this study's argument of positivism and RCP ideals running as a red thread through much of the history of the public sector in Pakistan. But Islam as interpreted by Zia was akin to a totalitarian ideology whereby a strong leader, deriving his inspiration from the Quran, paternalistically knows best for his state subjects and rules through decree<sup>13</sup>. The parallels of this type of Islamisation with positivism and rational planning should be clear, although it must be conceded that Zia's Islamisation was never much more than a social ideology (Kennedy 1996, p.33). The major effects were meanwhile the reinforcement of bureaucratic administration of the country, now with an increased grip of the very autocratic military onto the civil bureaucracy. In order to accommodate the bureaucracy and military further through job favouritism, most of Bhutto's nationalisations of industries, banks and insurance agencies were not reverted back to their original owners.

### *The present democratic era*

The post-Zia era of democratically elected governments which started in 1988<sup>14</sup>, witnessed finally some dilution of the centralist planning ideals, with reigning political parties, the judiciary and the provincial governments in a strengthened position. Privatisation, structural adjustment and deregulation have become key concepts in the jargon of the four main democratic national governments which have been in office since that time. Privatisation of large government organisations has taken place, for instance WAPDA (the electricity provider in Pakistan) and many industrial and banking units. Other huge privatisation initiatives are still on the cards, such as with Pakistan Telecommunications, Karachi Electricity Supply Company and the Pakistan International Airways Corporation. Similarly, some forms of deregulation have been carried through. The rationale for this retreat of government in the economic sphere came as a result of an international wave of disillusionment with the state as the most efficient provider of public goods and services. In Pakistan, the loss-making state units mentioned had become an enormous drain on the national exchequer.

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<sup>12</sup> It was Zia who initiated the trend to provide public representatives with discretionary funds for their constituencies. These block allocations are now seen as a privilege of every public representative and are used completely for extending political patronage without any regard for planning considerations. (Jalal 1990, p.325; Sahibzada & Mahmood 1992, p.1112)

<sup>13</sup> Interestingly, the main Islamic scholar of the time with respect to the relation between Islam and Government, Maulana Maududi, similarly came to reject democracy as a model for the government of an Islamic state (Nasr 1996).

<sup>14</sup> This is not counting the non-party based national elections called in March 1985, which led to the puppet government of Junejo, in May 1988 dismissed by Zia.

As democracy in Pakistan has entered into its tenth year, the keyword labeling this decade is political turmoil. The Government seems unsettled by the growing awareness that the currently fashionable policies such as liberalisation, privatisation and deregulation lead to a decreased grip on the economy and less chances for that other, albeit usually concealed, prime objective of the elected governments in Pakistan: to offer public sector jobs to their political clientele. Particularly, increasing constraints on government expenditures imposed by the IMF since 1988 in the context of a structural adjustment programme have caused dilemmas as to the choice of priorities. On the other side, the constitution has been amended so many times that it is unclear what powers it gives to whom under which circumstances<sup>15</sup>. The country's courts have become a major arena where political conflicts are being fought (Newberg 1995; Kennedy 1995). Not a month passes that 'references' against politicians and political decisions are not being filed in one court or another. The constitutional confusion is evident from the fact that two successive presidents did not allow three elected governments to fulfil their respective tenures of five years. In the original constitution of 1973, the President did not have the discretion to dismiss nationally elected governments. This was added to the document by President Zia-ul-Haq through the Eighth Amendment in 1985. The successor to Zia (who perished in an airplane crash in May 1988), Ghulam Ishaq Khan, invoked this Amendment to dismiss first Benazir Bhutto's coalition government in 1990, and a second time to dismiss Nawaz Sharif's coalition government in 1993. His successor, President Farooq Leghari, used it a third time, to dismiss the National Assembly and the second PPP led Government of Benazir Bhutto in 1996. Although a number of assemblies have been elected since 1988, only in 1997 a two thirds majority could be mustered to remove this constitutional amendment which had until then replaced a prime-ministerial dominant form of government with a presidential-dominant system (Kennedy 1995, p.17).

It is to be hoped that this recent change will ultimately reduce the political turmoil and constitutional confusion that Pakistan has been in. The signs upto now (early 1998), with resignations from office of both the President and Chief Justice at end 1997 as a result of yet another constitutional crisis, are not good (*The Economist Country Report*, 1st quarter 1998). Accusations that Prime Minister Sharif was infringing upon the Supreme Court's independence over the filling of vacancies demonstrate that the constitutional rights and obligations of executive, judiciary and legislative are still to be settled.

As will be seen later, a positivist, rational planning ideal still inspires the bureaucracy at central and provincial levels. Politics, which long associated itself with the national planning paradigm, is currently in two minds as to its application given the history of unsatisfactory results, and the pressing needs for piecemeal accommodation of all the conflicting interests that Pakistan's different elites represent. Even at the national level, haphazard political incrementalism in politics is more and more in conflict with rational planning as favoured by the bureaucracy. This has also fostered the antagonism between the two where politicians reproach bureaucrats for being authoritarian, corrupt and inefficient, and bureaucrats equally condemn politicians for incompetence, corruption, and interference with strategy implementation.

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<sup>15</sup> As Ziring (1980, p.167) has noted: "Pakistanis have treated constitutions as though they were experimental devices. If dissatisfied with the original, try another. Discard it and attempt something else."

## 2.4 Politics and planning at the provincial and local level

The question may be raised how the different attempts at imposition of centralist, authoritarian planning have shaped politics and planning at the provincial and local levels. The previous section put forward that bureaucracy and central government converged in their adoption of the rational comprehensive planning paradigm, at least up to the period of the democratic governments at the end of the 1980s. In the present section it is argued that the provincial level bore the brunt of centralism in the eras of authoritarian government, but that in the current democratic era their powers have increased. Government at the local level, however, has not (yet) benefitted from the increase in political prerogative at provincial levels.

### *Federal-provincial relations*

In Pakistan's history, the secession of East Pakistan in 1971 stands out as the major example of the problems that authoritarian governance and insufficient representation of major regional groups can lead to. But as was noted in the previous section, the establishment and subsequent dissolutions of provincial governments by the centre took place from within two weeks from independence day, and continued throughout Pakistan's history. The explosive issue of the Bengali majority had in the 1950s already led to the creation of the One Unit scheme in West Pakistan, whereby the then four Provincial Governments were amalgamated, to the discontent of all governments except Punjab. After the creation of Bangladesh, the four provinces in Pakistan were resurrected and given elected governments as well as larger powers through the Constitution of 1973. But Prime Minister Bhutto yet found himself dissolving two of the four Provincial Governments a few years later. So much for the sovereignty of the Provinces in the Federation. During the reign of Zia-ul-Haq, all provincial governments were dissolved again, to be replaced by 'kitchen cabinets' of political appointees, and only in the last years of his rule, provincial governments were allowed to be created through the ballot box. In the 1990s, the restoration of parliamentary democracy could not prevent dissolution of many provincial governments and assemblies on the basis of the 8th Amendment invoked by Provincial Governors and on the instigation of the President of Pakistan. Only with the repeal of this Amendment in 1997, the elected provincial governments stand a better chance at following their own political course. This is, in a nutshell, the political history of provincial governments in Pakistan.

With the restoration of democracy at the end of the 1980s, the tussle between the provinces and the centre over the distribution of the centrally collected financial resources initially increased (cf. Ali 1996). Historically, more than 80 per cent of the entire federal and provincial budgets was raised through centrally levied taxes, customs and other revenue, for example those of public corporations. The distribution of these central resources was based on a formula derived from population sizes of provinces, as established by the decennial Population Censuses. As the provincial governments and bureaucracies became more articulate, the results of these censuses became more and more contested. Other surveys and census results were called upon to establish the backwardness of certain regions, so as to influence the central government to change the formula in their favour. The NWFP and Balochistan succeeded in convincing the Zia Government in granting them some 10 percent of the resources before the formula was applied. This was on the basis of their economic disadvantages as well as the pouring in of millions of Afghan refugees in these areas. At a later stage, the provinces of Punjab and Sind took advantage of the fact that they were allowed to make use of loans from their own provincial banks. The large indebtedness which was the result, eventually led the federal government to provide debt relief to these provincial

governments. Thus, the distribution of federal resources over the provinces became an incremental process of bargaining.

In 1991, the fight over resources was temporarily settled with the National Finance Commission Award. This Award meant a redistribution of the federal pool of resources, so that provincial governments could directly retain certain resources generated in their own provinces. For instance, NWFP was allowed to siphon the large profits generated from hydropower at the Tarbela dam in their province. There were also some redistributions of federally collected taxes. This went some way towards increased financial sovereignty of the Provinces but the delays in the holding of the 1991 Population Census indicates that there are still severe tensions in federal-provincial, and inter-provincial relations. Due to fear that a new Population Census might establish new population ratios amongst the Provinces, it was delayed seven years and could only be held in March 1998<sup>16</sup>. The renewal of the five year valid NFC Award of 1991 was still awaited early 1998 (the time of writing this); considerable differences between Provinces had led to a delay in this case as well.

As a consequence, the discretionary powers of the federal government have weakened somewhat in very recent times, but they remain considerable due to the primacy of federal over provincial legislation, the continuing domination of the provincial bureaucracies by federal cadres such as the District Management Group which occupy most of the provincial secretary posts, and the federal government's revenue collecting powers. In NWFP, federal assistance constituted 60 percent of provincial revenue, profits from Tarbela dam hydroelectric power 20 percent, and internal revenue amounted to only 20 percent of the available resources in 1996. In AJK, own resources generation through taxes and other sources (notably the sale of lumber from forest exploitation) amounted to 30 percent of the budget, with the remainder being provided by the Federation. It must be said that such a level of external financing as provided by the Federation of Pakistan is by no means uncommon in many other developing countries, and only moderately higher than in most federations in the developed world<sup>17</sup> (see also Prantilla 1988).

#### *Political interference in the administrative realm*

The dependence on federal funds, federally seconded bureaucracy and federal policies, has led to a situation where the provincial assemblies concentrate on the administrative and operational aspects of these policies. This is not to say that provincial governments, and certainly the provincial bureaucracies, have not tried to follow the path of rational planning. They tried, but they had much less power than the federal government, and their powers were often suspended. With a strong federal government in place during most of Pakistan's history, provincial politicians did not regard it expedient to focus on legislation and policy making, even when they were allowed to wield power in Assemblies. Provincial policies have been developed in the typically provincial subjects, such as primary and secondary education,

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<sup>16</sup> For instance, the size of Karachi, dominated by the anti-PPP party of MQM, has grown disproportional and the census might ultimately improve its power base. For the holding of the Census, all four provinces have to be ready on the same day, and for a long time, one government or another was able to stall the process.

<sup>17</sup> The UNDP 1993 Human Development Report (p.70) records Pakistan's provincial financial decentralisation ratio as 24 percent, less than half of India's 56 percent and countries such as China and Nigeria, but slightly higher than the rates of Brazil, Mexico, Bolivia, South Africa, and Indonesia. In the developed world, Canada has an expenditure decentralisation ratio of 41 percent, Australia 37, Switzerland 30, Germany 24, and the USA 23. Revenue decentralisation ratio's display the same features.

health, agriculture, local government and water supply<sup>18</sup>. But such policies, as they continue to be prepared by bureaucrats, do not fare well in the present period of democracy. It can be observed that political governments which initially approved policies developed by bureaucrats, disown these later, due to their need to extend political patronage. The allocation of resources to areas with particular economic potential, for instance in terms of irrigation, is biased by the political need to spread the resources equally and therefore thinly among their clientele. Merit-based recruitment of government employees such as teachers has been similarly made difficult by the need of politicians to fulfil promises made during election campaigns to their constituents - recently there was even evidence of secret fixed quotas for members of parliament, against which they were allowed to nominate persons for employment (SPDC 1997, p.66). High government officers, on the other hand, need to give such politicians some of the spoils of implementation prerogative, to prevent them from snatching more serious power at the policy formulating end<sup>19</sup>. The phenomenon of discretionary 'block allocation' to each MPA and MNA has been a notorious development in this respect.

#### *The weakness of local government*

The continued forces in favour of centralism in combination with the growing power of provincial governments and Assemblies have not been conducive to the strengthening of the lowest tier of government in Pakistan, those of the local government bodies. If Pakistan's diversity has not by itself led to disjointed incrementalism in its government and administration, then it is principally for this reason: the lack of political, as well as bureaucratic and professionalised countervailing power from the local level. The extremely low levels of literacy and education especially in the rural areas must be an important factor explaining this, quite apart from the active marginalisation of this sphere of government by the national and provincial governments.

Local bodies in Pakistan - which must be ranked amongst the weakest in the world - consist in principle of two tiers: one of elected councils at the district level, and one of urban and rural councils. The rural councils consist of clusters of villages called Union Councils and the urban councils include Town Committees, Municipal Committees, and Municipal Corporations, depending on their size. Union Councils are generally of a size between 5000

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<sup>18</sup> In fact, not as much is happening here in recent times as is often believed. For instance, under SAP, provincial policies for education or health were not legislated. Only in the sector of drinking water, there was legislation (SPDC 1997, pp.25-35).

<sup>19</sup> Chaturvedi (1988, pp.157-158) has made a claim for the situation in India that it may be bureaucratic inefficiency and lack of coordination between departments that has forced politicians to interfere with implementation. It may be true for Pakistan also: ... "the system [...] develops an insensitivity towards those stakeholders for whose benefit the system was created in the first place. When these stakeholders find their needs being neglected and the system itself inaccessible to them, they begin to rely on their political representatives not only to voice their needs, but also to intercede on their behalf. The absence of communication between the system and the stakeholders can be seen as primarily responsible for strengthening the political system as a grievance handling function. The political worker, dependent as he is on these stakeholders for his very survival, is much more responsive to their needs, particularly those of the more influential. To a very great extent the initiation of interference in the working of the departments by political representatives in the working of the departments can be attributed to a lack of effectiveness of the system to cater to their needs. [...] The power of the political representative is directly proportional to the extent that communication is absent between the bureaucratic system and its clients. [...] a steady shift of power from the administrative system to the political system occurs."

and 30000 people and therefore constitute fairly sizeable municipalities. District councils generally cover between 250,000 and 2,000,000 people, and are therefore also sizeable units.

According to Jamil (1996), local and district councillors have historically experienced great demand for representation vis-à-vis the administration and the government. This demand has led to resentment from provincial elected representatives (MPAs) and national assembly members (MNAs), who have consequently sought to weaken the local government tier. Up till the end of the 1970s, all local government decisions including those on their bylaws were subject to approval by controlling authorities such as the provincial government and their field level functionaries such as Deputy Commissioners (Siddiqui 1992, p.135; Alavi 1976). Through the enactment of new provincial Local Government Acts since then, more autonomy has been granted to local bodies, but many constraints from outside have remained:

Firstly, a Divisional Coordination Committee headed by the Commissioner exercises indirect controls over local councils in the name of coordinating their activities and resolving their disputes. For instance, council members can be suspended.

In the second place, various officials of the provincial government (i.e. Deputy Commissioners and officers of the Local Government and Rural Development Department) have inspectorial and supervisory authority over the local councils.

Thirdly, in the absence of a formal controlling authority, the provincial Local Government and Rural Development Department officials have become the final arbiters, particularly in matters of suspension and dissolution of local councils and their elected leaders (*ibid.*, pp.135-136).

In the fourth place, although the revenue generating powers of local councils have increased to some extent, they are still small in comparison with the wide ranging, mostly social, functions to be performed by these councils (Pasha *et al.* 1992, p.viii). Only paltry sums are raised by the district and local governments in AJK, for instance<sup>20</sup>. In 1989-90, only Rs 48 million was raised by local bodies through tax receipts (AJK Statistical Yearbook 1990). In addition, the provincial and federal government still hold large leverage due to the grants which they provide at their discretion.

A fifth constraint is that the funds transferred to local governments are very small in absolute and relative terms. A comparison with the situation in for instance the Netherlands is instructive. Whereas in an area such as AJK the Government's resources channeled to the Local Government tier is a meagre four to five percent (1990), in the Netherlands it is around 22 percent (1988)<sup>21</sup>. (The Netherlands, as a unitary state, transfers much less to provincial governments than Pakistan: 1 percent versus 20 percent in Pakistan). According to the *1993 Human Development Report* (UNDP, p.69), the ratio of expenditure decentralisation in local government<sup>22</sup> in Pakistan was at around four percent in 1987/88 lower than in many other developing countries; in most developed countries (including federations) it was between 15 and 45 percent.

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<sup>20</sup> It has to be mentioned that most councils shy away from using tax raising powers, which are viewed as unpopular measures. In practice, only those local bodies above the status of the rural Union Councils raise revenues.

<sup>21</sup> Of a central government budget of Dfl 184042 million, the municipalities were transferred Dfl 40171 million in 1988 (Miljoenennota 1988); the provinces Dfl 2180 million. The amount for local bodies in AJK is Rs 131 million and includes recurrent as well as development funds; it also includes funds for municipal authorities. A sizable part of these funds does not go directly to the local bodies in the way that it is transferred to the municipal authorities in the Netherlands. It is spent through supra-local projects.

<sup>22</sup> Local government expenditure as a percentage of total government expenditure.

Another constraint on the independence of the local councils has been that the elections were usually decided to be held on a non-party basis. The large variation in election models applied over the years has led to an unstable rooting of political processes at the local level (Bhatti 1992). At the time of writing (early 1998), most of the local and district councils and even the urban committees in the Provinces had been dissolved or had expired for years, with only a rudimentary administrative presence usually consisting of one low grade clerk (a provincial employee) taking care of administrative affairs at the Union Council level. Professional planners or other municipal officers capable of the planning of land use and facilities or the monitoring of projects or regulations descending from higher levels were conspicuous by their absence<sup>23</sup>. District councils were similarly understaffed. Political decisions of immediate importance to villages were being taken care of partly by MPAs and MNAs who, however, have limited time to attend to all local affairs of the district, and also may be of a political orientation different from the 'feudal', *biraderi*, or tribe dominating the particular localities at hand. Programmes heavily biased towards areas and groups in favour of the particular reigning political constellation obstruct the policy of rational and equal distribution of government services over the country.

On the other side, the provincial government itself has had a negative effect on the quality of local government, due to its granting of only small powers for revenue generation<sup>24</sup>, and the gradual withdrawal of functions such as primary education from the district and local councils. Overlapping functions with local development authorities on the one hand, and provincial or federal departments on the other, are more and more in evidence. Lastly, funds are increasingly being placed directly with MNAs, MPAs and Senators, rather than local government bodies, for executing local development projects (*ibid.*, p.126). Such centralisation (but now at the provincial level) continues even under the more piecemeal and haphazard planning conducted at the present times.

## 2.5 Socio-cultural aspects of bureaucratic behaviour

The bureaucracy in Pakistan has been raised in the traditions of authoritarianism and paternalism which this study related to the British colonial legacy on the one hand, and the rise of the positivist paradigm on the other. Since colonialism played a role in many developing countries, and the central planning paradigm witnessed an international rise in this century, it could be argued that the findings of this study may be equally applicable to all systems influenced by these factors. The question remains how strong the traditions

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<sup>23</sup> A few more comparisons may be illustrative. In the USA over 60 percent of all government staff are local government employees (cf. Heywood 1997, p.129); in the Netherlands it is 28 percent - the number of local government staff however being much larger than central government staff (Van Deth & Vis 1995, p.222). In Pakistan, it is most likely less than 4 percent. In 1992-93, there were around 150,000 employees including 19500 in District Councils (Bhatti 1994, p.31), most of whom placed in urban areas. Only some 9000 employees were stationed in the 4500 Union Councils, where they wore working with meagre annual budgets of around Rs 120,000 on average (*ibid.*, p.51). In AJK, Bhatti (op.cit. p.71) comes to 1457 local council employees in 1992; 2.5 percent of all 58000 government employees in that year. In the Netherlands, the average number of employees of municipalities below 20000 inhabitants was 7.1 per 1000 inhab. in 1982; the ratio rises with municipality size (Van der Meer & Roborgh 1993, p.84).

<sup>24</sup> The UNDP Human Development Report 1993 (p.69) puts the proportion of local government revenue as a proportion of total government revenue at 6 percent, which is not uncommon to poor countries, but in most industrialised countries it is much higher.

mentioned are embedded in the Pakistani bureaucracy and whether are any traits which are specific to it.

#### *Hofstede's international comparisons*

Sociological studies of bureaucratic and political behaviour in Pakistan are extremely limited in number; recent studies that could meaningfully determine whether and to what extent Pakistani bureaucratic culture differs from that of other countries are almost completely absent. Hofstede's classic international studies of the cultural values of employees of the IBM company in some 40 countries of the world (1980, 1991) give some clues as to the international position of Pakistan in socio-cultural terms. Hofstede studied such cultural traits as power distance, uncertainty avoidance, individualism and masculinity. Power distance relates to the degree of inequality in a society, as manifest from the relation between superiors and subordinates. Uncertainty avoidance relates to the degree of risk avoidance behaviour in society, and the tolerance of ambiguity. Individualism (as opposed to collectivism) is related to the degree of 'looseness' of society. Masculinity, as opposed to the concept of femininity, is associated by Hofstede with the way assertiveness is appreciated in a society, as opposed to modesty.

From Hofstede's findings it is clear that Pakistan is extreme among the countries selected (both Western and non-Western) only in terms of the level of individualism. Pakistan scores lowest in these terms (i.e. highest in terms of collective culture) together with some other developing countries (but not all) in the sample. The value of training opportunities, physical working conditions, and use of skills on the job would be regarded as more important to collectivist societies than goals such as having sufficient personal time, freedom of approach, and challenging work. Pakistan occupies a middle position among nations in terms of power distance, or the perceived hierarchy between bosses and subordinates<sup>25</sup>. Pakistan scores a little above average in terms of uncertainty avoidance in decision-making. The implication for this research would be perhaps less frank and bold reporting of progress with projects than in a society with higher individualism and a lower level of uncertainty avoidance, such as the Netherlands.

#### *Budgetary uncertainty and bureaucratic behaviour*

The notion that culture may have an important effect upon the bureaucratic (and political) style of government has been disputed by some social scientists (cf. Perrow 1986, p.115). Caiden & Wildavsky (1974, pp. xv-xvi) claimed, after a study of planning bureaucracies in some 80 low-income countries (with twelve case studies) of Latin America, Africa and Asia, that they had not found culture to be a significant variable in the explanation of the variety of bureaucracies observed (as neither did political structure). Indeed, these bureaucracies displayed a remarkable degree of similarity in their behaviour. They were all rigid and relatively inefficient. Caiden & Wildavsky claim that it is the prevailing poverty in the country, coupled with a high degree of uncertainty with respect to the size and availability of resources, which has led to inertia, lack of decision-orientedness and red-tapism which can be observed in all Third World bureaucracies alike. Due to lack of budget and extreme uncertainty over resources as well as the number of claims daily made on it, multiple decisions and reconfirmations of decisions are made as to each issue, diffusing in the process

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<sup>25</sup> Hofstede would have expected Pakistan to have a larger level of power distance, and explains the variation on account of possible smallness (read: unrepresentativity) of the sample but possibly also the equalising influence of Islam (*ibid.*, p.129).

any single officer's final responsibility. Such bureaucratic formalisms and autocratic behaviour patterns, Caiden & Wildavsky claim, can also be observed in developed countries, if for one reason or other, administrations are temporarily confronted with extreme budgetary uncertainties. In Pakistan, budgetary as well as political uncertainties may account for at least part of the bureaucratic style.

#### *The social environment of the bureaucracy*

However, Braibanti (in Khan, 1987a) and others, such as Hafeez (1991), Kennedy (1987) and Jalal (1995) do see a relation between the pressures of the social environment surrounding the bureaucrat and politician, and the style of administration. Although this study generally subscribes to the views of Caiden & Wildavsky described above, it is likely that there are some idiosyncrasies of relevance here. Braibanti (*op.cit.*, p.67) claims that : "A clear concept of personal loyalty and impersonal obligation to fixed bureaucratic canons has not permeated society. Loyalty to kin and caste (*biraderi*) is held to a greater virtue than adherence to an abstract impersonal notion of equity." Lindholm (1996) has called attention to the conflictive nature of tribal and clan based societies such as in Pakistan. In his view (and those of other anthropologists such as Grima (1995)), this is connected with the fact that these societies are based on segmentary patrilineal lineages where conflict resolution is problematic. Attention is sometimes also drawn to the prevalence of status-consciousness (as a result of caste society, feudalism and the importance attached to arabic descendence) in large parts of the subcontinent (Hafeez 1991).

#### *The colonial legacy*

Writers such as Hafeez (1991), Sinha (1990), Jalal (1995) and particularly the widely quoted Braibanti (*op. cit.*, pp.100-136) stress the socio-cultural after-effects of a hundred years of colonial rule upon the bureaucracy. First of all, Braibanti noticed irresponsible attitudes from the side of lower reaches of the bureaucracy, originating in his view almost inevitably from the situation of having been long ruled by a colonial power<sup>26</sup>. Secondly, autocratic and paternalistic behaviour was fostered by the fact that British India's system inherited by Pakistan was based on a phase in which high-ranked officials underwent (*and still undergo*) absolute power in the district, as Deputy Commissioners. This is perhaps one of the reasons for the persisting phenomenon, widely condemned in Pakistan, of a large amount of 'discretion' being exercised by top bureaucrats, in contravention of the standard rules and regulations, and thereby bringing a measure of patrimonialism rather than rationality into the bureaucracy<sup>27</sup>. Thirdly, the many contradictions in society have led to very cautious, conservative, aloof and risk averse behaviour by officers representing their society. "In a society so full of intrigue, of tribal animosity, of vengeance, and of incredible *biraderi* pressures for favoritism, the mere posture of familiarity inevitably creates a reputation for partiality which leads to actual partiality" (*ibid.*, p.113). In the absence of serious political power at the local level (through local government bodies or effective non-governmental organisations), the total pressures of the entire social realm are brought to bear upon the

<sup>26</sup> Pressures toward mediocrity, discouragement of initiative and a defeatist attitude in his view also came from peers. Subtle group pressures characteristic of village life were often applied to the bureaucratic group. Braibanti describes this "babu" mentality as often avoiding decision, a tendency to "delight in disagreement with each other" and "to flourish their knowledge of rules only to differ and demolish" (*ibid.* p.117).

<sup>27</sup> The terms patrimonial and rational bureaucracy refer back to Weberian insights. It should perhaps be stressed here that the reliance on discretionary powers is not usually in contradiction with the letter of the rules, which often make allowance for 'exceptional circumstances', but certainly with the spirit of these rules.

single person who represents bureaucratic power in microcosm. Fourthly, the need for political and regional compromises in post-partition Pakistan have led to a need for equal representation of officers in the government from different regions and minorities. This led also to the recruitment of many officers from classes different from those recruited in the British times. These officers came from lower classes, and were unaccustomed to command in the class and caste ridden society of South Asia. Braibanti (*op.cit.*, p.106) observes: "The petty functionary was thrust into positions beyond his remotest expectations, and his inability to muster the psychological and intellectual resources necessary to rise to the challenge was a disturbing factor in morale and bureaucratic efficiency."

#### *Influence from the planning paradigm*

Some elements of conflict within the bureaucracy may be related to the emergence of the rational comprehensive planning paradigm itself rather than to socio-cultural or colonial-administrative factors. The continuing controversy between generalists and specialists in the higher echelons of the bureaucracy, is a well-known example. This is related, in itself, to the structure of the bureaucracy, which has remained centred around administrative functional entities (or cadres) with varying power. The Pakistan Civil Service was the elite generalist cadre until Z.A. Bhutto's time, and was then replaced by the equally elitist cadre of the District Management Group (DMG). Officers of this cadre, often educated in the humanities, are frequently appointed in secretary or higher positions in both federal and provincial departments. They may be shifted after a few years to other positions which are equally outside their qualification or substantive experience. The notion that a man of intellect and wide experience can 'understand the world correctly' in whatever technical field he may be placed, is essentially positivist. The claim by 'technocrats' (such as physicians, engineers and economists), that the senior positions should go to substantive specialists can be related to the rise of the rational comprehensive planning paradigm with its emphasis on scientific specialisms. In this sense, the paradigm meandered from a position where 'man can observe the world correctly, to 'the specialist can observe his field correctly'. In the 1970s and 1980s, technocrats have gradually obtained more opportunities to rise to the top of their departments.

The conflict between generalists and specialists was, however, as much based on the fact that the generalists of (mainly) the DMG were posted by the federal government in provincial departments and only responsible to it<sup>28</sup>. In this sense, the need for central control in Pakistan may have had its own impact on intra-bureaucratic rivalry. In Azad Kashmir, for example, the five senior-most positions in the bureaucracy are all reserved for federal bureaucrats (the Chief Secretary, the Additional Chief Secretary, the Accountant General, the Secretary Finance, and the Inspector General Police). As said, in Pakistan's provinces, most of the Secretary positions in departments are held by members of federal rather than provincial civil services.<sup>29</sup>

<sup>28</sup> Jalal (1990, p. 31) has related the superior position and wide ranging powers of the officers of the Central Superior Services, later the Civil Service Pakistan and again later the DMG to the need for central control which, in her view, at least initially, was much greater than in India.

<sup>29</sup> Some authors have called attention to the effects of the cadre system and the generalist-specialist dichotomy not only on bureaucratic conflict, but also on its orientation towards development in general. Kennedy (1987, p.xviii) opines that the cadre system has retarded the process of administrative reform, and has contributed to administrative inefficiency as it is only marginally related to job performance and encourages politics in bureaucracy. UNDP (1991, p.122-24) thinks that the persistence since the colonial times of multiple cadres functioning in one and the same department has led to excess compartmentalisation, not conducive to a creative atmosphere based on free exchange of ideas. The study also points out that the dominance of the generalist (continued...)

### *The bureaucracy as a conflict ridden universe*

It may be concluded that the Pakistani bureaucracy has developed into a conflict-ridden microcosm of society due to socio-cultural and other factors. As such it has been far removed from the Weberian ideal of an impartial and depersonalised rule-bound machine<sup>30</sup>. This is also evident from the extreme reliance by the bureaucracy on the judiciary to settle administrative conflicts (as documented by Braibanti), which can be called a typically Pakistani phenomenon. The magazine *The Economist* (Jan. 1991) once carried a special survey on the legal practice in the world, where it positioned Pakistan on top of the list of countries with legal professionals per quantity of population: a proportion almost double to the second country on the list: the United States of America. A large proportion of the clientele comes from bureaucrats who are unable to settle their administrative grievances through non-litigious means.

Braiganti (*op. cit.*, p.131) notes, however, that it is perhaps unrealistic to limit the analysis of bureaucratic social environment to the socio-cultural environment or the administrative practices. Transcending all of these determinants was the problem of political instability, changes in ministries, declarations of martial law and other factors which profoundly affected and perhaps even caused the circumstances described above.

### *Implications*

The implications for the subject of this study are that in such an environment, (1) dispassionate planning and implementation is more difficult to carry through and (2) that bureaucratic reporting may be biased by non-rational and personal interest related considerations. Officers would be very concerned with their status and would therefore be less inclined to own up to their possible misjudgments or mistakes they might have made. They might be excessively concerned with promotions based on degrees and seniority, leading to their avoidance of risk prone activities and keeping a low profile. They might, on the other hand, use bureaucratic means to do favours or fight out conflicts related to their kinship, clans or tribal relations; they may also try to do favours for their tribal or clan members. At the lower, clerical, levels of the bureaucracy, bureaucratic reporting may suffer from the low level of education received, which may make clerks insecure and prefer not to write down anything that can be misconstrued or could be the cause of later ridicule. They may be obsessed with rules and regulations and try to avoid all that might lead to controversy. Budgetary and political uncertainties may have led to excessive reliance on formalisms. All of this would affect the honesty, openness, and boldness with which government staff would participate in a monitoring system (interestingly, for the Indian bureaucracy, Mehta (1989) came to similar observations). Of course, the proviso indicated in the beginning of this section, that Pakistan should perhaps not be seen as extreme in terms of power distance and uncertainty avoidance in a worldwide context, should also be kept in mind. The conjectures made are reviewed in more detail in later chapters. What remains to be discussed in this chapter are the idiosyncrasies of the planning and monitoring systems in Pakistan.

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<sup>29</sup>(...continued)

approach to administration has meant that Pakistan has not been able to take full advantage of modern educational developments in specialist administration (such as health administration, engineering management, education management, etc.) (*ibid.*, p.126).

<sup>30</sup> It is not implied here that the German sociologist Max Weber himself favoured the predominance of such a bureaucracy in modern times; rather to the contrary. With a Weberian bureaucracy is only meant a bureaucracy in accordance with the ideal-type as described by Weber.

## 2.6 The budgeting and planning system in Pakistan

As concepts of central planning matured internationally and in Pakistan in the 1950s, the idea that development would be speeded up by specifically targeted government investments gained currency (LaPorte 1983, p.253). By separating the 'non-development' expenditures from the development expenditures, it was assumed that development could be engineered with precision. Since the investments would yield very positive returns, development budgets could be financed from loans, not revenue. From this realisation, it was only a short step to the bifurcation of the government budget into a public investment (or development) budget, and a non-development (or recurrent) budget. The former would finance investment projects of a specific duration into infrastructure, productive and social sectors; the latter would maintain and operate the products created by the investments, and apart from this, finance other permanent activities of the state, defence, and liabilities such as salaries of government staff and interest payments<sup>31</sup>.

Like in many other developing countries, a developmentalist ideology led in practice to a bifurcation of budgets, to different financial/accounting systems, and two different government departments in charge of these budgets (UNDTCD 1991). The Finance department would be concerned with managing the recurrent budget. A newly created Planning Department would be, as a sort of task force on development, concerned with investment policy and management of the development budget. This separation of functions into two departments was not deemed a problem for the required comprehensiveness of planning, since both were assumed to work jointly and dispassionately for the government, which would ensure the necessary supervision and take the decisions in high-level committees.

### *Limitations in practice*

As was postulated in the previous chapter on the basis of findings from organisation science, departments have a tendency to function as organisms and the comprehensiveness that planning was theoretically aiming for, has suffered in practice. Central planning came to be associated with the public investment budget, instead of the entire government budget. Important policies, for instance in education but outside the immediate concerns of education investments, were developed outside the purview of the planning machinery. Some economic policies not related to physical investments, e.g. those on imports or exchange rates, were initiated elsewhere. The planning machinery, which was centred around first a Planning Board in the early 1950s, then upgraded to a Planning Commission, and then a Planning and Development Division from the 1960s onward, never managed to bring the recurrent budget into the fold of central planning<sup>32</sup>. Instead, the Finance Division came to control the management of the development budget at an increasingly detailed level, by gradually imposing conditions upon the release of funds for these projects. Unable to dominate the

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<sup>31</sup> Waterston has noted (1965, p.227): 'The idea of separating capital from current estimates and expenditures in a government capital budget first gained acceptance in some countries during the depression of the 1930s, when governments greatly increased outlays on public works to provide employment.'

<sup>32</sup> This was not unusual in developing countries, as noted by Waterston (1965 p. 230): ... 'experience in some less developed countries has demonstrated that a divided budget may lead to practices which make it especially difficult to coordinate capital and current expenditures. In these countries a capital budget may be prepared by a central planning agency and a current budget by a ministry of finance without coordination.' UNDTCD (1991, p.49) has similarly observed that the frequent split in development and operating budgets has developed into a dichotomy which "erodes coherent and unified budgeting".

Finance Division and dissatisfied with their role on the receiving end, the planners became more and more absorbed in the management of their investment projects, to the detriment of overall economic planning. With the Planning Minister almost completely removed from the daily management of 'his' department, the senior planning officer in Pakistan has the power to approve funds to be spent on development projects with fairly little recourse to political sanctions. At the time of writing this study, the head of the planning department in Pakistan can approve projects up to a size of Rs 100 million (equivalent to US\$ 3 million). Only those projects of a larger size have to be referred to a (national) political body for their individual approval. This appropriation of executive power by the planning agency may have saved it from marginalisation by the Finance Division, but it led to a disengagement of planning (as conducted by planning departments) from overall financial management (as conducted by finance departments). As was argued by UNDP (1991, p.112), the institutional division has also led to a neglect of considerations of impact of development projects on recurring expenses.

Another limitation on the comprehensiveness of rational planning has been Pakistan's federative structure, with a division of tasks and functions between the Federal Government and that of the Provinces. A unitary state would have probably offered better chances for coordinated RCP. Federal ministries and provincial departments are implementing federal and provincial projects with occasional overlaps and only marginally coordinated through the national committee structures and national Five Year Plan preparation. For instance, there is no national (sectoral or intersectoral) Quarterly Review Meeting where federal and provincial projects are reviewed in conjunction.

#### *Organisation of planning*

But before embarking on further evaluation this study shall take a step back and describe the specific planning bodies and their functions in Pakistan in some detail. At the time of writing, these consisted of the Federal Planning and Development Division, Planning and Development Departments in each of the four provinces as well as in Azad Kashmir, and planning cells in some line departments at the federal and provincial levels. The domains of the federation versus those of the provinces are circumscribed by the Constitution: there are federal subjects, such as power generation and national highways, and provincial subjects, such as education (below university level), health and agriculture. This also applies to planning. As it is, the federal Public Sector Development Programme is much larger than the provincial programmes combined; in the 1996-97 budget, federal ministries were allotted 40 percent of the budget, and provincial departments 25 percent; the remainder being allotted to special areas and programmes, and national authorities and corporations.

The P&D Division is formally chaired by the Prime Minister of Pakistan (and not the Minister for Planning and Development), but has a high grade officer for its day-to-day management, the Deputy Chairman. The provincial P&D Departments are usually chaired by Additional Chief Secretaries (ACSs), similarly high ranked officers one step below the provincial Chief Secretary and one step up from the Secretaries of line departments. Generally, the ACSs are in charge of the day-to-day management of the Annual Development Programmes as well as their own departments. Because of their high rank, they can order any department to implement a certain decision as to projects under the Annual Development Programme. Additional Chief Secretaries are aided by Secretaries in the Planning and Development Departments, who control staff working in various sections. In NWFP, for instance, there is a Planning and Development Department with some 20 sections, each headed by a Chief and sometimes an Assistant Chief, and one to three Research Officers. Below these 'gazetted' staff positions, there is support staff. In addition to this, there are

specialised departments under the P&DD, such as the Bureau of Statistics and the Special Development Unit. To give an idea of sizes and workloads: in NWFP, the annual development budget including foreign aid is around Rs 8 billion, which is equivalent to US\$ 250 Million for some 1700 projects; the P&DD technical sections (not counting the attached departments) include some 260 staff, around 75 of which are officers (grade 16+). The federal Planning and Development Division works essentially in the same way. What these planning organisations have in common is that they function as secretariats and technical advice units to decision-making committees, which are either chaired by ministers or, significantly, by the administrative heads of these planning organisations themselves. - This makes them more than just advisory and technical bodies, and invests them with executive (i.e. political) power. The federal Planning and Development Division in Islamabad in addition has the (unofficial) role to control and check the provincial planning departments and their programmes. This is done for instance through the setting of the overall standards, rules and procedures for planning. Control is also exerted through its filter function for provincial projects above Rs 100 Million<sup>33</sup> that have to be approved by the Federal Government, and its hosting of the Annual Plan Coordination Committee, which advises on the size and composition of the overall development budget and its provincial shares.

#### *Functions of planning*

As for the official functions of these planning bodies, those of the federal Planning and Development Division can serve as an example. They are reflected in Box 2.1 below.

When this is studied, it can be observed that the functions are wide-ranging but not always clearly demarcated. Conspicuous features are that the policy formulating role of P&DD versus those of other bodies is not laid down precisely, and that it is not clear what kind of monitoring is to be undertaken. This vagueness is perhaps in the interest of flexibility, but it has led to domain conflicts with other departments throughout the history of planning in Pakistan. It can be also seen that the P&D Division, like its counterparts in the field, has expanded with functions beyond those of planning, in a bid to expand its legitimacy and power base. (As was noted, P&D Departments in the provinces have similarly expanded their base by establishing attached departments such as Bureaus of Statistics, area development departments, and the like.) A last point to be noted is that a principal task often associated with planning in the West, namely spatial planning, does not figure prominently in the Rules of Business. Indeed, town and country planning in Pakistan, and in general in South Asia, has remained a big lacuna, in spite of the fact that most of the public investment undertaken by the development programme has spatial consequences and would benefit from land use / structure plans both at municipal and district levels.

The functions of the provincial Planning and Development Departments are broadly the same as those of the Federal P&D Division. They are to coordinate the Annual Development Budget, coordinate the Five Year Plans for their province, liaise with the Planning & Development Division, scrutinize and often approve proposals for projects (but not write them - this is done by the line departments), coordinate monitoring and the associated review meetings concerning project implementation, and extend advice to the provincial government with respect to economic policies. The latter function usually translates in the collection and maintenance of statistics.

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<sup>33</sup> In these times, when provincial governments are essentially paying for their projects through provincial funding, this arrangement may not survive, leading to another weakening of the P&D Division's central planning role.

**Box 2.1. Functions of the Federal Planning and Development Division, Pakistan**

- i) (a) Preparation of a comprehensive National Plan for the economic and social development of the country;  
(b) Formulation, within the framework of the National Plan, of an annual plan and an annual development programme;  
(c) Recommendations concerning orderly adjustments therein in the light of new needs, better information and changing conditions.
- ii) Monitoring the implementation of all major development projects and programmes; identification of bottlenecks and initiation of timely remedial action.
- iii) Evaluation of on-going and completed projects.
- iv) Review and evaluation of the progress achieved in the implementation of the National Plan.
- v) Identification of regions, sectors and sub-sectors lacking adequate portfolio of projects and taking steps to stimulate preparation of sound projects in those areas.
- vi) Continuous evaluation of the economic situation and coordination of economic policies.
- vii) Organisation of research in various sectors of the economy to improve the database and information as well as to provide analytical studies which will help economic decision making.
- viii) Association with the Economic Affairs Division in matters pertaining to external assistance in individual projects, from the stage prior to preliminary discussion up to the stage of final signing of documents with aid-giving agencies.
- ix) Development of appropriate cost and physical standards for effective technical and economic appraisal of projects.
- x) Coordination of all work pertaining to:
  - (a) Indonesia - Pakistan Economic and Cultural Cooperation (IPECC);
  - (b) Iran -Pakistan Joint Ministerial Commission;
  - (c) Turkish - Pakistan Joint Ministerial Commission.
- xi) National Logistics Cell.
- xii) Administrative control of -
  - (a) Economists and Planners Group;
  - (b) Pakistan Institute of Development Economics; and
  - (c) Overseas Construction Board.

Source: Rules of Business Planning & Development Division (1991, pp.10-11)

The functions of the line departments' planning cells in turn are mainly confined to a supply function to the P&D Departments. They consist of drafting or 'consolidation' of project documents for their departments, and drafting or collation of progress reports for review meetings organized by the concerned P&D Department. Although the departmental planning cells have generally remained under the control of their own Secretaries, the above mentioned cross-functional controls exerted by the ACS have often put these sections in a difficult position.

*Political control*

The planning machinery itself is formally headed by the National Economic Council (NEC) as chaired by the Prime Minister of Pakistan, and which has as its members the federal ministers, provincial Chief Ministers, and the Prime Minister of AJ&K. The NEC approves the annual development plans, the five year plans and the economic policies. The NEC has an Executive Committee (ECNEC) which is chaired by the Federal Minister of Finance. The ECNEC approves individual development projects of a size above Rs 100 Million, whether originating from federal ministries or provincial departments. This political control, in combination with the Finance Minister being in charge of the ECNEC, would seem to guarantee the comprehensiveness of the planning process, but in practice there are drawbacks.

Since the NEC and ECNEC only convene a few times per year, the agenda is always very large and in practice the orientation of the public investment programme is left to the Planning and Development Division and the economic policies to the Finance Division. A few committee meetings cannot generally guide all the proceedings and check the large daily flow of approvals that are taken at the various levels of the bureaucracy.

As can be seen from Figure 2.1 below, the approval fora below the NEC and ECNEC are dominated almost totally by the administration<sup>34</sup>: the Deputy Chairman (a high-level bureaucrat) can approve federal projects upto Rs 100 M in the Central Development Working Party; ACSs upto the same amount for provincial projects in the Provincial Development Working Party. Secretaries can approve projects upto Rs 20 M in a federal ministry, Rs 7.5 M in a provincial department, and Rs 1 M in AJK<sup>35</sup>. What is striking at all these levels is the weak position of the Planning and Development ministers in their departments. They do not chair any of the decision-making committees and do not involve themselves in the actual day-to-day management of the departments assigned to them. Frequently they even have offices far removed from the location of their departments. This situation is perhaps not surprising given the history of precedent and habituation, which has also resulted in administrative rules confining their influence. The lack of political involvement in policy/plan preparation is not restricted to the Planning and Development Department. With the possible one exception of the Finance Minister in Pakistan, all ministers both at federal and provincial levels have a weak grip on their departments. When ministers are concerned with their sectors, it is usually to intervene in their Secretary's prerogative to appoint staff or in the allotment of contracts; much less in the process of policy/plan preparation. (Of course, ministers have advocacy and ceremonial functions as well.)

#### *Rise and fall of the Planning Commission*

Formal arrangements as to the role of the NEC, ECNEC and Federal Planning Commission do not reveal much about their actual powers as coordinators of development in the country. Below, the position of the Federal Planning Commission shall be concentrated upon.

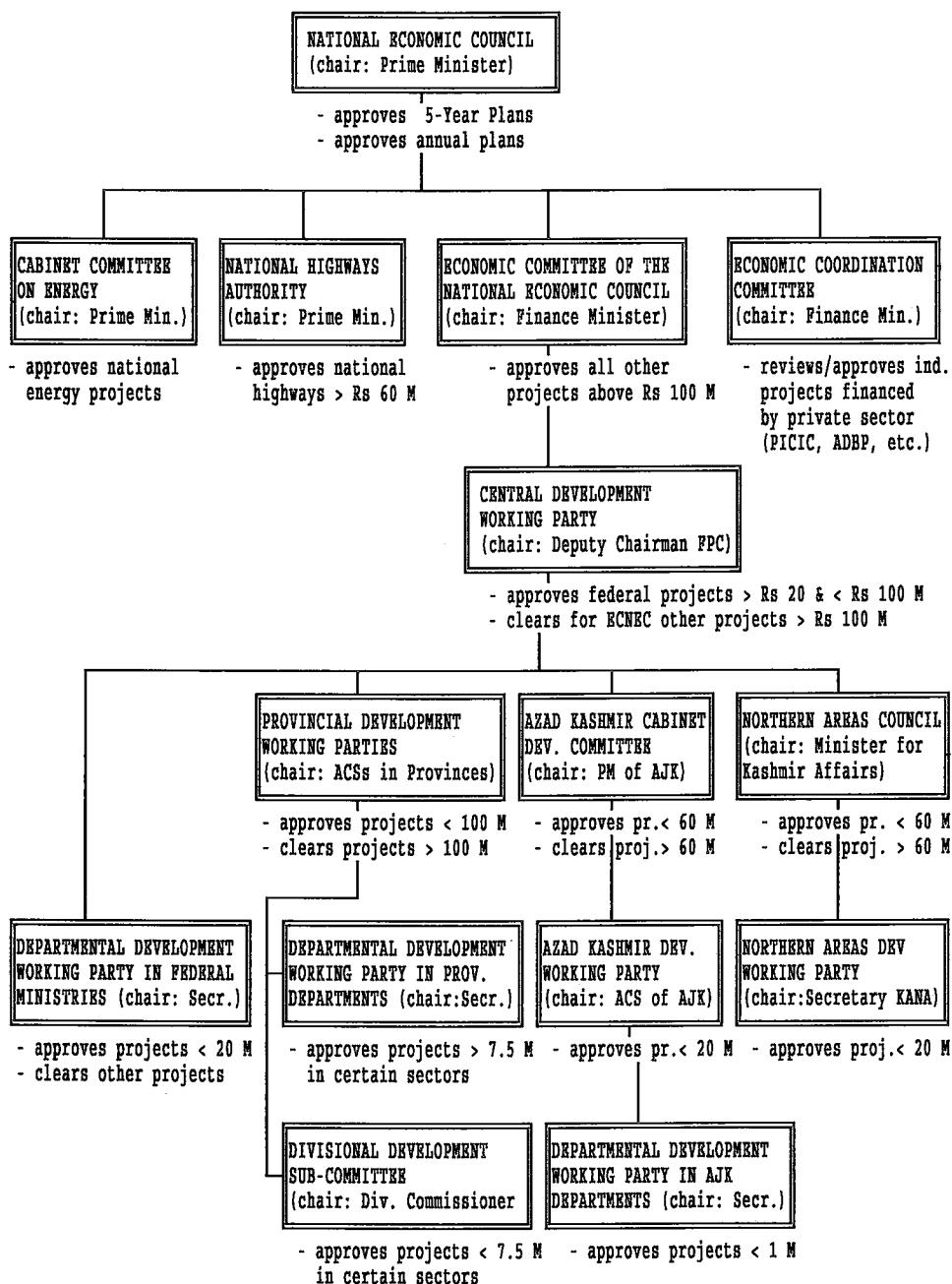
The Planning Commission has had a rise and relative decline in Pakistan's history, commensurate with the rise and decline of the planning paradigm (as described by Waterston (1963), Ahmed & Amjad (1984), and Aslam (1991)). In the 1950s it gradually rose from an isolated and small board largely ignored/resented by the other departments, to a central position in the government. It was President Ayub who, using the slogan of development as the legitimisation for his assumption of power, raised the status of the Planning Commission to a Division in the President's Secretariat. Ayub himself assumed the chairmanship and appointed a Deputy Chairman bureaucrat with the status of Minister for operational management.

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<sup>34</sup> Except for AJK, where there is a Cabinet Development Committee in between the - administrative - Development Working Party and the federal approval fora.

<sup>35</sup> In itself this may be an effect of the British colonial times, when secretaries were British Indian Civil Service officers and ministers were Indian politicians; the former had status often exceeding those of the latter. The special status of secretaries as administrative heads of departments is still to some extent unchanged, in that they continue to have direct access to the president, prime minister or provincial chief ministers, and to governors. Furthermore, secretaries have been assigned financial responsibilities; they are principal accounting officers of their departments. As Braibanti notes (in Khan, 1987), if a minister disagrees with the secretary on a financial issue, it is not the minister's view which is controlling; rather the issue is submitted by the Secretary to the president or governor for orders. Similarly, according to the rules of business, a minister cannot propose an administrative issue; this is the prerogative of the secretary in charge of the administration.

**Figure 2.1 Decision-making structure as to development projects and programmes in Pakistan, 1991**



Note: decision-making committees for FATA and Federal Capital have not been reflected here.

Source: (inter alia) Manual for Development Projects, Federal Planning Commission, 1991

The Ayub 'Decade of Development' is generally regarded as the heyday of national planning. The planning process was institutionalised, provincial planning departments were established and many planning cells were created. All economic committees still in existence to this day were created in those years. The Planning Commission was given representation on all the important economic decision-making organs.

#### *Five Year Plans*

The Second Five Year Plan (1960-65), finalised under Ayub, was a success, also due to the political stability in those years. Economic growth was significant, and Pakistan came to be seen as a model of central planning for all the developing world to follow. Delegations from then poor countries such as South Korea came to learn from it. In the opinion of Myrdal (1968, p.757) in his classic and authoritative study of South and South-east Asia, Pakistan was one of the developing countries most seriously concerned with economic planning (a conclusion shared by Agarwala 1983).

All the subsequent Five Year Plans prepared by the Planning Commission and the provincial departments have had less success, but this has not prevented the administration from continuing to prepare these up to the present day. The Third Plan, although similarly conceived in the Ayub years, faced a much worse time than the Second, due to the influence of the war with India in 1965 and the negative distributional effects of the second plan which was based on the strategy of 'betting on the strong'. It could not be implemented because of societal dissent and the downfall of Ayub in 1968. The Fourth Plan (1970-75), published under the Yahya Khan military government, faced an even worse fate due to the upheaval connected with the war and subsequent secession of Bangladesh, and later the change to the PPP government. Bhutto dismissed not only the plan but also ignored the Planning Commission, whose image had become tarnished due to its close association with the military regimes and the growth philosophy. Planning in the spirit of the Planning Commission was given a new lease of life by Bhutto's Brutus, Zia-ul-Haq, and the Fifth Five Year Plan (1978-83). As Aslam (1991, p.12) stated: "The Planning Commission was dusted off after a fairly long period of relative inactivity". A full time Deputy Chairman was appointed after a lapse of many years and the Commission was expanded as well as given better regional representation. Due to such factors as political unrest, Afghan war and the refugee influx, the oil crisis of 1979, economic recession in the West (1980) and the increase in interest rates (1981), the Fifth Five Year Plan had many problems but still had a "creditable performance" (*ibid.*, p.72).

The Sixth Plan (1983-88), also published in the Zia regime years, was similarly judged a "qualified success" because the economic growth levels were satisfactory (*ibid.*, p.78). In the later 1980s, the Planning Commission was gradually confined to the role of coordinator of the annual development budgets of the federation and its provinces and special areas.

The 7th and now 8th Plan (1988-93; 1993-98) were well written documents but had little influence, first of all, due to the disrupting influence of many changes in governments and interim governments. Secondly, important parts of the development budget were taken out of the purview of the P&D Division. The Nawaz Sharif government (1990-1993) constituted its own committees for highways and power (see Figure 2.1 on page 76), bypassing the Planning Commission which in its view was only delaying the approval of its pet projects. In this way, perhaps some 40 percent of all the development funds came to be channeled outside the purview of the Planning Commission and ECNEC. The main rationale for the 6th, 7th, 8th and the new 9th Plans seems to have become their usefulness for backing up requests

for foreign aid from international donors (Afzal 1992, p.8)<sup>36</sup>. Due to the difficulty at making hard choices and the need for giving due lip service to all sectors with a view to securing foreign aid, the plans stress all things under the sun<sup>37</sup>. The mid-term and final evaluations, also prepared by the Federal Planning Commission, echo these Plans in terms of their excessive detail and little overall assessment.

#### *Declining proportion of the development budget*

The circumstance that the development budget has historically been financed out of internal and external loans and not out of revenue, has recently further weakened the position of planning as a whole. Even the most legitimate investments are being questioned on the grounds that Pakistan's debt position has become untenable (the total external debt is estimated at US\$ 32.2 billion by the *Economist Country Profile 1998, 1st Quarter*). At the same time, planning has lost executive power due to the steadily declining portion of investment in the overall budget. Whereas in the 1970s it still could avail over some 40 percent of the entire government budget (excl. defence), this proportion in the 1990s is no more than around 20-25 percent<sup>38</sup>. This trend is perhaps inevitable, because all investments made have to be maintained on the recurrent side of the budget. But the main reason for the relatively small resources devoted to 'development' is Pakistan's inability to generate internal resources for development. It has an extremely low tax base. Given the inelastic nature of most recurrent expenditures (salaries and debt servicing) and the sacred, undisputed nature of the defence budget, it is the development budget which in the 1990s has borne the brunt of the 'resource crunch'.

#### *Increased power of other players*

Other factors have also contributed to the recent demise of central technocratic planning. Some of them have already been discussed briefly. The award of the NFC by the Nawaz Sharif government in 1991, meant a weakening of central planning, due to the greater resources it allowed the provinces from the federal divisible pool for financing their own development plans. This development is bound to have affected the planning and coordination functions of the NEC and ECNEC, while the other side of the coin is that the provincial planning departments, currently without earmarked development grants or loans from the federal government, have been put more at the mercy of their own short-term oriented finance departments. The combined influence of an increased 'quantum' of public representatives with differing, mainly local, interests has also made the pursuance of central planning more difficult for the bureaucracy in the 1990s. A last important factor has been privatisation of some government functions, and of many parastatals. Projects of the Water and Power Development Authority (WAPDA), the National Highway Authority (NHA) and the Oil and Gas Development Corporation do not pass the filters of the Planning Commission.

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<sup>36</sup> But international donors seem to pay less and less attention to such plans, in comparison to developing countries' compliance with structural adjustment conditionalities, or other concrete policy measures relating to social progress or human rights.

<sup>37</sup> At the provincial levels, Five Year Plans are not published, but drafts with plan statements are submitted to the Federal Government for inclusion in the national Five Year plan.

<sup>38</sup> A trend to smaller investment portions in rising government budgets is perhaps normal. In Western countries, investment budgets constitute generally no more than 5 percent of the overall government budget, although in absolute terms, they are much larger than the investment budget in Pakistan. The World Development Report 1997 (pp. 198-199) reflects an average capital investment proportion of 16.8% of the Pakistan central government budget in 1990-95 (including defence etc.); in the Netherlands it was 4.5% in the same period.

Since these bodies preempt a very sizable part of the government investment budget, it has become more difficult for the Planning Commission to coordinate, let alone set the national priorities in the present power configuration between centre, provinces, assemblies, army and important (semi)privatised authorities.

## 2.7 The monitoring system in Pakistan

In the first chapter it was announced that the analysis on monitoring would be focusing on systems for government development programmes. These systems in Pakistan exist at two levels: the federal level and the provincial level<sup>39</sup>. Monitoring at the federal level deals with the federally planned and implemented projects and, depending on the level of centralism exerted by the particular government in power, also projects planned / implemented by provincial departments. Provincial monitoring deals exclusively with the implementation of provincial projects. The history of federal and provincial monitoring in Pakistan has been described by Khan (1989), Hussain (1989) and Al-Jalaly (1991) and the following review borrows from these sources.

### *Monitoring by the Federal Government*

Project monitoring by the Federal Government has had a checkered history. Before 1958, implementation monitoring was handled by the Ministry of Economic Affairs. As with planning itself in those years, inter-agency conflicts thwarted the project monitoring attempts at central level. In 1958, when the Planning Board was elevated to the status of Planning Commission, it was also given the responsibility for project monitoring in the country. Concomitant with the perception that monitoring was essential to enforce plan implementation, it became the charge of a separate Projects Division right at the top: in President Ayub's Secretariat. A year later, the Projects Division was amalgamated with the Planning Commission. It had two wings, one the Planning Wing, the second the Progress Wing. Each was headed by a Secretary. In 1962, the Progress Wing was abolished, allegedly due to serious resistance and non-cooperation from the executing agencies / line ministries. At the same time, monitoring responsibilities for provincial projects were given to the newly created provincial planning and development departments. The technical sections of the Planning Commission were strengthened to do sectoral reviews for (mainly) the federal projects. The loosely structured sectoral reviews at the federal level take place until this day, as distinct from provincial practices where central quarterly review meetings are held where all sectors are discussed and which are based on proformas.

In 1966, the Project Wing was reintroduced at the P&D Division of the Planning Commission, but now with the focus more on appraisals than monitoring of on-going projects. Thus, it can be concluded that even during the heyday of rational comprehensive planning, when monitoring was stressed as an instrument of central control, it was not able to function effectively. A main reason for this is that the resistance to central planning was not only fostered by provincial governments but also by federal ministries themselves, acting as organisms opposed to what they saw as external attacks.

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<sup>39</sup> It could perhaps be argued that monitoring by the Accountant General should be added here. In the 1980s and 1990s, some headway has been made with performance auditing of major projects; Performance Audit Cells have been created in all provinces and special areas in Pakistan. Still, this is more evaluation than monitoring per se, whereas both the quantum and use of such audits has been so small that in this author's view it does not qualify here for a longer discussion in its own right.

In 1972, under democratic government and disregard for the Planning Division from the side of Bhutto, the RCP ideology still found expression, witness the introduction of an approach that appeared to have been successful in another Asian country under the spell of rational comprehensive planning. A National Development Progress Centre was created on the pattern of the famous Malaysian "Operations Room". It was tried for six years - but then it was abandoned, due to lack of political support and the faded image of the Planning Commission. In 1974, serious attempts were made to computerize the monitoring of large projects. But this attempt went the same way: project executing agencies resisted cooperation while there was also a lack of staff in the Implementation and Progress Section of the Planning Commission. In this time, a number of standard formats for project proposals, feasibility studies, project monitoring, project completion, and evaluation, were developed within the Planning Commission, that have survived until today. They are called, respectively, the PC-I, PC-II, PC-III, PC-IV, and PC-V<sup>40</sup>. In a later chapter some of these forms shall be reviewed in detail.

In 1978, under Zia-ul-Haq, the Implementation and Progress (I&P) Section of the P&D Division under the Ministry of Planning was reactivated and assigned the task of monitoring all projects in the Public Sector Development Programme (1200 during 1978-79). Continuing to heroically assume that all federal ministries would comply obediently and promptly with the requests for progress information, the Section in practice lacked information. In order to justify its existence, it had to focus on field monitoring of a limited number of projects instead. In 1983, still under Zia, the Projects Wing in the P&D Division was again set up with as its most important functions monitoring and evaluation. From then on, it would conduct field visits of 50 to 100 projects per year, mostly federal but also some major provincial projects (i.e. around 2-4 percent of all projects).

With the advent of elected governments in 1988 and in the wake of beginning computer automation, attempts were made again to re-introduce reporting systems covering the progress of all projects in the country. But these attempts were not very successful. Due mainly to the non-compliance by federal and provincial line departments, the aspirations had to be scaled down more and more. While at first all federal and provincial projects were expected to report, later the target was reset to include the federal projects plus the provincial projects of a cost above Rs 50 million. After this had also given dissatisfactory results, only federal projects were requested to complete the forms. Ultimately, only federal projects above Rs 50 million were requested. As mentioned above, central reviews are currently not held anymore; sections in the Planning Commission study the reports and may call specific meetings.

Thus, methodological and organisational problems have beset progress reporting at all times of its history. Whilst this is so, it yet deserves to be mentioned that those evaluations and reviews of projects that were conducted by the FPW have generally been of good quality. In the provinces, such evaluation wings do not exist<sup>41</sup> and therefore, such project evaluations are not prepared (at least not on random basis; in the context of donor practice and pressure, evaluations of foreign aided projects do take place). The relative independence of the Projects Wing within the Planning Division must have contributed to the number and quality of (often mid-term) evaluations. As mentioned, it is a pity that not more of these evaluations are carried out - a consequence of the limited number of senior staff and budget assigned to it<sup>42</sup>.

<sup>40</sup> In fact, the PC-III proforma was in vogue already before this time in a modified form, since 1952.

<sup>41</sup> Except perhaps in the Punjab where there is a Member Evaluation; but project evaluation such as in the FPW has not taken place.

<sup>42</sup> There have been NEC directives to increase the number to 300 per year, but their seriousness can be questioned given the continued lack of funds and staff assigned to the FPW.

### *Monitoring in the Provinces*

At the provincial and state (AJK) levels, the monitoring of project portfolios as a whole has fared somewhat better, in spite of the recurrent complaints expressed by the planners about the quality of the data generated. For the most part of the 1990s, the federal proforma was not used anymore, and a frequently changing format is being issued to line departments, usually at the end of every quarter of the financial year. Different from the experiences by the Federation, most provincial projects do return the forms, and central reviews are held occasionally to discuss the projects under the chairmanship of Chief Ministers (in AJK the Prime Minister). As has been mentioned at the beginning of this study, in a number of provincial Planning and Development Departments (including AJK), foreign aided projects have started to improve the existing monitoring systems in the early 1990s, and to introduce management information systems. As such they can be seen as results from the P&DD's struggle to retain a grip on the planning and implementation process. The attempts by the AJK P&DD and the UNDTCD project in it will be discussed at length in chapters 5 through 7.

Provincial central monitoring of all development projects is still influenced by the rational comprehensive planning paradigm. While the federal government has lost its grip on central planning and monitoring, the provincial planning departments cling to their role of controlling the insubordinate line departments in the process of implementation despite the fact that the power of the P&D Departments (P&DDs) has diminished in recent years. The fact that the central provincial reviews are still being conducted and that the reports for these reviews are still diligently being submitted, is the witness to this. Whether the system also works effectively and efficiently, will be investigated through a case study of Azad Jammu and Kashmir, which starts in the next chapter.

## **2.8 Conclusions**

The administrative system established by the British under colonial rule was, by and large, continued after independence. In response to changed national needs and also in line with international developments, it came under the spell of a rational comprehensive planning paradigm. This paradigm led to the establishment of an elaborate planning system which initially seemed to contribute to satisfactory economic growth levels. However, due to internal unrest at the end of the 'development decade' in the 1960s, an international recession in the 1970s, increasing reliance on remittances from abroad in the 1980s and slowing growth in the 1990s, the relationship between national development planning and national development became more and more difficult to substantiate, and for many controversial. This study claims that the effectiveness of rational comprehensive planning was hampered by a number of disparate factors which have been described in this chapter: extreme societal diversity, primordial kinship loyalties and lack of identification with the nation, a controversial role of religion vis-à-vis the state, constitutional confusion as to the roles of legislative, judiciary and executive, a planning system disassociating development from recurring expenditures, and a swollen bureaucracy not devoid of conflict and organismic behaviour.

Jalal (1995) has provided explanations why Pakistan and India, with a common past and societies went their ostensibly different ways in terms of politics after independence. First, she demystifies the notion that the present countries of India, Bangladesh and Pakistan have gone their separate ways in a real sense of the word: all three countries are in her view reigned by what she calls bureaucratic authoritarianism, in spite of a history of democratic

secularism in India and one of checkered dictatorial and democratic Islamic communalism in both Pakistan and Bangladesh. In all three countries, a rigid centralism was forced upon the different regions and sections of the society, for reasons of national integration (*ibid.*, p.158-9) and efficient management of the national economy. The objective of national integration, paramount especially in the regionally and socially diverse India and in Pakistan even after the secession of Bangladesh, was deemed achievable through imposition of centralist decision-making rather than muddling through the unpredictable process of continuous negotiations with regional governments for democratic accommodation of their interests. Jalal herself (*ibid.*, p.256-7) concludes that centralism itself breeds ethnicism and regionalism and needs to be replaced by a more truly democratic process. For further guidance on this, she cryptically refers back to the past:

"Historically, multiple and shifting social identities in South Asia have found their most comfortable expression in political arrangements based on loosely layered sovereignties. [...] South Asia's historical legacy of layered sovereignties and the prospects of imaginatively fashioning innovative frameworks of decentred democracies capable of reflecting not only the multiple identities of its people but also their unfulfilled socio-economic aspirations holds out a rare glimmer of hope."

Incrementalist governance along provincial and constituency based lines is now paramount in Pakistan, even when the planning machinery is still going through the motions belonging to the era of the rational comprehensive planning ideal. But this incrementalism is not very disjointed, as the re-establishment of democratic government at national and provincial levels did not lead to a strengthening of local and district government. As long as this tier is not strengthened significantly, and some other conditions are fulfilled (an improved legal environment), the effectiveness of planning and monitoring may not be different from that of more technocratic and centralised planning.

The next chapters will focus on the planning and monitoring system in one area of Pakistan: Azad Jammu and Kashmir.

## CHAPTER 3. GOVERNMENT AND THE BUREAUCRACY IN AZAD JAMMU & KASHMIR

The previous chapter has concluded that there are many frictions connected with the pursuance of the rational comprehensive planning ideal. These frictions are a consequence of conceptual weaknesses, but are exacerbated by the fact that the conditions for the success of RCP were particularly difficult to meet in Pakistan. The consequences of an incomplete and perhaps mutilated application of central planning practices have not yet been focused upon. One of the hypotheses of this study is that current planning practices lead to problems with the implementation of the development programme as well as waste of scarce resources.

Validating this for Pakistan as a whole would be an arduous task, and this is not attempted by this study. The relationship can also be established in a smaller area in Pakistan, as long as it constitutes a microcosm of it. The setting of the case study in Azad Jammu and Kashmir (AJK) is based on the circumstance that the writer had an opportunity to obtain detailed information in the course of his employment in a project to improve the planning and monitoring system. Due to AJK's small size but nevertheless full establishment of all the government functions also seen in the Provinces, its case is believed to bring out all the complexities that planning and monitoring have to face even in what appears to be on first sight a simple situation.

The chapter introduces the setting of the case study and focuses subsequently on the question whether the overall conditions in AJK are substantially different from those of Pakistan as a whole. First, a sketch shall be given of the position of AJK within Pakistan, its main socio-economic features, and then an assessment will be made whether the following parameters are conducive to comprehensive planning: (1) AJK's position in Pakistan; (2) its societal context, (3) politics, (4) staffing in the bureaucracy, (5) financial resources and departmental strategies, (6) the organisation of the Planning and Development Department (P&DD), (7) project management capacities and (8) data available for planning. All of these evaluations will point to a negative answer. In the next chapter, the consequences of this finding for planning practice and programme implementation will be elaborated; in three chapters thereafter, those for monitoring.

### 3.1 AJK in Pakistan

AJK's position within the political reality of Pakistan must first be explained<sup>1</sup>. The 'Azad' in Azad Jammu & Kashmir means free, indicative of a proclaimed liberated, independent status<sup>2</sup>. When in 1947 the Partition Plan was implemented, the accession of the many princely states to either India or Pakistan was left at the discretion of their rulers. Although it was expected that those states with a Muslim majority and contiguous with the main Muslim provinces would accede to Pakistan, the head of the biggest princely state, Jammu & Kashmir, chose to join the new state of India. This was much to the consternation of the Government of Pakistan; the state has a Muslim majority population. The Government of

<sup>1</sup> After this statement, AJK will be treated as a separate entity from 'Pakistan', for comparative purposes, and also in accordance with general perceptions inside AJK.

<sup>2</sup> This study uses the name Azad Jammu and Kashmir solely for reason that this is the name accepted by its own (provisional) Government and also in Pakistan; it is not necessarily an endorsement of its political meaning.

India eagerly conceded to the Maharadja's wish, claiming that the State was an integral part of her territory for historical and cultural reasons. The Government of Pakistan, on the other hand, claimed that the spirit of the partition process had been violated.

The conflicting positions led to a short war between India and Pakistan. In the process, some northern areas of the State of Jammu & Kashmir were taken by Pakistan and a western slice seceded and was proclaimed Pakistani territory by a Muslim liberation movement. India kept possession of the Central Valley of Kashmir, the Ladakh and most of the Jammu areas. The United Nations was asked to intervene, and a ceasefire was proclaimed. The two nations agreed that the ceasefire borders then established would be maintained for the time being, pending a permanent resolution of the Kashmir dispute. The State of Jammu & Kashmir would be split up into two parts, a northern and western part under Pakistan, and an eastern and southern part under India. The permanent resolution of the Kashmir conflict would be based on a UN supervised plebiscite to be held within a few years, under which the population of Jammu & Kashmir would be asked their preference as to joining with Pakistan or India. The plebiscite was never held and since 1973 India has claimed that more recent negotiations with Pakistan, concluded after another war in the context of the Indian supported secession of East Pakistan (now Bangladesh), supersede the UN resolution. For India, Kashmir had become a bilateral issue. Since 1990, the 'Kashmir issue' has been making headlines due to a renewed revolt within the Central Valley against the federal government of India<sup>3</sup>.

In the period 1948 until the present time, the dividing line between the Indian and the Pakistani side of Kashmir has changed only slightly, and the Kashmiri territory on the Pakistan side has been split up for practical reasons into the Northern Areas, administered directly by the Pakistan Federation, and what is now called the Azad State of Jammu & Kashmir, obtaining self-government through a Legislative Assembly since the early 1970s. This state receives a major share of its governmental resources from Pakistan as grants, while at the same time having been conferred a formal independence of Pakistan for symbolic and political reasons. 'Pending a permanent resolution of the Kashmir issue', as is the catch phrase (namely accession to either Pakistan or India, on the basis of a plebiscite), it has for instance been given its own president, parliament, prime minister and supreme court.

#### *AJK as case study*

Since this study is therefore concerned with what might, from an extreme viewpoint, be called a somewhat expensive 'project' for Pakistan, some readers may question whether AJK's case is not too exceptional to serve as the decor for a study such as the present one. It is argued here that it does not; many more areas in Pakistan can in fact lay claim to an exceptional status in one respect or other. In fact, AJK's governmental as well as planning system resembles that of a Province to a very high degree<sup>4</sup>. It resembles this more than that of special areas such as the Northern Areas or Tribal Areas or the Federal Capital. The four Provinces in Pakistan, like AJK, have their own elections for a Legislative Assembly dealing with provincial matters. They elect not a Prime Minister but a Chief Minister and a provincial cabinet, and have provincial police and provincial courts. The provinces do not have their own army but neither does AJK. AJK's public sector has the same bureaucratic structure and

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<sup>3</sup> See for one of the better accounts on the Kashmir issue Lamb (1993).

<sup>4</sup> That planning and monitoring practices and problems in AJK were by and large the same as in the Provinces of Pakistan, was confirmed during a series of inter-provincial workshops with representatives of all planning departments in Pakistan, the findings of which have been laid down in two workshop reports (UNDP/DTCD 1991, 1993).

follows, with minor deviations, the same civil service rules and regulations as apply in the Federation and the Provinces. Like the Provinces, AJK also derives most of its resources from the Federation. Like in the Provinces, therefore, and in spite of the nominal independence, the influence of the Federal Government of Pakistan over AJK's internal matters is massive, and successive AJK Governments have been wise enough to always pledge their total allegiance to Pakistan. It is the conviction of this author, based also on his experiences in other areas in Pakistan, that the conclusions of this study would not be different if a provincial administration had been taken as a case study.

### 3.2 Introduction to AJK

The Azad State of Jammu and Kashmir is, within the context of Pakistan, a small slice of mostly mountainous area. With 13,297 km<sup>2</sup> it is in size comparable to Northern Ireland in Europe or Lebanon in the Middle East. Situated along the border with India, and to the east of Islamabad, it stretches for some 300 km in a band of around 50 km width from the mountain Nanga Parbat in the north, to a distance of around 150 km from the city of Lahore in the south. For the most part, high mountain ranges and wild rivers form the borders with India as well as Pakistan. When the map of AJK is studied (see next page), it becomes more understandable why the unofficial seat of the AJK government is Pakistan's capital Islamabad: although outside the territory of AJK, it is more central than the state's official seat of government Muzaffarabad<sup>5</sup>. Internal road links within the state are less developed than links going around the rugged area. In all, the area is small enough for experienced officers to be familiar with in its entirety, but communications are nevertheless difficult. A drive from north to south easily takes two days.

#### *Government system*

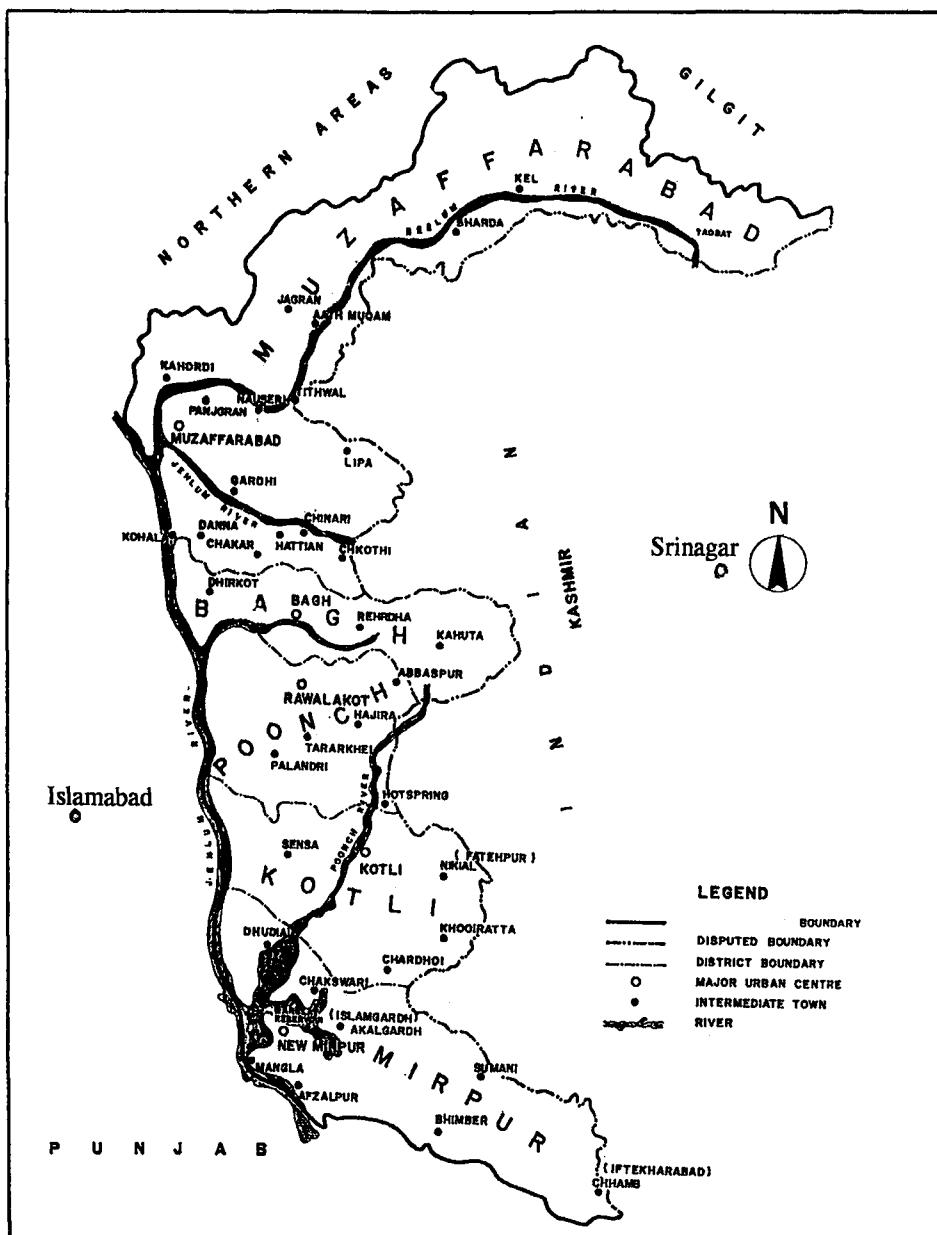
The government system of AJK has the same features as in the Provinces of Pakistan. It is layered into two main levels: a state Government with a Legislative Assembly, and a local government, consisting of district councils and local councils. The Legislature consists of 48 members, 28 of which are elected from constituencies inside the territory of AJK, 12 from 'refugee' constituencies in Pakistan, and a further eight are indirectly elected: five women, two 'technocrats' and one to represent Kashmiris settled outside Pakistan. From the Legislative Assembly a Cabinet of Ministers is constituted, selected by the Prime Minister. In 1990-91, there were 15 Ministers. The cabinet is formally heading some 34 subordinate departments and agencies, which can be grouped into financial/budgetary, political/administrative, and public service delivery organisations. The latter can be on the one hand further subdivided into those financed entirely by the recurrent budget, and those which derive funds from the development budget as well. On the other hand, a subdivision can be made into departments which are only functioning at the central level, like Services and General Administration department, and those (mainly the public service delivery departments) which have field formations in various tiers, such as divisions (or circles), districts, cities, and even villages. The large variety of departments and agencies even in a small state such as AJK can be observed in Figure 3.1 on page 87. It can be observed that

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<sup>5</sup> It is of course also more posh, provides government officers with allowances for travel and daily subsistence, and lastly, it is nearer to the corridors of real power.

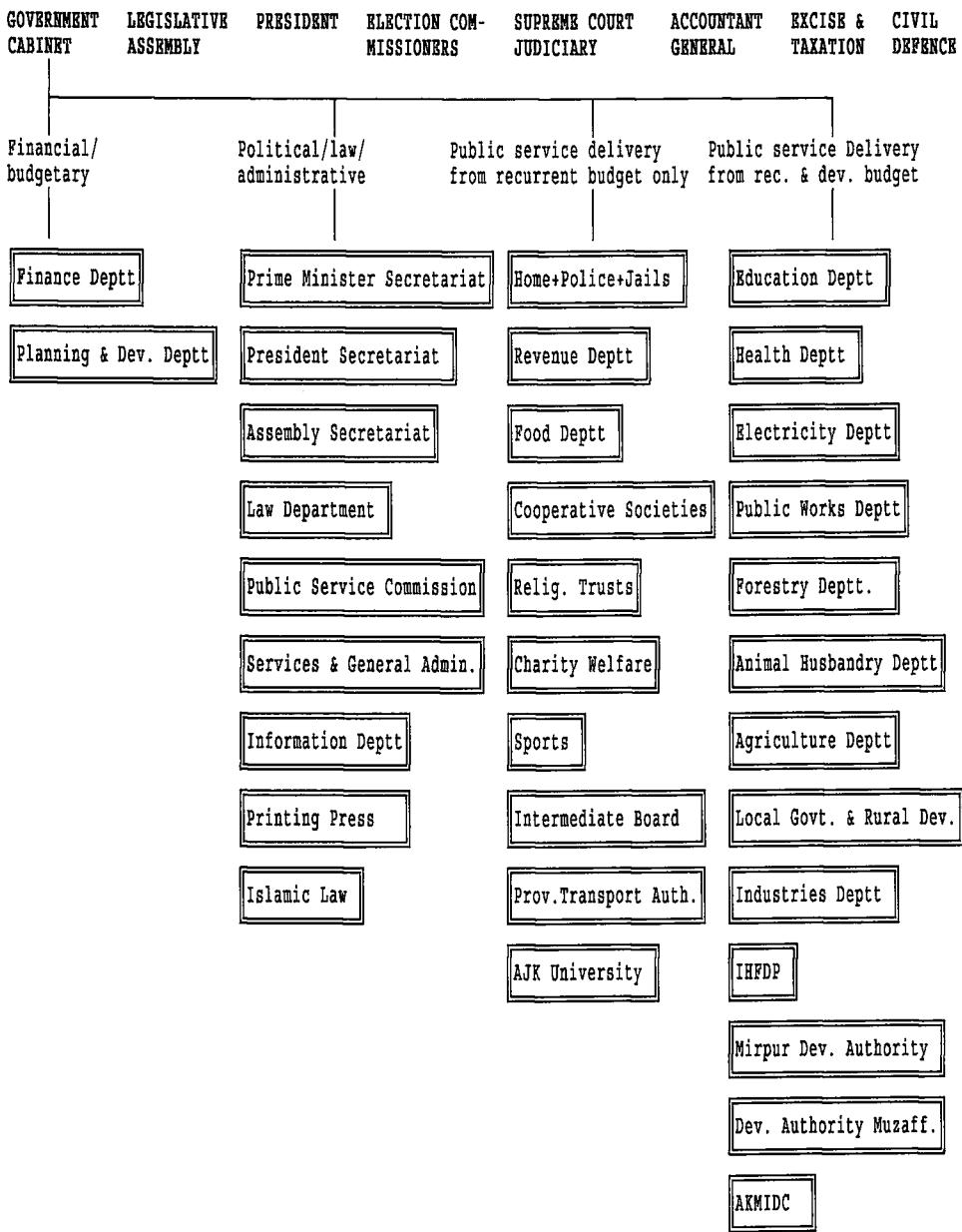
next to executive and legislative levels, there are also the formally independent institutions of the President, and the court system, and some institutions with basic allegiance to the Federal Government, although paid by the AJK budget.

Map 3.1 Azad Jammu and Kashmir, with districts in 1991, locations, and rivers



Source: Shelter for Low Income Communities Project, 1991

**Figure 3.1 Structure of public institutions within Azad Kashmir, 1991**



At the local government level, there were in AJK 180 Union Councils (having 1854 members), 14 Town Committees (having 76 members), 2 Municipal Corporations (having 61 members) and 5 District Councils (having 195 members) in 1990. The five districts were, from north to south, Muzaffarabad, Bagh, Poonch, Kotli, and Mirpur District.

### *Basic features*

Agriculture is the mainstay of the populace. 78 percent of all households in AJK has a foot in crop or animal husbandry (it is only 32 percent in Pakistan). Due to the very mountainous terrain, one seventh of the area is unusable even for grazing or forest purposes. Agricultural holdings are small, averaging 1.4 hectares per farm, half of which can be cultivated. Population density is high considering the broken terrain: it averaged around 200 persons per square kilometer in 1992 (the total population being over 2.5 million). Most of the population lives in farmsteads on their land and the number of nucleated villages is small; towns are almost absent, apart from Muzaffarabad and Mirpur (both had a population of around 60,000). Contrary to much of Pakistan, 'feudalism' is almost absent from the state, and land ownership is not seriously skewed. Ethnic conflict is virtually absent; the population is ethnically fairly homogeneous, with only a small number of Kashmiris of Central Valley origin and a majority of Punjabis and Hazaras (a cultural mix between Punjabis and Pathans). The *biraderi* phenomenon is, however, very much in evidence in AJK.

The rainfall is high in AJK - with some 1400 mm annually twice as much as in a country like Holland and this allows rainfed farming in many areas in spite of poor hill soils. Most of the fields are terraced and stonewalled and even in the less elevated Mirpur district the fields are always surrounded by earth bunds. In spite of this indication of high pressure on the land, agriculture is mostly practiced for subsistence purposes, and the average yield of maize and wheat is below one tonne per hectare. Even paddies by the river sides do not yield more than around 1500 kg/hectare. With 0.7 hectare cultivated area per farm this would then imply that most households would be just able to subsist on their own produce as far as cereals concerned. Since most families would also own a couple of buffaloes for milk and a few other ruminants for meat, the economy of AJK can be typified as based in subsistence agriculture. Depicted by some as a heaven on earth partly for this reason (the area's lush beauty being another), the reality is much harsher, and a big constraint is a population growth estimated at some 2.7 percent annually. This causes heavy pressure on agriculture as well as the overall economy, environment, infrastructure, and government services. Alternative employment has always been scarce; due to the absence of growth poles in the state (except perhaps Mirpur), part of the population has outmigrated or is commuting to Pakistan. AJK and particularly Mirpur district is in fact well known for its recourse to migration to the UK, US and the Gulf states. Remittances from there have supported many families and this is visible in the good housing conditions among a sizable subsection of the population. The large number of tiny shops and repair workshops strewn around the countryside is perhaps another indicator of at least some investment capital being available. Other investment opportunities are however very scarce, witness the absence of handicraft and industry and other business, perhaps mainly due to the inaccessibility of the area in spite of its proximity to the densely populated plains of the Punjab. Hidden in most statistics is that one twelfth of the labour force is employed by the state, and that they are employed under by far the best conditions

around<sup>6</sup>. As an employer, the Government is hugely important to the lives of the population partly for this reason. It also provides contracts for construction to local contractors, who employ local workers. Other reasons are the schooling facilities that it provides, and the roads and bridges it constructs/repairs for the scattered and inaccessible population.

Non-governmental organisations at a level beyond that of the village are conspicuous by their absence. AJK does not harbour large organisations focusing on service delivery and productive activities such as the Aga Khan Rural Support Programme in the Northern Areas or the Sarhad Rural Development Corporation in NWFP. small community-based organisations in social service delivery are in evidence in a few places, but the significance attached to these, for instance in a study by the Ministry of Local Government *et al.* (1994) in the context of water supply, is exaggerated. They do not go beyond some private schools and local health clinics, and a handful productive or training-oriented activities.

### *Main problems*

Some main socio-economic problems of the state as seen by this author are population pressure, weak base and low diversification of the economy, little business and industrial expansion, low average income (between Rs 5000 and 8000 annually *per capita* (US\$ 250-400)), low literacy rate (estimated at 43 percent in 1992) although somewhat higher than in Pakistan, poor health services, poor infrastructure and accessibility, and poorly developed alternatives to public sector service delivery.

### **3.3 AJK's political history**

AJK has broadly followed political developments in Pakistan as well as its changes in administrative structure<sup>7</sup> and it is argued here that this has not contributed to the political stability required for rational comprehensive planning.

#### *AJK Government and the Federation*

In the 1950s, AJK as a constitutional 'local authority' fell under the (federal) Ministry of Kashmir Affairs, and the Federal Government was authorised to nominate a President and Council of Ministers in AJK. This presented a good starting position for unfettered top-down planning, but in the early 1960s, the system was changed. Under the Basic Democracies system introduced by President Ayub, a president was to be elected through the votes of 'basic democrats' (local councillors representing villages). In addition, a new body was created with which the President was to share power: the Azad Jammu and Kashmir Council (in majority also elected by these basic democrats). This change was not allowed to settle, because after 1964, several amendments in the size and composition of the AJK Council were promulgated, reducing the democratic content of the Government in AJK. For instance, first, a Chairman was to be nominated from among the Council members by the federal Ministry

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<sup>6</sup> This is estimated on the following basis. With a labour force in Pakistan averaging 27 percent of the total population according to census figures of 1981, a similar proportion in AJK would lead to an estimated labour force size of 675,000 people in 1990 (male & female). The AJK government employed around 55000 in the same year: 8 percent of the labour force. By comparison: in Western Europe, the figures vary between 11 percent in Luxembourg and 31 percent in Denmark; in Holland it is 15 percent and in the UK 19 (Van Deth & Vis 1995, p.223). The figure of 8 percent in AJK is an underestimate, however, of the real importance of this employment when compared to the employment alternatives available locally.

<sup>7</sup> For a - brief - account see Gilani (1988).

of Kashmir Affairs, and had to act as *ex-officio* President. In 1968, however, the Chairman was to be elected by the Councillors of the AJK Council themselves, from amongst its members.

Developments in Pakistan, notably the resignation of President Ayub, soon overshadowed the significance of these amendments. They led to the induction of an AJK caretaker government into office. Until 1970, the federal Ministry of Kashmir Affairs, in the person of a Chief Advisor, occupied the central position in the AJK government. Reflecting upon this period in AJK's history, Chief Justice Raja Muhammad Khurshid Khan once made the comment: "It is sad that at times [AJK], which provides a formidable defence line for Pakistan, saw constitutional crises unheard of. The constitutional documents in those days came like water and went like wind" (in Gilani 1988, p.i).

In 1970, following again developments in Pakistan, a new AJK Government Act with amendments in 1971 abandoned the Basic Democracies model of elections, and introduced a Legislative Assembly and President in AJK based on adult franchise along the lines of a constituency-based first-past-the-post plurality election system. After the promulgation of the Pakistan Constitution of 1973 by the PPP led Government of Z.A. Bhutto, a new Constitution in AJK in 1974 introduced again serious changes in the AJK Government system. Broadly speaking, a transfer was made from a presidential to a parliamentary system. The role of the Ministry of Kashmir Affairs was greatly reduced. A Prime Minister was introduced in the Government as a Chief Executive, and the President was largely reduced to a figurehead. Elections were held and led to the first directly elected Government in AJK. However, a measure of leverage by the federal government was ensured by the reinstatement of the AJK Council which was superimposed on the Government, and chaired by the Prime Minister of Pakistan (the most important other members being the President and Prime Ministers of AJK).

Amendments introduced after the assumption of power in Pakistan by General Zia led to further confusion over the interpretation of the AJK Constitution of 1974 and whether it should be regarded as sovereign. Legal expert Gilani (*op.cit.*, p.x) has opined that its 'true spirit' is that the Government of AJK should be held supreme. That it was not, was proved by President Zia-ul-Haq who dissolved the AJK Government at the end of the 1970s and appointed his own man General Hayat as head of a new Government. Hayat was assisted by a kitchen cabinet of political advisors and the old autocratic and bureaucratic style of governance was resumed. Hayat's tenure came to an end in 1988, when the democratic process in Pakistan was recommenced and elections were also held in AJK.

Since then, there have been four single party governments in AJK, alternating between the AJK People's Party (an offshoot of the Pakistan People's Party) and the Muslim Conference (originally affiliated with the Pakistan Muslim League): from 1988 to 1990 the Muslim Conference, headed by Sardar Qajjum; from 1990 to 1991 the AJK PP, headed by PM Mumtaz Hussain Rathore; from 1991 to 1994 the MC, headed again by Sardar Qajjum; and from 1994 to the present, the AJK PP, but now headed by Barrister Sultan. The two main political parties differ preciously little in terms of issues. As Chidder (1995) has concluded for India, and as would be also applicable to AJK and Pakistan, the main bone of contention between the two is access to the state's resources for their respective *biraderis* to the exclusion of others. The *biraderi* divisions at the local level have contributed to a politics excessively oriented towards short-term material benefits, government employment for the jobless, higher salaries and promotion / transfer prospects for government employees,

government contracts for local contractors, and distribution of public facilities and services for favoured villages<sup>8</sup>.

Because of the larger number of public representatives which are around in the present times, the influence of 'politics' on government and administration has increased greatly. This can in principle be viewed as positive, given the benefits derived from greater participation by major societal interest groups in public sector decision-making. But the exact roles of this body politic vis-à-vis the administration are not delineated unambiguously. The legal environment also poses question marks. For the benefits of disjointed incremental planning to exceed those of long-term oriented national development planning, more conditions need to be fulfilled.

Moreover, AJK's dependence on the Federation remains of paramount importance to its politics; one of the four governments, that of Rathore in 1991, was even dismissed by the Federal Government. There are many avenues open to the Federation to influence the AJK Government. The purse strings are an important avenue, as well as the formal influence through the Kashmir Council, which is chaired by the Pakistan Prime Minister. Even opportunism by the AJK population helps the Federal Government. When the PPP is in power in Islamabad, the balance in the AJK polls is usually heavily tilted towards the AJK PP. When the Muslim League reigns, then its allied AJK Muslim Conference is likely to win the elections. The electorate in AJK expects a bonus by voting its allied party in AJK to power. (The expectation is usually realistic: with friends in Islamabad, the government will benefit.) Another factor may be less to do with opportunism of the AJK electorate. By some strange coincidence (but attributed by defeated parties to electoral rigging) a considerable portion of the 12 seats in AJK's Legislative Assembly, to be elected from 'refugee constituencies' in Pakistan, usually go to the party affiliated with the governing party in Islamabad<sup>9</sup>.

All these factors give AJK's politics as well as its budget a measure of uncertainty which is bound to have consequences for the stability of its planning environment.

#### *Local Government in AJK*

The state of local government in AJK has been less sorry in the 1990s than in most parts of Pakistan: dissolutions have not occurred in recent times. However, after the four-year term of the local bodies expired in 1994, nominated administrators have taken over, and new elections were not held until the time of completion of this study. The effectiveness of local administration has remained limited also because the revenue raised by this tier is very low. It amounts to only 2-3 percent of the overall resources used; in Pakistan this was around 5 percent; a figure influenced by the greater urbanisation and greater financial powers of urban councils in Pakistan. AJK's largely rural nature is reflected in the predominance of its Union Councils which have less financial and administrative powers than the Town and Municipal Committees. Resources transferred by the state government to this tier have been similarly paltry, amounting to perhaps 3 percent.

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<sup>8</sup> It may be argued that the phenomenon of the biraderi is to a large extent a consequence of naturally evolving strategies to break up society in smaller political segments in order to increase these segments' chances of access to a sizable quantum of government patronage in the context of extreme resource scarcity. As was also argued for Swati tribal societies by Lindholm (1995), the allegiance of the biraderis to one party or the other is by no means a historically stable phenomenon. It may change overnight with the political winds of the time.

<sup>9</sup> The AJK PP accused the Nawaz Sharif Government in 1991 of manipulating the AJK elections in Pakistan to deliver all 12 seats to the Muslim Conference. More recently, the Muslim Conference accused the PPP Government of delivering 10 of the 12 seats to the AJK PP.

### 3.4 Staffing in the bureaucracy of AJK

Next to a task-oriented structure and development-oriented mentality of the bureaucracy, its technical competence is a pre-condition for the success of rational planning. About the first two factors much has been already said in the previous chapter - the conclusion being that the administrative structure has not changed much since British colonial times (in spite of enormous expansion) and that 'development' has to share priority with other disparate concerns such as defence, organisational interests, and public sector job creation. About the staffing situation in the bureaucracy in AJK the following can be said. When the diversity of government departments is taken into account, and the numbers of staff employed in each of them (see Table 3.1), the bureaucracy certainly seems sizable enough to discharge her duties. In fact, the ratio of budget to staff is only around Rs 60,000 per employee, and this figure includes salary (on average Rs 30,000 annually)<sup>10</sup>. One would expect that with such a luxurious staffing position, prudent management of the resources would be facilitated. However, in some departments, there seem to be too many (support) staff around<sup>11</sup>, whereas their salaries preempt scarce resources needed for investment as well as operation & maintenance expenditure.

#### *Grades and qualifications of government staff*

The positive effect that a luxurious staffing position may exert on public sector performance is mitigated by the predominance of staff with low qualifications. The number of officers in grade 17 and above - staff in possession of post-graduate degrees (MAs, MScs, etc.) - is only 6.1 percent. In a Western country such as The Netherlands around 11 percent in the central government have such degrees; another 14 percent has had other forms of higher education equivalent to graduate degrees (Van der Meer & Roborgh 1993, p.323). An important department such as Food Department in AJK, which purchases and distributes in bulk staple food items such as wheat, cooking oil and sugar, is managed by only five officers of grade 17 and higher. Similarly, the Finance Department is run by only 21 officers; Planning and Development Department by only 13.

At the other side of the pay scale system, around *one third* of all government employees is in grades 1 to 4, and can boast only primary and occasionally middle school education (in the Netherlands this is 15 percent (*ibid.*, p.323)). Such staff usually occupies positions like *peons* (messengers, office servants), cleaners, guards of buildings and forests, and drivers. They may smoothen the functioning of the administration, but have little effect on public service delivery. The usefulness of peons has gone down in recent years, due to the wide spread of the telephone, computer and fax in government offices. When organisations such as World Bank and IMF are promoting structural adjustment programmes and rationalisation of staff, it is usually this category which is deemed of excessive proportions.

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<sup>10</sup> By comparison, in the Netherlands, the budget was Dfl 226,997 Million (Miljoenennota 1998 p.252), whereas the number of government employees was 718,953 in the same year (Van Deth & Vis 1995, p.222); the ratio budget to staff being Dfl 316000; 50 times as much as in AJK (Dfl = Rs 20).

<sup>11</sup> Turner & Hulme (1997, p.119) give the example of the Management Services Division in Pakistan which in 1990 undertook a 'scientific analysis' of workloads in 33 of the 43 divisions of the federal government. Out of a total of 14400 posts at the Secretariat level, 1294 (9 percent) were found to be surplus. The Pakistan Academy of Rural Development undertook a study of time utilisation in federal and NWFP government offices and concluded (Waheed et al. 1996, p.119) that officers waste 40 percent of their time. But the methodology used is questionable.

Table 3.1 Sanctioned posts by Basic Pay Scale groups and AJK departments in 1990.

Departments	Total	BPS 1-4	BPS 5-15	BPS 16	BPS 17+
Azad Kashmir	55015	18121	29424	4091	3379
Percentage of total	100.00%	32.94%	53.48%	7.44%	6.14%
1 Education	29259	3773	20056	3684	1746
2 Health	4598	2342	1836	25	395
3 Home incl. Police & Jails	4473	3838	587	2	46
4 Electricity	2827	1550	1205	11	61
5 Public Works Department	2198	1236	855	17	90
6 Forestry	1967	1212	621	57	77
7 Animal Husbandry	1144	470	585	3	86
8 Agriculture	1135	672	390	1	72
9 University Azad Kashmir	900	295	285	28	292
10 Industries	830	378	399	31	22
11 Revenue	661	340	254	31	36
12 Int. Hill Farming Dev. Pr.	603	290	249	11	53
13 Local Govt. & Rural Dev.	602	139	410	4	49
14 Judiciary	492	228	178	17	69
15 Accountant General	372	57	267	25	23
16 Food	371	196	158	12	5
17 <i>Augaf</i> (religious trusts)	328	183	121	8	16
18 Excise & Taxation	253	133	103	5	12
19 <i>Zakat &amp; Ushar</i> (charity welfare)	213	96	98	13	6
20 Intermediate Board	162	43	98	8	13
21 Mirpur Development Auth.	159	67	76	5	11
22 Co-operative Societies	151	41	99	3	8
23 Services & General Admin.	145	52	55	11	27
24 Assembly Secretariat	129	67	33	13	16
25 Printing Press	110	53	55	1	1
26 Finance	102	29	46	6	21
27 AKMIDC	93	44	30	2	17
28 Prime Minister Secretariat	89	36	32	11	10
29 Islamic Law	87	33	31	1	22
30 President Secretariat	87	43	28	5	11
31 <i>Planning and Development</i>	75	25	30	7	13
32 Information	64	24	27	3	10
33 Civil Defence	62	24	30	6	2
34 Dev. Authority Muzaff.	59	26	23	1	9
35 Supreme Court	51	24	11	4	12
36 Law	36	14	12	2	8
37 Election Commissioners (2)	43	16	21	1	5
38 Service Tribunal	23	8	6	6	3
39 Prov. Transport Authority	22	7	12	3	0
40 Public Service Commission	22	8	9	3	2
41 Sports	18	9	3	4	2

SOURCE:-Departments of Azad Jammu and Kashmir; AJK Statistical Yearbook 1990.

In the middle range of the pay scale system are such essential service delivery occupations as primary school teachers (in grade 5 and 7), secretaries to local councils (grade 5), paramedics (in grade 11), linesmen (grade 5) and policemen (grade 5). As can be witnessed from Table 3.1, Education Department alone employs more than half of all government employees, mainly as teachers and guards of schools.

#### *Incentive structure*

Of importance to the functioning of the bureaucracy is also the incentive structure - salaries, emoluments, pensions and general working conditions. The basic salary (1st step) of a senior most officer such as a Chief Secretary was Rs 10900 (or US\$ 350) a month in early 1996; that of a beginning peon Rs 1245 (or US\$ 40). Although allowances and emoluments do add perhaps 40 percent to these salaries, they are very low by Western standards. What is more, the salaries have gone down since 1972 in real terms for almost all grades above grade 3, as can be seen from Figure 3.2. For instance, a beginning grade 17 officer earning Rs 3880 in 1996 would have earned Rs 5810 in 1972 in constant terms (i.e. 50 percent more). For a more senior officer, the decrease in value of salary is much worse. The newspaper *The News* (March 31 1996) suggested this might be one cause for some of them resorting to corrupt practices. It may also be a reason for lack of morale.

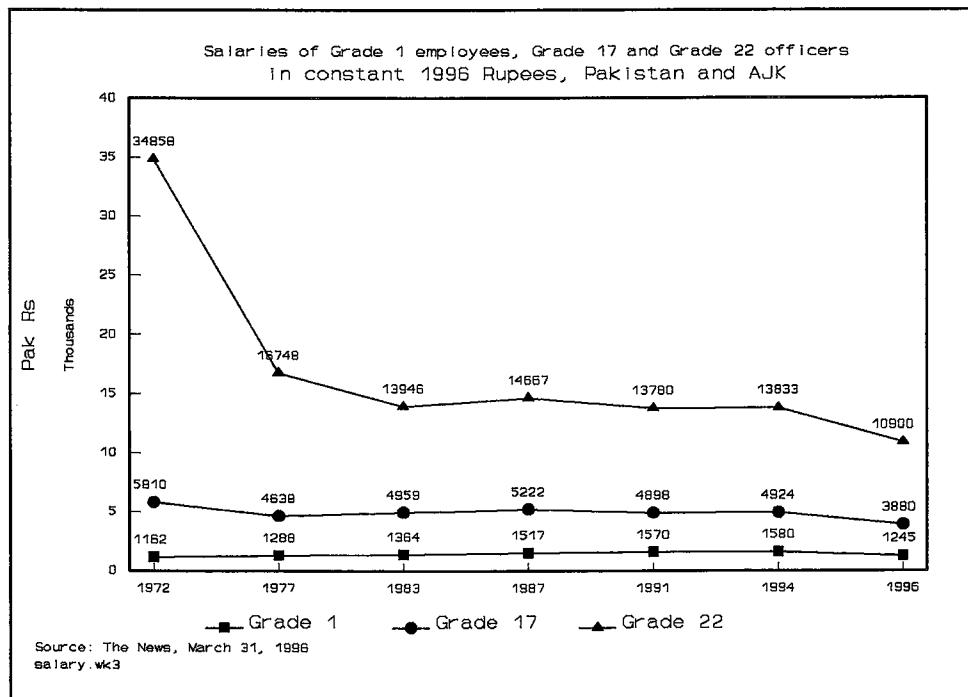


Figure 3.2

Government officers on the permanent payroll are entitled to build up pensions in the course of their service, but these have also declined in real terms. Other work conditions have probably gone up on balance for the officer staff. Many more officers than before now have

access to a government vehicle and use this also for private purposes. Gradually, some of their offices are being equipped with computers, photocopiers and faxes. This is in contrast with the lower staff; their work conditions have gone down. They are feeling the resource crunch by diminishing allocations for the purchase of the necessary stationery, the maintenance and cleaning of their offices or the payment of telephone, gas and electricity bills.

#### *Efficiency and competence of the bureaucracy*

The efficiency of any bureaucracy is difficult to measure, and should not be equated with the competence of the staff running it. Inefficiency and red tape can be, and are, the result of many factors surrounding a bureaucracy, most of which have already been indicated. Few studies are available addressing the quality of the various government employee cadres. The subjective but overwhelming impression is the wide divergence between senior and medium/lower cadres. The senior level administrators are generally viewed as competent and highly trained (cf Braibanti in Khan 1987, p.viii); at the medium and lower levels there is much more incompetence<sup>12</sup>. This lack of quality at the 'work floor level' is caused by Pakistan and AJK's educational system which pays insufficient attention to vocational and technical education, and is perpetuated by the absence of good in-service training for the lower grades (cf UNDP 1991, ch.6; National Manpower Commission 1991, ch. 9; 8th Five Year Plan 1994, p.313-15).

Furthermore, many observers report that the general competence of the newly appointed officers seems to diminish rather than improve with time; the competence of the younger generation is perceived to be lower than that of the older generation. This was also confirmed by the observations of the writer of this study. While conducting a study of the dossiers of over a hundred projects, it was observed that the older dossiers, originating in the 1970s, contained better written documents than the later files. The difference was distinct. The reason probably has to do with the developments in the educational system. While the overall coverage of educational facilities is expanding and basic literacy rates are improving slowly, it is widely observed that the quality of primary, secondary and tertiary education has gone down, particularly in the later 1980s and 1990s (National Manpower Commission 1991, p.ix; UNDP 1991, ch. 4.3)<sup>13</sup>. Such features as teacher absenteeism, lack of educational materials, obsolete methods and materials, rote learning, widespread cheating on exams and buying of degrees are frequently reported on in the press, and have given rise to special donor supported programmes such as the Social Action Programme and the Primary Education Programme. Most Western universities are now equating a Masters Degree from a university in Pakistan with, at most, a Bachelors Degree in Europe or the USA<sup>14</sup>. One more result is that disparities in the quality of newly recruited officer staff are widening. At the grade 17 level, which is the entry level of master degree holders, one can nowadays find both excellent

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<sup>12</sup> Henderson (1992) opined that the technical competence of engineers in AJK left to be desired; in his view they needed to refresh/update their knowledge.

<sup>13</sup> This is corroborated by field surveys of primary schools through the Social Action Programme Project, funded by amongst others the World Bank and the Netherlands Government.

<sup>14</sup> In the Netherlands, for instance, the Netherlands Universities Foundation For International Cooperation equates a Pakistani MSc degree generally with two years of university; a Bachelors degree usually with a (six year) secondary school diploma (Preparatory Academic Schooling). In some cases, such as with engineering studies, the situation may be slightly different; an Msc would then be equated with three years of university in the Netherlands.

and very mediocre officers side by side. The excellent officers usually have either been to one of the top primary and secondary schools in the countries, or have gained a foreign degree<sup>15</sup>.

### ***Politicisation***

Another important factor which is widely mentioned as having lowered the quality of officer staff, is the politicisation of the recruitment process. This development began in the era of Z.A. Bhutto in the 1970s, who introduced the notorious lateral recruitment system (Kennedy 1987). This allowed direct recruitment from outside the bureaucracy to administrative positions which normally would be available only to government servants through promotions. In the times of Bhutto, however, the effects were rather limited due to the small number of government staff which was allowed to make use of it. In the present era of elected governments, which started at the end of the 1980s, the phenomenon of lateral recruitments has resurfaced and assumed much larger proportions. Many government posts are now believed to be snatched by ruling parties to favour party workers and sons of important *biraderi* members. The Public Service Commissions are either bypassed, or have themselves been politicised by the appointment of subservient chairmen. In AJK, when the Muslim Conference came to power in 1992, the son of the Prime Minister, who was also a member of the Assembly, constituted a 'commission', bypassing the Public Service Commission, to elevate some 500 party workers to government officers, in violation of the rules. This situation could not be sustained, ultimately. When the party lost the next elections, all those staff were dismissed by the new government.

### **3.5 The AJK Government budget**

An indispensable part of any evaluation of planning in a given area is a review of financial resources and budgetary outlays. Table 3.2 summarises the sources of the AJK recurrent and development budgets, including the funds of the AJK Council. An impression can be gained as to the largest government establishments and the distribution. If the revenues of the Electricity Department are excluded from the equation, then it will be clear that apart from taxes and federal transfers, only the Forest Department brings in some serious revenues, from the sale of lumber. Internally collected taxes including the revenues of all the departments came to Rs 962.089 M in the fiscal year of 1990-91; federal grants came to Rs 2245.816 M. Thus, AJK was for 70 percent of its Rs 3.2 billion budget dependent upon support by the federal government.

Although this is perhaps not exceptional by international standards, conducting long term planning with such a dependence on the goodwill by the Federation to fund variable deficits is a difficult proposition. While the Provinces of Pakistan have been able, through the National Finance Commission, to settle their rights to fixed shares of the so called Federal Divisible Pool of taxes, AJK is not party to this, and relies on *ad hoc* decisions (i.e. charity). Ali (1996, pp.45-46), after Wheare, states that to ensure states' independence in the financial field, "grants [...] must not depend on the goodwill of the contributing government. They must be obligatory contributions about which the contributing government has no discretion."

In the last few years, the funds granted by the Federation have not been sufficient anymore to finance the recurrent expenditure, which has been increasing by on average 20 percent

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<sup>15</sup> There are of course exceptions of self-made officers, who are excellent and who would survive any education system well.

annually since the 1980s<sup>16</sup>. AJK has resorted to loans from commercial and state banks to finance the deficit.

But nevertheless, broadly speaking, AJK seems to have been able to get its due share in the perspective of the overall resources of the Federation. With around two percent of the overall territory under the control of the Government of Pakistan and with also around two percent of its population, AJK gets between one and a half and two and a half percent of the country's overall federal and provincial budget (Rs 142.3 billion in 1990-91 excluding defence and interest payments<sup>17</sup>).

It must be borne in mind that the federal budget cannot be entirely broken down to reflect the exact shares in the overall pie, and AJK like any other subnational government in Pakistan has been in continuous dialogue with the federal authorities arguing for a more generous treatment. The difference between two and a half and one and a half percent is after all 66 percent. The Government of AJK is a poor government; the recurrent budget of Rs 2 billion (US\$ 100 million) covered the salaries of some 55,000 state employees as well as operational expenses in 1990-91. The development budget, including the foreign loans, was equivalent to only US\$ 50 million. Some US\$ 150 million, equivalent to the cost of Amsterdam's admittedly expensive city-hall-cum-opera building was then the sum total of AJK's government resources with which it had to take care of its 2.5 million population.

The problem is compounded by the apprehension of the AJK Government that if it would generate more revenues on its own, the Federal Government might take advantage of this, and in effect penalise AJK by slashing its subsidies proportionately.

#### *Foreign aid*

This review has so far excluded the position of foreign aid. AJK derives a variable amount of budgetary and technical assistance from a number of multilateral donors such as the World Bank (IDA), IFAD, OECD, and UNDP. The total annual value has gone up slowly in the 1990s. It was around 17 percent in 1990-91 and went to between 20 and 30 percent of the development budget in recent years. Since few bilateral donors would venture to directly fund projects in AJK for political reasons, these are generally absent. (In the table, the amount of foreign credits is included in the development budget, but not the (much smaller) technical assistance grants.) When compared to the amount of foreign aid received by provincial governments, it cannot be concluded that AJK is doing much worse, but the variation in its receipts between years is perhaps even greater than those of the provinces. The federal government obtains around 35 percent of its funds for the development programme through foreign loans and grants (1996-97). AJK has been much less successful than provincial governments in acquiring *federally* funded projects (such as national highways) within its boundaries. AJK had almost none of any significant size in the early 1990s.

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<sup>16</sup> From Rs 353 M in 1980-81 to Rs 2317 M in 1990-91; the latter 'actual', when compared to the budget as reflected in table 3.2 also shows that the budget had been exceeded by more than 10 percent in 1990-91. Figures given to author by Finance Department.

<sup>17</sup> Calculated from Economic Survey Pakistan 1994-95, p. 132.

Table 3.2: The AJK budget and its sources, fiscal year 1990-1991.

Line Agencies and/or sources of revenue	Development budget	Recurrent budget	in Rs Millions Estimated revenue
Education Dept.	149.521	582.000	7.500
Electricity Dept.	200.000	372.000	400.000
Public Works Dept.	420.160	120.000	40.000
Health Dept.	75.000	115.000	5.000
Local Govt & Rural Devt. Dept.	92.140	15.400	
Forestry Dept.	46.160	51.000	205.000
Integr. Hill Farming Devt. Project	90.000		
Agriculture Dept.	22.000	21.500	2.700
Animal Husbandry Dept.	13.000	21.400	2.100
Industries Dept.	25.000	6.450	2.400
Tourism Dept.	14.540	2.000	
Muzaffarabad Devnt. Authority	11.650		
Mirpur Devt. Authority	11.900		
AK Minerals Devt. Corporation	8.000		
Planning & Development Dept.	5.650	3.732	
Other departments in AJK*		712.699	
<b>other non-tax revenues in AJK</b>			61.744
local tax			79.095
transportation tax			1.300
stamp tax			18.000
AJK Council**			137.250
federal tax share			13.300
federal aid to reduce recurrent budget deficit			1047.795
federal development grant			1184.721
<b>AJK budget</b>	<b>1184.721</b>	<b>2023.184</b>	<b>3207.905</b>

Source: Government of AJK, Finance Department. Budget 1990-91

\* The most important expenditures incurred are for Food (Rs 247.7 ml) Police (Rs 143 ml), General Administration (Rs 133.102), and Pensions (Rs 70 ml). The corresponding departments do not have development budgets.

\*\* Through the Azad Jammu & Kashmir Council, federal property and wealth taxes levied within the AJK region are added to the budget.

#### *Budgetary uncertainty and departmental strategies*

The budget, meanwhile, is by no means a sure thing even within a fiscal year: budgetary cuts in the funds committed by the federal government frequently occur midyear and may run into the hundreds of millions of rupees. Similarly, taxes collected internally may vary substantially

from what they had been forecast. These uncertainties complicate planning in AJK, since budget cuts will usually first affect projects and operational expenses and only lastly salaries. They furthermore lead to the deployment of a large number of departmental strategies to preempt as large a share of the resource pie as possible. Since these strategies obfuscate rational comprehensive planning, some of them are outlined in Box 3.1 on the next page. As a point of reference is taken the survival and expansion strategies of departments as described in the classic study of budgetary behaviour in poor countries by Caiden & Wildavsky (1974, Ch. IV). Their relative importance in AJK is indicated.

Without a strong P&DD & Finance Department able to at least keep a continuous check on the commitments made and un-made, the various strategies work towards budgetary growth beyond the means available, as well as budgetary undiscipline.

Countering to some extent their effects is the fact that patterns of underspending are also encountered in AJK. Underspending is first of all a result of a lack of planning and budgeting capacity within the bureaucracy, so that by the end of the year, all the projected expenditures have not been made. It is considered better to overbudget and then underspend than to underbudget and then not being able to overspend (a strategy akin to the padding strategy described above). It may also be due to the poor incentive structure within the government, with low salaries as already discussed and a promotion policy which relies either on seniority or on political interference, but less on the proven efficiency of government officers. Thirdly, the three main expenditure sanctioning departments in turn employ a number of strategies to avoid overspending by departments, which may in effect result in actual underspending. Each of the three departments, the Planning and Development Department, the Finance Department and the Accountant General's Office applies multiple checks before a decision is taken causing delays so that at the end of the financial year, funds may lapse. The P&D Department has to authorise annual workplans of projects, the Finance Department has to authorise releases made to projects and departments, and the Accountant General has to write cheques drawn on the State Bank of Pakistan. All of this means red tape, and when there are delays these may be (subconsciously) deliberate, since in any fiscal year, the claims on the government kitty are far in excess of its actual contents and the government can never be sure the flow into the kitty will be sustained. As Caiden & Wildavsky (*op.cit.*, p. 76) have pointed out, in many cases the delays serve the function to bring out which of the claims really has priority; those will usually be pursued most vigorously by the line departments.

In this environment of absolute scarcity, budgetary uncertainty, large demands and deployment of various games and strategies by departments, Weberian behaviour and rational comprehensive planning is little observed. For these reasons, the preconditions for rational budgeting by the P&D Department in coordination with its brothers-in-arms the line departments are also not easily met.

Box 3.1 Departmental strategies	Evidence in AJK
<b>Piercing the ceiling</b> overspending presented as <i>fait accompli</i>	This does not happen much on the development side: overspending without approval is anathema in AJK. On the recurrent budget side it takes place more frequently, mostly due to politically sanctioned recruitments beyond the Finance Department's control.
<b>Padding</b> deliberately inflating requests for funds so that the inevitable cutback does not lead to problems	Deliberate overestimation of costs takes place in AJK particularly when proposing either 'software' or agricultural or industrial projects which have a history of token cuts made by FD or P&DD. It is also the principal strategy used by departments when requesting for next year's required ADP or Recurrent Budget allocation. The ADP budget requested from the federal government is usually at least 35 percent higher than what is eventually obtained, in spite of the directive that it should not exceed the present year's allocation by more than 10 percent.
<b>The camel's nose</b> Deliberate initial underestimation of the actual costs	This takes place frequently when proposing expensive construction oriented projects, which, once started, are in a better position to obtain the actually required funding (through a cost revision).
<b>The imperative to spend</b> Fast spending of the available funds out of fear of being cut back at a later stage	Efforts are made by many departments to spend the allocated release as fast as possible to avoid that it is reclaimed by other units/departments, and to claim that a next release is required. (However, such efforts are being countered by FD which tries to slow down actual expenditures by putting up hurdles, e.g. requests for more information.)
<b>Obtaining foreign funding</b> Increasing the departmental budget by foreign aid may also lead to extra government funds being made available	Important strategy in AJK invoked by departments to raise more funds for projects and also to subsequently improve their claim for a greater share of the government funds because these are usually required as counterpart funding.
<b>Transfers</b> Strategy to shift funds from one category to another, or from one account to another	In AJK, transfers of funds for instance from development budget to recurrent budget are prohibited because the former is an earmarked grant from the Federation. Within the recurrent budget, FD does usually not allow transfers to take place until the year's end, but departments may counter this by including in the lumpsum budget provisions which can be used to stop gaps anywhere.
<b>Avoiding cuts and getting large increases</b> Predicting that imminent disaster will take place; threatening to resign; instead of cutting the fat, proposing to cut back on necessary items that will most likely be put back in the budget	In AJK, this may happen with recurrent budgets but it does not happen much with projects in the development programme. For foreign aided projects or pet projects of certain politicians, the technique is employed more frequently. A project director facing government budget cuts may call in his foreign counterpart to bargain with the Government for more funds on the basis of donor agreements.
<b>Coercive deficiencies</b> Spending all in critical areas and then ask for supplementary appropriations	This happens in AJK only on the side of the recurrent budget in certain departments. For instance subsidies on wheat, import of wheat and cooking oil; it generally applies to politically sensitive issues.
<b>Utilising political influence</b> Bureaucrats utilising their contacts within the political government	An important strategy employed in AJK by department heads to influence the Prime Minister to grant them a more favourable treatment than other departments get.

### 3.6 Planning & Development Department

As discussed in chapter 2, the P&D Department has a special position within the overall departmental set-up. Apart from advisory and administrative functions, it has been bestowed with executive functions. It exerts controls in a somewhat awkward superimposition upon the normal controls exercised by the Finance Department. The P&DD can determine to a large extent the size of the allocations made to ongoing projects over a one-year period. The P&DD has to concur with the individual releases that the Finance Department is to make to the line departments. It has the power to approve new projects of a financial size below Rs 20 Million without reference to government decisions (as long as it follows certain broad government policies). It can filter and delay or speed up the Government approvals of larger projects. Due to its coordinative functions for 'technical assistance', it can put itself in between line departments, the Economic Affairs and Kashmir Affairs Divisions in Islamabad, and international donor agencies, in the case of foreign aid projects. These can be called P&DD's main powers. Next to these, the P&DD has a few other roles to play, but these are less executive. It is supposed to do economic research in order to advise on economic policy. It is to coordinate the preparation of the Five Year Plan and to make sure the Plan is followed. It is to do monitoring of some undefined kind and coordinate the quarterly progress reviews. It is supposed to coordinate overall policies with respect to development and public investment because it is headed by the Additional Chief Secretary, who is higher ranked than the secretaries of the line departments<sup>18</sup>. The exact Rules of Business of the P&DD are copied in Box 3.2 below (1985, p.45).

#### Box 3.2: The Government of AJK Rules of Business for Planning and Development Department.

- (1) Planning including policy and development.
- (2) Coordination of technical assistance.
- (3) Economic Research.
- (4) Coordination of statistics in general
- (5) Execution of all development schemes, programmes and proposals submitted by other departments and making recommendations to the Government thereon.
- (6) To evaluate the progress of development schemes and their critical appraisal.
- (7) Initiation of measures for giving suitable publicity to development Plan and educating the public on the results achieved from time to time.
- (8) Service matters except those entrusted to Services and General Administration Department.

Many of the reasons why these powers are deemed by this study to be either not large or not invoked enough to enable effective rational comprehensive planning of the State's development activities have already been discussed in detail. The most conspicuous ones are repeated here: the questionable bifurcation of development and recurrent budgets; the instability of politics both at the state and federal level; the uncertainty with respect to the size of the budget from year to year and even within financial years; the growing interference from the side of members of the Assembly and 'party workers' with the implementation of projects; the organic behaviour of government departments in the context of extreme

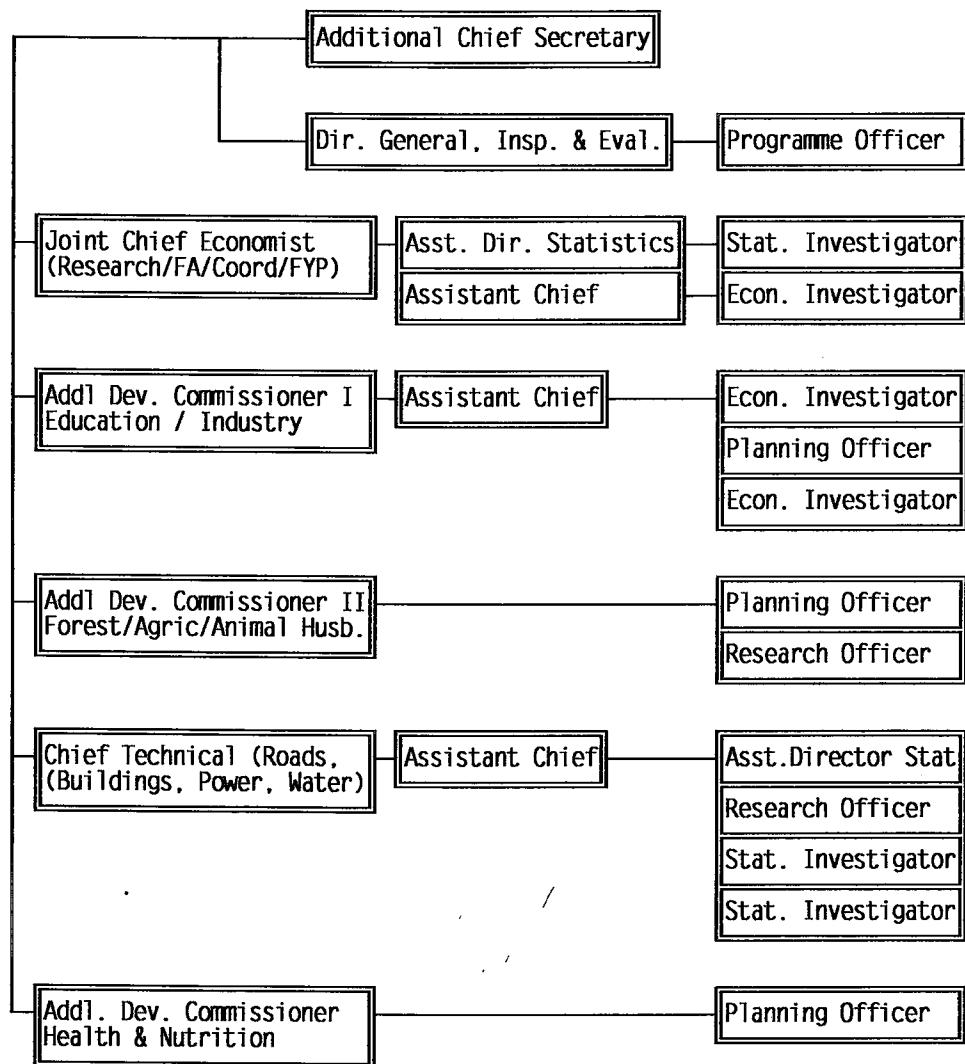
<sup>18</sup> As was noted by the UNDP/DTCD study of the department in 1990: the above list does not include the preparation and implementation of the ADP. Item (5) is ambiguous, since it is not the role of P&D to execute schemes. Item (7) was not performed by any staff of P&DD.

resource scarcity; and the lack of balance in higher and lower grades and qualifications of public sector staff. The factors described in the previous chapter (section 2.7) leading to decreased prestige of central planning in Pakistan in the last decade, may also have contributed to diminished regulatory authority for the P&DD in AJK.

### *Structure and staffing of P&DD*

The impression of a weak P&DD is reinforced when the structure of the Planning and Development Department is taken into account. An organisation chart is presented below, applying to the year 1990-91.

Figure 3.3 Organisation chart Planning & Development Department, October 1990; officer staff (grades 16 to 21)



A first conclusion is that there were only 24 officers of grade 16 and above (some five of which were not permanent staff members) to perform all of the substantive tasks of the department. If this number is set against the over five thousand officers of similar grade in the line departments, then it must be clear immediately that the potential for effective steering of the development process by P&DD is low.

*A review of the departmental organisation*

In 1990, a study was conducted into the functioning of the P&D Department by the head of the project "Development Planning in AJK" (UNDP/DTCD 1990). Systematic interviews were conducted with all senior staff and questionnaires were used to arrive at the following conclusions:

- 1) In view of the many statutory functions that a planning department is required to perform even in a small state such as AJK (see above), there are very few professional staff.
- 2) The departmental organisation does not have a complete line management structure: the span of control for the ACS is too wide; since the DG Inspection and Evaluation post is (rightly) not accountable for the work of the Section Chiefs, a Secretary position is missed at the grade 20 level. This means that there is a heavy burden on the top official: important decisions are all passed back to the ACS. In various sections, there was also a management tier missing: that of the (grade 18) Assistant Chief. This means that the Section Chiefs lose much time in delegating work to and training of inexperienced junior staff. Lastly, there are too few junior staff to each level of promoted staff.
- 3) A glaring inadequacy is visible in the office of the Joint Chief Economist, who has to conduct the following important functions, each of which would merit a section on its own: ADP coordination, foreign aid, five year plan preparation, and statistics/economic research. As an indication of how little importance was attached in practice to all of these functions, it should be mentioned that the Joint Chief Economist was holding another position in a development project at the time. He thus could devote only half of his time to his P&DD responsibilities.
- 4) An equally serious inadequacy is that the office of the Director General Inspection and Evaluation, is understaffed. For serious monitoring including field inspections, an expansion of this section with at least five more staff is essential. Furthermore, the DG position needs to be a regular staff member of the P&DD and not, as is the case in AJK, a 'deputationist' (an officer on secondment) from a line agency with primary allegiance to his parent department.
- 5) The four substantive sections Education/Industry, Technical, Health and Agriculture/Forestry/Animal Husbandry, do not correspond to the current sectors reflected in the Annual Development Programme. In order to achieve a minimum of correspondence, at least one more substantive section would be necessary.
- 6) The problem of not enough staff and specialisation is compounded by the fact that there is an excessive amount of deputation at the Section Chief level: four of the five

positions are taken by officers on deputation from line agencies which means they have been transferred to P&DD for only 2-3 years. If the deputationist positions of ACS and DG are also drawn into the picture, then it is clear that the senior managers have relatively little experience with P&DD management as compared to their periods of experience in their parent departments<sup>19</sup>. Furthermore, the position of the deputationist vis-à-vis his parent department is essentially compromised: he cannot exert severe criticism of his department if he does not want to jeopardise his career prospects in the long run. The predominance of deputationists at the senior management level also leads to low promotion chances for junior P&DD staff and concomitant low motivation at these levels. Lastly, there are indications of insufficient degree of commitment to P&DD by deputationists (as they have also indicated themselves).

- 7) There is not enough diversification in terms of background qualifications and experience in P&DD. In view of the nature of the Annual Development Programme, there are too few engineers and rural and urban planners; there is a relative overrepresentation of macro-economists.

Thus, it may be assumed that the P&D Department as it was operating in 1990 was both structurally and functionally not in a position to exert a decisive influence on the development programme. Although it had large powers in principle (as derived from a RCP paradigm), wielding these was hampered by practical difficulties such as insufficient staff and other problems which have been mentioned above. P&DD is in this way 'cut down to size', and the reasons for this can only be conjectured. In the view of this author, they have to do with the political and departmental environment in AJK, which accepts central control on paper but in practice has difficulties with one departmental actor dominating the government investment programme. Politicians are ambiguous with respect to planning: they have no stake in a strong planning department since it would take away some of what they perceive as their discretion. Government departments surrounding the P&DD similarly have no stake in a very strong P&DD because that would mean a stronger institutional opponent. The Finance Department in particular is against strengthening the P&DD. It has no problem in sanctioning the creation of hundreds of new officer posts every year in other departments, but puts up many hurdles before it sanctions even one new post in P&DD.

Even P&DD itself is ambiguous with regard to its institutional position. One the one hand it dreams of gaining that pivotal position in the development process, preferably unhindered by political influences. In AJK at the time, it tried many times - but with little success even in spite of the ACS's efforts - to incorporate the staff of the planning sections in line departments into its own cadre, in order to increase its control over the development planning process in these departments. And it also usually managed to approve for itself a few projects that improve the department in some way or other, leading to a few extra hands<sup>20</sup>. On the other hand, the P&DD has long resigned itself to the realisation that a pivotal position is

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<sup>19</sup> The average period of the senior management served in P&DD was 2.6 years, outside P&D 20.2. Conversely, the average period of the junior management served in P&D was 8.8 years, and outside P&D 0.2 years (UNDP/DTCD 1990, p.10).

<sup>20</sup> The trend to use the project as a mechanism for increasing departmental staff was noted to be much more pronounced in a Planning Department such as in NWFP, where almost half of all staff are employed on contract (i.e. temporary) basis. Other departments sometimes also manage to increase their core staff through this route, and try to move the staff over to the recurrent budget after project completion.

unattainable and that in order to gain access to the real power, to 'play the game', to 'give and take' is necessary. Perhaps for this reason it does not worry about trading some of its advisory functions in exchange for short-term controls as to project approvals and management of the annual development budget.

### 3.7 Project management capacities in AJK

The more comprehensive the planning pursued by the P&DD, the more important becomes timely and flawless implementation by line departments. The capacities of the various departments involved would be difficult to establish in an absolute sense, and even more difficult to compare. Nevertheless, a number of general observations can be made that put these capacities into perspective. If we limit ourselves to capacities in terms of project management, then these can be subdivided into two main areas viz. (1) the preparation of project documents and workplans, and (2) the implementation of projects in the field.

#### *Project preparation by line departments*

On the basis of a review of some 105 project documents in the project in which the author participated (Henderson & Kolkma 1992), the quality of project preparation was judged to be very uneven. Whilst project documents that were adequate in terms of technical description were in evidence in some departments (notably, Agriculture and Forestry), some other departments such as Education, Health and Public Works Department were observed to submit highly unspecific documents in which for instance the locations of buildings to be constructed were not mentioned. These were then left to be decided by political representatives. In the sector of road construction, such heavy lobbying would go on from the side of these representatives that a far too large project portfolio was the result, as well as sometimes questionable locations of these roads<sup>21</sup>. In such cases, the technical quality of the project documents would usually leave to be desired: since project approval would be assured anyway, detailed preparation before submission of the document was not deemed necessary anymore. The British engineer employed by the project mentioned above furthermore made a number of observations regarding the preparation of construction-oriented projects, which can be summarised as follows (Henderson 1992). First of all, the cost estimating procedures and processes were deemed by him to be inadequate. Many of the costs and prices used in estimates were based on a very outdated source, which was nevertheless mandatory for the preparation of PC-1s: the Government approved *Schedule of Rates 1979*. To lift the cost to more realistic levels, it was allowed that certain fixed percentages were added which, due to the long period passed since 1979, were of very high order (between 50 and 150 percent). In addition to this, very rough but equally substantial 'remoteness factors' (to the order of over 100 percent of the items' scheduled cost) were added on, to inflate the price further. The remoteness factor would compensate for costs incurred in bringing goods to far places, but was yet a blunt instrument, since it did not take care of aspects of accessibility other than distance, such as the quality of the road, and the altitude of the site and distance from the road. In all, the cost estimating processes were regarded as unrealistic and leading to waste of time and arithmetical error. A change to a system of cost estimating directly relying on current market prices was recommended, however difficult these were to

<sup>21</sup> Through a SAPP Field Review (MSU 1996) it was found that in Pakistan more than 80 percent of the district officers in education, health and water supply is bothered by political interference by public representatives.

establish in the absence of commercial but reliable price directories of construction items in Pakistan<sup>22</sup>.

Other technical deficiencies noted were the lack of cost-benefit analysis in PC-1s or cost efficiency analysis (what the Department of the Auditor General in Pakistan calls output budgeting (1984)). Cost-benefit analysis cannot always be easily applied to social sector projects, but comparisons of the (unit) costs of projects with those in other places in Pakistan, or outside Pakistan, was not often attempted either. Technical deficiencies were furthermore the lack of submission of detailed drawings (often only floor plans of buildings) and proper locational maps, and the variable amounts reserved for contingencies and departmental work charges.

For many of the more blueprint projects, technical and administrative rigidities seemed to prevent detailed cost estimating, whereas in the case of more complex projects (hydro-electricity, irrigation schemes), the line departments were hampered by lack of expertise. The pooling of knowledge and the creation of specialised departments for quantity surveying and sections for land acquisition was recommended.

A general deficiency, not confined to construction projects, was the lack of detailed statements on the annual phasing of physical work and the crudeness of annual financial requirement statements. Bar charts or Critical Path Analysis were conspicuous by their absence. This, together with the lack of properly specified project objectives and targets, was of considerable impact on monitoring and evaluation practices.

Lastly, detailed statements as to the probable operation and maintenance costs of projects were seldom prepared, and pro forma percentages without justification were often substituted for this.

#### *Implementation of projects*

In a general sense, project implementation capacities in the public sector in Pakistan are notoriously weak, as in many developing countries with swollen and rigid bureaucracies. The required flexibility can often not be mustered. Of course there are exceptions. The Social Policy and Development Centre's (1997, p.59 ff) evaluation of project management in the Social Action Programme can serve as an example of the deficiencies noted (see Box 3.3 on the next page).

In addition it should be mentioned that financial management is weak - the release of funds procedures involving the P&DD, Finance Department and the Accountant General's Office is invariably experienced to be very cumbersome. Similarly the procedures for payments are cumbersome, with multiple checks causing unpredictable delays.

It is often claimed that the following implementation problems are particular to AJK: (1) AJK's particular geology as offshoot of the Himalayas, with steep areas covered by glacial moraine with boulders in an unstructured mix, which makes road (and building) construction difficult; (2) the short construction season in perhaps 25 percent of the territory, due to its altitude above 1800 metres and concomitant freezing/snowbound conditions in the winter time; (3) the occasionally extreme weather, notably cloudbursts leading to flash floods of the rivers and mudslides down the mountains; (4) the lack of qualified local contractors; and (5) the high price of land and difficulty in acquiring it. Whereas the first three problems mentioned are undoubtedly true, the last two problems are partly systemic and have to be seen in their proper context. They are exacerbated by certain practices and by an unclear legal environment.

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<sup>22</sup> Such commercial price listings are common tools for engineers in Western countries.

### **Box 3.3 Project management deficiencies noted by SPDC in the context of SAP**

"selection [of the contractor for a project] is based on a Public Works Manual (unchanged since the mid 19th century) and the sole criterion is that the contract must be the lowest bidder, not the most responsive. The Manual requires that invitations must be advertised. Bids are normally submitted as a percentage mark-up on the official Schedule of Rates which bear little relevance to prevailing market rates, and are based on a Bill of Quantities which are incomplete with respect to both items of work and specifications of materials and standards to be achieved during construction. This ensures that modifications to contracts are inevitable. These variations and additional items are then negotiated at rates substantially higher than the mark-up bid originally. [...]

Projects are normally managed by the line departments at their lowest administrative levels i.e. through district and subdivisional levels. These offices are headed by administrators lacking project management skills. Most of their time is spent on petty administrative chores and public relations whereas the bulk of their managerial tasks are performed by their lower staff e.g. sub-engineers, draftsmen, accountants, etc. The general attitude is that of a program administrator rather than manager. [...]

The government services and administration rules are also outdated with the consequence that procedures for disciplinary action invariably do not punish the miscreant as the charge sheets are technically deficient and the courts rule in favour of the delinquent staff. Termination of services is unheard of in the government and the best that can happen to the 'guilty of charge' is transfer to the head office to an administrative position." [...]

### ***Contracts and contractors***

Whilst AJK is a predominantly rural and poor area, and local contractors often run only small businesses, their development as an entrepreneurial and professional class is hampered by a Government which is not supportive and does not always employ professional standards. As was noted by the engineer referred to earlier, established tendering procedures were often not followed. Invitations to bid were insufficiently advertised, while occasionally, insufficient time was given for interested parties to react. Contractors were furthermore often not shortlisted before invitations to tender were issued, so that large numbers of unqualified, untrained and inexperienced contractors would come forward and a gradual weeding out process did not occur. This would then also lead to excessive amounts of time taken for the contract award. Sometimes, negotiations were conducted even after the contract award. Whereas in the West it is unlikely that bids for the construction of small buildings vary more than 10 percent, in AJK (and Pakistan) much larger difference between contractors' bids were frequently observed, pointing to very uneven professional standards and qualities of contractors. This would not be a problem in itself, were it not for the already noted practice that the lowest bidder was awarded the contract irrespective of the quality of his proposal.

The contracts themselves were regarded as excessively biased towards the employing department rather than to the contractors. The original standard contracts which were more balanced had mostly been amended by the addition of various clauses in favour of the employers (for instance exempting them from the payment of compensation "for the suspension of work due to any cause whatsoever" (clause 11 in the contract form used by the PWD). Typing errors were frequently encountered in the contracts, to an extent as to raise doubts as to their validity in court. Other practices were observed that seemed unfair, such as the barring of those contractors from tendering that were in the course of litigation with a department. Last but not least, rent-seeking behaviour by officials before and during the works, was reported by many contractors with whom the author of this study spoke, as was mentioned before.

On the other hand, the contractors were reported by many officials to rely on contacts and alliances with politicians, sometimes to influence the contract award, but more often to settle disputes with the departments in their favour. With poor quality of works having so many precedents, redress through the court system was becoming more and more difficult.

It is then not surprising that the quality of contractors coming forward to implement the many government works has not improved with time and that bad performance by contractors is still regarded as a main bottleneck to the implementation of the development programme.

#### *Land acquisition*

Many line departments and their staff also regarded the delays in the acquisition of land for purposes of construction and the related cost escalation, main bottlenecks in the implementation of their departmental programmes and projects. Over 60 percent of all projects involved land acquisitions, while such projects were also more prone to cost revisions during their implementation<sup>23</sup>. Whether land constituted a more serious problem in AJK than in areas of Pakistan cannot be assessed, but a few factors make this likely for at least the rural areas: (1) AJK's high population density with very fragmented land holdings and generations-long encroachment of communal lands (Cernea 1992); (2) the unavailability of historical data due to the burning of a part of AJK's land record at the time of Partition; and (3) the lengthy process of land settlement in AJK by the Settlement Commissioner, which had not yet been concluded at the time of the study.

Whilst the problems with land acquisition are evident and cannot always be correctly anticipated during project preparation, systemic factors also come into play. Although there is ample experience with land problems, these are still systematically underestimated and understated in project documents. The departments seem to prefer a project to be approved and then start working on land acquisition, to doing research into land issues before the submission of a project proposal. Much reference is made by departments to the compulsory purchase powers of the Government which are so wide-ranging that they would be able to overcome any problem. But in fact, every department should have the experience that their effectiveness is severely hampered by the jurisprudence created by lower courts and magistrates applying stay orders against the purchase or vacation of land.

#### *A fuzzy legal environment affecting implementation*

Having said this, the fuzzy legal environment does create some unexpected difficulties. Many land acquisitions undertaken in the context of projects end up in court, where they take years to settle. With contradictory formal laws and customary practices and a rich history of legal precedent based on discretion exerted by one party or another, stalemates easily ensue. That these exist also in other areas than land acquisition, is evident from an analysis conducted by AERC (1991) in the context of advice on support to housing schemes. It came to the conclusion that local government legislation generally conflicted with the wide discretionary powers given to development authorities. Another problem noted was that federal legislation was often not in consonance with state/provincial legislation.

The propensity for litigation by the population in AJK (as in Pakistan, see the previous chapter) is meanwhile of such a nature that it works as an almost independent complicating factor. Many government employees use the court system to litigate against decisions taken by their departments. Cernea (*op.cit.*, p.192) reported the existence of some 50,000 cases in

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<sup>23</sup> On the basis of a file study mentioned, it was calculated that 62.5 percent of all projects had land as a budget item; of all projects for which a cost revision was submitted, 73.6 percent had land as an item.

AJK pending in courts due to forest offenses committed and contested by farmer families. Given that there are perhaps 300,000 families this amounts to a proportion of one in every six.

Thus, the existence of some specific problems in the realm of implementation is corroborated from this short review of circumstances in AJK. Other areas in Pakistan surely have their own implementation problems, and it is not seriously claimed here that AJK presents a worse situation. The intention was merely to show that some problems were also systemic and affect the ease with which comprehensive planning can be conducted in AJK (as in many other areas).

### **3.8 Data for planning in AJK**

A last aspect that makes rational comprehensive planning a difficult exercise in AJK, is the lack of planning data, which is even greater than in Pakistan. Due to AJK's particular status, it was so far not included in a number of regular censuses and surveys in Pakistan, whereas its small size seems to have led to less attention from the side of social scientists as well: almost no political or socio-cultural study is available on AJK. The last All Pakistan Population Census was last held in 1981. The census that was due in 1991 was held only in March 1998 due to political controversy in Pakistan. In the population censuses held so far, AJK has not had the benefit of the long questionnaire sample survey which is included elsewhere. This survey determines many benchmark data on employment, economic activity, education, and migration. Some other regular surveys held in Pakistan have also not been extended to AJK (as they haven't been to all special areas). For instance, in the annual Household Income and Expenditure Surveys, AJK is not separately shown so there is no official source which can compare AJK's household wealth relative to that of the provinces. AJK derives most of its statistical data from the decennial Population Census and Housing Census, and the five yearly Agriculture Census and Animal Husbandry Census. These are major federal government initiatives; smaller ones are those related to price statistics and agricultural labour surveys. Important other censuses such as that of the Establishments, have been performed relatively recently (1988), but due to inefficiency of the Federal Bureau of Statistics and lack of pressure from the AJK Government, it has not been published for AJK separately. If it was it would have provided the first economic and locational data on shops, businesses, factories and all government establishments on complete count basis. Similarly other useful planning information would have become available to AJK, for instance, availability of roads in villages, private doctors and clinics, bank branches, sources of water, garbage removal arrangements, and cooperative societies. Other important federal government surveys from which AJK has been excluded are for example the Pakistan Demographic Survey, the Labour Force Survey, the Census on Manufacturing Industries, the Private Building Construction Survey, the Census of Electricity Undertakings, and the Annual Establishment Enquiry.

Apart from this lack of government surveys, there are also only a handful of other survey results available: two studies (1982, 1993) by the Punjab Economic Research Institute on farming and socio-economic aspects respectively, a baseline rural survey by AERC (1990) and a study on housing for low income groups performed under a World Bank financed project (Shelter, 1992). AJK, contrary to the provinces, has no Bureau of Statistics. A small section in the P&D Department is collating basic statistics obtained from federal agencies and AJK departments. Once in every two three years an AJK Statistical Yearbook is published. Extrapolations from sometimes very old statistics are an important method for updating the

tables. A few departments publish also some statistics on their own sectors, albeit irregularly.

### *Commonalities with Pakistan*

Although even in a worse position, AJK has in common with Pakistan as a whole that there is an absolute dearth of data, due to a lack of civil registration and documentation of the economy. Local authorities generally do not hold a proper record of births, deaths and marriages. In spite of a jungle of registration and license requirements for employment, business and property, much (the informal economy) still escapes the attention of the authorities, whereas what is registered, is often not properly aggregated for purposes of statistics and planning. This even applies to public finance statistics, as was for instance observed by a UNDP study (1991, p.253): there are differences in presentation between provinces and the federation, a lack of published information according to functional classifications, a general lack of transparency, and an accounting system that makes it difficult to analyse the economic impact of fiscal policy.

Maintenance of record on the ownership, sale, tax and utilisation of land is also a major area of deficiency. This is in principle the responsibility of the Revenue Department, but it uses antiquated methods of measurement and record keeping. The Revenue Department, forever concerned with the 'settlement' of land, does not as yet work with a complete set of cadastral and topographical maps. Neither do most other departments work much with proper maps and plans; the local government bodies are too small and weak to be able to perform proper land use planning based on maps.

Most importantly perhaps, like in Pakistan, there is ubiquitous cynicism from the side of both population and bureaucracy regarding the validity of the statistics produced. This leads to a situation that even what little statistics is available, is often not being utilised properly.

### **3.9 Conclusions**

The context in which planning takes place in AJK is perhaps somewhat more homogeneous than in Pakistan, but nevertheless a large number of factors make comprehensive planning and perhaps also disjointed incrementalist planning difficult. These factors can be summarised as an unstable political history and environment, constitutional uncertainties particularly in the relation with Pakistan, overstaffing in the lower grades and understaffing at the higher grades, low and decreasing competence of most staff, uncertain dependence on the Federation in terms of financial resources, lack of effective district and local government, no NGO 'centre-field', departmental strategies leading to a scramble for access to government resources in the context of insufficient political supervision, certain specific implementation problems, a lack of planning data, and a Planning and Development Department not in position and not disposed to follow through rational comprehensive planning.

Because of the mistrust of politics and other stakeholders in planning, the bureaucracy as one of society's most powerful interest groups tries to keep up the pretence of technocratic, rule bound and objective planning. This would obviate the need for participation of elected representatives and third parties in setting out the government objectives, policies and plans. Comprehensive or at least technocratic planning is the rationale for the existence of the P&D Department in particular, and therefore it holds up the pretence of it in spite of compromises already made with other departments and also political circles. As will also be seen later, it has adapted to haphazard realities, and is trying to play the game for as much control of the resources as is possible. This means giving up some of its role as dispassionate advisor to the

Government on comprehensive planning and concentrating on short term planning focusing on projects.

In the next chapter the amount of actual control that the P&DD exercises on the planning process is looked at in greater detail. The consequences of the planning process in terms of implementation of the development programme shall be evaluated.

## CHAPTER 4. THE P&D DEPARTMENT'S CONTROL INSTRUMENTS

The previous chapter argued that AJK's context is not conducive to RCP, while some limitations were also identified that would constrain the application of disjointed incremental planning. This chapter assesses to what extent, given this context, the planning instruments available are made use of by the P&D Department in AJK. The main instruments at the P&DD's disposal are the Five Year Plan, the project approval process, the Annual Development Programme, authorisations for budgetary releases to projects, and the monitoring and evaluation system. The focus is the measure of control and slippage in control over each of these instruments; subsequently the consequences for implementation of the programme in the field are addressed. This will set the stage for a detailed review in further chapters as to the quality and relevance of the information yielded by progress reporting systems to the P&DD, and the extent to which these can be improved.

As discussed in chapter 1, current organisational theory often views departments as organisms with a logic of their own, as plagued by multiple and often conflicting goals, and as operating within an environment constraining their behaviour in unpredictable ways. Thus, this chapter will analyse the P&DD's control instruments with specific attention for such factors. It will be shown that for each of the control instruments identified, organisational (strategic) factors compromise their full force as well as instrumental rationality.

The chapter is based on a number of reports produced in the context of the project in which the author participated. Extensive use will be made in particular of findings of a study of the files available with the P&DD of some 105 projects included in the ADP of 1990-91 (Henderson & Kolkma, 1992). The latest information available for these projects, as per the ADP 1997-98 has been incorporated. Details on this study, its sample and representativity are included in Annex 1.

### 4.1 Macro-planning and the Five Year Plan

In theory, the Five Year Plan (FYP) is the main instrument for macro-planning for the country. It is positioned in Pakistan in the middle between the long term (20 year duration) Perspective Plan and the Annual Development Plan (ADP), but is considered the most elaborate statement on the course that the country's development has to take in the view of the Government. The Five Year Plan also assumes importance, given that other types of sectoral or regional policy formulation are not undertaken frequently. An often heard criticism in Pakistan and AJK is that the Assemblies are not properly assuming their responsibilities in policy legislation. Much of the legislation is in fact left to presidential (i.e. bureaucratic) ordinances rather than properly voted Assembly bills. The Five Year Plan is also supposed to guide the project selection process<sup>1</sup>. It is usually prepared both at the federal and at sub-national levels. At the time of writing this study, the Ninth Five Year Plan was being prepared simultaneously at the federal level and in Azad Kashmir. In this study, the Seventh Five Year Plan (1988-1993) is focused upon. It is described in some detail in order to convey its flavour and evaluate what is the role of the P&DD in its preparation.

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<sup>1</sup> This is also apparent from the format of the Annual Development Programme, which includes a column in which for each project, the plan provision is to be included (Planning and Development Division, 1991, p. 128).

### AJK's Seventh Five Year Plan (1988-93)

The AJK Seventh Five Year Plan is a 113 page document with three parts: an introduction and overview, sectoral chapters, and a list of proposed projects. The introduction emphasises that AJK is "one of the most underdeveloped regions of the country", which needs "massive investment on the basis of national imperative beyond economic credentials" (GOAJK 1989, p.1).

The Plan presents a one page review of the size and performance of the Sixth Five Year Plan. It is stated that only three quarters of the approved Rs 4.1 billion had been released by the Federal Government. To indicate the favourable absorption capacity for investments in AJK, it is reported that 101.7 percent of the releases were utilised, and that the major beneficiaries had been the sectors of Transport and Communication, Power, and Rural Development.

A following section lays down the strategy and objectives of the Seventh Five Year Plan. The paramount objectives are mentioned as "efficient growth of output and improvement in quality of life". As further guidance it is stated that: "These objectives could be realized through improvement of infrastructure for growth in the rural areas, public services like health and education for all sections of society and generation of employment opportunities" (*ibid.*, p.4).

A subsequent discussion of the plan size and investment priorities states that the Working Group on Regional Development had regarded a Rs 12 Billion programme as the minimum requirement, but that "in the context of the national plan", the AJK Public Sector Development Programme was fixed at only Rs 5.22 Billion. Since projects unfinished during the previous plan would need further funding, Rs 1479 M would be preempted, "leaving only Rs 3470 M for new schemes and initiatives". The document then presents a table displaying the sectoral allocations which is reproduced below.

**Table 4.1 Sectoral allocations proposed in the AJK Seventh Five Year Plan.**

S.No.	Sector	Proposed Allocation	Rs in Million Perc. 7th Plan
1.	Agriculture	574.200	11.0%
2.	Industries & Minerals	156.600	3.0%
3.	Education	783.000	15.0%
4.	Health	522.000	10.0%
5.	Water & Power	1513.700	29.0%
6.	Transport & Communication	1200.500	23.0%
7.	Physical Planning & Housing	469.800	9.0%
Total		5219.800	100.0%

Source: Seventh Five Year Plan, GOAJK, p. 4

Some separate attention is given to the issues of rural development and plan implementation. Rural development is said to be receiving special attention through the involvement of local bodies institutions and to this end, some ten percent of the budget would be set aside for distribution amongst these bodies. These "have been fairly successful in invoking self-help in construction of rural roads, primary school buildings, rural water supply

and irrigation channels etc." The remainder of the funds would be spent at the State Government level through its line departments.

In the one page section on plan implementation it is stated that there are "many problems associated with the project cycle". By and large, line departments are held responsible for this lack of planning capacity. An "upgradation of the ability of the sponsoring agency to formulate schemes" is proposed (*ibid.*, p.6). A proposal is also added for political consumption:

"The problem of in-ability to synchronize estimates with resources could be resolved through the introduction of commitment budgeting concept which means funding according to financial plan of the project. This could best be done by undertaking the exercise of priority ranking, and identification of core projects in each sector. Along-side these projects planning, monitoring and evaluation cells in the departments should be created/strengthened to discharge their assigned duties with full vigour and competence."

After these general sections which, in all, comprise seven pages, each of the sectors is discussed separately in a chapter. Usually but not always this starts with a discussion of the sixth plan results, to then go on to some features of the seventh plan.

The Five Year Plan concludes with a 42 page annex listing the 176 ongoing and 215 new projects proposed to be funded. From this listing it is clear that almost the entire five year budget has been allocated to projects, and that there are, apart from the Transport and Communication sector, very few block allocations for as yet unidentified projects.

#### *Problems with the Seventh Five Year Plan*

In the above, the organisation and contents of the AJK Seventh Five Year Plan have been sketched in broad lines. Many officers, both inside and outside P&D Department have confided to the author not to be very impressed with the document. It is not hard to see the reasons why. To mention just a few shortcomings: the rationale for the chosen sectoral distribution of the funds available (see Table 4.1 above) is stated nowhere; neither are overall or sectoral growth targets presented - this in contrast to the national Five Year Plans. For example, it is said that the share of the education sector has increased most of all, some 44 percent increase compared to the Sixth Five Year Plan allocations. But why this is so is not explained. The length and organisation of the sectoral chapters is haphazard, indicative of the fact that their drafts have been written by the line departments without much guidance as to the contents from P&DD. There is no systematic discussion in most of the chapters of the problems encountered, the objectives set out, the policies already adopted or required, and the targets to be met.

The P&DD officers usually give the following excuses for the low quality of the document. The first is that the line departments do not have planning capacity and therefore come up with weak drafts of the sectoral chapters. Since, in the delicate balance of powers between P&DD and the line departments, heavy emphasis is placed upon the ownership of the targets, the P&DD does not easily re-write information that has come in from more authoritative sources. If there is a problem with the information, then P&DD usually prefers to ask for re-drafting of the chapter by the line department, but for this there is not always enough time. (To avoid re-writing, the departments come late with their first drafts.) As far as the introductory chapter is concerned, which is to be written by P&DD itself, officers point to the lack of economic data. Whereas the Five Year Plan of the Government of Pakistan can rely upon national accounts (however questionable they may be) to determine the rate at which the various sectors can be pushed forward, in AJK the situation is very different. Regional accounts are not prepared since AJK is not fully covered by the Federal Bureau of

Statistics and has not created its own facilities. It is very difficult to estimate the relative importance of the sectors within AJK and the investments needed to boost them. As a consequence, the sectoral allocations made in the Five Year Plans cannot be justified in economic terms. Because the economic investment required is not known, the size of the complementary social and infrastructure investments can also not be determined properly. In the absence of a 'rational' or 'scientific' logic for determining the size of the sectoral (and regional) allocations, the whole exercise of drawing up a FYP is seen as a slog. Past patterns of expenditure in various sectors, including commitments already made and projects that are carried over from the previous plan are presented as the main justification of the plan's foci.

#### *Mistakes and misrepresentations in the Plan*

But in addition to gaps and biases, there are also mistakes and misrepresentations in the Seventh Five Year Plan. For instance, on page 5 it is announced that the Local Government Department gets ten percent of the total plan outlays: Rs 522 M would be channeled to it. However, Local Government is not mentioned as a separate sector in the table, and only in the project list of the T&C sector is some provision made for funds to be channeled to Local Government Department (Rs 94 M). In the other sectors, all available funds have been divided amongst projects managed by departments other than Local Government department. A gap of Rs 428 M or eight percent of the total Plan is thus unaccounted for.

Another mistake is that the FYP assumes that the Special Development Programme, which is an earmarked grant from the Federal Government, is not part of the FYP allocation of Rs 5220 M. This grant is mentioned to be Rs 512 M on page 7, so that the overall FYP would be in fact Rs 5712 M, which it is obviously not. It should have been obvious to the P&DD that this grant was to be spent in the mainstream sectors. In this way, the FYP conveys the impression that the total funds available would be Rs 5220 M plus Rs 428 M plus Rs 512 M = Rs 6160 M or 18 percent larger than the commitment made by the Federal Government.

Whether these 'mistakes' were made deliberately, as a *padding* strategy - to show that the Government has a larger investment plan than in actual fact is the case - remains a matter of speculation. No matter what the reasons are for the misrepresentations, in this way it becomes very difficult to monitor whether the sectoral allocations made in the FYP are actually adhered to in the preparation of the ADPs<sup>2</sup>.

#### *General causes for the weakness of the Plan*

The following additional causes can be identified for the weakness of the Plan. Firstly, public representatives, private sector organisations, NGOs and local governments have not been invited to participate in the preparation of the Plan and there is therefore also no input from those sides and no ownership. Of course the Plan is ultimately approved by the Cabinet, but such an approval goes by almost unnoticed, since the Plan is usually in too advanced form and at a too late stage to allow serious modification. For instance, the AJK Seventh Five Year Plan was published only in November 1989, almost one and a half year into the Plan period. The lack of involvement of politicians and other major stakeholders in the preparation of policies and plans seems to be deliberate, as was witnessed by the project in which the present writer was working.

A consultant was brought in especially to assist in the preparation of the Eighth Five Year Plan. The consultant was asked by the project to lay down a procedure for producing a better

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<sup>2</sup> This is borne out by the fact that the GOP Evaluation of the Seventh Five Year Plan has a table with sectoral expenditures which is not comparable with that in the AJK FYP (cf 1995, pp.62-63).

and consensus based plan. She laid down the ground rules for involvement of district and local governments in the preparation of the Five Year Plan, through consultative meetings, and involvement of the private sector through the establishment of a private/public sector consultative mechanism (Newels, 1991). The consultant emphasised the need for the establishment of Cabinet Development Committee working groups (i.e. politicians) in crucial policy formulation areas. Sectoral workshops were to be held based on a clear strategy formulation methodology. An interim policy paper was proposed to be approved by the Cabinet before the actual plan was supposed to be written. Political ownership was further to be guaranteed by establishing a sub-committee to the Cabinet Development Committee in charge of plan preparation, to which the P&DD would act as a Secretariat. The involvement of politicians was deemed essential especially in the absence of a proper regional database on which to base decisions. The consultant even came up with a detailed structure outline for the Eighth Plan and a plan preparation schedule.

All this was in vain. In spite of having a blueprint readily available, the approach was not adopted by the P&D Department. Instead, a year later the Government requested the project to fund another mission by the consultant, this time to write the Eighth Plan for it. The planners who had written the Seventh Five Year Plan did not wish to go through the motions again for a Plan which apparently had relevance only as a symbol of planning. Since they were impressed with the quality and scientific language of the consultant's reports, they presumed that a more 'scientific' Plan would give the P&D Department more prestige and power. The request was turned down by the project.

It is interesting to review the reasons why the strategy laid down by the consultant was not followed. Although the observations presented here are supported by interviewing of key staff in P&DD, they remain essentially conjectures. The main reason brought forward was that P&DD neither wished to make itself depend on a Cabinet Committee and nor did it wish to go through the consultative process with the district/local government tiers and with the private sector organisations. P&DD feared that forces would thus be unleashed that would make the Five Year Plan unrealistically big and lacking in internal coherence. It feared the Plan would become a political wish list. Clearly, it had no confidence in the political control to be exerted by the Cabinet Committee proposed. It wished to keep for itself (and the bureaucracy at large) the monopoly on development initiative. The P&DD was afraid it would later bear the brunt of it with a politically sanctioned document that was not implementable. What it meant was probably that it feared to lose what little control it presently had over the planning process by shielding the FYP from disruptive forces outside the bureaucracy.

A second cause for the weakness of the Five Year Plan is that the bulk of it was, in actual fact, prepared by line departments, acting as organisms (or institutions, in Selznick's terms, see section 1.7) more than as organisations. Such departments are fundamentally competing with each other for the scarce resources that the Government and the P&D Department can allocate (cf. Pfeffer & Salancik 1978). Since P&DD already tries to keep politicians, the public in general and the private sector out of the Plan preparation process, it tries to woo the bureaucracy by not interfering too much in the departmental plans. The result is a collated plan in which each sectoral chapter is an advertisement for a programme. Every sector has priority. This is also borne out by the finding that the smaller the funds for a certain department, the bigger its chapter on intentions and policies. The most strongly entrenched departments, i.e. those with the largest lists of projects and greatest sectoral allocations, pay least attention to drafting a FYP policy chapter. The sectors of Water, Power, Transport & Communication, and Physical Planning and Housing may serve as examples. Conversely, the most endangered departments (as will be seen later) make the most elaborate presentations in the plan: Agriculture, Animal Husbandry, Minerals and Health. There is an inverse

relationship with the budget. Thus, if one did not look at the budget but only at Plan policy content, the plan's focus would seem to be exactly on those sectors which in actual fact are least supported by funds<sup>3</sup>. The ostensible orientation of the plan is therefore completely opposed to implementation realities. The Plan thus lacks in internal coherence and gives no development direction.

A third cause for the weakness of the AJK Five Year Plan, even more so than with that of the Government of Pakistan, is that it focuses on the development budget, this being in the direct purview of the planning department, to the complete neglect of the recurrent budget, which is at least double its size, but managed by the Finance Department. 'Development' in a wider definition than capital investment may, however, have as much to do with the recurrent budget as with the development budget. For instance, improving the working conditions of teachers through salaries and emoluments may have a significant bearing on developing human resources. But this option is not given full attention in the FYP since the budgetary consequences are beyond its purview. Government farm subsidies are usually given through the recurrent budget, similarly the import and distribution of essential foodstuffs is handled through that budget. Such policies have a direct effect on developing or discouraging agricultural production and may even go against the project approach adopted through the development programme. Likewise, the operation and maintenance budgets of the Public Works Department are of crucial importance to the quality of the roads and buildings in AJK but they are not covered by the Plan. Conversely, many roads projects in the development budget are actually restoring and maintaining already existing roads and are not contributing to a growing stock of roads. Thus, the distinction between activities funded by development and recurrent budgets is blurred, thereby contributing to arbitrariness in the coverage of the FYP (section 7.3 deals with this matter more comprehensively).

To give another example, the local government tier and its locally generated revenue budget is mostly outside the purview of the Plan. A role for District Development Committees, which are usually moribund but sometimes, for political reasons, revived, is not laid down. District development plans are thus not generated and cannot be used in the frame of an overall plan<sup>4</sup>.

As a last point, it has to be mentioned that the Plan does not take into account the various fiscal, economic, social and spatial policies - some of which are federal - that may reinforce or weaken the chances of development. Thus the Plan cannot, at present, guide the overall policies in the various sectors of Government intervention. Whilst this weakness is not explicitly acknowledged by the P&DD, the limited coverage of the FYP budget must have a discouraging effect on taking a comprehensive approach to the formulation of the plan.

#### *The strategic context of the Plan*

The sum total of it all is a plan document written by the bureaucracy in which an explicit account of choices made is avoided. The implicit choice made is that past patterns of expenditure are the guide to the future investments. These patterns must in fact be seen as the negotiated end result of myriad micro-decisions taken at many levels in an internally divided bureaucracy (with politicians trying to butt in through all sorts of official and unofficial

<sup>3</sup> The Industries and Minerals sector with three percent of the budget take up 17 percent of the text; the Water and Power sectors with 29 percent of the budget occupy only three percent of the text. The two biggest sectors with almost 52 percent of the budget are discussed on six pages, whereas the other five sectors with 48 percent get 54 pages.

<sup>4</sup> The main role of DDCs is confined to making requests for projects funded out of the Local Government Department's block allocations.

routes). As soon as any department threatens to seriously expand, other departments turn on it for fear of bearing the brunt of this expansion; the continuous struggle tends to a balance of forces (with occasional disturbances). This is what one would expect to happen with departmental recurrent budgets; it is all the more significant that the same applies to their investment budgets. The Plan does not seem to be a serious attempt at a comprehensive policy guideline, but a document pretending, through its sheer existence, that the bureaucracy is controlling the planning process rationally. Within the bureaucracy itself, the Plan has little value; departments continue to fight for bigger shares of the turf, with as a result a wandering pattern of sectoral public investment over the years.

The internal weakness of the Plan as a compromise within the bureaucracy has repercussions for its usefulness as an instrument of control/monitoring by P&DD. P&DD has little moral authority to enforce what has no internal logic and is written by other departments anyway. What has been prepared by line departments in the first place is easily overruled by the same line departments. Outside the bureaucracy, the respect for the plan is absent, while politicians strike back by not owning it. They were not seriously involved in the preparation stage. To give just one telling example of this: the then Minister for Planning and Development professed to the author neither having read the Plan nor having any desire to do so. Contrary to the ADPs, the Five Year Plans are not enacted by the Legislative Assembly.

As an instrument giving policy guidance or enabling control by the P&DD the plan therefore largely fails. The main purpose of the Five Year Plan in AJK is to show the federal government, donor community and perhaps the general public and politicians that the bureaucracy is still 'planning' (after all these years). This is not to say that the plan does not contain some handles for control by P&DD. Two can be mentioned: it sets guidelines for the size of the sectoral allocations over a five year period (although the federal government does not guarantee that the budget will indeed be forthcoming), and (in AJK) it lists all the projects to be approved and implemented. We shall see in the next two sections whether these control instruments are being utilised to guide the approval of projects and the annual sectoral allocations.

#### **4.2 Micro-planning and the approval of projects**

The approach towards planning in practice taken by P&DD and the bureaucracy at large can be typified as a planning-by-project approach (Newels 1991, p.13). "The day-to-day practice of planning [...] appears to evolve around the processing, approving and monitoring of individual sector projects subsequently listed in the Annual Development Programme (ADP)". In this section, it is analysed whether the project approval process follows the FYP guidelines, and if not, what is the specific control exerted by the P&DD.

##### *Project approval*

Projects in AJK are approved in three forums: the Development Working Party (DWP), the Cabinet Development Committee (CDC), and the Executive Committee of the National Economic Council (ECNEC) at the federal level for the projects of a size above Rs 60 Million (in 1991; later it became Rs 100 M). The large projects will have to pass all three levels before their implementation can commence. The Development Working Party is chaired by the ACS (Dev.) and can approve projects up to a size of Rs 20 Million. It further clears (or rejects) projects of a larger size that are to be approved by the higher forums of CDC and ECNEC. The Cabinet Development Committee approves projects above Rs 20

Million upto Rs 60 Million and is chaired by the Prime Minister of AJK; the ECNEC approves projects of a cost higher than Rs 60 Million and is chaired by the Prime Minister of Pakistan.

Projects of a size upto Rs 20 Million are then approved at the bureaucratic level. The larger projects are politically approved. The P&D Department serves as a technical advice body for the CDC, and the P&D Division in Islamabad for the ECNEC. To give an idea about the quantum of commitments made at each level, the following results of the file study can be presented. Of all 424 ongoing projects in the ADP of 1990-91, 57 percent were decided by the bureaucratic DWP, 39 percent by the political CDC and 4 percent by the Federal Government through ECNEC. In terms of finance the situation was reversed, when 19 percent of the overall project portfolio's budget was decided by DWP, 37 percent by CDC and 44 percent by ECNEC (Henderson & Kolkma 1992, p.38).

Whereas this corroborates that the role of 'Government' in the decision-making process is important in AJK (and perhaps more so than in Pakistan), it has to be understood that the P&DD (the ACS) still exerts considerable leverage, because of its role of clearing house. All projects to be approved by the CDC or Federation first have to pass the bureaucratic P&DD level. In the absence of a Planning and Development Minister actively involved in his department, the PM has to take all decisions. This he no doubt gladly does, but nevertheless, he has limited time to study all the proposals before him. His own secretariat does not guide him technically; he is dependent on the P&DD's and other departments' advice. It is rather seen that the PM (and other politicians) lobbies behind the screens for including projects in the project portfolio, than that they control the project approval process as a whole, and from a comprehensive viewpoint. Emphasis is on project identification rather than appraisal.

We shall turn now to the question whether the Five Year Plan and particularly its list of projects was followed with regard to the approval of projects. Some results of the same file study are pertinent here (*ibid.*, p.14-16).

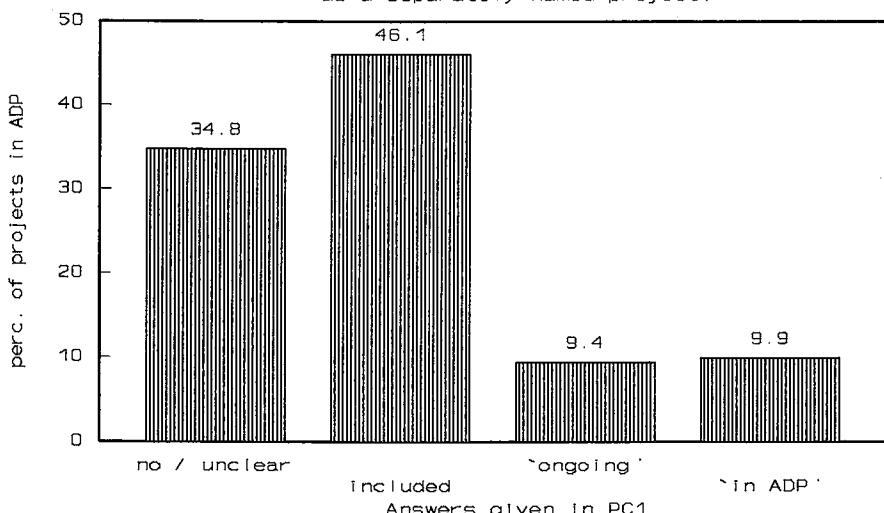
#### *Relation with the Five Year Plan*

The relation of the project to the Five Year Plan is addressed in two items of the official project document format (known as PC-1 and in Pakistan famous as well as notorious: the AJK PM once called them "Permanent Curse 1" in a public meeting). *Item 4* asks for the plan provision of the project: (a) If it is in the Five Year Plan, the actual allocation for the project has to be specified. (b) If it is not included, it has to be specified what warrants its inclusion in the Plan and how it is proposed to be accommodated financially. *Item 5* then asks for the relationship of the project with the objectives of the sector. (Annex 4 contains a copy of a PC-1 form, with the example of the Education sector.)

Figures 4.1 and 4.2 on the next pages show the extent to which the project proposals in AJK are based on the Five Year Plan.

A first finding is that less than half of all project proposals answer the question whether they were included in the FYP positively: in around one third of the cases no answer at all is given or 'n.a.' (not applicable / not available) is indicated (see Figure 4.1). This was to a large extent related to the fact that these projects were conceived in the period of the Sixth Five Year Plan, which was prepared in draft form, but never published. In a further fifth of all cases it is stated either that the project is ongoing, that it is a revision of an earlier project, or that it has been included in the ADP. Of all PC-1s which stated that the project was not included in the Five Year Plan only very few gave special reasons warranting its inclusion in the ADP. In most cases where a project was not included in the FYP, the issue in *item 4* (special reasons) was ignored. Thus, when a major divergence from the FYP project list was deemed necessary, there was usually insufficient justification in the PC-1 and neither any

Is project indicated as included in 5YP  
as a separately named project?



Source: PC1 file study, Henderson & Kolkma 1992

Figure 4.1

explanation of the effect that this divergence would have on the other commitments already in the plan.

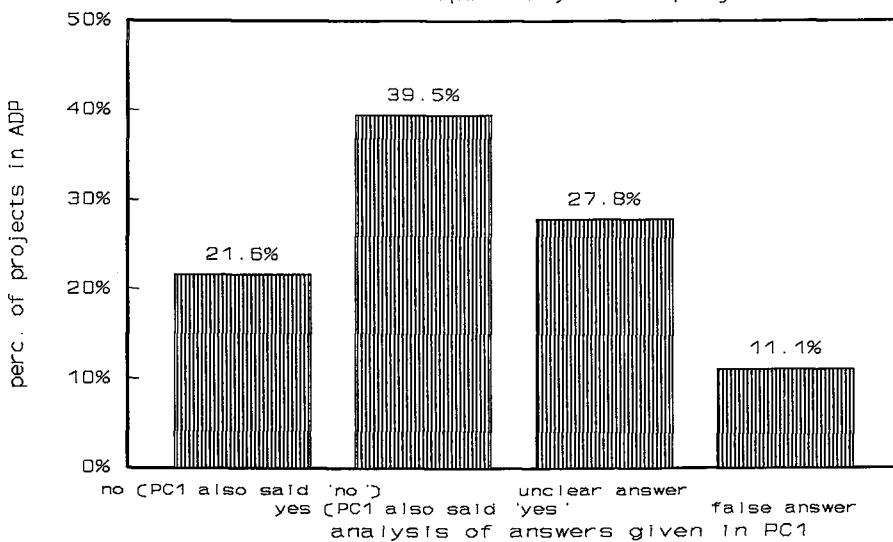
Of the PC-1s which stated that the project was included in the FYP, nearly three quarters did not indicate the budgetary size allocated for the project in the FYP. The accuracy of the answer to the question on inclusion in the plan was tested and as figure 4.2 indicates, only 40 percent rightly indicated the project to have been included in the FYP, whereas 22 percent correctly stated that it was not included. The remainder gave confusing statements.

#### *Financing of projects not in the Five Year Plan*

There are generally two possibilities open to departments proposing to finance projects not originally included in the Five Year Plan. They can either remove another financially equivalent project from the plan or they can take smaller sums from a number of projects. Whichever is adopted the fulfillment of the plan objectives are bound to be jeopardised<sup>5</sup>. On the basis of the sample, it could be estimated that the block provision was indicated as the source of funds in more than half of all the projects which were not in the Plan. Their total cost amounted to Rs 950 M or more than three times the size of all block provisions in the

<sup>5</sup> Probably for this reason the Federal Government's Manual for Development Projects (1991, p.25) lays down that ... "a project in any sector shall be eligible for consideration only if it is identified by its entry in the approved plan." ... "Projects aided by foreign sources are an exception and are generally included".

Was the project really in the 5YP  
as a separately named project?



Source: PC-1 file study; Henderson and Kolkma, 1992

Figure 4.2

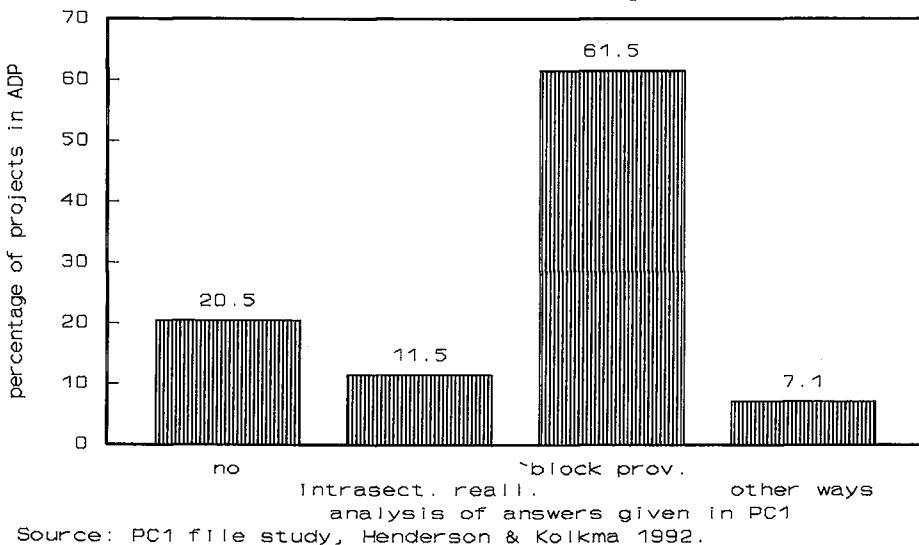
#### Plan<sup>6</sup>.

The financing of these unscheduled projects is a major problem for the completion of the targets of the FYP, particularly in a climate of financial stringency and because less funds are likely to be made available than are required for the approved FYP<sup>7</sup>. Apart from self-financing projects, which are very few in number, the solution has to come from either intersectoral or intrasectoral reallocation of funds. In the PC-1, solutions were seldom indicated, probably because no department wished to curtail its other projects and hoped that the Government would get the funds somewhere else (cutting projects in other sectors). As can be witnessed by Figure 4.3, in only 12 percent of the sample, intrasectoral reallocation was mentioned as the method of financing. In fact, however, intrasectoral reallocation must be considered the principal route for the funding of new or larger-than-foreseen projects. Simply then the funding of other (ongoing and new) projects in the sector will be decreased or re-phased to accommodate the new project. Given the large number of new or higher-cost

<sup>6</sup> As noted earlier, the Seventh FYP excluded large block provisions apart from relatively minor ones in the Transport & Communication and Physical Planning & Housing sectors (worth Rs 264 Million and Rs 40 Million each). Most of the FYP funds were committed to finite projects even though some of the proposed projects were so vaguely formulated that they could, in fact, be called a form of block provision. But these could never cater to all of the claims made on them over a five year period.

<sup>7</sup> See also the previous section. For the Seventh FYP, of the projected Rs 5220 M, only Rs 4916 M was made available. There is also a confusion about the nature of the commitment in the FYP; AJK expects in fact an inflation corrected FYP allocation from the Government of Pakistan. In this light, the allocations actually made were only Rs 3793 Million in 1988-89 Rupees or 73 percent of the commitment (Government of Pakistan 1995, p. 62-63).

Was for projects outside the 5YP  
the method of financing elaborated?



Source: PC1 file study, Henderson & Kolkma 1992.

Figure 4.3

revised schemes and the likelihood that rescheduling is the main route for new unforeseen projects to be accommodated in an ADP then the result of this practice will be the thinning of resources for an ever increasing portfolio of increasingly delayed projects, leading to inflation and other problems, possibly even the non-completion of some projects.

One escape from this spiral would be a financial monitoring system dealing specifically with those projects which were not in the FYP or which were approved with a different budget. This should be basically the business of the sponsoring department, but P&D department and the decision forums (DWP, CDC) could be kept updated on a regular basis, to see how much of the budget in each sector was exhausted, how much committed through the FYP, and how much remains for new unforeseen projects, or project revisions.

#### *Relationship with Five Year Plan objectives*

With regard to the relation of the project to the sectoral (FYP) objectives as could be worked out from the project documents, the following was found by the file study. Most PC-1s contained only very brief answers to the question on sector objectives. Generally, no department seemed able to do better than give a short description of the project and its intra and inter sectoral relationships. In many cases, such objectives were specified as "to provide better transport to the public", as with most road projects. If policies, objectives, and targets had been worked out and made specific in the Five Year Plan then better quality answers would perhaps have been given. In other words, the project documents lacked quality in this respect also because they could not be properly related to the Five Year Plan or any other policy statement.

Thus, the conclusion is that P&DD had difficulty to control the approval of projects from the point of view of the Five Year Plan guidelines, because these were of insufficient quality and detail and were not followed by line departments. Nor could P&DD keep out entirely the

influence of politics from the decision-making process. This was witnessed by a number of projects justified on the basis of 'Government directives'. Since departments were fighting for a larger piece of the turf and politics was disowning the FYP, rational comprehensive planning could not be pursued. Of course, absolute and rigid adherence to the FYP is not required even by technocratic planning but the extent to which the plan was ignored in AJK is revealing of the real situation of incremental planning. And especially when the type of planning conducted in AJK can be condoned given the overall context then more focus should have been put on the monitoring of at least the pattern of sectoral allocations.

#### *P&DD's scrutiny of project proposals*

If the departments do not care about heeding the Five Year Plan in their PC-1s, then the same can be said of the P&DD, witness the working papers it presented on each project for discussion by an approval forum. In 69 percent of the cases studied, there was no mention at all of the FYP, although this is a standard issue in the working paper format. Looking at the contents of these working papers, the following observations can be made based on the sample drawn for the file study. The main issues discussed are micro-financial and micro-technical.

- Financial issues raised in the working paper focused on the cost of works which in the view of the P&DD could usually be budgeted cheaper than the line department had done (45 percent of all project proposals), or on the departmental charges and contingencies that line departments claimed which in the view of P&DD were too high or not according to prescribed procedures (22 percent). There was much less attention for issues such as whether there is sufficient allocation in the ADP (or FYP) to fund the project (15 percent). The overcommitment of project portfolios was seldom elaborated to the extent that an overview was given of the utilisation of the budget of the line department in terms of its Five Year Plan allocation. (An overview of such a utilisation position was of course not included in any project document either.) Although the likely recurrent cost of projects after their completion was often given scant attention by the line departments, this was very seldom the subject of critique by the P&DD scrutineers.
- Micro-technical issues also featured importantly in the working papers. Many technical errors (in the view of P&DD) were usually pointed out in the designs of construction works (59 percent), whereas P&DD also frequently complained that there was missing or wrong information in the PC-1 (38 percent of all working papers). The availability of land and its budgeted cost was also often discussed by P&DD (22 percent). Lastly, the number of vehicles that are required for projects were fairly frequently the focus of criticism by P&DD (14 percent).<sup>8</sup>
- Other issues, such as economic/social issues, or those concerning beneficiaries, featured much less.

P&DD is thus mainly interested in ensuring that project proposals are technically sound and that they are not inflated ('padded') in terms of their proposed cost. As UNDP (1991, p.112) has concluded:

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<sup>8</sup> In 62.5 % of all projects, land was a budget item, in 19 % vehicles, and 12 % government staff.

"the mechanisms for allocating resources to provincial development programmes have encouraged the provinces to view annual development programmes as bidding documents, leading to substantial differences between requests and allocations. Provinces must then discard projects in a context in which the planning process itself does not provide a means for reconciling requests and allocations. Indeed, the whole administrative process of project evaluation is designed for the evaluation of in-project feasibility and not for the comparative analysis of projects or the trade-offs between development and non-development expenditure."

This does not mean that there are no differences in the approach to departments. As Figures 4.4 and 4.5 show, some departments get a harder time than others. Projects proposed by departments such as Agriculture and Animal Husbandry take almost double the average time to be approved (two years instead of one). The originally proposed costs for these projects are also slashed much more than in the other sectors: whereas Agriculture proposals were around 312 percent of their finally approved cost, the average was some 117 percent of the approved cost. Many of its projects are decided only after constituting a special committee which is to scrutinize the proposal - the distinguishing feature being that these committees for often relatively large projects are again solely consisting of bureaucrats (and usually the same, overworked officers). The general perception of many government officers is that fomenting these sectors<sup>9</sup> is a luxury which can be afforded only after the 'necessary' investments have been made in roads, electricity, irrigation, schools and dispensaries.

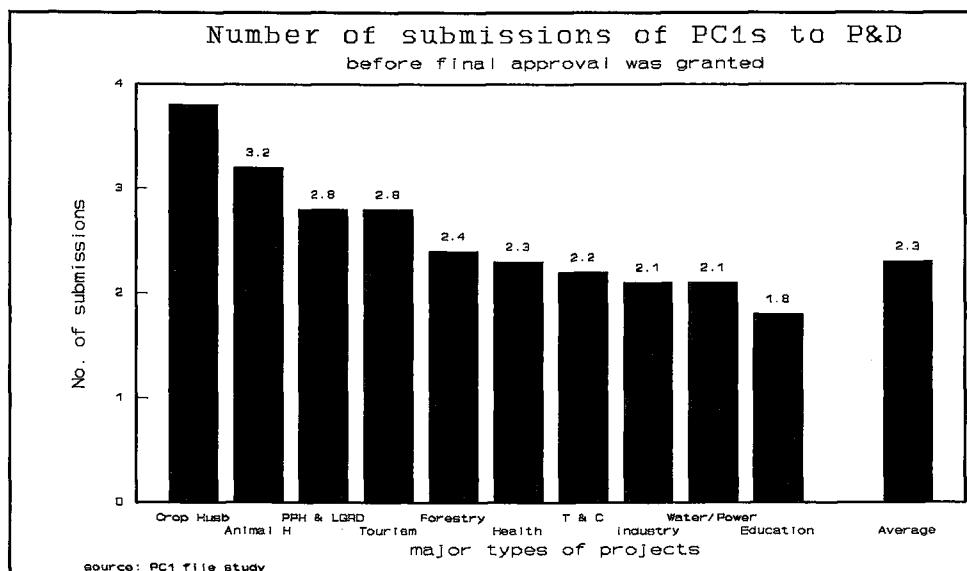


Figure 4.4

#### *The nature of the approval given*

The nature of the approval finally accorded presents another dimension of the extent to which P&DD exerts control over the planning process. Two factors bear out once more that P&DD seems not in position to enforce a rigid control over the planning process: (1) some 20

<sup>9</sup> These departments are often referred to by the urban press and government officers as 'white elephants'.

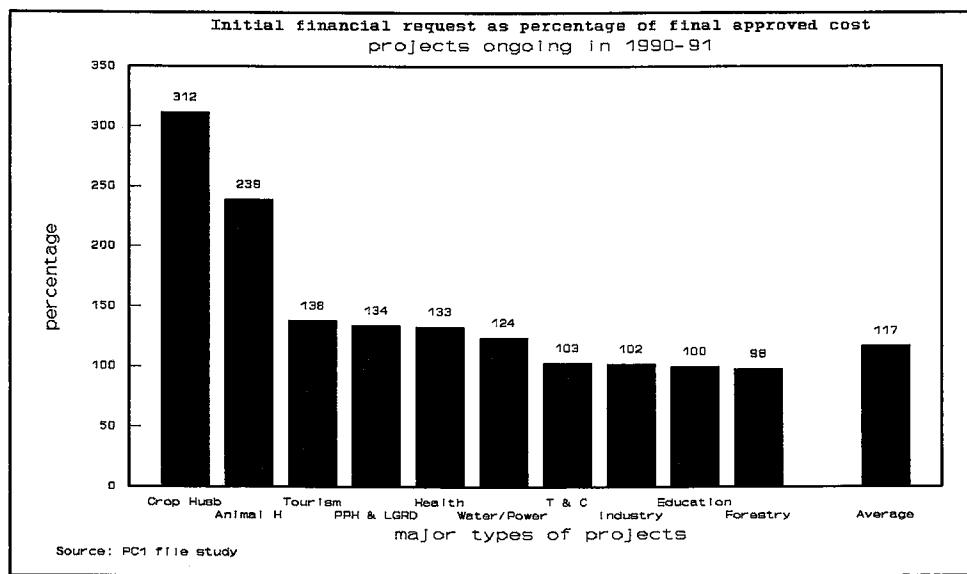


Figure 4.5

percent of all projects are started based on some form of anticipatory approval, and (2) almost 80 percent of all project approvals are conditional.

An *anticipatory approval* can be given by the ACS, PM or the Chairman of the ECNEC (Prime Minister of Pakistan), depending on the size of the project, and is usually time bound (six months or a year). In practice, it is given more by the AJK Prime Minister and Chairman of ECNEC (the PM Pakistan) to the larger projects. It can be calculated on the basis of the file study that projects to a joint value of around 45 percent of the budget, have been subject to an anticipatory approval before the full approval was granted (or the revision approved). While one reason for this was the fact that meetings at the CDC and ECNEC level are held rather infrequently, the main reason was that departments were seen to take a lot of time to react to requests for additional information or re-costing from these higher levels. No matter how valid the reasons, the start of a project through an anticipatory approval arrangement is usually not conducive to serious improvement in the quality of the project's design later on<sup>10</sup>. The camel's nose principle applies here (see section 3.5).

The *conditional approval* is an approval given to a project proposal on condition that certain stipulations are met, e.g. additional information is provided by the sponsoring department, a re-costing is done, or certain items are added or deleted. This kind of approval is often given by P&DD under pressure of the line departments or the Government, to avoid that further time is lost in re-drafting the PC-1. Although the conditions are intended to improve the project proposed, the better solution would be not to accord approval before the conditions have been carried through in a redrafted PC-1 and another approval meeting held.

The consequence of the conditional approval is similar to that of the anticipatory approval: more confusion is created. The document is approved but changes still have to be made to it. It then becomes necessary for P&DD to withhold the Administrative Approval that it

<sup>10</sup> This conclusion is corroborated by research conducted by the Federal Projects Wing for federal projects, as referred to in Sahibzada & Mahmood (1992, p.1115-6): such projects usually ran into serious problems later on.

normally has to issue after the approval of a project by a forum. Delaying the Administrative Approval has two advantages, and one disadvantage. The advantages are: (1) P&DD has some way of leverage that project documents are improved even after the basic approval by the forum, and (2) if the portfolio of ongoing projects is already very large, then the addition of a new project can be put off to a more convenient time (but the project usually becomes more vulnerable to 'politics'). - The second advantage is perhaps dubious, since the main moment to consider whether the available funds are sufficient to allow another technically sound project to be added to the portfolio, should be at the forum approval stage, not later. The disadvantage is that the later the Administrative Approval is issued, the more the cost estimate will be out of tune with the steadily inflating costs of goods and services. Since 1989 or so, Pakistani inflation rates have stood at figures around ten percent annually, so a contractor's profit will progressively diminish with time if there is no upward revision of the cost estimate. He will be likely to try to limit his losses for instance by using lower quality materials.

Even without considering the delay between forum approval and administrative approval, the P&DD scrutiny and approval process takes on average some 6.5 months. The file study estimated that the delay between forum approval and administrative approval takes another 5.9 months, so that the average PC-1 cost estimate is already one year (i.e. ten percent) out of tune with the prevailing cost structure once the project is in a position to start.

#### 4.3 The Annual Development Programme

Next to the preparation of the Five Year Plan and the approval of projects, the P&DD in principle exerts influence on the planning process through its coordination of the preparation of the Annual Development Programme. The ADP is essentially a list of projects which have been granted an allocation from the lump sum provided each year by the Federal Government. An example of a page of the list is given by Table 4.2 on the next page. By varying the size of the allocations for individual projects, P&DD and the line departments can optimise the speed with which the projects are implemented in AJK. The ADP is prepared over a long period of consultations with departments, AJK Government and Federal Government, and published at the end of June. It is subsequently approved by the AJK Assembly on the 1st of July, with or without a few amendments made to it, which are added to the book as a corrigendum. All projects with an allocation are grouped by sector and by sub-sector, and then in accordance with their approval status. Somewhat confusingly, projects which are approved are called on-going, whereas those which are not yet approved are called new. The issue of whether the on-going projects have actually started or not is thereby obfuscated. The inclusion of the new projects with allocations in the ADP, in anticipation of their approval during the year, is even against the advice of the Federal Government: only approved projects should be admitted to the ADP (P&D Division 1991, p.123). But due to pressure from the line departments as well as the Government, this advice is not heeded. Every year, at the moment of issue of the ADP still unapproved projects take up between 5 and 20 percent of the new ADP.

**Table 4.2 Sample page from Annual Development Programme of AJK, 1993-94.**

PUBLIC SECTOR DEVELOPMENT PROGRAMME 1993-94, AZAD JAMMU & KASHMIR

Sector: Agriculture

Sub-Sector: Crop Husbandry

(Rupees in Millions)

Unique Reference No.	Ser. No.	Name of the Project with Status & Location	Date of First Approval/Completion as per (Last) PC-I	Approved(Rev.)/Estimated Cost			Financial Progress				Allocation for 1993-94			Progress in Percentage Terms		Expenditure Beyond 1993-94
				Total	of which:	Expenditure upto June, 1992	Budget Estimates 1992-93	Revised Estimates 1992-1993	Expected Expenditure upto June, 1993	Total	of which:	Upto June, 1993	Expected upto June, 1994			
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
AGR-1	1	ON-GOING PROJECTS Setting Up of Farm Mechanisation Organisation in Azad Kashmir (Revised)	16/12/86 30/06/93	29.314 39.890 (Rev.)	13.456	..	27.836	10.800	6.000	33.836	4.250	..	..	85 %	95 %	1.804
AGR-2	2	Cereal Crops Improvement and Production Programme through Onstation/Onfarm Research	21/11/87 30/06/92	7.659 ..	..	..	5.784	1.875	1.875	7.659	0.700	..	..	100 %	109 %	-0.700
AGR-3	3	Procurement & Distribution of Agricultural Inputs (Fertilizers and Improved Seeds)	20/11/88 30/06/93	43.051 ..	..	..	20.415	7.715	6.800	27.215	4.250	..	..	63 %	73 %	11.586
AGR-4	4	Strengthening of Agricultural Training Institute for Training of Extension Farmers	16/04/89 30/06/95	6.665 15.852 G 45.004	..	..	6.279	1.995	1.628	7.907	3.300	..	..	50 %	71 %	4.645
AGR-5	5	Production of Disease Free Healthy Potato Seed in Azad Kashmir	22/10/89 30/06/92	2.000 2.043 15% Ex	..	..	2.043	..	..	2.043	..	..	..	100 %	100 %	..

### AJK's ADP strategy

Logically speaking, the ADP has to be prepared taking into account at least five factors: (1) the actual size of the federal grant, (2) the allocation for every sector as per the FYP, (3) the needs of projects as per their individual financial phasing, (4) the priority of projects, and (5) implementation realities affecting the speed with which ongoing projects can absorb the funds as planned in their project documents.

If the first factor is in accordance with the commitment made in the Five Year Plan, and no projects have been given allocations which were not in the FYP, then the annual allocation to each sector may deviate from that in the FYP in accordance with factors 3, 4 and 5, as long as at the end of the five year period the total utilised is roughly the same as foreseen in the FYP. Let us first see if the Seventh Five Year Plan sectoral utilisations have been in accordance with their proposed allocations. Figure 4.6 compares the two.

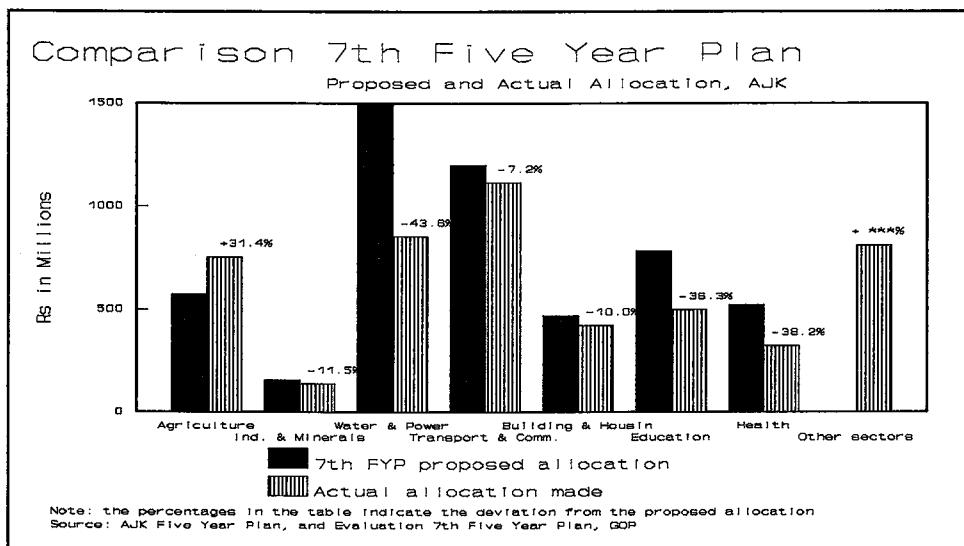


Figure 4.6

From this figure the conclusion can be drawn that most of the actual sectoral allocations deviate from the FYP proposals. As was concluded earlier, this is in line with the perception that the FYP is not used seriously for guidance in the preparation of the ADP.

If the Five Year Plan sectoral allocations do not give practical guidance, then the position with respect to FYP projects becomes all the more interesting. Is the list of projects in the Seventh Five Year Plan being followed? If it is, then a substantial number in for instance the ADP of 1990-91 should be also in the FYP. After comparison it is clear that the number of projects included in the ADP 1990-91 had already exceeded the total number of projects of the FYP (454 as against 392). Outside the Transport & Communication sector (T&C), some 53 of the 291 projects in the ADP were not included in the Seventh Five Year Plan. In the T&C sector, there were 173 projects in the ADP, 102 of which were not mentioned by their title in the FYP; a number already far too large to be funded out of the two relatively small block allocations mentioned in that sector. On the other hand, as far as the new FYP projects were concerned, 82 were not yet included in the ADP 1990-91; some 40 percent of all new FYP projects (cf. Kolkma & Mir 1991, pp. 20-21). In other words, the ADP of July 1990

had already gone significantly off the rails of the Five Year Plan published in November 1989.

#### *Financial requirements of projects*

Since the ADP 1990-91 had a different composition from that proposed in the FYP, it then becomes necessary to see how much these projects needed in terms of allocation in order to do justice to their own financial phasing. This could not be checked in detail<sup>11</sup>, but a proxy calculation was made to estimate the projects' financial requirement in 1990-91. The following parameters needed to be known for this: the total number of projects in the ADP with more than a token allocation (443), their joint cost (Rs. 11327 M), and the average duration of the projects (2.75 year)<sup>12</sup>. -The latter figure was an estimate, derived from the sample taken in the file study; the intended durations were not properly registered in all cases in the ADP book. With a roughly constant budget every year it can be argued that the same number of projects should be admitted to the ADP as are dropping out due to completion; their total cost should be equal to the size of the annual lump sum<sup>13</sup>. In such a case the ADP would on average require  $Rs\ 11327\ M / 2.75 = 4119\ M$  to complete the projects on schedule. However, the ADP budget was only Rs 1012 M in 1990-91, four times less than what would have been required. Even if the PC-1s were over-optimistic with respect to the implementation capacity and the duration of projects should have been expected to be double the proposed period or 5.5 year on average, then still the ADP would need more than twice the amount that is actually allocated by the Federal Government. Since the annual lump sum provided by the Federal Government oscillates within fairly well known limits, it is clear that there was vast slippage by P&DD and the rest of the bureaucracy in terms of the management of the development programme. Far too many projects were approved and admitted into the ADP. This overcommitment, which translated into insufficient annual allocations for the projects, must then have led to all sorts of huge delays in the completion of projects. The size and effects of these delays are further discussed in section 4.6.

In large part, the overcommitment is due to the effects of the strategic behaviour of departments which is insufficiently contained by the P&DD. They try to cut as large a slice of the collective pie for themselves as possible, by submitting more project proposals for funding than would be good for the ADP as a whole and even for the effectiveness of their own programme. Whether other departments will suffer from the decrease in funds available for their projects, is not their first concern. Politicians also play a role in this, on the one hand because they are often used to support project proposals, and on the other hand because they themselves like to come with new project proposals which the departments then have to translate into PC-1s to be submitted to the approval forums. For departments, there is even some logic in keeping a very large portfolio of projects afloat. In the capricious conditions of AJK, projects may have to be halted at any time because of an unforeseen lawsuit involving land acquisition, contractor problems, strikes, weather disasters, etc. Being able to shift funds

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<sup>11</sup> To check this properly, the capital break up of all ADP projects needs to be found out, and their actual start dates.

<sup>12</sup> These figures are net; they exclude some 41 projects mentioned in the ADP which had no allocation and were more or less completed, but still shown to account for the previous year's expenditures incurred. They also include a number of projects (5) that were included by the Assembly through a corrigendum.

<sup>13</sup> Such reasoning provides for an important rule of thumb: in order to avoid overcommitment, every year no more projects should be approved and included in the ADP than the value of the ADP budget. So if the ADP grant from the Federation amounts to Rs 1 billion, then every year, projects to a value of Rs 1 billion can be approved and included; including more would lead to overcommitment.

around from one project to another then still enables absorption of the available funds<sup>14</sup>. (But this would perhaps excuse a 50 or 100 percent larger portfolio but not the four times too large size encountered in AJK.) That there is at any time a large number of half-finished buildings and uncompleted projects which are subject to disproportional wear and tear and do not yield any benefit for the period of their being incomplete, is another matter.

#### *Unpredictable foreign aid*

Another factor leading to deviation from the Five Year Plan is the unpredictability of foreign aid. The importance of foreign aid to the Annual Development Programme has grown in AJK in the 1990s, as can be seen from Figure 4.7. The importance of foreign aid has grown to a level comparable to that experienced in Pakistan. In 1990-91, this influence was still relatively small, at 12.5 percent of the ADP; in Pakistan it was between 30 and 40 percent in those years (e.g. 39 percent in 1991-92). But in 1996-97, the influence had grown to almost 30 percent, more or less equal to that in Pakistan in that year. This growing influence, not foreseen in, let alone guided by the FYPs, can to a large extent be attributed to the increasing resource problems of the country. Due to the large uncertainties connected with foreign aid in general, the adherence to the FYP has become even more difficult than it already was. The problems are exacerbated by the fact that many foreign aid projects also commit large local funds.

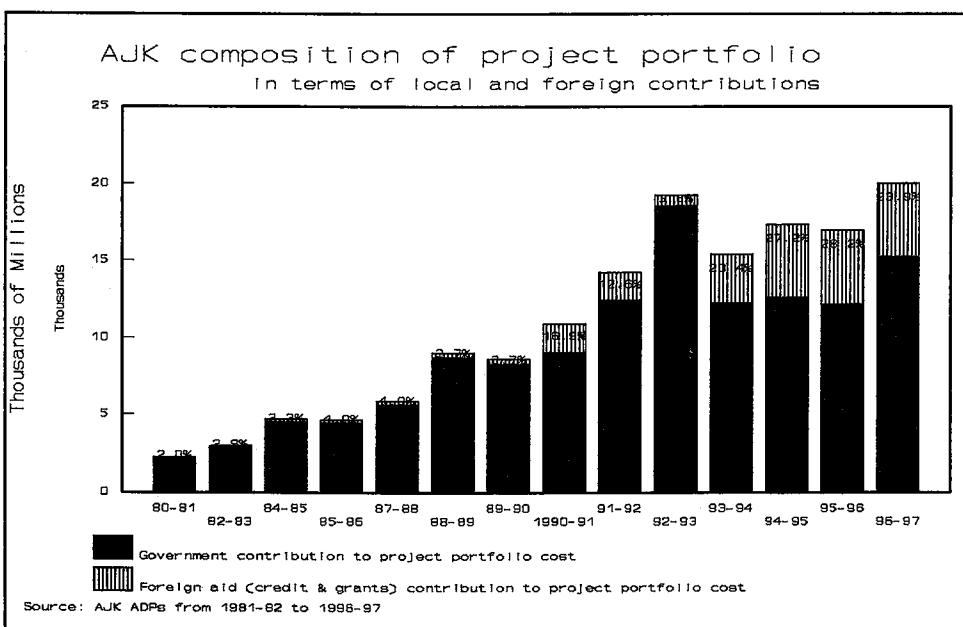


Figure 4.7

<sup>14</sup> Srivastava (quoted in Chaturvedi 1988, p.78) also noted this practice in India, where Executive Engineers would have a definite stake in starting as many projects as possible: (i) their confidential report would take into account the money spent in [...] projects and number of projects started, and (ii) it is much easier to spend or absorb larger financial allocations if there are a large number of incomplete projects.

### *Is AJK's budgetary overcommitment exceptional?*

The question may be raised whether the overcommitment in AJK is exceptional when compared to ADPs in Pakistan. There are some indications that this is indeed to some extent the case. In AJK, the ADP allocation was in 1990-91 8.9 percent of the cost of the overall project portfolio; in 1991-92 it was even less: 8.2 percent<sup>15</sup>. For the ADP of the Federal Government, the percentage was 11.5<sup>16</sup>. This may seem a small difference, but it is not: the annual amount available to a federal project is 40 percent larger than that to an AJK project. A different formulation of this situation is even more striking: whereas in AJK, 12.2 ADPs are needed to finance the project portfolio, in the Federation it is 'only' 8.5 such ADPs. The latter is still a serious overcommitment, but smaller than in AJK. When the figures available for the ADP of North West Frontier Province are analysed, a percentage can be found, similar to that of the Federal Government: 12.4 (in 1995-96), or equivalent to 8.1 ADPs<sup>17</sup>.

### *Mixed stakes of the P&DD*

It would be wrong to assume that P&DD is itself not aware of the damaging effects of too large a project portfolio. However, it is too weak to resist pressure from politicians in power and other (larger) departments advocating great benefits to be gained from inclusion of their projects into the ADP. In a sense it is also addicted to development as pursued through projects; it is the department's *raison d'être* and therefore it seems to some extent biased against pushing the financial constraint argument too far (that is conveniently regarded the duty of the Finance Department..). Projects are after all supposed to be yielding greater returns than their costs, so it is quickly assumed that there can be little wrong with just a little more deficit financing. There are also other considerations. Fearing to become unpopular, P&DD sometimes goes along with grand new schemes with a lot of political support but which, in actual fact, cannot be financed without having severe repercussions on the completion of other projects. It likes to believe those who claim that foreign aid will be forthcoming in support. It gladly accepts the Prime Minister's reassurance that he will obtain the required funds from the Federal Government through lobbying. It goes along by presenting to the Federal Government each year a draft version of the new ADP which is on average 30 to 40 percent higher than what it already knows it will finally get<sup>18</sup>.

The larger overcommitment than in the Federal Government's ADP may be explained as follows. The Federal Planning Commission is constrained to be more conservative than AJK. It provides the secretariat to the National Economic Council which determines the overall resource distribution and the amount available for public investment. It cannot be seen as easily to seriously inflate the government budget. The AJK Government, on the other hand,

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<sup>15</sup> The ADP budget 1991-92 was Rs 1142.448 and the cost of the project portfolio Rs 13914.420 M. The significant rise in size of the project portfolio was mainly due to the inclusion of the Neelum Valleys Hydro Project, with a cost of Rs 2.6 billion. In years afterward, the total cost would however rise further, inflating the overcommitment.

<sup>16</sup> This was calculated after a study of the PSDP 1991-92. After excluding the special area lump sums, cases where project costs were not reflected, and the huge token allocation for Kalabagh Dam (Rs 122 billion), a total project portfolio to the value of Rs 506162 billion remained, with an ADP allocation of Rs 58.3 billion.

<sup>17</sup> The ADP in 1995-96 was Rs 8.85 billion in NWFP; the total project portfolio Rs 71.592 billion. Unfortunately, earlier figures were not available to the author, or were not properly interpretable due to ambiguities regarding the amount of foreign aid involved.

<sup>18</sup> The federal government's ADP format includes three columns for the projection of required allocations for each project after the current year, to assess the commitments for the next years. This attempt at a rolling plan statement for the public investment programme was used for the draft ADP as submitted to the federal government, but not for the final ADP in AJK.

may be more prone to invoking the principle of the camel's nose due to its greater remoteness from the ultimate source of funding. Expensive projects of national importance are included in the budget (such as the Neelum Hydel Project or the Muzaffarabad-Kohala Road) and the department and Government then start lobbying for their take-over by the Federal Government's ADP on account of their unsustainability within the AJK budget<sup>19</sup>. It seems therefore that earmarked grants from the Federal Government lead to highly strategic behaviour from the side of AJK and contribute to budgetary overcommitment; such grants do not promote prudent behaviour by subnational governments.

Another example may illustrate this further. Once, a substantial financial grant offered by a multilateral donor for forestry development was declined, because the federal Economic Affairs Division (EAD), coordinating foreign aid, imposed the condition that this grant would not be additional to the ADP grant received from the Federation. The purpose was to prevent AJK from benefiting disproportionately from foreign aid. Although the EAD urged AJK to accept, AJK saw no reason to accept grants with strings attached, which would only replace the normal development grant from the Federation. That this behaviour for Pakistan as a whole implied a net loss of resources, was not its foremost concern. It can be surmised that the inclusion of AJK in the formula of the NFC award (like the Provinces) would promote more responsible behaviour in this respect.

#### *Obfuscations in the presentation of the budget*

Some devices may be employed by P&DD to present a rosy or more concealing image of the ADP to the public and perhaps to the Federal Government. Basic information such as the starting dates and intended closing dates of projects are semi-deliberately often left out of the ADP, so that other parties outside the bureaucracy have difficulty in assessing what is going on. Similarly, some information on foreign aid is left out or underestimated. In the 1990s, the P&DD began to use the democratic phenomenon of frequently changing Governments and their likes and dislikes to drop projects from the ADP. It created annexes to the ADP book for this particular purpose. Since 1993-94, the ADP contains two annexes, one with a list of approved projects which do not get any allocation, the other with a list of projects which are 'identified' but not approved. From the fact that they do not even get a token allocation it is clear that these projects are only put in the ADP to appease politicians or departments but are not expected even to be approved over the year. When the government changes or when priorities change, these pet projects are quietly dropped from the ADP. However, the government does not change every year, and neither do all of their preferences, so these projects may eventually still be implemented. At the same time P&DD cannot prevent a new government from adding new pet projects to the ADP. The period 1989 to 1996, with three successive, democratically elected governments in power, has led to higher numbers of new projects admitted to the ADP, as can be seen in Figure 4.8, but without increases in the overall ADP lump sum, as can be seen from Figure 4.9.

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<sup>19</sup> This argument may not convince at first sight, since the NWFP as another subnational government would be subject to the same tendency, and it is not: it has a smaller overcommitment. However, the NWFP may be assumed to be more prudent for another reason: most of its ADP budget is not a federal grant such as the one that AJK receives, but a federal cash development loan at commercial interest rates.

Number of approved and un-approved projects  
AJK Annual Development Programmes, 1980-81 until 1996-97

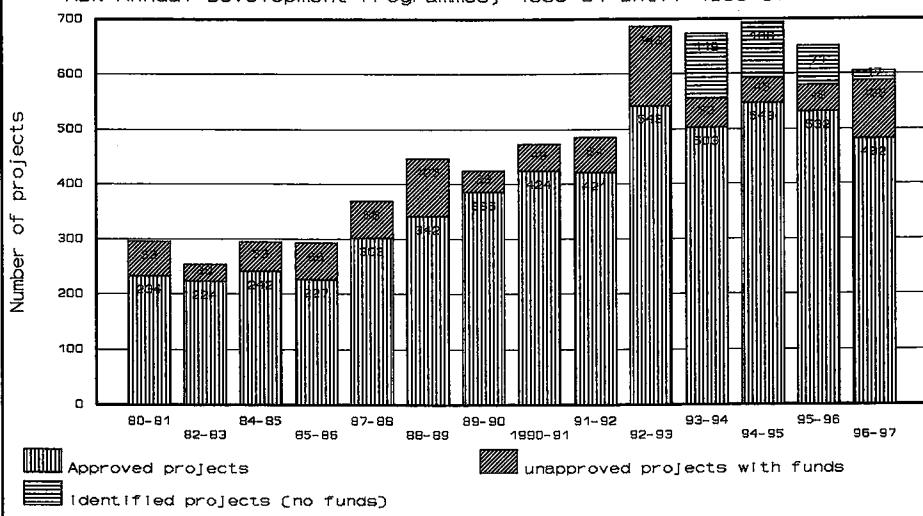


Figure 4.8

ADP allocations in AJK from 1980-81 to 1996-97  
Inflated/deflated to 1989-90 level

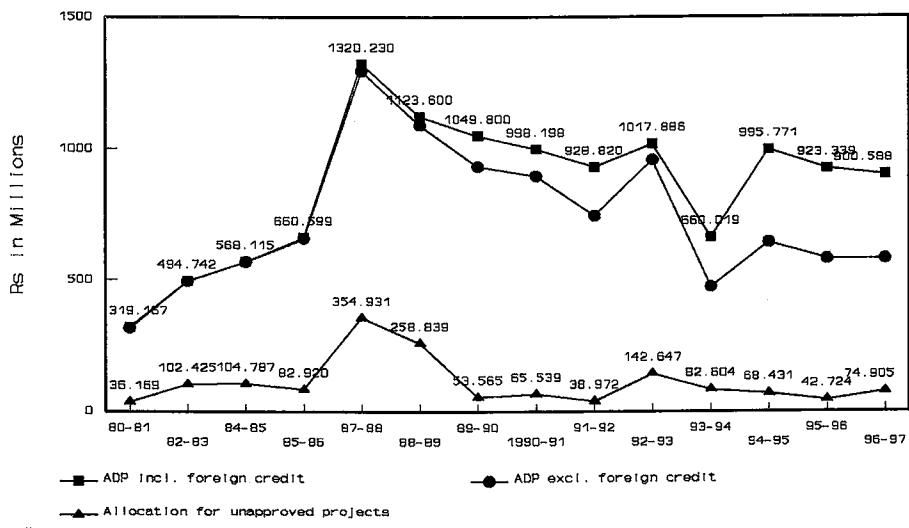


Figure 4.9

#### 4.4 Annual Plans of Operations and Annual Plan

P&DD theoretically has to approve, or at least concur with, the approval of an Annual Plan of Operations (APO) for each of the projects in the ADP. This rule gives the P&DD in AJK an edge over its opposite numbers in the Provinces, where the submission of an APO before expenditure can be incurred is not required<sup>20</sup>. The APO is also submitted to the Accountant General's Office, which has to verify and sign the cheques; the AG waits for a letter of concurrence sent to it by the P&DD. The APO is thus an additional instrument of control beyond that of the ADP, to influence the speed at which (components of) projects are executed. The P&DD reinforces the instrument further, by publishing an Annual Plan around October which, like the ADP, contains a list of all projects, with their physical targets (as reflected in the APO, but often only percentages), and progress booked upto the end of the previous year. The APOs give P&DD a chance to influence the types of activities within projects. Once again the findings of the file study will be employed to check whether this instrument is actually used or not (Henderson & Kolkma 1992, ch.9).

In the year 1990-91, only around one third of all project files in the sample contained a copy of the APO. After enquiries it turned out that the Public Works Department was unofficially allowed to deviate from the rules by sending a list of projects with their adjusted financial requirements, presumably due to the sheer number of their projects requiring funds. If the projects of the Public Works Departments are not counted, then the overall rate of APO submission rises to over two thirds. Nevertheless, this result points to poor control by the P&DD, a finding which was corroborated by interviews with the P&DD staff. They did not generally utilise the APOs for any other purpose than filing. What is more, most of the APOs were not submitted at the start of the financial year, but over the entire period of the year, with peaks before Review Meetings and at the very end of the year, when unspent ADP funds lapse (see Figure 4.10). Interviews corroborated that the APO was often submitted only just before the first expenditure was to be incurred, something which was not necessarily at the start of the year. This is perhaps understandable from the point of view of the line departments, but it did not make the work of the P&DD much easier. P&DD would normally insist that all APOs be submitted to it in July, so that it could plan which department would be given what releases in a particular quarter. But this did not happen, and the P&DD did not punish non-complying departments or projects afterwards.

##### *Quality of APOs*

After looking at the APOs submitted to P&DD, it had to be concluded that their quality was often very low. Only the Agriculture and Education sectors gave useful and detailed information by which the projects could be monitored in some detail. Other than in these two sectors, the APOs distinguished few individual items and gave targets only as percentages or sums of money. The departments' activities, as distinct from financial inputs or physical outputs, were seldom made clear in the APO. Quarterly breakdowns, essential for monitoring timing of inputs and activities were only occasionally included in the return.

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<sup>20</sup> In the Provinces, the P&DDs have to give a formal authorisation for the release by the Finance Departments of funds to projects, but this is not linked to prior submission of a workplan by the project.

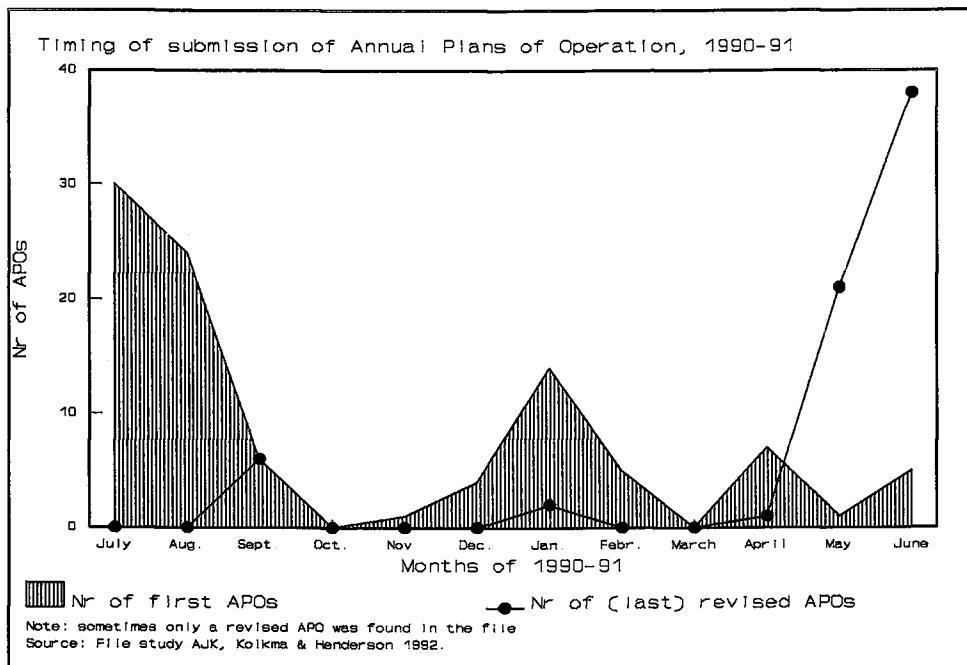


Figure 4.10

#### *Financial reappropriations between projects during the year*

Sloppy planning practice as regards release of funds was witnessed even more starkly by the frequent resort to budgetary 'reappropriations' in the second half of the financial year. Figure 4.11 gives an image of the degree to which deviations were carried through and shows that revised allocations were frequently made in all sectors of the ADP, in spite of the financial rules which state that reappropriation between development schemes is allowed only in very exceptional cases (Ali 1995, p. 381). Whereas the shifting of allocations between projects within sectors and eventually also between sectors was, in part, a consequence of the intra-annually changing size of lumpsum funds provided by the federal government to AJK, the main reasons lay between 'bad planning' and 'programme management' by line departments. Time and again, it turned out that certain projects which were supposed to spend funds could not in actual fact absorb these, whereas others needed more than what was foreseen. Every one in five of all projects in the ADP could not even begin to absorb their proposed allocation over the year (due to contractor problems, land, etc.). There was thus extensive shifting of funds between slow and fast moving projects, rendering the APO almost obsolete the moment it was issued. Whereas a timely adjustment of project budgets to realities in the field is in principle positive, the frequency with which it occurred in AJK (86 percent of all APOs submitted) was indicative of the fact that even the ADP was not able to guide the implementation process (and much less the Five Year Plan). The consequences of APO practices for the monitoring system and for the accountability of the implementation process will be taken up in following chapters.

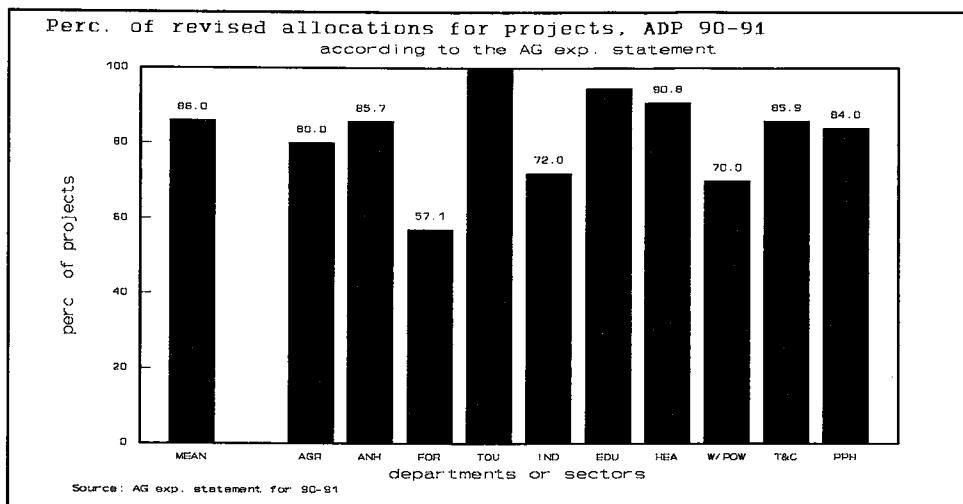


Figure 4.11

#### 4.5 Reviews and monitoring by P&DD

For monitoring and evaluation purposes, the P&DD can, in principle, rely on the following mechanisms: (1) field tours / project visits by Section Chiefs and by the Inspection and Evaluation Section, (2) specially commissioned surveys or evaluations of projects, (3) progress reports for individual projects and their review in meetings where all parties concerned are present, (4) completion and post-completion reports for projects, (5) reports prepared by the Prime Minister's Inspection Team, and (6) evaluation rounds connected with the preparation of the Five Year Plan or FYP Evaluation reports.

##### *Field tours and site visits*

Field trips to visit projects are supposed to be conducted on a regular basis by all Section Chiefs, but before the project in which the author participated started, there were no specific instructions as to their frequency, neither their exact procedure. Very few field visits were conducted in practice. In the study of 105 project files, not a single written report was found from any section chief detailing a project visit, although there existed a (rudimentary) format for this even before the UNDTCD project appeared on the scene. The Section Chiefs interviewed commented that they did occasionally go on a site visit, but that the findings were usually verbally communicated with the ACS; written reports were not prepared. They gave as reason that they were overloaded with office work and could not find the time to visit the projects systematically. From personal observations the author would say that if any visits took place, they were not seriously prepared, and that they usually dealt with other issues than a systematic check on progress as compared to the targets. It can be presumed that some other reasons are as important as the one given by the chiefs. The first is that a field visit requires a vehicle, driver, and travel and daily subsistence allowance, which is not always easy to obtain from the sanctioning authorities. The second is that officers of the P&DD and the line departments are in various ways connected with each other, and open criticism is something to be risked very selectively. As was noted in the previous chapter, some of the Section Chiefs were working on 'deputation' from their parent line departments, and thus had a stake in selecting their criticisms very carefully, in order not to jeopardise their career

prospects. In other cases, officers might be connected through the family or clan; they might be acquaintances or friends. What has been called cross-functional controls by Wilson (1988) may also apply in AJK: officers of senior grade may wield an influence over officers of lower grade even in departments other than their own, leading to fear of open criticism because of the possibility of retaliation from unexpected corners. As a last reason the following can be ventured. Officers who were conducive in approving (faulty) projects may not be the most interested monitoring agents. Since a main reason for problems with projects must lie in faulty preparation, criticisms made in the field may ultimately also reflect badly upon the P&DD as scrutineers and approvers of projects. At least one Section Chief was frank enough to admit to having felt such a hesitation.

To avoid the latter constraint, the P&DD had instituted a section headed by the second most senior officer next to the ACS, the Director General Inspection and Evaluation (see also section 3.8). The rationale for the designation of such a high rank to inspection and evaluation was exactly the avoidance of negative effects of cross-functional controls and a monitoring unbiased from the perspective of mixed roles and responsibilities. However, in practice, the office of the DG was severely understaffed, whereas the DG himself felt that he was of too high a grade to get his feet dirty and do serious field checks. In the files of the section, only three instances of a (small) field tour or 'diagnostic report' of a particular project with a problem could be found over a period of three years. What had happened with these reports was not clear; written follow-up was not in evidence. Although the idea of a special Inspection and Evaluation Section was appropriate, it was not properly carried through to become an effective instrument of control.

#### *'Monitoring' through contacts between P&DD and project staff*

In fact, there was a general belief that frequent informal, unsystematic contact between project staff and P&DD staff could sometimes substitute for formal field trips. Muzaffarabad is a small place, and contact between senior officers in charge of projects takes place in various ways. Even though certain officers were suspected to be corrupt, and in some departments most were viewed as such, then they were still regarded as government servants and 'for the file' their word had to be taken. The atmosphere seemed to be that if officers did not join forces whenever they were not already in conflict, then the already high discord between departments and staff might well jeopardise the entire bureaucracy.

Also, a frequent comment voiced was that 'the problems are known to all of us', i.e. they are systemic in origin and therefore cannot be resolved in the context of one field visit. For instance, if a road is sub-standard in construction, then this is to do with such factors as the quality of contractors available which is not good in AJK or Pakistan, the fact that many of these contractors are protected by politicians with whom they have connections, the insufficient supervision by the Public Works Department due to overload of work, the endemic but unprovable corruption leading to substandard materials being used, too small releases of funds due to an overcommitted ADP, etc. To blame one Executive Engineer for sub-standard work would then be 'unfair'. The gist of this argument is that in order to make any project run well, it is necessary to change the whole system - something which was viewed as not possible or practical. This led ultimately to a weariness with regard to initiating concrete field visits of individual projects that was in marked contrast to the enthusiasm also encountered when talking *in general terms* about the need for monitoring. The latter was apparently often used as a metaphor for cleaning up government, or even society as a whole. This may be one reason why P&DD chiefs continued to complain in general terms about the lack of monitoring, and usually expressed a wish in public to go to the field and check project progress in more depth. Also their junior colleagues in the sections expressed a wish to do

this, as was also corroborated by the returns of a questionnaire administered to all staff of P&DD in the UNDTCD project (UNDP/DTCD 1990, p.15). It is perhaps irreverent to surmise that these junior officers had such an interest precisely because they felt less responsible for project approvals within their sections than their chiefs. When these more junior staff were sent on a trip, as was very rarely the case, then the results were often not accepted by the Section Chiefs, let alone the line departments. Lack of experience and expertise of such staff, which often had a non-technical qualification, was cited as the reason. One Assistant Chief, working under the DG Inspection and Evaluation, once made a field tour of a number of projects. His report was put on the agenda of the Review Meeting, but the findings were not discussed and nothing else was done with his report.

Some of the projects which were foreign aided, would have steering committees to which P&DD senior staff members, such as the ACS or the Joint Chief Economist, were delegated. Once or twice a year these committees would meet, and the agendas of these meetings would then also necessitate file preparations and sometimes field visits, which was then regarded as 'monitoring'. Similarly, special meetings would sometimes be called to discuss special problems to do with the management of the Annual Development Programme, such as for instance the sudden need for relief and rehabilitation due to a flood in AJK. Thus, the frequent allegation of a lack of monitoring by the P&DD would sometimes be countered by the argument that the Quarterly Review Meeting was not the only occasion for the P&DD to keep abreast of developments with the ADP.

#### *Special exercises*

An idea that found currency within the P&DD occasionally was to either set aside a nominal amount of the ADP, say one or two percent, for monitoring, or alternatively to set aside one or two percent of each project budget to monitoring. At the time of the file study in 1991 such a rule was ordained by the then ACS. Setting aside a specially earmarked fund from which surveys or special monitoring or evaluation studies could be commissioned, was however never implemented in practice. The motions that have to be gone through in order to write Terms of References for surveys of projects or specific project evaluations, the advertisement and bidding and contract award process were in practice too daunting even for the Inspection and Evaluation Section, which in principle was in the proper position to undertake such 'monitoring projects'. In a way, the UNDTCD project, which was supported also by ADP counterpart funds, was itself a consequence of the periodically resurfacing determination to 'do something about monitoring'. The project, however, never intended to engage in actual field monitoring, only set up a monitoring system and train officers in field monitoring. It therefore did not serve the purpose for some P&DD officers, who had expected that substantive (and external) monitoring would now be undertaken in earnest.

Neither was the idea of including an earmarked allocation for monitoring within project budgets ever implemented seriously. Lack of funds was usually given as the main reason. Only in the case of foreign aided projects, money was sometimes set aside for a midterm or final evaluation.

#### *Reporting for central Quarterly Reviews*

In the absence of regular field checking of progress by P&DD itself, the main mechanism for the control of the implementation process and feedback to planning was the Quarterly Review Meeting organised by the P&DD, under chairmanship of the Prime Minister. These reviews were big meetings of usually one and very occasionally two day duration, based on hundreds of project progress reports submitted by line departments and working papers submitted by P&DD which were in turn based on these reports. All projects and all sectors were supposed

to be discussed during these reviews, and decisions taken as required. Occasionally, in third quarter reviews, decisions would also be taken to reappropriate funds within sectors among slow and fast moving projects, or among slow and fast moving sectors. Although the review process will be looked at in detail in the next three chapters, a few features can be discussed here, such as the frequency of the meetings in practice. The following pattern was recorded for the Quarterly Reviews in the period 1990-1994.

**Table 4.3 Quarterly Reviews in AJK in the period 1990-91 to 1993-94.**

Quarterly Review	Date	Minutes issued
1st of FY 90-91	26/12/90	14/2/91
2nd of FY 90-91	not held	n.a.
3rd of FY 90-91	not held	n.a.
4th of FY 90-91	not held	n.a.
1st of FY 91-92	9/12/91	8/1/92
2nd of FY 91-92	not held	n.a.
3rd of FY 91-92	27/4/92	20/5/92
4th of FY 91-92	not held	n.a.
1st of FY 92-93	19/11/92	15/12/92
2nd of FY 92-93	25/1/93	17/3/93
3rd of FY 92-93	18/5/93	n.a.
4th of FY 92-93	not held	n.a.
1st of FY 93-94	not held	n.a.
2nd of FY 93-94	not held	n.a.
3rd of FY 93-94	3/5/94	18/5/94
4th of FY 93-94	not held	n.a.

The table demonstrates that ten of the sixteen possible quarterly reviews were never held and, even if the P&DD is excused for never holding a fourth quarter review meeting, then it can be seen that still six of the twelve scheduled meetings were not held in the four years studied. The reason for not holding the fourth quarter review was that this meeting was seen as less important: by July the financial year is closed and financial decisions would carry no more effect. It should be noted, however, that in most of the Provinces in Pakistan, this meeting (called Annual Review) was usually taking place. Reasons for canceling one or more of the other quarterly review meetings are generally to do with the political situation or the absence of the PM. For instance, in the third quarter of 1990-91 the AJK PP led government was dissolved and the PM therefore not available anymore to chair the meeting. That the ACS, who is empowered to take over the chair of the meeting, did not do so is a measure of the weak position that the P&DD apparently feels itself to be in. That also the Minister

for Planning and Development does generally not take over the chair is a reflection on the lack of political ownership of the programme at this level.

To these Review meetings were called all ministers, all secretaries to the government, all heads of attached departments, all P&DD chiefs and furthermore a variety of other parties in some way involved in the ADP, such as the Accountant General, the Chairman of the Prime Minister's Inspection Team, the Inspector General Police, the Land Settlement Commissioner, the Revenue Commissioner, and the Political Adviser to the PM. All in all they were around 55 different parties invited to the meeting; a considerable number also made their appearance. However, it was also found that some of the responsible ministers would not show up or stay the whole meeting. Chairmen of district councils were not usually called to the meeting; only in 1993-94 they were called to a Review meeting, under the influence of a district review then just having been held by the then Prime Minister<sup>21</sup>. Perhaps they were so stumped by this invitation that none of the five turned up.

The P&DD prepares an agenda and working paper for the meeting, which is circulated to all. The agenda makes sure that the financial progress is discussed overall and by district, as well as the progress with the programmes in all major departments. The follow-up on decisions taken in the previous meeting is also sometimes included in the agenda. Occasionally, certain items are included which are not strictly to do with the Review of the ADP, such as requests made by departments for additional funds, or the need to cut back on the whole programme due to the Federal Government's resource constraints.

The Review meetings, as witnessed from their minutes, would seldom pay much attention to the working paper (see also section 5.7). The PM would ritually make a statement that the departments should speed up their activities, before delving in the details of departmental programmes, and especially those of high profile projects. Depending on the time that the PM would have available, a department would get anything from five minutes to three hours of attention from the PM. Occasionally, only one or two departments would be discussed, and then the other departments sent home without any review of their programme. Occasionally, a snap decision was taken that could obviously never be implemented, such as for instance:

"The Chair observed that general maintenance of roads is very poor and directed the department to bring all roads on acceptable maintenance standard by the end of current month."

The overall impression was of a fair amount of disorganisation in the conduct of the meetings.

After the meetings, and sometimes quite late (as can be seen from Table 4.3 above), the minutes would be sent out to all participants, and an attempt at follow-up on these decisions would sometimes begin by the P&DD. Letters would be sent out to the departments with the request to implement the decisions taken. The next working paper would then return to these decisions, and report whether the department had indeed implemented the decision. In most of the cases seen over a period of four years, the answer was no, an indication of the importance attached to the Review Meetings. However, in the days between the issuance of the working paper and the holding of the meeting, the department would then still try to 'do the needful' and occasionally succeed, as was documented by the minutes. As far as the monitoring of the Five Year Plan was concerned, it was noted that except for perhaps one

<sup>21</sup> In the period between 1990 and 1997, a total of two district-based project reviews were held (Muzaffarabad and Bagh). They were both held in 1993, on the instigation of the Prime Minister Sardar Qajum. The main reason for these meetings may have been political: Bagh and Muzaffarabad were the main constituencies for the PM. Prime Ministers before him and after him did not call such meetings.

Review Meeting held soon after the publication of the Five Year Plan, its targets would not figure in the agendas, working papers, or discussions.

The impression is perhaps now established that the Review Meetings were an exercise in futility, but that would be wrong. The Review Meetings were useful, they were 'better than nothing', but yet fell short of what is actually required. Due to their faulty preparation and haphazard organisation, whereby the PM as chairman conducts the meeting extemporaneously, the results were a drop in the ocean of the decisions that might have usefully been taken. The meetings concerned the development (i.e. public investment) programme, and largely exclude the 'normal' programme concerning for instance staffing, operations and maintenance issues. This important omission was not corrected by some other review routine for issues pertaining specifically to the Recurrent Budget. Other omissions were: (1) P&DD did not countercheck the information received from the line departments by submitting its own reports on field visits (barring a few exceptions), and (2) neither were there any other stakeholders in project progress who were required to report formally and independently to the Reviews. For instance, local councils or district councils might have been asked to submit a report on the progress with the development programme within their areas. Similarly, the Deputy Commissioner might have been made to report independently on (problem) projects.

The question can be raised what was the function of the Quarterly Review in practice. It would appear that the Review Meeting first of all served the important objective to brief the PM on certain projects and sectoral programmes. This is also evident from the conduct of the meeting: all discussion was focused on the PM who chaired the meeting somewhat like an old-fashioned teacher in a classroom. All communication was directed to him. Secondly, the Review conveyed the impression to the implementing departments that they were being watched and might come under the unsympathetic gaze of a usually unpredictable Prime Minister interested in 'setting examples'. Since the PM might wish to blame the bureaucracy for slowing down the required speed of development if his government was itself the target of criticism, he was usually after a few cases of apparent bungling to prove this point in general<sup>22</sup>. Thirdly, occasionally some departments might have developed a conflict over an issue, which they needed the highest authority or another authority present in the room to put to an end (if they could not find access to the PM through different routes). Fourthly, some departments might wish the PM to take responsibility for a decision that they did not like to take themselves.

#### *Project completion reports and post-completion reports*

Another mechanism available for monitoring and evaluation purposes is the official federal government requirement that for each completed project, a so-called PC-IV proforma is filled out as a completion report. The proforma checks whether the targets laid out in the project document have been achieved, and if not, it asks for an explanation. It also asks the department to spell out the financial and staff requirement after project completion. The sample taken of the files of completed projects indicates that such PC-IVs were returned for only 10 percent of all cases. Closer analysis of these cases revealed that they were sent to the Finance Department, copy to P&DD, and usually for projects which needed to transfer staff liabilities from the development budget to the recurrent budget. The Finance Department would not sanction such a transfer without the PC-IV having been submitted. The focus of these PC-IVs was therefore procedural and there was often no real analysis or explanation of

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<sup>22</sup> This is why in those years occasionally even press officers were invited to the Reviews.

project progress, of successes and failures. Problems caused by other agencies or factors beyond the control of the reporting agency were mentioned but nowhere were internal problems mentioned. All projects were said to have achieved their targets. As a tool of evaluation therefore they were found to have little significance and the conclusion is again: the forms are a missed chance due to insufficient enforcement by the P&DD. A similar finding applied to the federal PC-V form, officially required to be completed also in AJK, but which was not utilised at all. This ex-post project completion form is in theory to be filled each year for five years by the line department, focusing on the effects and impacts of the project.

#### *The Prime Minister's Inspection Team*

The PM's Inspection Team consisted at the time of study of a chairman (a retired army colonel), a grade 18 engineer seconded by the PWD, and a research officer. The inspections usually concern completed projects and focus on irregularities. They could be initiated by the team itself ('on random basis'), but also under instructions from the Prime Minister's Secretariat, for instance if there was a rumour about a malpractice. The reports were sent to this Secretariat and to the department concerned. The Inspection Team was said to function with flurries of activities, when 3-4 inspections were undertaken every month, and with periods of complete inactivity. The activities of the team were extremely low key and seldom anything was heard of them; most inspections were said (by one of its members) to have found no irregularities. The P&DD was not normally in the know about the inspections, a situation which seems odd given that the Inspection and Evaluation section of the department had partly the same function.

#### *Five Year Plan evaluation*

The mechanism of the required Five Year Plan evaluation, lastly, could be potentially an important incentive to triggering a special check whether development as a whole was on target. Unlike the situation at federal government level - but not at odds with the Provinces - AJK did not issue its own formal midterm or end evaluation report for a Five Year Plan. It submitted, however, a small evaluation of its programme to the Federal Planning Commission for inclusion in the national FYP evaluation reports. Since these submissions did not exceed three pages, they can by no means be called serious exercises. The focus of the small Five Year Plan review was usually on financial utilisation, whereas for each major sector, a few physical achievements were compared with the targets. Special surveys or data gathering rounds were not undertaken.

All in all, the focus of the P&DD's monitoring and evaluation endeavours was (and is) the quarterly progress reporting exercise conducted by line departments and the associated Reviews organised by the P&DD and chaired by the PM. The reluctance of the P&DD to go out in the field and do its own checking and learning was seen as chronic. The type of information submitted by the line departments and its shortcomings will be subject of further discussions in the next chapters.

### **4.6 Implementation problems and the results of planning in the field**

It is time to see the effects of this haphazard planning process upon the implementation of projects in the field. The Department of the Auditor General of Pakistan in its Performance Audit Guidelines has summarised the indicators of poor performance as follows (1984, p.2):

- 1) time overruns (implementation delays);
- 2) cost overruns;
- 3) slow build up to full production;
- 4) higher than warranted operating costs; and
- 5) lower than anticipated benefits.

This study can quantify the first and the second indicators. For the other indicators the available evidence is mainly circumstantial.

#### *Time overruns*

Time overruns of projects are endemic in AJK as they are in Pakistan (as we shall see later). The original intended project durations as found by the file study varied from three months for certain feasibility study projects to nine years for one or two 'programme projects'. Most of the projects (57 percent) were supposed to take two years or three years, and the average original project duration was calculated at around 33 months (2.75 years). However, after having integrated findings of a review of the ADPs upto 1997-98, the average real duration of the ADP projects that were in the sample of 1990-91 was estimated at 114 months or around 9.5 years. The average time overrun of a given project was therefore almost seven years or 250 percent! Since almost all projects recorded significant time overruns<sup>23</sup>, this study assumes that the most important explanation for the time overruns must be the excessively large portfolio of projects in the ADP. This led to severe under-allocation of funds to projects in any given year, holding back their completion. In 1990-91 the average project was of a budget of around Rs 20 Million but the average allocation in the ADP was only Rs 2.2 Million. This means that the average project got only one ninth of its total budget in a year and corroborates that such a project will take nine years to complete. However, other than financial problems will also have contributed to time overruns, for instance technical (bad estimating) or administrative problems (land acquisition, etc.).

#### *Effects on the rate of return of projects*

Time overruns, according to the rules, can be incurred without requiring an official administrative revision of a project. They are not deemed to have such serious consequences for the scope of a project that the approval of a project revision becomes necessary. Nevertheless, there are important negative consequences for the overall benefits of a project. As also pointed out in the Performance Audit Guidelines (1984, pp. 27-35), any delay in the completion of a project must have negative implications for its Internal Rate of Return and Net Present Value. The example of an irrigation scheme as used in the Guidelines may serve to make the point. The IRR and NPV are to be calculated over a certain period of time, say 30 years for an irrigation project in Pakistan. If the (discounted) benefits exceed the (discounted) costs over this period by a percentage of 12, then, according to the Planning Commission, it is regarded as viable (or 10 percent according to the World Bank). If it remains below these percentages, then it is regarded that the reservation of funds for this project is not justified, and had better be diverted to another project, or be utilised within the private sector.

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<sup>23</sup> As can be seen from table A1-1 in Annex 1 by comparing the columns PRODUR (original intended duration of the project and DURMONTH (final duration of project), only 5 of the 105 projects did not record a time overrun; of these five, at least 2 were canceled before project completion.

Now suppose that within the 30 years period, the period of completion of the irrigation works is delayed due to implementation problems. This will first of all reduce the quality of the work due to the greater effects of wear and tear on unfinished buildings, and due to other cost escalating factors (see below). But there are also two additional effects, according to the Guidelines. One is that the operating costs of the scheme will be diminished (for the period of the delay). The other is that the period of increased agricultural yield due to irrigation is also diminished (for the period of the delay in completion). Since the benefits have to exceed the costs, the overall Net Present Value of the project will necessarily decrease with the increase of the delay. The Guidelines state that the overall benefits of the project are highly sensitive to this implementation delay factor. In the example chosen, it is calculated that if the capital works are not finished within the envisaged one year but in four years (of the 30), then the whole project will not be viable anymore. The Net Present Value will have gone below 0 and the IRR reduced to a figure below 12 percent. The essence of the argument is that funds invested have to yield benefits *calculated over a period which includes the construction period and the period of build-up to full production*, and which should not be extended if the benefits start to accrue later than foreseen<sup>24</sup>. Thus, project benefits are sensitive to implementation delays and if the latter are serious then they decrease the Net Present Value of projects to far below zero<sup>25</sup>. In other words, if the Government ties up funds in unfinished projects and does not complete these as per their schedule in order to start up other projects, it may be better for the economy as a whole to make the same funds available to for instance the private sector.

The present allocative system practiced is oriented to starting more projects than can be justified on the grounds of economic efficiency. Both politicians and bureaucracy are involved in this, politicians because they are anxious to show that they have initiated something concrete, and departments because they wish to apportion as large a piece of the turf by committing funds to as many projects as possible, and then bargain for increased allocations to be able to finish them.

One more example may elaborate the point. Suppose the primary education sector is allocated Rs 100 M each year in the ADP. If twenty schools with a capacity of 500 seats each can be built with this money, then economic efficiency would dictate that these twenty schools are built within the same year. In the next year, the new allocation of Rs 100 M can then be utilised to build twenty more schools. By the start of year two, 10000 children could then be offered education in twenty schools; by year three, 20000. The system practiced in AJK and large parts of Pakistan is that, in year one, works on forty schools are started. On each school Rs 2.5 M is spent. No school would be finished by the end of year one; all forty schools would be finished by the end of year two. Only by the start of year three, education can be offered to (20000) children. The loss is one year of education for 10000 children. This is a simple example. Since the delays in the completion of schools are much larger than 100 percent, the loss in benefits are greater than the example chosen indicates. The example also reveals that the same kind of losses due to implementation delays occur in social sector projects for which an IRR or NPV cannot easily be calculated.

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<sup>24</sup> But even if they are extended, the inclusion of the longer implementation/build-up period, must lead to a reduction in Net Present Value.

<sup>25</sup> In the example chosen, other sensitive items are the build-up to full production, which may be affected by for instance a slower adoption by farmers of new packages and techniques; higher than foreseen construction costs; variations in crop yields and crop prices; and higher than foreseen labour costs (if tractors are not adopted).

Time overruns also have one other negative effect upon the performance of the project. In Pakistan, a 'cost escalation' factor is allowed as a separate budget line to the value of 6.5 percent of the cost in year two, and 13 percent in year three (and so on). The purpose is to compensate for the eroding influence of inflation. Allowing for cost escalation in budgets is in principle good, but in practice there are still drawbacks. First of all, the allowed rate has been an underestimation of the inflation rate in the 1990s which has been minimally 10 percent. Secondly, the file study calculated that the approval process for an average project takes around one year, so that project implementation is usually already one year 'behind' on the date of the cost estimate. The one year delay is not accounted for by the cost escalation budget line. Thirdly, if the implementation process itself is taking longer than expected, then inflation further gets a grip on projects. Contractors will have to make a profit, and are widely observed to cut on quantity or quality if prices or wages rise and they are given insufficient funds to finish the job in time. As was noticed, most of the projects are delayed by more than 200 percent. Since delays need not in themselves require an official project revision, there is a tendency to avoid such administrative hassles. Only in very serious cases, a revision of the approved cost of a project is applied for. The consequence is then that the executing department (or their contractors) will 'save' on the quantity or quality of materials, equipment, or works required. The result in practice is a loss in the quality of the project output. This loss shall be quantified later, after the significance of cost overruns of projects has been discussed.

#### *Cost overruns*

Cost overruns can be a consequence of time overruns, as discussed above, but also of lack of planning/designing capacity in the first place, or unforeseen circumstances. They may be related to the fact that projects were deliberately undercosted initially, in order to increase their chances of being approved. (This was called the 'camel's nose' strategy.) In AJK, it has happened particularly with large construction projects, such as irrigation schemes and hydro-power projects (the practice was also noticed for federal projects, cf. Chaudhry 1983). While an overall 44 percent of all projects undergoes a formal cost revision at some point during their implementation, the total increase in cost of the portfolio was of the order of 43 percent<sup>26</sup>. Thus, bad planning, in some cases changes to the scope of projects, and, to a lesser extent, calamities must lead to very serious cost overruns on any given, approved development programme of AJK.

The necessity for a cost revision of the project in itself further contributes to implementation delays. There is a requirement that for as long as the approval of the project revision takes, the works have to be stopped. Through the file study it could be calculated that the administrative processes do not go much quicker than in the case of original project approvals; they take again almost one year to complete. This contributes further to lower rates of return of the project, even if it is properly executed, and does not suffer from low quality.

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<sup>26</sup> This percentage is calculated only over the government funded portion of the project budget - foreign aid is excluded from the calculation. Sahibzada & Mahmood (1992, p.1117) mention for the federation that delays in implementation had raised the cost of development projects from Rs 104 billion to Rs 126 billion, which may be an underestimate since it was probably calculated over a sample of projects which were reviewed by the Projects Wing, i.e. a sample of still ongoing and not yet completed projects.

### *Effects on the quality of output*

Time overruns are likely to have an eroding effect on the intended quality of output. The unfinished state of many buildings perennially under construction, but in fact abandoned over long intervals, leads to quicker than normal dilapidation. There is, however, a more serious effect, which can be demonstrated by a pro forma calculation. Given that the approval process takes one year as from the last cost estimate in the PC-1 and that there is an average delay of over six and a half years during implementation of the project, 93 months of delay would mean that the project has to somehow accommodate at least 100 percent unforeseen inflation (compounded at the rate of 10 percent annually). If the recorded and actually sanctioned cost revision is in the order of only 43 percent, then this must lead to 57 percent hidden losses *which are likely to be compensated for by reduced quality of output*<sup>27</sup>. The symptoms are there for everyone to see: substandard cement mixtures and other materials used for buildings and structures; cracks appearing sometimes immediately after delivery of the building; roads with thin surfaces, potholes and cracks; fewer teachers trained than targeted or less well trained than intended; smaller quantities of seeds distributed than intended; fewer trees planted; smaller coverage of irrigation works; large electricity line losses due to poor standards of construction, etc. etc.

### *Cost and time overruns in all sectors*

The overall pattern of significant time and cost overruns applies to all major sectors of investment, such as is evident from Figures 4.12 and 4.13 on the next page. Only the departments dealing with the Agriculture sector seem to be less plagued by the phenomenon, although the average time overrun is still almost 90 percent. But this may be due to strategic reasons. In the departments of agriculture and forestry particularly, there are a large number of projects which are in fact 'serial projects', or phases of programmes of long duration. For instance there is a project called *Reforestation of Blanks Phase II*, the second of seven 'projects' of a programme which is scheduled to take 35 years. What is not achieved in the first phase can then be argued to be achieved in a later phase, with a new project. Had such phasing through the mechanism of 'serial projects' not been possible, then these projects would perhaps also have had to be extended or re-budgeted, in order to achieve their physical targets.

### *Low maintenance and operation budgets*

The already lower than anticipated benefits may be further jeopardized as a consequence of insufficient budgets made available by the Government for operation and maintenance (O&M). These too low recurrent budgets are a constant source of criticism by the departments responsible for operation and maintenance of public buildings, such as the Public Works Department. It has to maintain all roads in landslide hazard AJK with a meagre annual budget of Rs 50 Million (1990-91). Another consequence is the gradual encroachment of maintenance or reconstruction oriented projects in the development programme. These are

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<sup>27</sup> It is assumed that the cost overruns are related to implementation problems and inflation, not to real changes (expansions) in the scope of schemes. This assumption was tested and to a large extent corroborated in Henderson & Kolkma (1992). In fact, a few schemes were revised downwards in terms of their scope due to funding problems. Expansions in the scope of schemes did occur, but were usually of a nature that 'more earthwork was needed than originally foreseen, due to site conditions'. Almost invariably such requests for changes in the scope of a project was accompanied by other reasons for cost revisions, such as design problems or inflation (see also section 6.5).

## Intended and Actual Duration of Projects

AJK, sample year 1990-91

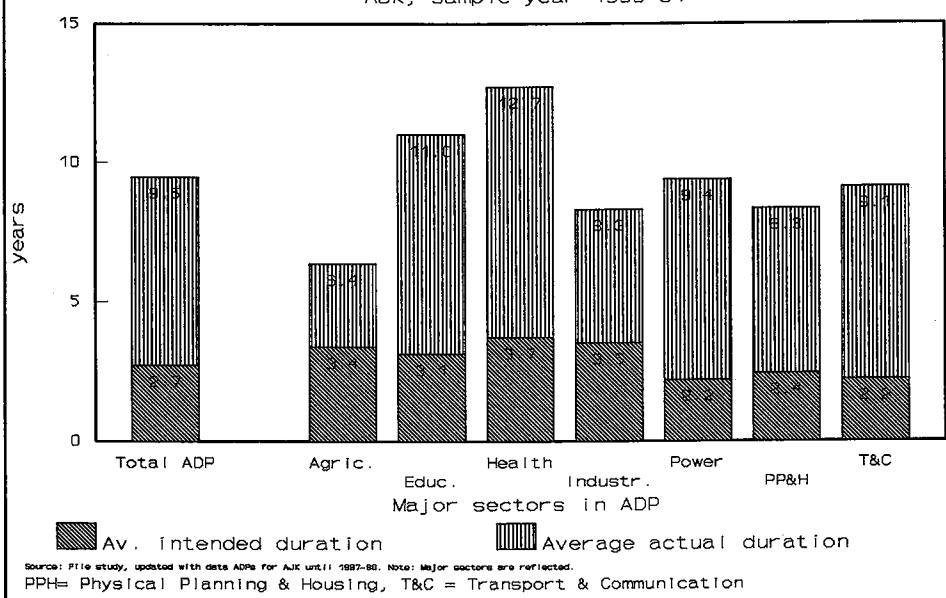


Figure 4.12

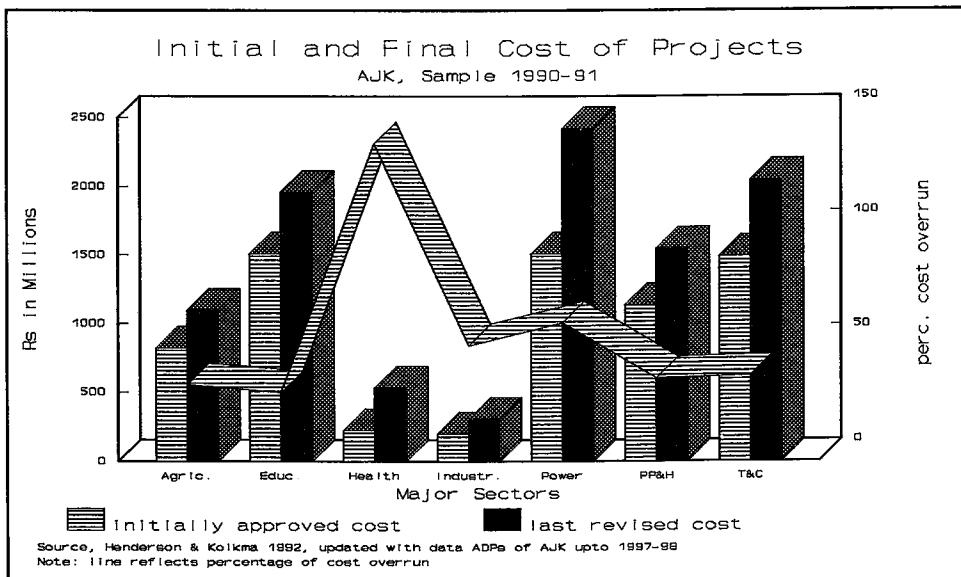


Figure 4.13

for instance labeled 'reconditioning of roads', 'reconstruction', 'improvement', 'renovation'. P&DD may occasionally oppose this trend, arguing that such investments do not lead to an

investments do not lead to an increase in the resources of the state (which is a main intention of the development programme). But at the same time it does not pay enough attention to O & M requirements of projects after their completion at the time of their appraisal. For instance, although there is a question in the PC-1 regarding the recurrent costs of projects, the P&DD was almost never witnessed by the file study to take up such issues in the working papers for the project approving committees. In the rare cases that it did, it usually concerned the take-over of staff positions created under the development budget. That these costs of projects are significant, was noted during the file study. From the information in the PC-1s concerning recurrent costs, it was calculated to be equivalent to around Rs 511 M annually. Any investment made can thus be estimated to lead to an annual recurrent cost liability after its completion, equivalent to 20 percent of the investment cost ( Rs 511 M / (Rs 7078 M/2.75 years)).

These recurrent costs as put in the PC-1 are almost surely seriously under-estimated, given the camel's nose strategy employed by line departments.

Apart from poor outputs of projects, the planning process also produces bureaucratic inefficiencies, which are for instance apparent from the fact that 25 percent of projects need anticipatory approval, and that 44 percent of all projects need to go through a revision. All this requires extra man-hours of attention and extra red tape. Bad planning at the start then comes back to haunt the planners at a later stage.

#### *Waste and malfunctions in Pakistan*

These problems, significant as they are, are by no means particular to AJK. Although no publication in Pakistan has ever quantified time and cost overruns for completed projects, some corroborations can be found in studies for instance performed by the Projects Wing of the Federal Planning Commission. Chaudhry (1983) analysed 160 larger projects specially reviewed over a period of five years, to find that some 70 percent of these had been revised, and had exceeded their implementation period already even although they were not yet completed by the time of the field visit. Some 75 percent of the projects had to deal with cost escalation. All these ratios could only rise with time. From another study of the Projects Wing (1985), it could be calculated that for a number of randomly selected still ongoing projects, the cost overrun was already 24 percent, and the time overrun 75 percent. And in Pakistan's *Seventh Five Year Plan* (1988, p.156), lastly, it is mentioned that the results of project monitoring studies showed that out of 154 projects reviewed, 55 percent were revised, 86 percent were behind schedule, 94 percent lacked proper implementation schedules, and 56 percent had cost overruns.

As far as the quality of works delivered, no example could probably better catch the realities on the ground than the following. Specially trained civil engineers of the National Transport Research Centre in Islamabad had made 785 surprise visits to a great number of roads in Pakistan and filled some 1050 questionnaires, to check whether roads were generally being built to specifications. It turned out that not a single road could be found that had been built properly<sup>28</sup>. The findings were corroborated by the Japan International Cooperation

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<sup>28</sup> Required construction techniques of removing six inches of top soil plus all the organic matter, proper grinding of the fill material in 12 inches and its compaction to the specified degree had not been followed. The filling material was never placed according to the specification, while in 44 percent of the cases even shrubs and roots were not removed before the material was laid. The thickness of the sub-base was found less than required in half of all cases, whereas the concrete used was of insufficient quality in 80 percent of the cases. As far as surfacing concerned, in most cases the compacted base-course layer was not even and not properly (continued...)

Agency, which had prepared a National Transport Plan for Pakistan. The World Bank, lastly, had ranked Pakistan's road construction work as among the poorest in the world in its study on '*Road Deterioration in Developing Countries*' (NTRC 1990; *The Muslim*, 4-3-1991).

#### *Effects of corruption and other malpractices*

So far, the negative effects of widespread, though difficult to pinpoint, practices of corruption have remained outside the discussion. According to a few contractors interviewed, bribes were required to be paid by them in all cases of government contracts. It was stated by them that generally some 17 percent of the cost of the contract had to be returned unofficially to the officers supervising the contract award. This could, however, vary with the circumstances. It was claimed that the bribes were in some departments distributed in fixed rates amongst the government employees, thus pointing to the possibility of the institutionalisation of such corrupt practices. A quantification of the significance of corruption in the development programme cannot be undertaken here due to lack of hard evidence. If the bribe ('commission') off the contract cost is indeed a normal occurrence, then the result will be again lower quality of project output because the contractor has to recoup elsewhere what he has had to surrender. Corruption and favouritism can take many forms. As far as contract award was concerned, it could start from insufficient advertisement of the calls to tender, provision of crucial information to befriended contractors, the award of the contract to bidders with insufficient qualifications, the application of unit rates to sub-standard materials, supplies and equipment, etc. In other cases, it could refer to speed money for file movement, and commissions on appointments, transfers and promotions.

Apart from corruption, a wide range of malpractices as committed by government employees may also contribute to low quality of project output or service delivery, or simply to high cost of administration. These practices occur in all countries of the world, and the question of their significance in AJK cannot be quantified. They are referred to here mainly to indicate that they exist in AJK as anywhere else; completely dispassionate and efficient administration is hard to find. The range of malpractices can be studied from a listing made of cases as reported by the Auditor General in his annual report on AJK for 1988 (in their sequence of reporting). From Box 4.1 on the next page it is clear that apart from corruption and neglect, pilferage and fraud are methods witnessed which deprive the Government of some of its resources<sup>28</sup>.

Thus, corruption and other malpractices can be assumed to have a negative influence on the quality of project output which is independent of, as well as additional to, the effects of bad project design, implementation problems and bad resource planning.

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<sup>28</sup>(...continued)

the cases, longitudinal drains had not been provided, shoulders were observed to be loose and uneven, whereas the pipes used in culverts were of inferior quality.

<sup>29</sup> The reports are offered to the Public Accounts Committee in the Legislative Assembly, but often not easily approved: only when the Government has changed, there is reason to make more of the malpractices carried out by the (previous) administration.

**Box 4.1 Listing of malpractices reported by the Auditor General in 1988**

- 1) shortage of items on physical verification of stock
- 2) sale proceeds of items or fees or cesses not remitted into treasury
- 3) insufficient account of item in the record
- 4) misappropriation through insufficient carrying forward of balance in stock register
- 5) loss due to non-confiscation of earnest money
- 6) excess payment made to contractor
- 7) non-recovery of cost or cess or trust fund
- 8) fictitious or non-allowable purchases (of petrol, articles, etc.)
- 9) non-remittance of charges for private use of Govt vehicle
- 10) irregular payment of electricity charges for residential building
- 11) expenditure shown incurred for repair / spare parts but not established from the vehicle logbook
- 12) irregular payments to officers who were on leave without pay
- 13) peons being appointed without posts and paid salary
- 14) drawing of amount from treasury to buy items but less items were bought (and entered in the register)
- 15) fictitious construction (buildings reported as constructed, but which are in fact non-existent)
- 16) expenditures shown incurred on materials of quality X but purchased on lesser quality
- 17) double charge of expenditure in cash book
- 18) appointment of teaching staff during vacations and pay for vacation drawn from the Treasury violating the financial rules
- 19) payment of TA/DA while journey performed was not proved from the relevant record
- 20) payment to contractors for work already done and accounted for
- 21) excess payment on account of pay, house rent and travelling allowance
- 22) amounts drawn but not accounted for in the cash book nor payment being established
- 23) less recovery of penalties imposed on contractors
- 24) amounts advanced to LGRD project managers but amount not shown as received or expended
- 25) irregular payments to project leader without sanctioned estimates and recording the measurement on the Measurement Book in respect of the construction of a building
- 26) release of money as per cash book of the Assistant Director LGRD, in favour of various project managers and Assistant Engineers for development projects but insufficient amounts were entered in the cash books of these project managers and Assistant Engineers
- 27) advances paid through project managers to project leaders without work progressing
- 28) loss of monies due to non-completion of projects by the project leaders, although these are bound by the govt to return the whole amount received in case of failure to complete the project
- 29) bank balances in official accounts found less than the bank balances shown in the cash books of the project managers
- 30) goods despatched to another depot but not received there
- 31) bank guarantees extended beyond one year's currency unauthorizedly from the National Bank of Pakistan by a departmental Director
- 32) advances refundable upon completion of work but due to non-execution of work never spent and never recovered
- 33) damage/shortage of goods in depot
- 34) non-acceptance of tender rates and award of contract to other than lowest bidder without putting the reasons for this on record
- 35) loss of money on interest paid on un-utilised loan

#### 4.7 Conclusions

The planning process in AJK has technocratic ideals and pretensions but is conducted with incrementalist practices in a very fluid, 'soft' environment. P&DD's control mechanisms are not applied sufficiently to force planning and implementation in a direction leading to less malfunctions and waste of resources. The Five Year Plan is a technically weak document written by and for the bureaucracy, but ignored by all parties including the line departments the moment it is issued. P&DD's approval and clearing house functions in terms of project proposals are compromised by political and departmental pressures calling for the approval of pet projects, and by practices such as the 'anticipatory approval' and the 'conditional approval'. The low political support for the Five Year Plan, meanwhile, gives P&DD insufficient authority to reject new project proposals on the basis of their incompatibility with Plan. Far too many projects are approved and this leads to a huge budgetary overcommitment and delays in implementation as well as low quality of output. The preparation of the Annual Development Programme does not follow the sectoral distribution of funds as laid down in the Five Year Plan. It is used as a 'bidding' document for the Federal Government, and full of budgetary strategies such as padding and 'the camel's nose'. The Annual Plans of Operation for projects that P&DD has to approve are similarly not used as a serious instrument for control and monitoring. The practice of programme management, with concomitant shifting of budgets from one project to another over the year, is so strong, that P&DD sees the APOs as filing items, perhaps only to be retrieved from archives if serious malpractices have occurred. Of all the monitoring and evaluation mechanisms that P&DD can avail, only the Review Meetings under chairmanship of the Prime Minister are pursued with some seriousness. The functions of these Review Meetings are however partly ritual, they brief the Prime Minister more than that they serve as coordination and conflict resolution mechanisms. There are insufficient of these meetings anyway, and they are of too short duration given the hundreds of projects, too make a serious dent in the implementation process. The project progress reports are meanwhile based on self-reporting by line departments, and this has limitations. On the other hand, it may be assumed that P&DD feels uncomfortable with serious counterchecking of progress for instance by field visits, because of its own compromised role as approver of badly designed projects in a context of budgetary overcommitment, and on the other hand due to its weak position in the organisational environment.

P&DD is stuck in the middle between politicians and other departments. While excluding certain important stakeholders in the planning process, it is supposed to smoothly function in consonance with the rest of the bureaucracy in order to conduct and coordinate central planning. Yet, as a funding agency, the P&DD is also in a structurally different position from line departments. To ensure proper planning, it has to coax the departments. To ensure proper implementation, it has to be critical of these departments. Both parties engage in organismic behaviour, looking for their survival and expansion. The line departments may come up with plans and projects outside the Five Year Plan and consume funds intended for other purposes and projects. The P&DD on the other hand has a stake in legitimising its (ambiguous) statutory functions. It is interested in approving projects to prove that it cares for development, and may be institutionally blind to the contingencies that (1) there is not enough money to implement these projects (but that is regarded the business of the Federation) and (2) that resources are not available to sustain these projects after completion (but that is regarded the business of the Finance Department). Thus, there are limits to the role of P&DD as a custodian of development in AJK.

P&DD is clearly often in a fix as to the formal position it should take, advisor or decider, bargainer among many other parties, or supervisor of all parties. That is why most of its control mechanisms are not used to the full extent. In the present age where a larger body of politicians has joined the fight for access to the resources of the state, this may be even more the case.

In the following chapter, the effects of the planning style upon the quality of information gathered through the progress reporting procedures are analysed.

## CHAPTER 5. MONITORING THROUGH PROGRESS REPORTS IN AZAD KASHMIR

Even if not all quarterly reviews announced are actually held, at the end of every quarter there are frantic activities in AJK's line departments to come up with that symbol of their discipline and efficiency: a neatly collated bundle of project progress reports. In some departments, the project directors have to write their own reports, but often there are no full-fledged project directors. Then it is the planning officer in the headquarter who has to write the reports; the boring work may even be left to the draftsman or a clerk. But in all cases, the papers have to pass through a number of stations within any single department and gather the relevant signatures of concurrence before they are officially dispatched. The routing is usually from the Secretary's office, then to the Planning and Development Department, copy to a great number of other destinations.

This chapter concentrates on the nature of the old project reporting system operating in AJK up to the beginning of the 1990s, i.e. the system that was being followed before the introduction of a new monitoring system in 1992-93. Most of the data and experiences relate to the financial year 1990-91. The first quarter will be concentrated on, since this was the only quarter for which the review process was completed. Particularly the influence of the report format shall be assessed and its suitability for coping with the large variety of projects in the ADP. Technical drawbacks of the data submitted will be investigated, as well as the consequences of strategic behaviour of departments for the quality of the reports submitted. This will provide an impression of the kind of 'objectivity' that these reports convey, and their consequent utility for the P&DD and the Quarterly Review Body. The format of the reports shall be introduced first in this chapter, and some technical shortcomings identified. The variety of projects to be covered by the system will be the subject of section 5.2. The timeliness of report submission by the line agencies will be investigated in section 5.3. Then in three sections, the quality of financial reporting, physical progress reporting, and problem reporting of the system will be analysed. Section 5.7 will discuss the use that the P&DD and the Review Body made of these reports. In a concluding section, the question is addressed what a department such as P&DD in AJK might need from a reporting system.

While the present chapter thus has a focus on the quality of information harvested by an imperfect but internally evolved reporting system, the chapter hereafter focuses on newly introduced reporting systems which ask better questions. Only when such systems are also taken into account, can it be gauged to what extent, in the organisational environment of AJK and Pakistan, better questions lead to serious improvements in information content.

### 5.1 A first look at the report format

This study of reporting practices cannot start without showing the format of the progress report in AJK. Table 5.1 does this, while also reflecting samples of actual reports given by projects in all of the sectors of the Annual Development Programme in year 1990-91.<sup>1</sup> These samples themselves will be discussed in later sections.

<sup>1</sup> In order to meet the criterion of being concise and unbiased, the first project report in the bundle of each sector is shown.

Table 5.1 Sample of contents of Quarterly Review Reports 1st quarter 1990-91, for different sectors in AJK. (Rs in Million)

continued

Table 5.1 (Continued) Sample of contents of Quarterly Review Reports 1st quarter 1990-91, for different sectors in AJK.

<b>EDUCATION</b>						
Constr. of Addl. Rooms (3 rooms each) with 23 Old Middle Schools of Poonch District	0.100	0.000	0.0%	1) buildings of 23 Middle Schools (3 rooms each) have been constructed 2) land will be acquired with boys middle school Garala	1) - 2) Acquisition of land case is under process	
<b>HEALTH</b>						
Opening of 19 Dispensaries in District Muzaffarabad	1.708	0.100	6.0%	KOTE TRALA. Completion/constr. of staff quarter, disp. building & boundary wall SENA DAMIN/BANANULA. Constr./completion of staff quarter LESWA Completion of boundary walls	works not yet started by PND works incomplete and stopped since long. At Baramula, work is stopped due to border firing work is still incomplete	
Impr./Upgradation of Existing Hosp/Dispensaries in Poonch						
	2.000	0.100	5.0%	C.H. BAGH: completion of 4 & 12 bedded ward, H & F type quarters OTHER WORKS: Const. of B/Wall at Sessor, Ghaziabad, Thub, Rehra, Rangla, Sahilan, remaining dispensaries at Khaigla, Abbas CMH RAWALAKOT: Completion of senior staff accommodation, other renovations	C.M.BAGH: 4 & 12 bedded wards work of first floor completed upto lentel level. Staff quarters not started. OTHER WORKS: work at Ghaziabad, Rehra completed, other works not yet started. CMH RAWALAKOT: work completed except sewerage	
<b>WATER</b>						
Kheri Irrigation Scheme	12.000	0.000	0.0%	93%	-	
<b>ELECTRICITY</b>						
Electrification of Rural Areas in AJK Phase III	149.407	0.000	0.0%	(Antic. appr. accorded on 23-10-90) High Transmission line = 292 km Low Transmission line = 426 km Transformers = 344 Nos. S/C=13900 Nos.	HT Line 10 km LT line 20 km Transformers 112 Nos. S/Connections 1990 Nos.	
<b>HYDEL BOARD</b>						
Establishment of 1600 KW Hydel Power Station at Kathai	10.662	0.000	0.0%	35%	Letter of intent for the award of supply contract (Power house electr. and mech. machinery and equipment) has been issued and agreement is not signed yet	
<b>TRANSPORT &amp; COMMUNICATIONS</b>						
Improvement of Existing Single Lane Metalled Road to Double Lane Metalled Road (...) (Rev.)	5.000	0.108	2%	10%	0.20%	
<b>PHYSICAL PLANNING AND HOUSING (MDA)</b>						
Renovation and Rehabilitation Existing Sewerage System Mirpur	3.900	0.000	0%	25%	-	

Source: Quarterly Review Reports 1st quarter 1990-91, Government of AJK (reflected also in Henderson & Kolkma 1992, pp 148-149).

The format in use in 1990-91, called Quarterly Review Report, was a simplification of the format originally used by the Planning Commission and consequently had a width of only six substantive columns. As can be seen, the name of the scheme, its ADP allocation, the expenditure incurred during the year, the utilisation of the allocation, the physical targets for the year, and the achievements, were all that the form asked for. How little this was, in fact, is borne out by a comparison with a format as evolved by the P&DD in North West Frontier Province. This progress report was much more elaborate and contained 22 substantive columns. In addition to the information also incorporated in the AJK system, it asked for dates of approval, total cost of the scheme, total expenditures so far, releases, excesses and possible surrenders (of funds), and also information on targets for the scheme as a whole, previous years' achievements and, importantly, information on bottlenecks and suggestions for improvements. In NWFP, contrary to AJK, each line department also had to complete a number of annexures on schemes under approval, under revision, due for completion, a listing of key targets and their progress (e.g. kilometres of road constructed in a district). In that sense, the monitoring system in AJK differed in one aspect from most other systems in Pakistan: it largely missed out on the function of providing the bureaucracy and government with a quarterly encyclopedia, a compendium wherein the overall status as well as progress of a project could be ascertained, in case of a query. The smaller size of AJK's programme and the greater ease with which sectors could be overseen by section officers in P&DD has been mentioned as one excuse for this.

#### *Deficiencies of the format*

It is clear from the table that only a very limited analysis of the progress of a scheme can be made from such reports. Although a more detailed discussion of issues of financial and physical progress shall be made in sections 5.4 and 5.5, the main technical problems with the Quarterly Review Report format in AJK are summarised here as follows (see also Wilson et al. 1992):

- 1) Approval, start and completion dates (intended / revised) were not given. Thus, it was not clear from the report itself whether and how much the scheme was already delayed and when the project was most likely be completed.
- 2) Some financial data were missing such as the cost of the scheme, its overall expenditure to date, and the releases made by the Finance Department. Also it was not clear from the table whether the scheme was foreign aided. The absence of a financial releases statement was very serious and made it impossible to judge whether a delay was caused by lack of funds or other factors.
- 3) The limited information on physical progress did not allow proper insight into the overall achievements of the project so far against the overall targets. Many projects had not even specified physical targets time-wise in their PC-1; the required bar charts were only seldom submitted. Only the targets for the year 1990-91 were given, and subsequently the achievements. Since these targets presented only a slice in a project life often over ten years, they may have confused more than that they clarified, as is clear from the table.
- 4) There was no space for a proper discussion of scheme-specific problems that the project staff might wish to bring to the notice of either the senior management within their department, or the Review body. Thus, a major purpose of the monitoring system (and usually stressed even by the P&DD itself) was theoretically lost with this omission.

As it stood at the time of study, the form relied on the Review body already being intimately acquainted with the basics of the schemes, which is an altogether unrealistic expectation. Even the P&DD officers in charge of sections with larger portfolios of projects, although in possession of the project files, cannot have known every scheme in detail. This applies especially to the officers who were in P&DD on deputation, who might have been posted only recently. As discussed, they headed four out of the six substantive sections. At any rate, other parties in the Review, not in possession of all the relevant files, must have known much less.

Ultimately the actual reasons for the reduction of the progress format to such a limited one can only be conjectured. One reason sometimes mentioned was that the relevant columns in previous versions of the format were never filled up properly (e.g. the bottlenecks column). So why bother presenting such large formats which for the larger part would remain unused? Another reason may have been that P&DD felt that systemic reasons (such as lack of funds) were generally known and need not be reported. The subconscious desire to 'wish away' problems, a tendency within rational comprehensive planning practices (see section 1.3), may be another. Whatever the reasons, it has to be mentioned that the P&D Department's senior management itself had apparently become dissatisfied with the format and information provided, since it agreed with an officer of the United Nations Department of Technical Cooperation for Development (UNDTCD) to overhaul the system on the promise of technical assistance as well as the development of a computerised system.

## 5.2 The variety of projects included

One of the principles of the monitoring routine in AJK was that there was only one quarterly report format, which was to be used by all projects in the ADP (cf. Table 5.1). Whether the project was large or small, of blueprint type or unique, construction oriented or 'soft', agricultural or hydro-electric, it was to report on the same fixed format. It is then not surprising that this resulted in the very disparate responses that can be observed in the table. Large and important projects sometimes paid more attention to the reporting of their progress than small projects, but by no means always. Mega-projects such as *Rural Electrification of AJK* were often reported on less than one page (cf. Table 5.1 on page 155), while much smaller projects such as the opening of a few dispensaries in a district cumulatively covered a larger number of pages because there were many more of such projects and the planning section of the Health department was more interested in filling out the details. Sectors which felt that they needed a lot of exposure were sometimes over-reporting to a ludicrous extent, such as the Azad Kashmir Minerals Development Corporation and its small projects (not reflected in the table for reasons of brevity). For an impression of the variety of projects being undertaken in the Annual Development Programme, Table A1.1 in Annex 1 (page 287) contains a list of all projects that fell in the sample for the file study.

### *Variety of ADP subsectors and categories of projects*

Another way of looking at issues of scope and variety of projects in the ADP is by grouping these by sectors and subsectors. In Table 5.2 on the next page, the projects are grouped by sub-sector, and details are included on the average project cost and the main project orientation, i.e. whether construction or something else.

As can be seen, there were eleven sectors and as many as 54 sub-sectors and categories of projects. Of the 479 projects in the ADP, only some 82 (17 percent) were not entirely oriented at construction of buildings or structures. 83 percent of all projects was therefore

entirely construction-oriented, and a further seven percent was partially construction oriented. In budgetary terms, the proportion was even higher: 94 percent of the ADP budget went to projects dealing entirely or partly with construction. This underlines the nature of the development programme, which is mainly capital expenditure for physical infrastructure. Such construction-oriented projects were nevertheless of dissimilar nature, and varied from roads, bridges and airports to schools, hospitals, offices, government officer residences, government guest houses, site and service projects for public housing or industrial estates; depots, jails, irrigation channels, electricity grids, sewerage, drainage, latrine construction, parks, tubewells, potable water supply systems, and hydro-electricity (hydel) stations.

The projects referred to here as *mixed* added furniture or equipment to the building, and occasionally performed activities like training for which salaries and materials then needed to be funded on temporary basis. Occasionally, they concerned agriculture and forestry oriented projects which also built feeder roads, offices and 'godowns', such as the *Integrated Hill Farming Development Project*.

Most of the projects not related to construction were in the sectors of agriculture, industry, minerals, and health. Examples here were projects in reforestation, seed or fertilizer distribution, on-station and on-farm agricultural research, fruit plant or forest nurseries, poultry extension, training in animal husbandry and scholarships, watershed management, cold water fish culture, silk seed production, wood seasoning plants, geological surveys of mineral resources, immunisation of children, and health education. Blueprints for the activities of such projects did (and do) usually not exist and therefore they required a very specialised kind of expertise for their preparation as well as subsequent progress reporting.

Another feature of the project portfolio was that some projects were in fact set up as programmes in the sense that they had multiple outputs at multiple locations, whereas others were the more classical single-output projects at single locations. That both types were found side by side has to do with the definition of a project in AJK and Pakistan, which is nothing more than that what is approved by an Administrative Approval of the Government and entered as a single budget line in the ADP. As such, a project could comprise a feasibility study or the levelling of a few school playgrounds, with a cost of only Rs 0.100 Million. On the other hand, some projects grouped so many activities that they had better be called *programme projects*. The largest in the ADP of 1990-91 in terms of budget are listed in Table 5.3.

Table 5.3 Large 'Programme Projects' in the ADP 1990-91, AJK.

'Programme' project	Cost (RsM)	ADP Alloc.
Integrated Hill Farming Development Project	411.996	90.000
Reforestation of Blanks	123.516	20.465
Primary Education Development & Expansion Project	108.873	40.000
Electrification of Rural Areas in AK Phase III	704.075	151.408
Rural Water Supply, Hygiene, & Sanitation Programme	902.178	16.500

With over 30 percent of the total ADP allocation tied up in these five megaprojects alone, it can be imagined that their monitoring by Review bodies might have benefitted from a different, or additional, reporting format.

Table 5.2 Sectors and projects in the AJK Annual Development Programme of 1990-91.

SECTOR Sub-sector (project category)	Costs including Foreign Loans Rs. in M	No. of Proj- ects	Average Cost per Project Rs. in M	Construction Orientation: (Nos. projects)		
				Yes	No	Mix
<b>AGRICULTURE</b>	<b>1005.524</b>	<b>36</b>	<b>27.931</b>	<b>7</b>	<b>19</b>	<b>10</b>
Crop Husbandry	165.103	12	13.759	1	8	3
Animal Husbandry	111.297	10	11.130	1	4	5
Forestry	293.418	7	41.917		6	1
Tourism	23.710	6	3.952	5	1	
Int. Hill Farming Dev Pr	411.996	1	411.996			1
<b>INDUSTRY &amp; MINERALS</b>	<b>328.753</b>	<b>33</b>	<b>9.962</b>	<b>13</b>	<b>13</b>	<b>8</b>
Industries	210.809	22	9.582	12	4	7
Govt. Printing Press	5.454	1	5.454	1		
AKMIDC	112.490	10	11.249		9	1
<b>EDUCATION</b>	<b>1328.421</b>	<b>82</b>	<b>16.200</b>	<b>64</b>	<b>5</b>	<b>13</b>
Primary Educ.	108.873	1	108.873	1		
Middle Schools	365.818	23	15.905	20	3	
High Schools	417.636	29	14.401	26	2	1
College Educ.	224.733	18	12.485	10		8
Teachers Training	42.726	3	14.242	3		
Techn. Education	82.940	3	27.647			3
Sports Stadiums	34.000	3	11.333	3		
Secondary Board	3.995	1	3.995	1		
Polytechnic Institute	47.700	1				1
<b>HEALTH</b>	<b>977.497</b>	<b>41</b>	<b>23.841</b>	<b>35</b>	<b>6</b>	
(Dispensaries)	55.116	5	11.023	5		
(MCH Centres)	35.767	2	17.884	2		
(Basic Health Units)	85.417	5	17.083	5		
(Dental Clinics)	4.515	1	4.515	1		
(Rural Health Centres)	129.440	6	21.573	6		
(Hospitals)	476.427	9	52.936	9		
(Hosp/Dispensaries)	64.405	3	21.468	3		
(Paramed. Institutes)	66.182	1	66.182	1		
(Health Programmes)	41.524	6	6.921			5
(T.B. Sanatoria)	9.910	2	4.955	2		1
(Store Depot)	8.794	1	8.794	1		
<b>WATER</b>	<b>154.404</b>	<b>5</b>	<b>30.881</b>	<b>5</b>		
<b>POWER</b>	<b>3982.013</b>	<b>10</b>	<b>398.201</b>	<b>10</b>		
(Rural Electrification)	1504.975	2	752.488	2		
(Other Electrification)	5.105	1	5.105	1		
(Hydel Schemes)	2471.933	7	353.133	7		

continued...

Table 5.2 (cont.d) Sectors and projects in the AJK ADP of 1990-91

SECTOR Sub-sector (project category)	Costs including Foreign Loans Rs. in M	No. of Proj- ects	Average Cost per Project Rs. in M	Construction Orientation (Nos. projects)		
				Yes	No	Mix
<b>TRANSPORT &amp; COMMUNIC.</b>	<b>1960.197</b>	<b>179</b>	<b>10.951</b>	<b>176</b>	<b>3</b>	
Double Lane Roads	291.309	10	29.131	10		
Major Roads	437.967	30	14.599	28	2	
Frontier Works Org.	230.000	1	230.000	1		
Link Roads	581.538	99	5.874	99		
Fairweather Roads	87.735	4	21.934	4		
Bridges	283.240	25	11.330	24	1	
Airports	33.333	2	16.667	2		
CDO schemes	15.075	8	1.884	8		
<b>PHYS. PLANNING &amp; HOUSING</b>	<b>806.058</b>	<b>60</b>	<b>13.434</b>	<b>58</b>	<b>2</b>	<b>2</b>
Publ. Health Engineering	272.636	12	22.720	12		
Government housing	372.122	35	10.632	33	2	
Public Housing	88.235	4	22.059	4		
CDO schemes	7.600	4	1.900	4		
MDA schemes	57.175	4	14.294	4		
LGRD Offices	8.290	1	8.290	1		
<b>LOCAL GOVERNMENT</b>	<b>857.577</b>	<b>12</b>	<b>71.465</b>	<b>10</b>		
(Special Programs)	729.013	2	364.507			
(Block Allocations)	128.564	10	12.856	10		
<b>RESEARCH &amp; DEVELOPMENT</b>						
Planning & Devt. Deptt.	17.607	2	8.804		2	
<b>SPECIAL DEVELOPMENT PR.</b>	<b>451.584</b>	<b>17</b>	<b>26.564</b>	<b>17</b>		
PWD Muzaffarabad	39.042	2	19.521	2		
Devt. Authority Muzaff.	71.433	4	17.858	4		
Depressed Valleys Progr.	216.381	7	30.912	7		
Tourism	15.900	1	15.900	1		
Refugees Rehabilitation	20.000	1	20.000	1		
Education	76.500	1	76.500	1		
PWD	12.328	1	12.328	1		
<b>Total ADP+SDP Commitments</b>	<b>11869.635</b>	<b>479</b>	<b>24.780</b>	<b>395</b>	<b>49</b>	<b>33</b>
ADP/SDP Alloc. 1990-91	1031.579	479	2.154			
Total excl. Neelum V. Hydel	9568.635	478	20.018			
ADP/SDP Alloc. 1990-91	1030.579	478	2.156			

\* The sub-sectors in brackets do not appear officially in the ADP, but the projects can be grouped as such. The number of projects in the ADP included around 25 projects that had already been completed in the previous year.

### *Project rationale*

Meanwhile, the rationale for the decision as to whether to write a PC-1 for a single-output activity, or whether to cover a number of such activities under a programme budget, was (and is) not always straightforward. Although an attempt was made as far back as 1959 at defining the distinction between developmental and recurrent expenditures<sup>2</sup>, no criteria for defining the proper size and scope of projects were ever set in Pakistan. The *Rural Electrification project*, for instance, forms the umbrella under which all the diverse grid stations and high/low transmission line networks and house connections in AJK are hidden. Obviously such a wide scope gives the Electricity Department a great deal of freedom in deciding which activity to pursue where and when. Separating all these activities out into single projects with their own budgets would hold the department accountable to finishing all these projects within their cost and time frame. For all these projects, PC-1s would have to be written and approved. Monitoring by an outside party would be potentially much more damaging than in a situation where only the grand totals of High Tension and Low Tension transmission lines have to be reported to Review Meetings. In that case, the outside party cannot do a sample check.

In deciding on other cases, such as with the *Rural Water Supply, Hygiene and Sanitation Programme* which covered some 500 villages in AJK, other factors may have played a role: first of all, a programme project offers the attractive prospect of then meeting eligibility criteria for World Bank loan support. Programme approaches are popular with the major donor organisations; individual 'piecemeal' village water supply projects such as undertaken in NWFP are seen as drops in the ocean. Secondly, individual village projects run the risk of being appropriated or contested by Legislative Assembly members or Union Councils. Since the AJK Government and its central departments do not trust local level decision-making on projects, they prefer to keep the decision power to themselves, which is easier to accomplish when the project is of a size justifying a Project Manager at the level of a Secretary. A programme project supported by the World Bank offers even more opportunities for maintaining decision power within the administrative realm, since an alliance can be built with World Bank staff.

In other cases, the argumentation runs against the constitution of programme projects and then the preference is with piecemeal small schemes. Of all 454 projects in the ADP of 1990-91, 177 or over one thirds were roads and bridges with the Public Works Department, receiving a little over a fifth of the ADP allocation. It is not immediately clear why for example the 99 link road construction projects in AJK were not put in a district link road programme - much of the work was 'improvement' or (renewed) metalling/blacktopping anyway. An approach such as with the *Rural Electrification project* would seem very suitable here, particularly because a flexible approach is required to counter the recurring landslides, road sinking problems, and land acquisition problems. One reason mentioned in favour of the small project approach was that these were the most favoured pet projects of politicians. Road construction programmes have not been very attractive for donor funding, whereas an additional advantage for the formulation of many small projects is that the substantial fringe benefits derived from the many contracts with local contractors can be evenly spread across the many Executive Engineers and their staff. With centrally purchased cables, poles and transformers there is much less opportunity for an even spreading of the 'rents'.

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<sup>2</sup> Reproduced on pp 473/475 in paper F.M. 1, Federal Planning Commission, Projects Wing, 1991 and discussed in more detail in section 7.3 of this study.

A curious organisation of projects in a sectoral portfolio was found in the education sector. Here, most school projects grouped their activities on a district-wide basis, but they did not constitute 'full' programme projects in the sense of producing multiple finished outputs. For instance, there were district programmes into construction of new schools, programmes to build additional classrooms to existing schools, to buy land for new schools in various places, to build boundary walls around girls schools, to reconstruct schools, to buy furniture for schools, etc. Some of these projects were run by District Education Officers and others by Executive Engineers of the PWD. As such the creation of a single school might be the product of a variety of projects and officers each completing a component (one for furniture, one for the boundary wall, one for textbooks); the 'integration' of activities at the school level might therefore be much more difficult to achieve than that associated with the more 'integrated' programme projects. The effect of programme management upon the constitution of the Education Department's projects is self-evident.<sup>3</sup>

Criteria of efficiency and effectiveness did not always determine the nature, optimal size and coverage of an individual ADP project. Expediency and strategic behaviour of departments were also important determinants, especially in those cases where it was difficult to marry a project structure with process- or programme-oriented management by departments. And whatever the project modality selected, the ease of monitoring for the Review Meeting appeared to be the least of all considerations.

#### *Differences in funding sources*

There were also differences in funding arrangements of the projects. First of all, the ADP included the sector Special Development Programme, which was granted to AJK from the Federation in 1988 'over and above the normal ADP' after the Zia period. The SDP was not a programme in the real sense of the word, with a group of connected activities and one major objective, but rather a heterogeneous group of unrelated projects in roads, parks, schools, refugee rehabilitation and the like. In 1990-91, the SDP grant was no longer earmarked, but had to be financed from the overall development grant to AJK. Thus, little reason had remained for reporting the projects differently or separately from the other sectors in the ADP. Although the individual SDP projects could easily have been placed in their substantive sectors, the P&DD preferred to account for them in order to convey the impression that this 'sector' initiated by the Federal Government needed special consideration, i.e. funds over and above the normal ADP grant. For this reason, it also received separate attention in the working paper and the Review Meeting, in the (vain) hope that the federal Planning Commission would feel responsible for its future.

Other than the SDP, there were three special categories which were different from the AJK Government funded projects and as such could be argued to merit separate reporting formats: projects which were at least partly self-financing, a few small projects which received a federal contribution, and thirdly, foreign aided projects. The self-financing projects (five in all) were public housing schemes where development costs were to be recovered by the proceeds of plot sales. Eight other projects received a limited amount of support from federal ministries such as a project setting up women industrial schools which received support from the Women Division. Of the 13 foreign aided projects, ten received technical assistance based on grants, while a further three were supported by a concessional loan, from either the World

<sup>3</sup> Dunsire's (1978, pp.150-151) worry about control by a bureaucracy comes to mind here: bureaucracies tend to cut up decisions in so many aspects each handled by different subordinate offices and persons that the general picture with each of them has disappeared and control as a whole is more difficult. Monitoring of decisions (projects) will be affected by this as well.

Bank, the OPEC, or the IFAD. The exact amounts of foreign assistance were often not reported properly in the ADP book, and neither the nature of the assistance: grant, technical assistance or loan. Although the UNDTCD project put emphasis on introducing systematic distinctions in the ADP and the monitoring databases, the P&DD remained sloppy in its registrations. The inclination to underestimate the support from other than federal sources in the published ADP was an obvious reason for this<sup>4</sup>. The P&DD could then argue that in contrast with the Provinces, AJK did not get much foreign aid and would have to be supported with more funds from the federal government. Obviously, the monitoring of such categories of schemes suffered because of these strategic reasons.

#### *'Sponsoring' and 'implementing' departments*

Another major difference between projects, largely ignored by the old review report format, was whether the 'sponsoring department', i.e. the department submitting the PC-1 was the same as the department implementing the (bulk of the) project subsequently. As we have seen, many projects involved a substantial amount of construction, and if it concerned civil works then they were usually supervised by the Public Works Department. PWD, apart from covering the Transport & Communication sector and most of the Physical Planning & Housing sectors, also took care of the construction of works in projects of the Agriculture Department, Animal Husbandry Department, Forestry Department, Industries Department, Education Department (middle and high schools, and colleges), and the Health Department. Other departments involved in physical infrastructure were the Electricity Department, the Hydro-electric Board, and some authorities such as the Mirpur Development Authority and the Development Authority Muzaffarabad. Local Government Department had its own engineering wing, while many of the primary schools were directly built by local councils, under supervision of engineering staff of the Education Department. A remarkable feature of the Public Works Department was that with all the works that it did for other departments, it did not independently report the physical progress to these departments or to the P&DD. The only thing it did (but erratically) was to send the counterpart departments a monthly listing of the expenditures incurred. The sponsoring departments had (and have) to monitor the works of the PWD.

#### *Unidimensional approach*

All these special categories of projects had to report in the same format just like the regular projects and the impression is therefore that AJK (no different, by the way, from the more elaborate formats in Pakistan) held a rather unidimensional view of the projects in the ADP. If the differences in size, funding, scope and organisation of projects were recognised at all, then it was remarked that the format was open enough for the departments to enter all information that they liked, and use as much space as needed. A diversification of the report formats, in order to make sure that crucial information specific to certain types of projects was submitted, was not favoured because this would complicate the administrative and logistical procedures. Too many different forms would have to be distributed to too many different parties. But another reason is perhaps even more pertinent: The P&DD was wont to believing that all projects have, and should have, similar targets and achievements and that reality can be summarised in a straightforward way. In such a conception, the idea that

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<sup>4</sup> There was an instruction by the Economic Affairs Division of the Finance Ministry that, contrary to the Provinces, foreign aid was part of the ADP in AJK and should not be seen as an additionality. Therefore, the reflection of foreign aid in the ADP was considered risky, especially in cases when it was not totally confirmed.

projects may have short term and long term targets, and may be diverse in terms of input, output, effect and impact targets, did not fit very well.

### 5.3 The response from the line departments

As was argued in chapter 1, a defining characteristic of any monitoring system is the regularity and speed of submission of its reports. In AJK, as in Pakistan, the last date of submission of quarterly progress reports is usually the 15th of the month after the quarter to be reviewed; the Review itself is ideally held at the end of the month (FPC 1991). In practice this deadline was usually not met.

The following account of the process in the first quarter of 1990-91 gives one illustration of this. Only five out of the sixteen departments met the deadline of the 15th of October<sup>5</sup>. The other eleven departments missed the deadline by a few days, upto almost three weeks<sup>6</sup>. One department (Local Government Department), even did not report at all, although a few financial figures were verbally communicated to the relevant P&DD Section Chief for inclusion in the working paper.

The delay in submission was viewed as a problem by P&DD, because on the 28th of October it sent out a reminder telex, asking for the submission of the information within two days positively. However, by that time, the date of the Review Meeting could still not be announced due to unavailability of the Prime Minister. As is also clear from Table 4.2 in the previous chapter (page 127), the first quarter Review Meeting was held exceptionally late in 1990-91, on the 26th of December - *almost at the end of the second quarter* - probably for reasons of political problems in Pakistan after the dismissal of the Benazir Bhutto Government. However, in the other years that the author stayed in AJK, the first quarter Review Meeting was also late: the 19th of November in 1992, the 9th of December in 1991. In 1993, the first quarter meeting was not held at all. It was therefore not the first, nor the last time that the preparation of the working paper must have been a relaxed affair for the P&DD, and there was in fact even time on the 27th November for a letter asking for explanations as to why the utilisation of the allocation during the first quarter had been so low. On the 9th December, finally, a letter could be sent out announcing the Review Meeting, and annexing the working paper that P&DD had by then prepared.

The period between closing of the quarter and submission of the reports was not very different in other years or for different quarters and it can be concluded that it takes departments two to five weeks to come up with the information. This fairly long period would normally deprive the P&DD of the possibility of a proper analysis of the information, but thanks to the inordinate delays in holding the Reviews that were noted, this is still possible. In the next sections (particularly section 5.7), it will be studied what kind of analysis the P&DD performed. Of course, a major effect of the delaying of the Review Meetings must be reduced effectiveness.

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<sup>5</sup> Animal Husbandry Department (13-10), the Development Authority Muzaffarabad (14-10), Forestry and Tourism Departments (15-10) and Hydel Board (15-10).

<sup>6</sup> Agriculture department submitted on the 16th, the Integrated Hill Farming Development Project (which has its own offices the size of a department by itself) on the 17th, AKMIDC on the 22nd, Education department on the 23rd, Water on the 25th, Industries Department on the 29th, and some of the largest departments submitted last: Electricity and Public Works Departments on 30th October and Health Department even on the 3rd November.

### *Can the system be speeded up?*

The question may be raised whether the submission time can be speeded up so that, like for instance in NWFP, initial sectoral review meetings within the P&DD take place at the end of the month to first sift the main issues and a more official Quarterly Review takes place later under the chairmanship of the Prime Minister. This two stage review process might significantly improve the usefulness of the monitoring exercise as a whole and make it less dependent upon the availability of the Prime Minister<sup>7</sup>. To answer this question, the situation inside the departments should be taken into account. First of all, as a rule of thumb (as also confirmed by observations in the Provinces of Pakistan), it seems that the *financial* closing of a quarter takes around ten days. In that period the departmental budget officers and accountants check all accounts and consolidate these. The figures are entered into the quarterly reports, which may take another few days. The physical progress information, like the financial information, has to refer, technically, to the situation at the end of the last day of the last month of the quarter under review, and can then be entered in these ten days by other officers, dealing with the projects. Both lines of information would therefore be able to come together within the Planning Cells of the line departments, and be consolidated (i.e. checked and collated) and then sent off to the P&DD in its capacity as secretariat for the Review Meetings.

The main problem is that before the information can formally be dispatched, it has to be seen and signed by the head of the department, which takes time. Especially in those cases where physical information needs to come from the field, it is first the district or division head which signs and then, after collation at headquarters, the head of the department. In this process, usually a week or so passes. If these steps could be skipped and the reports are sent to the Review Body and to the departmental heads simultaneously, a significant speeding up of the flow of the information could be achieved. This would also be in line with the spirit of the monitoring process in AJK: basic information should come from the lower reaches, and be factual. Officers supervising at higher levels should not have much substantive to add, nor to hide. But this does not seem possible in the hierarchical structure of departments in AJK: information to be submitted to a level chaired by the PM has to be approved by the Secretary himself, even if his signature is a formality and if the information is sometimes later disowned by these same Secretaries in the Review Meetings. This is another occasion where it can be concluded that strategic, departmental rationality overrides the instrumental rationality to dispatch the information as soon as possible.

### *Systemic problems*

There were also other problems within the departments hampering the speed of the flow of information to the Review Meeting. From a review of the departmental structures it became clear that many Planning Cells complained about the lack of staff and in particular the complete absence of positions with the designation of monitoring officer. This relegated their work to within the ambit of their own offices; none of these officers was ever sent into the field. The progress information that they had to consolidate came to them on paper and was at best verified with the field officers on the phone. Since the other tasks of the planning officers - writing blueprint-type PC-1s and collecting statistics - often also did not bring them outside their offices, there was usually a motivation problem. Feeling marginalised from positions of decision-making and with most planning officers lacking first hand experiences

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<sup>7</sup> For instance, for the third quarter in 1990-91, all information was gathered and even a working paper was written by the P&DD. But due to unavailability of the PM a Review Meeting was not held.

with project management (especially in grades 16 and 17), their lack of enthusiasm led to dry, uninspiring quarterly reports as well as a sometimes inexplicably late submission of these reports to the P&D Department. Table 5.4 shows that the highest grade officers in Planning Cells were usually of grade 18 (Assistant Director or Deputy Director). These would normally have more field experience and be more easily allowed to visit the field. But still, they would not be senior enough to measure up to the Superintending Engineers or Directors posts that in many departments ruled the field formations. Such grade 18 staff in the Planning Cells were also transferred frequently; some officers considered being placed in a Planning Cell a punishment. Sometimes this view was correct, for instance if an officer in the field was considered to have been involved in an irregularity or in exposing an irregularity. This did not increase these officers' commitment to the work. On the other hand, many of the grade 17 and 16 staff did not make promotions in more than ten or twenty years. Their economics or statistics degrees were deemed to make them unsuitable for promotion to technical posts in many departments.

#### *Size of Planning Cells in line departments*

From the size of the Planning Cells in relation to the number of projects per planner and the size of the ADP allocation per planner, it would appear that there were discrepancies so some of them could have done with more staff. Not too much should be made of such a comparison since the large variety of projects in the different departments may require completely differently structured planning cells. But after also studying patterns of submission of information to the P&DD in 1991-92, it does seem that departments with absent or small planning cells such as PWD, Electricity, and Health, were usually late with their information. Expanding the size of their Planning Cell (and creating it in the PWD) could then improve the speed with which the information would be collated and forwarded.

**Table 5.4 Staffing situation in the Planning Cells of the AJK line agencies in 1990-91 (BPS > 16).**

Grade:	16	17	18	total	Projects per planner	ADP allocation per planner
Department						
Agriculture <sup>1</sup>	2	4	1	7	1.7	Rs 5.3 M
Education	3	2	1	6	12.8	Rs 17.9 M
LG&RD	2	1	2	5	2.6	Rs 23.8 M
Electricity		2	1	3	4.0	Rs 65.0 M
Forestry	1	1	1	3	3.3	Rs 16.7 M
Industries	2		1	3	7.7	Rs 8.7 M
Mirpur Devnt. Auth. <sup>y 3</sup>	1	1		3	3.0	Rs 3.0 M
AKMIDC <sup>2</sup>		1	1	2	4.5	Rs 5.0 M
Animal Husbandry	1	1		2	5.0	Rs 7.0 M
Health		1	1	2	19.0	Rs 36.0 M
Devnt. Auth. <sup>y</sup> Muz. <sup>d</sup> 3	2			2	3.0	Rs 4.0 M
Public Works			(no designated Planning Cell)			
Tourism			(no designated Planning Cell)			

1: The Grade 18 is a Soil Scientist working in planning on part time basis;

2: Includes 2 vacancies for a Manager Planning (18) and an Asst. Manager Planning (16);

3: The Planning Cells of the Authorities include the tasks of town planning and PC-1 preparation.

The real question is why these improvements had not already been made. The answer may have been provided already: since the Planning Cells were viewed as offices where 'routine' information from field formations is mostly collated, and their function often seen as 'post boxes', there was little incentive for line departments to expand these dusty cubicles into fully fledged dusty places. It was the P&DD, not the parent department of the planning cell, which was most interested in the timely submission of the information<sup>8</sup>. The notion that these offices could play a role in counterchecking the information from the field for their own senior management certainly had not taken root in the line departments. The 'self-evaluating organization', as ironically labeled by Wildavsky (1972), was also a contradiction in terms in AJK. The perception of a department with functional division of tasks without duplication remained stronger than the internal distrust or dialogue-orientedness required for the creation of some 'functional redundancy' (cf. Caiden & Wildavsky 1974).

#### 5.4 Monitoring of financial progress

The information in the quarterly review reports as used up to the early 1990s fell into three broad categories: financial progress, physical progress, and problem reporting. Of these three, without any doubt it was financial information that was most relied on for the Review Meetings. This was monitoring *par excellance*: all those hundreds of disparate projects reduced to their simple financial essences, their progress exactly quantified and made comparable under a single denominator: the Pakistani Rupee (in Millions of). As shall be seen, other information would often be discarded, due to the problems with generating adequate summaries of physical progress and the inescapable subjectivity involved in reporting problems. Financial progress was then taken as the best approximation of physical progress, while lack of expenditures was held the best indicator of problems. Such simplifications, attractive though they may appear, yet have a lot of pitfalls as shall be discussed below.

##### *Financial utilisation as indicator of physical progress*

The first and most obvious reason why financial progress is a weak indicator of physical progress is that certain works, which may not carry a high cost, may yet be of crucial importance to the timely completion of the scheme. An example of this is the tendering process and contract award which does not involve any significant cost to the project budget. The acquisition of land before construction works start is another. Such activities are liable to large unforeseen delays. After these hitches are taken, a project can usually go much faster than would appear on the basis of the amount of expenditures incurred already.

A second reason is of an entirely different nature: a 100 percent utilisation of the funds may not be equal to a completion of the project. As was concluded in the previous chapter, 44 percent of all projects need to undergo a financial revision (which is invariably upward). Other projects are not revised but may use the option to utilise a 15 percent 'cost excess', meaning that almost one sixth more than the approved cost can be spent without the project needing to go through a formal re-approval process. When these cases are also taken into

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<sup>8</sup> For this reason they occasionally launched the idea to bring these planning cells in the line departments under the direct control of the P&DD - an idea that was never realised.

account then it can be safely concluded that around half of all projects are not adequately budgeted and therefore financial progress may not match physical progress.

A third reason is that even in a project where there is no revision or cost excess and where the works can be more easily expressed in financial terms, physical progress may not be commensurate with financial progress. Physical progress may have been booked, while payments lag behind. The reverse may also be the case. In projects where a lot of purchases need to be made, upfront payment of a substantial amount is usually required, so that for instance the purchase of all the pipes needed for a water supply project does not mean that a substantial amount of work has been done on the ground, or that the pipes have even arrived on the site. But the more frequent case is that of a payment of work done by a contractor. Only after a certain portion of the work has been completed and signed for by the supervisor, the contractor is supposed to be paid his instalment. A substantial portion of work may therefore be completed before the payment is registered in the accounts. This is the more so because disagreements between the contractor and the supervising Drawing and Disbursing Officer (DDO) frequently occur, so that payments are not immediately made. In an ADP full of construction, this would then lead to the conclusion that the amount of physical progress made is generally larger than the financial progress reported at any time, but this is not so.

A fourth reason for the difficulty in interpreting the financial progress prevents the application of such a rule of thumb. At year's end, in June, when the risk of unused and therefore lapsing funds looms, departments may illicitly pre-pay contractors for works not yet completed. This ensures that all funds available are utilised and that there is also no break in activities due to the passing over to a new financial year with new annual budgets and required clearances for these projects. It also increases options for underhand deals with contractors, which is a benefit to the engineers involved, while it can yet be defended with reference to the need for fast completion of the project and full utilisation of the funds available<sup>9</sup>.

A fifth reason applies only to the Local Government & Rural Development Department (which is allocated ten percent of the ADP mostly through lump sums) and a few semi-autonomous agencies in AJK. The Azad Kashmir Minerals Development Corporation, the Mirpur Development Authority and the Development Authority Muzaffarabad are allowed to put the allocations in separate accounts which are non-lapseable. (This applies in fact to all authorities and corporations in Pakistan.) When the funds are transferred to these accounts, the AG office registers these as expenditure although, in actual fact, the funds transferred have not yet been spent. The Local Government and Rural Development Department functions to some extent as a funding agency to the around 3000 very small projects of the local government tier. As such, it administers the block allocations received from the development budget and passes these on to its project directors in the councils and committees. Once these funds are transferred, they are deemed spent by the Accountant General, although the actual spending by the project directors at local level then still has to take place.

A sixth reason is that the method of registration of expenditures may vary between departments and even between projects, thereby complicating the comparison of expenditures incurred. There should be no differences, because, in principle, all expenditures made by departments are to be registered only when they actually occur, i.e. when cheques have been

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<sup>9</sup> Other options may also exist to prevent having to surrender funds. Chaturvedi (1988, p.76) for instance found evidence in India that at the end of the year an irrigation department used to deposit unspent money with the Revenue Department for future compensation payments. The money was deposited for proposals that were still being made for requisition of land. Whether this was also done in AJK was not checked by this author.

pre-audited by departmental or AG accountants<sup>10</sup>. The accounting system in Pakistan is based on cash flows, not commitments (Account Code, Vol. I Article 21). But in order to inflate the utilisation rate of projects and thereby diminish the chances of being cut by the Finance Department, a line department may include in the expenditure statements bills that have been sent to the Accountant General's Office for pre-audit but which have not yet been stamped and signed there. The Education department even reports utilisation rates for projects which are always either 0, 25, 50, 75 or 100 percent, obviously referring to the releases made to projects implemented by the PWD, and therefore having nothing to do with real expenditures and physical progress. The reporting system that many departments operated for Review Meetings therefore had as much to do with commitments as with actual cash flows. Although this is in violation of the regulations, departments may have strategic reasons to use such a system because, as was seen, particularly by the fourth quarter of the year hard decisions must be taken by the P&DD about the reappropriation of funds between 'fast' and 'slow' moving sectors and projects. Departments which have not demonstrated that they have spent a substantial portion of their allocation by then, may have their allocation cut and reappropriated to other sectors with a demonstrated higher utilisation rate. In 1990-91, the cutback was rather limited (3.5 percent) but in other years it is known to have risen to at least ten percent. A cutback is particularly unwelcome if a substantial number of bills happen to be pending with the Accountant General's Office.

A last reason for the poor match between financial and physical progress is perhaps plain poor accounting by agencies or late reporting of consolidated accounts from the field to head offices.

#### *Discrepancies with figures from the Accountant General*

The combined effects of the technical problems, mistakes and strategic behaviour patterns become clear from a comparison of departmental figures with those from the Accountant General, which keeps the account of verified expenditures. Tables 5.5 and 5.6 demonstrate that mistakes are frequently made, but that the overall bias is towards exaggeration of the expenditures incurred. In the first quarter of 1990-91 the departments reported 14.8 percent more expenditures than the AG, in the third the difference was 3.5 percent<sup>11</sup>. In the first quarter of 1991-92, the difference was even 24 percent. The discrepancies are remarkable since, as noted, the AG should normally have a more up to date and therefore higher expenditure registration. The discrepancy between what the line department and the AG records for *individual* projects is even larger. As can be observed from Table 5.6, both overestimates and underestimates of expenditures are given by departments; with the average being an overestimate. The reason mentioned before, cheques yet to be stamped as approved by the AG, explain most of the overestimates. Underestimates of line departments are harder to explain. Plain mistakes may have been made; perhaps certain expenditures which the AG registered in the present quarter, were entered in the books of the line department at the end of the preceding quarter. As there is a registration of expenditure before the cheque goes to the AG office, as well as after it has come back (as *consolidated* expenditure), the registration

<sup>10</sup> There may be temporary discrepancies between the two systems because of a time lag factor, that is, the accounts are received first in the agency, certified, passed to the AG for pre-audit, authorisation for expenditure, and preparation of a cheque drawn on the National Bank of Pakistan. The accounts and cheque are then returned to the agency for payment, at which point the agency enters the payment into its own ledger.

<sup>11</sup> The discrepancy decreases over the year given that for instance in the third quarter, the accounts for the first and second quarter will have been sorted between the agency and the AG, so that these are compatible.

in the books from the period before the AG pre-audit must then have been reported, in an attempt to beef up the overall expenditure figure.

Mistakes are not only made with expenditures. For 31 percent of all projects, there was a difference between what the ADP and what the AG recorded as the total project cost as per PC-1; a similar proportion of projects also had a different ADP allocation in the AG record and Quarterly Review Report. With all the drawbacks connected with departmental reporting of costs, allocations and expenditures it is unfortunate that the consolidated quarterly accounts prepared by the Accountant General's Office did not play a larger role in the monitoring process. One of the reasons is that such consolidated accounts were usually prepared too late for this; a month easily lapsed. But if the AG Office is to be believed, the accounts could be, and are to be, prepared within two weeks after the closing of a quarter. A partial solution to the problem of the discrepancies would be that the departments submit two sets of expenditure figures: one verified set of actual expenditures based on cash flows, and in principle identical to the set of figures maintained by the AG office. The other would then be a set of figures based on payments including the commitments made (i.e. pending bills). The reason why the Government in AJK did not wish to get involved in a commitment-based expenditure registration can be imagined: commitments can easily be manipulated. The suggestion is, however, not to replace the cash-flow registration system, but to use it side by side with a commitment-based system.

Table 5.5 Comparison of expenditures registered by AG-office and by Agriculture Department/IHDFP, AJK 1990-91, by project

projects	Agr Dept 7-9/90	AG Off. 7-9/90	Diff. with 1st QRR Exp.St.	(Rs in Millions)		
				Revised estimate ADP90-91 (6/91)	AG end of year accounts (11/91)	Diff. AG Off.
Farm Mech Organisation	0.142	0.173	-18.0%	5.497	5.574	-1.4%
Cereal crops improvement	0.120	0.129	-6.7%	1.320	1.486	-11.2%
Proc. & distrib. inputs	0.539	0.633	-14.9%	5.330	5.165	3.2%
Strengthening IATI	0.500	0.220	126.9%	2.810	2.655	5.8%
Disease free potato seed	0.119	0.118	1.1%	0.583	0.704	-17.2%
Input godowns in AK			0.0%	1.270	0.861	47.5%
Certified vegetable seed			0.0%	1.055	1.055	0.0%
Fruit plant nurseries		0.014	-100.0%	1.698	1.697	0.1%
Agric support services			0.0%	0.437	0.442	-1.1%
Total	1.420	1.287	10.3%	20.000	19.639	1.8%
IHDFP	6.928	6.928	0.0%	85.000	81.995	3.7%

Note: QRR: Quarterly Review Report; Exp.St.: Expenditure Statement

Table 5.6 Comparison of expenditures registered by AG-office and line departments, AJK 1st and 3rd quarter 1990-91, by sector.

Name of Sector	1st Quarter 1990-91			Upto 3rd Quarter 1990-91			Rs in Millions
	AG	Deptts.	Diff.	AG	Deptts.	Diff.	
Agriculture	1.287	1.420	10.3%	7.411	11.270	52.1%	
Animal husbandry	1.794	1.650	-8.0%	5.853	6.500	11.0%	
Forestry	6.690	6.697	0.1%	32.045	32.052	0.0%	
IHFDP	6.928	6.928	0.0%	43.189	43.189	0.0%	
Industry	0.830	1.535	85.0%	7.047	11.384	61.6%	
AKMIDC	0.000	0.075	100.0%	0.150	0.701	367.3%	
Water	0.000	0.000	0.0%	9.000	9.000	0.0%	
Power	0.088	0.100	13.7%	105.713	98.109	-7.2%	
Education	13.504	18.365	36.0%	63.704	66.062	3.7%	
Health	8.291	8.501	2.5%	30.250	38.346	26.8%	
T&C	14.485	14.852	2.5%	122.251	122.754	0.4%	
PPH	3.149	3.217	2.2%	37.705	37.069	-1.7%	
Local Govt.	0.000	0.000	0.0%	68.800	46.886	-31.9%	
P&D	0.024	0.021	-12.2%	0.123	0.134	9.0%	
SDP	1.405	3.450	145.5%	24.836	54.490	119.4%	
<b>total</b>	<b>58.475</b>	<b>66.811</b>	<b>14.3%</b>	<b>558.079</b>	<b>577.905</b>	<b>3.6%</b>	

Note: AKMIDC is a corporation and therefore their own registration of expenditures may legitimately be different from the AG's which records the funds transferred from the exchequer to the account of the corporation.

#### *Financial utilisation as a guide for reappropriations*

In summary, the expenditures registered for a project often did not reflect the true expenditures and financial commitments made at that point, whereas the financial utilisation rates were poor indicators of physical progress. In fact, the question may be raised whether, with all the drawbacks mentioned, it is necessary at all to report financial progress. P&DD would frown at such a question, because although it would readily admit that expenditures are poor indicators of physical progress, it would yet argue that they are needed for purposes of reappropriations between and within sectors. There is, of course, something to say for this argument. Reappropriations are usually necessary over the course of a year for the following reasons: (1) the threat of funds lapsing at the end of the year because certain sectors or projects are unable to spend their allocations - leading to a shifting of funds from slow moving sectors and projects to fast moving sectors and projects; (2) the occurrence of a centrally imposed cut on all development grants which needs to be accommodated by slashing the budgets of the sectors; (3) the need to solve the problem of the 'operational shortfall'. The latter reason needs some elaboration.

The operational shortfall is an amount added on to the ADP grant provided by the federal government, varying between Rs 10 and 100 million. Although, in actual fact, not available, it is distributed amongst the sectoral allocations as though it were. Since the ADP's sectoral allocations are legal ceilings to expenditures - until further notice - the operational shortfall serves as an incentive to departments to spend more and therefore also faster. Towards the fourth quarter of the year the P&DD checks which departments have spent a relatively large part of their annual allocations, and which have not. The latters' allocations are then cut back

to a level that is in line with the 'net' ADP grant as provided by the Federation in the first place. This rather odd strategy is resorted to because of the experience with an overall annual utilisation rate of the ADP of between 90 and 95 percent; using the strategy of the shortfall, the utilisation rate can be improved to 95-100 percent. An additional consequence of the operational shortfall is that it inflates the ADP when it is first presented and gives the impression that more is spent on development than actually is the case. In leaner years, when less grant is provided, the operational shortfall can inflate the ADP to a level nominally larger than the previous year's, which carries a political benefit. The Government can then show that it has not slashed the development budget. For instance, in the year 1991-92 the shortfall was Rs 95 million over an actual budget of Rs 1142 million; the year before it was Rs 42 million over a budget of Rs 1108 million. Whereas the actual budget growth was only Rs 34 million, the higher operational shortfall made it look like the budget had grown by Rs 76 million. The new government could then give the impression to the public that it was more committed to development than the previous government<sup>12</sup>.

Financial monitoring is therefore justified by the P&DD also for the sake of reappropriations, which are required for the optimal utilisation of the development funds granted each year by the Federal Government. The need for financial monitoring by P&DD for this reason cannot be denied, but at the same time attention needs to be drawn to a few factors why not too much should be expected from this instrument in the conditions under which it is to be applied. When the actual spending patterns over the year are reviewed, it appears that relatively little is spent upto the third quarter, so that there is little basis on which to predict the likely expenditures in the fourth quarter. Figure 5.1 and Table 5.7 show the quarterly spending patterns which demonstrate similarity across the consecutive years of 1988-89, 1989-90 and 1990-91.

Table 5.7 ADP spending patterns across the years of 1988-89 to 1990-91, AJK (percentages)

	Qtr 1	Qtr 2	Qtr 3	Qtr 4
1988-89	8.0	25.5	22.7	43.8
1989-90	12.4	20.6	15.3	51.7
1990-91	5.7	31.3	16.7	46.2
Average	8.7	25.8	18.2	47.3
St.Dev.	2.8	4.4	3.2	3.3

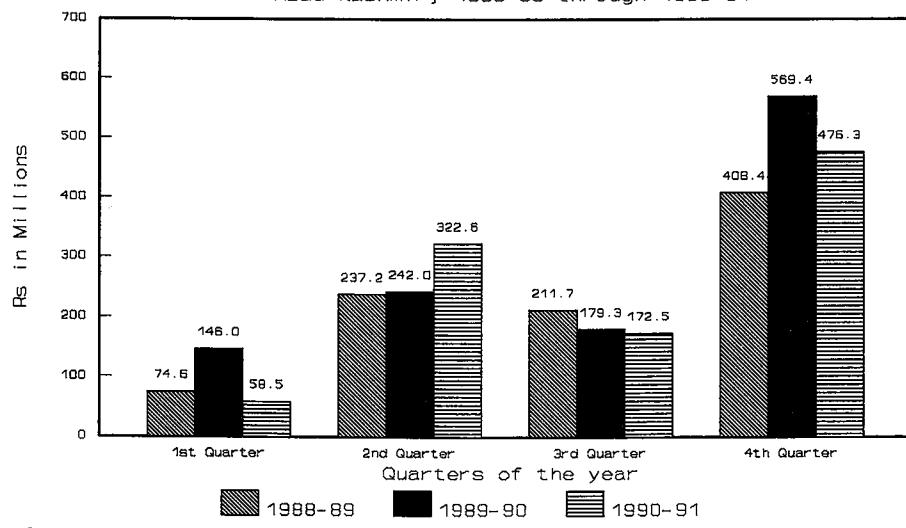
#### *First and fourth quarter expenditure patterns*

Two features stand out: First, the low expenditures in the first quarter of the year (around 10 percent) and secondly, the very high recorded expenditure in the fourth quarter of the year (40-50 percent). Unfortunately it is difficult to find a satisfactory explanation for the low spending patterns in the first quarter. Part of the explanation could be a slow start of newly approved projects particularly at the beginning of a financial year. The possibilities of lengthy

<sup>12</sup> In some years, the operational shortfall would be lower and the foreign loan amounts expected much higher, which had a similar effect of inflating the ADP; in other years, the size of the foreign loans expected would be downplayed and the operational shortfall increased.

### Overall quarterly ADP/ SDP expenditures

Azad Kashmir, 1988-89 through 1990-91



Source: AG Office, AJK

Figure 5.1

land acquisition, tendering and contract award leading to delays have already been mentioned. But since every year no more than ten to fifteen percent of all projects is new in the ADP, and since these are by no means all approved in the first quarter, there have to be additional reasons. Slow release of funds by the Finance Department may be a factor but in AJK it was not such a bottleneck as seen in parts of Pakistan. (This situation has, however, changed in more recent years.) Lackluster performance particularly in the hot summer but in fact in the winter (third quarter) as well may be a more serious reason, to be converted in more activity only when in the last months the prospect of the lapse of substantial funds begins to rise. This is what many officers in P&DD believe to be the case, and the main reason why even the Prime Minister traditionally, in every Review Meeting, exhorts his officers to speed up the works. Lack of commitment to development is then blamed for the low spending patterns upto the end of the third quarter.

The carrying over of activities to the new financial year (June-September) which are prepaid from the budget of the last financial year may be another important reason. This is also supported by the fact that in the second and third quarter, the average expenditure comes more closely to the required 25 percent (see Table 5.7). (The third quarter which runs from January to March has usually slightly lower expenditures than the second, due to the effects of the winter season: snow and cold on mountain tops and plateaus impeding construction and in lower areas heavy rains causing landslides. See Figure 5.2 for an impression of temperature and rainfall variations in AJK.) The conclusion therefore seems warranted that the patterns of expenditures in the first and fourth quarters are interlinked by a programme management focusing on avoiding the lapse of funds.

Whatever the reasons, at the start of the fourth quarter, almost half of the annual budget is formally still to be spent; and usually a quarter in the last month. If reappropriations are necessary at the start of the fourth quarter, then these cannot be aided very much by the

expenditure patterns as recorded by the quarterly reports. As can be seen also from Table 5.8, most departments are then yet to spend the major part of their budget. Reappropriations do take place, but decisions on these are taken less on the basis of data provided by the monitoring system, than continuous bargaining between P&DD (ACS) and the heads of the individual line departments. These heads have to somehow demonstrate that they can spend their full allocation and do this by referring to all the activities which are underway, although perhaps not adequately reflected by risen expenditures as yet.

Table 5.8 4th quarter expenditures as perc. of total expenditure by sector, AJK.

Name of Sector	1988-89	1989-90	1990-91	Average	(percentages) Standard Deviation
Agriculture	34.4	44.7	62.3	47.1	11.5
Animal Husbandry	50.7	35.2	51.0	45.6	7.3
Forestry	34.1	34.4	33.9	34.1	0.2
IHFDP	39.5	41.8	47.3	42.8	3.3
Industries/Printing	47.6	39.8	66.6	51.3	11.3
AKMIDC	52.5	60.8	93.8	69.0	17.8
Water	46.0	99.1	30.8	58.6	29.3
Power	44.7	42.9	40.7	42.8	1.7
Education	46.0	54.8	38.8	46.5	6.5
Health	30.5	28.0	48.4	35.7	9.1
Transport & Communic.	34.6	64.0	49.0	49.2	12.0
Ph. Planning & Housing	36.7	61.5	59.0	52.4	11.1
Local Government	27.1	18.2	17.1	20.8	4.5
Planning and Devt.	56.4	39.4	53.2	49.7	7.4
Special Devt. Progr.	100.0	100.0	71.5	90.5	13.5
Total	43.8	51.7	46.2	47.2	3.3

Note: AKMIDC and Local Government Department (for the block allocations) get non-lapseable funds and therefore do not feel the heat of the closing year with its possibility of lapsing funds.

Source: Accountant General's Office, Azad Kashmir

The concentration of work and the making of payments in the fourth quarter therefore does not appear to be an entirely deliberate strategy of line departments to avoid showing their cards until the very end. After all, with the perspective of cuts and reappropriations in the last quarter, it would be a better strategy to play it safe and spend the entire allocation in the first three quarters. Departments could then even take it easy in the fourth quarter or concentrate on bargaining for additional funds or a higher allocation the next year. They could then also focus on writing PC-1s for the new year. Such a strategy is somehow impossible; as can be concluded from Table 5.8, none of the departments manages this. Lethargy in the summer months, in combination with the completion of already paid for activities left over from last year, and a difficult winter season, lead to an almost unavoidable high workload towards the end of the year<sup>13</sup>. The prospect of losing the unspent allocation

<sup>13</sup> However, in some of the Provinces in Pakistan, the same pattern was witnessed, so that the 'winter factor' cannot be taken too seriously.

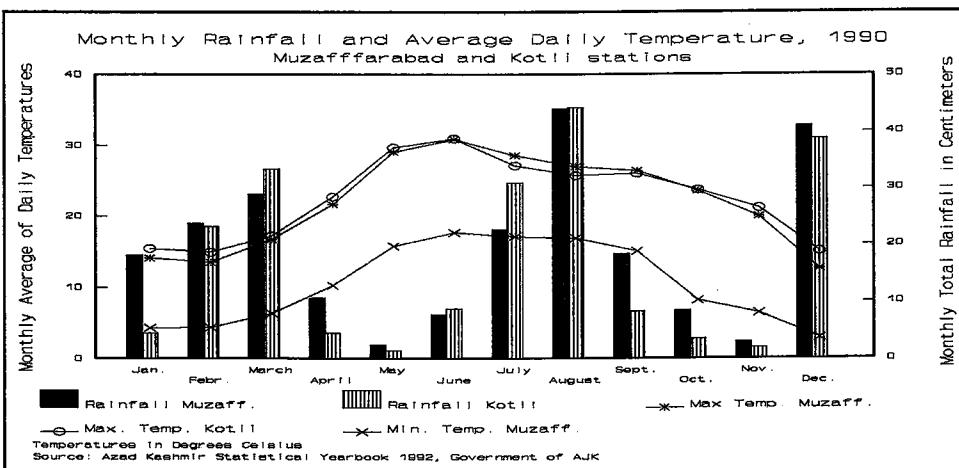


Figure 5.2

on the 30th of June does the rest: excess purchases are made, and occasionally a contractor may be paid out for works not yet completed. If the shifting of funds between slow and fast moving projects by departments, irrespective of their Annual Plans of Operations, is added to this story (as discussed in section 4.4), then it can be concluded that the monitoring of financial progress of projects in the first three quarters is not very helpful to the kind of control pursued by P&DD and the Government. Neither is financial monitoring helpful after the closing of the 4th quarter from the perspective of reappropriations: the year has by then passed by. A monthly monitoring system in the last three months of the year would seem a better option if the P&DD does not wish to be dependent on the promises of line department heads only.

In fact, after the UNDTCD project closed, a monthly financial monitoring system was imposed for a while by the then Special Advisor (Development) to the PM (he had been ACS before). This system was abandoned again after about a year. It can therefore be assumed that although the line departments claimed that it was very laborious to report every month, their organismic behaviour (see chapter 1) must also have played a role. The poor predictive value of expenditure statements towards the end of the year must have led them to prefer to rely on individual contacts and negotiations with the P&DD, Finance Departments and the Government.

#### *The role played by the AG*

A sometimes heard observation is that the Accountant General's Office is at least partially responsible for the accumulation of claims on the exchequer towards the end of the year. The AG would deliberately delay the honouring of some of the claims, in order to itself skim off some of the margins. - A natural tendency to leave the more difficult cases to the end of the year may also be of importance. Towards the end of the year, departments have their backs against the wall and are more accommodating; the AG's Office may feel the pressure of otherwise lapsing funds. Also, it is then a better time to judge what has the real priority with the departments, whereas disputed cases can be settled one way or the other. Although there may be some truth in this, it is not deemed an important factor, since the departments that work independently of the Accountant General's Office, the Electricity, Forestry and Public Works Department, also accumulate payments in the fourth quarter (cf. Table 5.8 on page

174). Whether the delays are deliberate or not, the accumulation of payments in the last month and days of the year is widely acknowledged to lead to irresponsible expenditures.

#### *Monitoring on the basis of accounts classifications*

The classification connected with the public accounts system in Pakistan is designed to contribute to improved financial monitoring of sectors and departments, and to enable a more integrated analysis of development and recurrent expenditure patterns. In 1980 the public accounts classification was greatly improved, and each expenditure incurred (and revenue received) was henceforth to be classified twice, once in functional terms, and once in object terms (Auditor General Pakistan 1988)<sup>14</sup>. Also, it was to be registered whether the expenditure was one of capital or recurrent account. The resulting matrix of information would give a precise overview of how much the public sector had spent on the various sectors and in which categories (salaries, purchases, etc.). The use of historical data would enable the establishment of detailed expenditure trends.

But several factors have made such monitoring of public accounts a complicated affair and in practice P&DD is seen to pay no attention to the Finance and Appropriation Accounts as published by the Auditor General. First of all, the public accounts are published at least a year after the closing of the financial year to which they refer. Secondly, the functional classification has been greatly compromised by the rule that the department incurring the expenditure would be paramount in determining the sector (Article 30, Account code Vol. I). Thus, expenditure by the Public Works Department on school construction is classified as Community Services (because *all* PWD is in Community Services), although all other expenditure on education (by the Education Department) is classified as Social Services. This does not improve the transparency of educational expenditure developments. Thirdly, due to the complexity of the system, errors in the classification of expenditures are frequently made by accountants and budget officers; inconsistencies are encountered also between Provinces and areas. Fourthly, expenditures can be classified in great detail for many functions and objects, but for others there is no detailed head available. For instance, in the object of 'purchase of durable goods' transport, machinery & equipment, furniture & fixtures and livestock are distinct detailed heads. But a very important durable good such as land is lumped together with many other items under the head 'others'. The result is that land expenditures cannot be separated out later, for purposes of analysis. Fifthly, the accounts are still purely based on cash flows and do not include departmental accruals. Sixthly, in practice, the comparison of the accounts is made difficult by the approval of the government budget by the Assembly in several grants. This is the case in the Provinces. This leads to the cutting up of some functional classes into various grants, thus complicating economic analysis. The result is also that the accounts are not prepared for individual projects (in AJK this was done, albeit with delays).

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<sup>14</sup> Major functions in the expenditure classification are: General Administration (code 00000), Defence (10000), Law and Order (20000), Community Services (i.e. works public health municipal services, telev.) (30000); Social Services (i.e. education health pop. planning PPH, sports) (40000), Economic Services (agriculture irrigation fuel industries T&C land reclamation) (50000); Subsidies (food agriculture POL exports others) (60000); Debt Servicing Investible Funds and Grants (70000); Unallocable (state trading, expenditure on for. experts, foreign assistance) (80000). These functions are further subdivided into minor and detailed heads. Major objects (also subdivided in minor and detailed heads) are : Establishment charges (00000) (pay and allowances); Purchase of Durable Goods (10000) (includes land); Pre-investment project analysis (20000); Construction of works (30000); Repairs and maintenance of durable goods and works (40000); Commodities & services (50000); 60000 Transfer Payments; Investments (70000); Loans and repayments (80000); and Miscellaneous expenditure (90000).

The function-cum-object accounts classification is also applied to the recurrent budget books as issued by the Finance Department. But here the problems of wrong categorisation of intended expenditures were observed to be even larger, whereas a practice of including large lump sum allocations outside the approved public accounts classification was also in evidence.

The overall conclusion of this section is: even 'dry' financial monitoring is hampered, for both technical and strategic reasons. Organismic behaviour of departments plays an important part even in the financial realm although this is generally regarded as technical and objective. The programme management conducted by departments, in which funds are shifted from project to projects like pawns on a chessboard, does not suit project-based monitoring and reporting as pursued by P&DD.

## 5.5 Monitoring of physical progress

The P&DD devoted only two columns in the format of the Quarterly Review Report to the registration of physical progress: one to record the particular physical targets for the year and the other for the progress made from the beginning of the year up to the end of the quarter under review. Targets for the project as a whole were not presented, neither a column where the progress made upto the end of the previous year could be reflected, as is done in other systems in Pakistan. From the fact that such columns had not been included, it can be derived that for P&DD the essence of physical monitoring lay in the evaluation of project activities during the most recent time slice. The P&DD hoped that the neutral and dispassionate reporting of the simple truth would give it an opportunity to 'catch' defaulting departments 'unaware'. Unfortunately, even if departments had been robot-like this would not have been very well possible given the format adopted.

### *Format problems*

To begin with, there was a methodological fallacy: the annual targets and quarterly progress were of a different time scale; quarterly progress would be more effectively compared to quarterly targets. Without a quarterly specification of the targets, it cannot be concluded for instance whether if something is not done in the first quarter, there is a delay or not. And in a second quarter, it would not be clear whether the achievement reported was actually already made in the first quarter. P&DD would then have to consult the previous quarter's report, a laborious routine.

A related problem was the absence of a column which recorded the cumulative progress made in the year separately from the progress achieved in any particular quarter. Concerning the first quarter there was no problem, and this cumulative progress column could then be deleted, but for all later quarters there was a lacuna. Without consulting the reports from the previous quarter, it was then not possible to judge whether the progress booked was made in the last quarter or not. So the best solution would have been to include targets for each quarter, as well as an extra column for the registration of cumulative progress.

The absence of a column recording last year's progress, lastly, made it impossible to assess from the report whether the present year's targets added much to what the project had already achieved<sup>15</sup>.

The lack of all these columns in the report format leads to the conclusion that P&DD's system was deficient with respect to its objective of comparing achievements with targets. The exaggerated pursuit of conciseness was probably the main reason for the excessive reduction in numbers of columns. A positivist belief that simplification of complexities will lead to a more transparent picture must have contributed to this. But there are limitations to the correspondence between conciseness and requisite variety; when these are exceeded, the picture will disintegrate into something incoherent. The actual commitment to detailed monitoring by P&DD can therefore also be questioned. It looks as if P&DD was after the absolute detail by asking for a few details but it failed to ask a sufficient number to be able to put an intelligible picture together. But let us see what was the quality of the information submitted before expanding on such conclusions.

#### *Large differences between departments in the reporting of physical progress*

When looking once more at the cases shown already in Table 5.1 in section 5.1 of this chapter, which represent samples of progress reports submitted for the main sectors' projects, it can be observed that there was a large variation in the nature of the reporting between the departments. Broadly the variation coincided with the types of department. It can be argued that there are three:

(1) Departments which did not have many projects involving civil works, such as Agriculture Department and Forestry Department.

(2) Departments which sponsored projects involving civil works, but which were implemented by another department, usually the Public Works Department, or in some cases the Local Government & Rural Development Department. The Departments of Education, Health, Tourism, Animal Husbandry and Industries were examples of this. In such an arrangement, it is in AJK the responsibility of the sponsoring, not the implementing, departments to report the progress of their projects to the government.

(3) Departments which both sponsored and implemented civil works projects: Electricity Department, Hydro-electric Board, the Mirpur and Muzaffarabad Development Authorities, and the Public Works Department, with its Water (irrigation) Wing, Road Divisions and Buildings Divisions.

Whereas the first two categories did make an effort to present an image of the physical progress, the Public Works Department in the third category, responsible for sponsoring and implementing about half of all projects in the ADP, reported in terms of percentages only. On closer scrutiny, these percentages did not represent physical targets and achievements but showed financial targets and expenditures. For instance, if the annual physical target of a roads project was reflected as 35 percent then this meant that in that year the allocation made in the ADP was equal to 35 percent of the project cost. The other major department in the third category, the Electricity department gave some more detail, but if it is considered that the *Rural Electrification Project* was the biggest in the ADP in terms of its allocation - it alone covered 15 percent of the ADP - then the report was still very meagre with only four items of information. In comparison, a similarly large project like the *Integrated Hill Farming Development Project* reported some four pages and 47 separate items of information.

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<sup>15</sup> But this could be done through a perusal of the Annual Plan, where such achievements and targets would be reflected (but this was often not published before the end of the first quarter).

The reason for the underreporting by Electricity and Public Works Department must be that from the perspective of these departments this was best suited to the actual management of their programmes. Although the integrative *Rural Electrification Programme* project was organised quite differently from the link road programme which is subdivided into 99 independent small road construction projects, in actual fact the two operated in much the same way. Wherever progress could be booked fast or the need was highest, the funds were channeled. If land acquisition problems or land slides obstructed works in one place, then activities were speeded up in another. If a local member of the Legislative Assembly managed to convince the Chief Engineer that the completion of one road in his constituency deserved more attention than others, then funds were channeled to that road and taken from other projects which would then run into (further) delays. If a contractor made trouble in one place, another contractor in another place was provided more funds to complete the work faster. Giving fixed targets in terms of kilometers per project would hold the department more to achieving these, whereas in the capricious conditions of AJK this would hamper the department ultimately in fulfilling one of its primary objectives, namely constructing as much length of road wherever, and absorbing as large a part of the funds it could get. For the Electricity Department's projects such a strategy meant that the department was perhaps willing to report how many kilometers of HT and LT lines had been constructed in total, but was not complicating its own life by putting in writing where, in which district, in which villages, the progress was to be made, and when. -Such details must, however, have been known to the department, otherwise the aggregate could not have been derived (unless it was a very rough estimate). In this sense, departmental strategies to run a programme in the most convenient way can run counter to the requirement to state annual targets in advance and then report detailed physical progress. Detailed physical progress reporting might also point to cases where, in fact, with very few funds a lot of progress was booked, leading to embarrassing questions as to whether contractors were perhaps pre-paid or were to be paid with funds from another financial year<sup>16</sup>.

#### *Departments collaborating with the Public Works Department*

Departments which sponsored civil works projects implemented by the Public Works Department understandably had entirely different motives for reporting in the way that they did. They might also have been interested in shifting funds around to those projects which could absorb quickly and to divert from those which for one reason or other could not. But since their experience had taught them to keep a close watch on the commitment by the PWD (also called Public Worst Department) to their projects, they needed to be somewhat more vigilant. Also the rapporteurs needed to inform their own Secretaries of the progress made by the PWD. One would therefore expect that such reports contained more frank and critical detail.

This did, however, not happen by definition. Once more, it turned out that telling the truth was not a straightforward affair. The maintenance of good interdepartmental relations was the main reason for this. Extreme caution was hampering frankness even more if the officer

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<sup>16</sup> The well-entrenched Development Authorities in the cities of Muzaffarabad and Mirpur could afford to report less, since they already had enough political support for their projects. They tended to run their civil works oriented projects in the same way as the PWD: shifting funds from one building site to another, following the route of least resistance, and thereby ensuring the quickest absorption of funds as well as overall progress. An agency like the in 1990 created Hydro-electric Board needed to devote more effort to the description of its progress, given the size of the average hydro-electricity project, the special funding arrangements and the political interest.

reporting, who was usually of medium or low rank, was not sure whether his Secretary wished to make a public issue out of the lack of progress in some projects.

In a monitoring system where every report was to be copied 45 times and distributed to as many different parties, the sponsoring departments were usually in a fix as to how critical to be of the Public Works Department. Since the PWD had many projects of its own, in addition to the portfolio of projects it had to complete for other departments, many were afraid that too much criticism might alienate the PWD and lead to even slower progress. Many complaints were heard by this writer about the PWD, and concrete examples abounded, but almost nothing was put down in a progress report. Only in the case of the Health Department, where in 1990-91 a bureaucratic battle was fought against a perceived lack of performance by PWD, critical observations could be read from the reports. The criticism was mainly due to the circumstance that the Education department had been allowed to create its own engineering wing within the department, taking care of the construction of all primary and middle school projects. Inspired by this, the Health department had launched a campaign to get permission for the creation of a similar engineering wing within its department, a proposal which would be granted a year or so later (but which has not been implemented to this day). The quarterly review report had a place in this campaign and that is why in this exceptional case, progress statements could be read such as: 'works not started by PWD', or 'work are still incomplete'. The tone of the statements as well as the explanations given for non-progress, were quite conspicuous in a reporting system where the key seemed to be to avoid putting anything controversial on paper, and to fight out the inter-departmental conflicts mostly through other means and channels.

#### *Departments with projects not involving construction*

Departments with mostly non-construction projects, such as of Agriculture, the Minerals Corporation (AKMIDC), and the Hill Farming Project (IHFP) were widely regarded as white elephants, and therefore specially interested in demonstrating that, in spite of public and bureaucratic distrust, they were capable of delivering progress with their projects. They would certainly not present problems when not specifically asked to report these. The Forestry Department did not have a bad name since it was regarded as the only department capable of generating substantial revenues for the State (from the sale of lumber). But due to the large size of most of its projects and the large foreign aid components it was yet obliged to report in narrative terms. Apart from these reasons, it was perhaps felt that reporting in terms of financial percentages would do no justice to the complexities of these projects.

#### *No reasons given for slow progress*

Another observation is that while a lot of ambiguous information was presented, the reasons for apparently slow progress were usually not elaborated at all. Typically bureaucratic views about the need for displaying only factual and neutral information in monitoring reports, free of anything reeking of value judgments, will have had an effect here. Two projects (reported in Table 5.1) are singled out below to demonstrate this: a project in Education Department, and the Rural Electrification project.

The project presented for the Education department - implemented by the engineering wing of the department itself - shows that all construction for 23 *Middle Schools in Poonch* had been completed, but that one case of land acquisition was still under process. What this meant was not clear, given the fact that land cases could be under process for years on end. It may be too speculative in an official report to estimate when the court case is likely to be solved, but a statement as to what stage the case had reached would have been helpful. An interesting

particular would also be whether in the other 22 school projects the bills had been finalised with the contractors, the inevitable disputes settled, and the building formally accepted and taken over by the Education department. A subsequent question would then be whether the schools had started to go into operation. Here, one notes that the Education department did not deem it fit to report this to the P&DD, whereas it has to be said that the P&DD also did not force the departments to report on this. This then is a good example of a 'problem of focus' of the monitoring system, such as indicated in the first chapter. Whereas the utilisation of assets created should in theory be one of the essential points to be monitored, issues pertaining to the recurrent budget (staff and materials to be paid) were not viewed as relevant to the quarterly review or the P&DD. (Section 7.2 deals with such problems at greater length.)

The other case, the *Electrification of Rural Areas in AJK Phase III project*, has been discussed above - comparatively few items of progress were reported for a project of such an extensive nature. The department might have given more detail for instance in terms of district-wise progress, villages 'electrified', transformer substations completed, etc. The problem with this was that it would have also required district and village-wise targets and the department evidently did not wish to specify this in advance. Reasons for low progress with HT and LT lines and with service connections were not given - something surprising for a summer season where work should have progressed fast. The achievement of any progress at all was surprising given that a first anticipatory approval to the project was granted only after the quarter was completed. This pointed to a programme management by a department of such influence that it seemed in no way hindered or suspended by any project approval process. An image of the progress by no means emerges from the report; a finding which is all the more odd since there were so many issues connected with this project, such as for instance line losses and distribution of metre boxes. - But it has to be admitted that, strictly speaking, most of these were out of focus: concerned with the recurrent budget more than with the public investment budget.

Further case studies to show that a lack of progress is *usually* not explained properly have been entered in Box 5.1.

The conclusion is: when the report format is open and no progress has been made with the project, most departments do not volunteer explanations, except in those cases where another department is involved and can be blamed. And even then, only in the case when it concerns a department with which there is a more general problem of coordination than concerning one particular project. So, in a situation with massive overcommitment of the ADP, underfunding of all projects, problems with contractors and land acquisition, and where therefore most of the problems can be blamed on *force majeure*, departments still do not wish to draw attention to themselves by volunteering that they have made little progress. Little progress is what is to be expected anyway, given the fund trickle. Stating this explicitly might carry the implication that small progress is booked even in comparison to the already anticipated slow progress. Non-response is generally the preferred way to obfuscate lack of progress; when specifically questioned about this non-response, this can then be presented as an oversight. And this would be a general experience with the reporting routines: blatant lies would not be discovered. If bad news was to be hidden, it had better be done through non-response or non-committal statements.

### Box 5.1 Ambiguities in physical progress reported for projects included in Table 5.1

The Farm Mechanisation Organisation project was supposed to purchase some field machinery and also land. It was reported that a tender had been called for the field machinery but normally, tendering could have been concluded by a contract award within three months. Why not more had been done is not clear, neither explained. Neither was explained what the status was of the purchase of land, and some tents and implements. Similarly, the projects in the Animal Husbandry sector did not explain why the stage of floating of tenders for construction works had not been passed.

In the Reforestation of Blanks project, the construction of twelve cattle ponds was a target where no progress had been apparently booked for no reason at all.

The Tourism project reflected in table 5.1 presents a good example of considerable construction work having been completed, while no expenditures had been booked as yet. Or was this progress already booked in a previous year? Another interesting observation, seen also a lot with the reporting of civil works by Education department, is that "50% of the work is completed". How the physical progress is translated in a percentage is not clear. Although the PWD has undertaken attempts at assigning percentages of completion to the plinth and roof levels of buildings, in actual practice this area is problem ridden and therefore never used by the PWD itself. How to translate progress into one percentage if for instance one of the two buildings of unequal size is at plinth level, the other at roof level? How to assign percentages to long or short approach roads, electricity provision in buildings, water connections, sewerage, renovations of buildings and the like? How to describe all of this in a relatively small amount of space? What is seen in practice is that the departments using percentages of physical progress record exaggeratedly fast progress in the initial stages, but that the last straws break the camel's back: progress gets stuck at 95 percent and then all further progress later on then has to be measured in diminutive additional percentages.

The Industrial Estate project, which prepared a ground for industries, presents the classic case of noncommittal reporting: like with most of its other projects, it was stated reassuringly that 'work is in progress'. What this progress was, was not reported. What has happened is that the reporting officer has phoned the relevant engineer in the PWD who was not willing to state much more than that.

The Opening of 19 Dispensaries in District Muzaffarabad project in the Health sector was the first of many cases in the Health sector where space was used to complain about the lack of progress with projects due to PWD. It should be noted that the department, contrary to the reporting by Electricity Department or PWD, specified the places not only where work was being done but also where work was not being done. Almost in all other reports, this was not specified: lack of progress is seldom volunteered. As mentioned before, the most likely reason is the building of a case against PWD and the propagation of the creation of an own engineering wing.

The Kheri Irrigation Scheme was being implemented under the responsibility of the Water wing of the PWD, and therefore followed the system of reporting only financial progress in percentages as a proxy to physical progress. The internal problems which the more than ten years overdue project was facing, were not deemed fit for reporting. The project would ultimately be assigned to the Agriculture Department for implementation after a snap decision by the PM in a Review Meeting.

## 5.6 Monitoring of problems in projects

A third, often stated, purpose of the quarterly review reports was to resolve problems of individual projects. So far this study has discussed mainly the AJK Quarterly Review Meeting as a mechanism for the resolution of problems, but prior to the reaching of such a stage there are of course many other avenues. They range from internal meetings within a department to special coordination meetings between departments, to direct contacts between a head of department and a minister or other politicians, to the submission of a 'summary' (brief) by a Secretary directly to the Prime Minister. In terms of intra-departmental options, the frequent informal contacts and meetings between staff at various levels and locations must be held the most important means of exchange of information as well as problem-resolution, but occasionally, more formal mechanisms, such as monthly meetings, were employed. For

instance, meetings were held in the PWD between Executive Engineers and the Chief Engineer. Such meetings were usually prepared without advance documentation or standardized reports, and did not carry a fixed agenda. But they served as important briefing and problem resolving mechanisms. The importance of meetings and verbal contacts was high also because except for the LG&RDD none of the departments had an internal system for the formal reporting of project progress to their chiefs<sup>17</sup>.

The quarterly review reporting system, as supervised by the P&DD, was therefore often claimed to serve the dual function of informing both the heads of the department and the review body at large. This was even seen as a matter of efficiency, and in line with the philosophy of the bureaucracy at large, which holds that there need be no secrets amongst collaborating departments and that objective reporting of problems would itself point to solutions whether internal or external to the department. However, having already argued that departments function in an arena of struggle with other departments and other institutional stakeholders, there is reason to believe that they have secrets and employ strategies, and that this also influenced their reporting of problems. Even within departments, officers often avoided to put down their problems in progress reports. As corroborated by many Secretaries, the reports for the Quarterly Review Meetings did not serve an important function for problem resolution within the departments<sup>18</sup>.

#### *Typical problem statements*

To investigate this in more detail, a few typical problem statements will be reviewed as they appeared in the first quarterly review reports of the year 1990-91. The registration of a statement as indicative of a problem is of course, to some extent, subjective. A problem is equated with any reported difficulty in a project. For instance, if a report mentions 'land not acquired' then this points in this definition to a problem, whereas 'land acquisition under process', which may be technically another description of the same situation, does not. (The second statement may in many cases even hide a problem, especially if the statement reappears again and again in the quarterly reports.) The distinction is of relevance especially since, contrary to the format in some other areas in Pakistan, in AJK there was no separate column for the reporting of problems.

A clear example of a stated problem is a project in the Animal Husbandry department, where it was stated under column 6 (a case not mentioned in Table 5.1): "Proposal for creation of staff not cleared from Finance Department hence poultry centres could not be opened". Other examples can be found in the reports of the Education Department. They were mostly about land: "constructional work not yet started due to non-availability of land", "constructional work not yet started due to dispute of land", "work could not be started with [X], due to stay order against land", or about contractors performance: "work stopped, tenders are being called again for the remaining constructional work of the building". They were also sometimes more vague, reflecting an implicit criticism of the PWD: "work not yet started with high school Trarkhel". As noted before, Health department presented the most explicit cases of problem reporting: "works not yet started *by PWD*" (italics added), "works incomplete and stopped *since long*", "work is stopped due to border firing", "works not yet

<sup>17</sup> The LG&RDD served as a review forum for all kinds of activities undertaken by the local and district councils, as funded by the Annual Development Programme. As such it issued its own forms to its project managers. After receiving the information, it was compiled and aggregated for purposes of the Review Meeting.

<sup>18</sup> One Secretary Works once confided that he would like to have progress reports where the problems and decision points for his consideration would be having 'little blinking lights'. But the fear of retribution for such openness from the side of his staff was so large that such reporting did not sufficiently take place.

started due to land dispute", "work incomplete and stopped for the last four years", or: "work is near to completion but stopped".

When these problems are reviewed in detail, the conclusion of the previous section must be reiterated that they always concerned matters which the reporting department felt was beyond its competence and which could be seen as external to the department. The transfer of staff to the recurrent ('normal') budget (an issue in perhaps 10 percent of all projects) was seen as the responsibility of the Finance Department. The acquisition of land was seen as the responsibility of the Revenue Department. The problems with contractors were seen as the responsibility of the PWD. The PWD accepted this responsibility to some extent, if only by default: it was the only department that did not volunteer the reporting of contractor problems. Special reasons such as border firings resulting in delays were also seen as *force majeure* and did not reflect negatively on the department. Internal problems, e.g. lack of assignment of project staff, which could be resolved by the Secretary of the department, were not reported either - thereby negating the stated function of review reports for the internal resolution of problems.

Responsibility for errors or a problem which had arisen either in project preparation (wrong estimates, drawings, non-involvement of the target group, etc.) or execution (laxity, etc.) was never assumed. Departments were too concerned about their status in Review Meetings. In fact, only the Animal Husbandry, Education and Health Departments reported problems at all. Many other departments ridden with problems preferred to report nothing, rather than to put things on paper. For instance, in the Water sector, not a single project had incurred expenditures, but explanations were not offered, let alone a problem mentioned.

#### *A questionable representation of problems*

From the discussion in the previous chapters, it is clear that it is highly unlikely that so many projects did not have any problems but this shall be explored in more depth in the next chapter. The issue of formulation of problems is of crucial importance to our thesis about the difference between fact and observation and how monitoring systems should be designed. A sliding scale can be observed between 'land dispute', 'land not acquired', 'land acquisition under process', and lastly: no reporting at all, and therefore leaving it in the dark (or to a verbal statement in the Review Meeting) as to whether any progress is made. All of the statements can be descriptions of one and the same situation. The question is then what the statement should 'objectively' be. What is simple basic reporting in this respect? The example of the construction of the 23 school buildings has already been mentioned. When all schools were already completed whereas for one school land was yet to be acquired, then this points usually to a problem.

Another case of hidden problems can be derived from the following frequently reported statement: "98% work completed with high school Leepa". Experience teaches that here, problems with contractors as to final bills usually prevent the speedy hand over of the school.

With only seven percent of all projects reporting anything even hinting at a problem, and most of these problems reported by one vindictive department only (Health Department), the monitoring system in 1990-91 can be said to have functioned as a highly questionable representation of the general problems in the field. If every department had reported one or two particularly severe cases, then this would have perhaps been at least 'workable' for a review meeting. But most departments reported no problem at all, whereas one or two reported many.

The P&DD had experience with this small catch of problems in the nets of its report columns, because some two weeks after the request for quarterly reports it decided to send a special letter to the Secretaries of the departments, asking urgently to submit statements

with respect to general and project-specific problems, so that these could be taken into account in the Review Meeting<sup>19</sup>. This led to only one response, from the Public Works Department. On an otherwise blank sheet of paper it cryptically listed the following bottlenecks:

- 1) shortage of funds in the sectors Transport & Communication and Phys. Planning and Housing;
- 2) delay in land acquisition;
- 3) shortage of vehicles;
- 4) non-existence of building division Bagh; and
- 5) non-receipt of government sanction for execution of departmental works.

As is clear from the above list, the problems were related to departmental programmes and not projects.

## 5.7 Use made of the quarterly reports

Now that the merits and demerits of the old 'open' reporting system have been discussed, it is of interest to explore what use P&DD and the review meeting made of the reports. The first quarter review of the year 1990-91 is again taken as a case study. P&DD prepared a working paper for the Review Meeting<sup>20</sup>, and following the preference for 'hard' financial data, a summary table on sectoral allocations and expenditures was assigned an important place in this. The table, when it was made, demonstrated a very low utilisation rate of 6.7 percent as compared to the previous year's 16.5 percent. For the sake of a clear picture of the Review it is reproduced on the next page as Table 5.9.

### *Correspondence with line departments before the Review meeting*

Due to the late date of the Review Meeting, the P&DD decided there was time to send a letter to the main underachievers. The Secretaries of respectively LGR&DD, Power, Works, Industries, Agriculture and Health Services, all got an identical stenciled letter (dd. 27-11-90), where the low utilisation rate (below 12 percent), entered by hand, was compared with a better rate the year before, and the following concern was expressed:

"It is apprehended that at this pace of progress it will not be possible to fully utilize the allocation for 1990-91. Consequently the ADP would be adversely affected."

The following was requested:

"The above stated position calls for your immediate personal intervention so as to retrieve the situation. It is further requested that a copy of steps taken to overcome this low state of progress may also please be supplied to this office. Matter may please be treated as most urgent."

And the letter was signed by a grade-18 officer.

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<sup>19</sup> It could do this because of the delays in the Review Meetings. In other quarters, this practice was not repeated.

<sup>20</sup> In the constellation in AJK, the working paper is prepared by the section Inspection and Evaluation as headed by the Director General's staff; in other P&DDs in Pakistan, the Coordination Section as headed by the Chief Economist may also be charged with such an activity.

Table 5.9 Sector-wise Financial Utilisation ending 1st Quarter 1990-91 in respect of Annual Development Programme (Rs in Million), AJK

No.	Name of the Sector	ADP Allo-cation for 90-91	Expend. from 1-7-90 to 30-9-90	Perc. Util- isation during 1st Qrt.	Expend. during 89-90	Perc. Util- isation corresp. period
1.	AGRICULTURE	175.000	16.695	9.5%	28.200	16.3%
	Crop Husbandry	22.000	1.420	6.4%	3.661	17.0%
	IHFDP	90.000	6.928	8.0%	16.227	17.0%
	Animal Husbandry	13.000	1.650	13.0%	2.043	20.0%
	Forestry	46.160	6.283	14.0%		
	Tourism	3.840	0.414	10.7%	6.269	14.0%
2.	INDUSTRIES & MINERALS	33.000	1.610	4.9%	2.655	8.0%
	Industries Deptt.	25.000	1.535	6.1%	1.664	8.0%
	AKMIDC	8.000	0.075	0.9%	0.991	8.0%
3.	EDUCATION	124.421	18.365	14.7%	13.983	13.3%
4.	HEALTH	75.000	8.501	11.3%	19.249	26.4%
5.	WATER	14.000	-	-	-	-
6.	POWER	200.000	0.100	0.1%	13.650	7.0%
7.	TRANSPORT & COMMUNIC.	245.000	14.852	6.0%	39.754	17.2%
	P.W.D.		14.852	6.0%	-	-
	C.D.O.		-	-	-	-
8.	PHYS. PLANNING & HOUSING	95.000	3.217	4.0%	19.198	21.8%
	P.W.D.		3.217	4.0%	-	-
	C.D.O.		-	-	-	-
	M.D.A.		-	-	-	-
9.	LOCAL GOVERNMENT	92.000	-	-	17.073	18.0%
10.	PLANNING & DEVT.	1.000	0.021	2.1%	0.100	10.0%
	GROSS TOTAL	1054.421	63.362	6.0%	153.862	
15.4%						
	DEDUCTIONS:					
	'OPEC' Fund Loan	(-)	30.000			
	Export Quota fund	(-)	4.421			
	Exp. Operat. Shortfall	(-)	77.892			
	Net Total		942.108	63.361	6.7%	153.862
						16.5%

Source: Working Paper 1st Quarterly Review 1990-91, P&DD

Note: The Special Development Programme was reflected on a separate table.

As a measure of the authority at this level may count that only the Secretaries Agriculture, Industries and Health cared to send a reply to the P&DD: two Secretaries of sectors which were regarded by many as ineffectual, and a third of a sector which, as we have seen, wished to play out a conflict with PWD. The Secretaries of Local Government and Power, for instance, with almost zero utilisations, did not explain these "most urgent" matters at all.

The Secretary Agriculture (in charge of crop and animal husbandry, forestry, tourism and the IHFDP) gave as main reason for the low utilisation rate, that, in his view, the Accountant General had released the funds too late (letter dd. 8-12-90). The budget was approved only in the second week of September and during the first two months, permission was granted to incur expenditures on salaries only. Thus, the Secretary reported a problem which was completely ignored in all the reports sent previously, and under his signature.

The Secretary Industries made it known through the Deputy Director Planning of the AKMIDC (letter dd. 13-12-90) that one important project had not yet been approved by the Cabinet Development Committee, while another could not spend because counterpart funds from a donor organisation had not yet arrived. The letter furthermore assured the P&DD that:

"The expenditure on on-going schemes is proportionate to provisions of approved scheme. As soon as the funds are released the committed would be booked".

Again, all of the problems mentioned had not been reported before in the quarterly reports; possible problems of the Industries department were not mentioned at all.

Only the Director Health Services gave an explanation (in letter dd. 24-12-90, two days before the Review) that was already evident from his quarterly reports as well:

"during this financial year, almost all the on-going works are stopped by the contractors. Similarly, during the 2nd quarter, the utilization of the funds for financial progress as well as physical progress is expected to be on the lower side, because the contractors of the projects, throughout Azad Kashmir, are not taking up the constructional works. The reason why they are not taking up their constructional works, is not known to the Health Department officially. It is, therefore, requested that PWD may kindly be directed to settle the problems and take up the constructional progress as early as possible."

It is of note here that the Director wrote that he did not know the problems of contractors *officially*. PWD had not communicated to him on paper what the problems were and, weary of further confrontation, he requested the P&DD to resolve the matter for him. Thus, the department revealed a very serious problem that must have affected many more sectors in the ADP, but which was reported by no one else.

#### *P&DD's working paper*

Partly due to the late response, nothing of this made an appearance in the working paper (issued 9 December), so that the Review body did not benefit from the explanations given for the low utilisations. The working paper put as agenda points (1) a review of the ADP, (2) a review of the SDP, (3) approval of new schemes, (4) compliance with directives passed during the review meeting held before, and (5) financial requirements of ongoing programmes in the 7th Plan against the FYP provisions.

Concerning the first agenda item, it was pointed out that "on a pro-rata basis" the utilisation in the first quarter should be 25 percent, but that this figure was never achieved "because of different kinds of preliminaries involved in the start of projects". A utilisation of 15 percent was considered desirable, and the 6.7 percent achieved in the first quarter was therefore very low. Concerning the SDP it was stated that the utilisation of funds was even lower, at 2.6 percent, so that there was reason for even more concern. In annexures, the

financial performance of each sector was reviewed in one or two paragraphs, with always the same conclusion that: "the overall utilization position is not satisfactory. The department should gear up the activities to improve this position". In some sectors there was also a listing of the ADP numbers of those projects with zero utilisation rates, but much was not made of this. Since a number of these in fact concerned not yet approved projects, it was stated that the department should also expedite the submission of PC-I forms of unapproved schemes included in the ADP "so that the amount allocated against these projects is utilised". Only with the Physical Planning and Housing sector, a large number of schemes were listed with their full titles, to put on record their "close to satisfactory" position in two cases, and unsatisfactory progress on another 33 cases, such as the *Improvement and Uplifting of the Prime Minister's House*, and other government buildings of direct interest to the participants of the Review Meeting. A further discussion of individual schemes, apart from the IHFDP - and that only by virtue of it being a sub-sector in its own right - was not conducted, neither financial nor physical.

The approval of new schemes was treated as a short item in the working paper, where it was summarised for the PM that in the past half year, 63 new schemes and 5 revised schemes were approved or cleared by the AKDWP. Another item that had little to do with the quarterly review reports as such was the financial requirement of ongoing programmes in the Seventh Five Year Plan, and how these were already too high given the lower than envisaged grants from the federal government.

If the attention in the working paper for the compliance with past directives is added to this, then it appears that the quarterly review reports had hardly been used by the P&DD for the working paper. No table other than the financial summary was prepared, and this table was prepared on the basis of the separate submission of a sectoral and subsectoral expenditure figure by each line department, usually by way of telephonic contact.

The finding of a very limited use of the quarterly reports is corroborated by an analysis of working papers prepared for other quarterly reviews. In the four years that this author was in AJK, important issues were put in the working papers and on the agenda, such as the maintenance of completed development projects, the transfer of staff from the development budget to the recurrent budget, the ploughing back of surrenders of the previous ADP, the scope for accommodating new projects in the ADP, the creation of planning cells in line departments, et cetera. But common to all of these issues was that although they had to do with experiences with the progress of the ADP, they were not based on a systematic analysis of the quarterly review reports. And since they were not researched in any other way either, they remained based on the personal impressions of the senior staff of the P&DD. For instance, an issue such as the implementation capacity of line departments, which would be researchable through the review reports, was only put on the agenda on the basis of P&DD's impression that "this problem is assuming larger proportions over the years". A quantification of delays or overcommitments and other problems in various departments was not attempted. Consequently, the agenda item received only five lines of text in the working paper, while "corrective measures" were not proposed. These were to be "discussed in the meeting". In such a case it is not surprising that the minutes of the meeting with regard to this point read that the meeting

"took notice of the constraints and shortcoming in the implementation capacity of executing agencies" and that these agencies "were issued strict instructions to gear up their implementation capacity to absorb allocated funds in an efficient manner".

### *Discussions in Review Meetings*

Witness their minutes (issued dd 14-2-91), the discussions in the Review Meeting also did not refer much to any quarterly report specifically. As already explained in the previous chapter, the reviews have an agenda, but are conducted very loosely. Only five individual projects were discussed during the Review meeting: the rural electricity project, a poultry project, two road projects and a bridge project. None of these was highlighted in the working paper, whereas their quarterly review reports had not indicated a problem.

Regarding the low recorded expenditure in the *Rural Electrification project*, the Chief Engineer explained that, in fact, including the advances paid for procurement of material, the utilization was not 0.05 percent but came to 56 percent! As such he employed a technique noted frequently in the course of meetings: the reports made by subordinate staff were disowned if the need arose, and different, more 'recent' or 'correct' figures were presented on the spot, and by a higher authority. The Chairman, however, observed that purchase and dumping of materials did not constitute progress. He wanted to see the progress reported in terms of numbers of connections made and consumers provided with electricity. That the Electricity Department had at least partly complied with that directive already, because the progress report had given a (very low) number of service connections provided, was not noticed by him, nor any other party in the Review.

The discussion on the transfer of staff in the poultry project took place not on the basis of the identification of a problem in the progress report, but through a specific intervention by the Director Animal Husbandry, perhaps resenting that this problem was not picked up by P&DD.

In the other three cases, the problem had not even been indicated in the review reports, but their discussion took place because the PM raised them on the basis of his own observations while on tour in AJK.

Even the Health department's many problems with PWD were not discussed in any detail. When the Health sector came under discussion, the head of the department submitted that his major problems were land acquisition and delays in designing work of buildings (i.e. dissatisfaction performance by PWD). But the lack of supervision by PWD personnel of its projects was not yet deemed a topic fit for discussion with the PM. It would take another year before the problem between Health and Public Works Department was discussed head on and a decision was taken regarding the creation of an engineering wing in the Health Department.

In more general terms, the Review Meeting did take into account some issues which were also raised in the quarterly review reports. For instance, a committee was instituted to write a report about delays in the acquisition of land. To speed up the utilisation of funds, ministers were directed to hold monthly meetings with sectoral heads, while various secretaries were urged by the PM to "personally look into the matter".

In other cases, issues which had been hidden from view in the reports and in the letters concerning slow progress came out anyway. For instance, the Minister for Public Works was made to explain that the slow financial progress in the roads and bridges sector was due to contractor strikes in three districts. A for the department threatening decision was then taken by the PM: that ways and means would have to be explored for the allotment of major works to another (federal) organisation, instead of the PWD. Also, in an apparent attempt to

improve monitoring of road construction at the district level, the PM ordered that the defunct district development committees would have to be revived<sup>21</sup>.

To be fair, some issues raised in the working paper were addressed in the meeting, although not always in the way that P&DD had hoped for. For instance, the PM shared P&DD's concern about the overcommitment of the ADP vis-à-vis the 7th Five Year Plan, but observed that:

"present governments need to be accommodated to meet the need based demands of the public".

Lastly, a number of issues were discussed and snap decisions taken in the meeting which were raised neither in the working paper nor in the quarterly reports. For a proper impression of the nature of the Review Meeting these items are outlined below:

- A promise by the PM of Pakistan made to the PM of AJK personally, to provide additional funds to AJK;
- Stepped up efforts announced by the PM to eradicate corruption in AJK and due rewards for honest and hard working officials;
- A request by the PM for a 'summary' with respect to increased investment in the tourism sector and the reform of the existing institutional setup to achieve this;
- A problem of cooperation between an AJK department and a federal counterpart (not raised in the quarterly reports);
- The constitution of a committee to improve the functioning of a few corporations (not raised in the quarterly reports), amongst other things through privatisation
- The advertisement of a chairman of a board;
- The expansion of the PM's Inspection Team;
- The constitution of a committee for the allotment of evacuee land to Kashmiri refugees;
- The preparation of a report concerning the reorganisation of departments;
- The instruction that departments were to conduct a thorough survey of dilapidated assets before preparing new schemes, so that issues of maintenance of completed schemes were addressed more properly.

#### *Quarterly reports in Review Meetings*

From this review it is clear once more that the quarterly review reports played a subordinate role as a source of information for both the working paper and the Review Meeting itself. Since no one has claimed that these reports should be the sole basis for the Reviews, there is perhaps no cause for serious concern. Nevertheless, one has the uneasy feeling of a missed chance: the reporting of progress could have been a better basis for improving implementation of projects. One of the reasons for not using the reports for proper analysis was the limited substantive content of the reports. The ideal of an objective source of information, a mirror of the actual status of all projects in the ADP, was not achieved. The P&DD and the line departments were all aware of this. Consequently, the Review Meetings were filled with management issues which were only indirectly based on the quarterly review reports and many of which would have better been discussed at different times and after a better preparation.

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<sup>21</sup> A number of ministers were even appointed chairmen on the spot by the PM, but the committees (actually intended for LGRDD projects) would not convene due to the fall of the government a few months later. The later government would not revive them.

## 5.8 What P&DD needs from a project reporting system

Another level of analysis is to pose the question what P&DD and the Review Body need from a project reporting system. This is a difficult question. As was argued in a previous chapter, P&DD's institutional roles are ambiguous. It approves the projects and then monitors their implementation by other departments. If P&DD would become only an advisory and or 'monitoring' department, or if it would set up a highly autonomous wing with the purpose of monitoring and evaluation only (cf. Peck & Rubin 1983, p.699), then its roles could be confined to that of (1) a controller for the Government as to the implementation of the ADP, (2) a coordinator and troubleshooter as to inter-departmental problems and (3) an adviser as to future investments. In that case a reporting system such as in AJK would, in the view of this author, benefit from the reporting of as much information by line departments and as many problems as possible, with due observance of the limitations imposed by time and logistics. The P&DD would not only have to use this information for serious analysis but also for counterchecking by its own programme of site visits and evaluations. To facilitate these functions, the line departments' reports would have to address questions laid out along the dimensions of time, space, cost, target-achievement correspondence problems, and quality:

- 1) Is progress made on time, i.e. in accordance with the time targets of the project? (E.g. is the building being built on time, and as fast as it was supposed to be built?)
- 2) Is the progress being booked in the location(s) specified? (E.g. is the building being built on the spot that was intended for it?)
- 3) Is the progress being made against the costs that were specified (E.g. are the costs not going to be higher than foreseen?)
- 4) Is the achievement in correspondence with the substantive target(s)? (E.g. is everything being built that was supposed to be built and in the way it was supposed to be built?)
- 5) Are problems, bottlenecks or decision-points for higher authorities sufficiently reflected in the report?
- 6) Is the achievement of the quality that was specified? (E.g. are the building materials of the required quality? Is the training course of the required standard?).

If the old (and abandoned) reporting system in AJK is evaluated for its completeness in terms of these dimensions, then the following observations can be made.

### *The time dimension*

The system in AJK did not properly enable an assessment whether the progress booked was on time. Too few columns were reserved for this, and there was also a fallacy, in that quarterly progress was to be compared with annual targets. In this dimension, a change in the format could easily have improved the system.

### *The spatial dimension*

The format in AJK was also not specific and systematic about the location(s) of the activities of the project. It was up to the line department to incorporate a statement as to the location of the project or not. However, here the nature of the project was of considerable importance to the ease with which location(s) could be entered into a format. For multi-location projects, such as the *Rural Electrification project*, it would not have been easy to incorporate the required level of detail within a concise format and certainly not if the same format was to

be used by any type of project and in any department. This points to a conclusion that for the running of an effective monitoring system, a definition and regularisation of the criteria for designing single-location projects or multiple-location projects would have been of help.

#### *The cost dimension*

The dimension of cost was perhaps better addressed in the AJK monitoring format, but as was noted in section 5.3, an expansion of the number of columns would have made the assessment much easier to make, while on the other hand problems remained with line departments not reporting the proper type of expenditures. For an improvement of the system along this dimension it would be necessary to improve the working of the Accountant General's Office as well as departmental accountants and budget officers.

#### *Point of reference for outputs*

The correspondence between the type of output provided by the project with what was intended can only be established if all inputs, activities, and outputs of the projects are listed in the format and meticulously compared with the achievements made so far. It would seem that there were too few columns for this, but a more pertinent comment to make is that there were no guidelines as to the kind of detail that was required. For certain activities there would also be a problem of operationalisation, such as the strengthening of a department by a management information system, or awareness raising concerning gender issues with officers of a department. The variety of projects seems to defy the possibility of adequate standardisation. It is here that improvements would have been much more difficult to achieve if they had to rely on a change in format and training or instructions that go with it.

#### *Problem registration*

Problems, bottlenecks and decision-points for higher authorities were not covered by a special column in the report. They would need to be specially addressed in a system for two purposes. One is at the operational level: reflecting the problems is the first step at resolving them in the context of each individual project. No system can do without it, if only for purposes of accountability: without a specific question asked, the Review Body can never claim that problems were consciously withheld from it. The second is at the tactical or strategic level: a regular and standardised aggregate analysis of the problems experienced enables the P&DD and the Review Body to assess their overall importance and the changes therein over time. This in turn may lead to improved understanding of the relative potentials of different sectors and implementation capacity of departments. For an increase in comparability of problems across sectors it would be necessary to add a list of possible problems to each progress report format, of which the relevant categories can be ticked. As is done in NWFP, the various heads of departments might be asked to annex a general statement as to the problems encountered. The monitoring process might then also start to provide the ammunition for diagnostic studies or special evaluations conducted by P&DD or the line departments themselves.

#### *The quality dimension*

Most difficult would be a technical improvement in the format in order to capture adequately whether the progress made was of the required quality. It was not covered by the system discussed and would be difficult to incorporate in any other. Quality issues of projects are the subjects *par excellance* to be addressed by rapporteurs *outside* the implementing departments. For projects involving works produced by engineers, they need not be specified in the report: construction standards are usually worked out in commonly or legally agreed specifications

and it is assumed that any construction done has met with these. The implementors would therefore have no need to report on their own work in this sense. The same holds true for quality standards in some other sectors, such as health, which are generally accepted. For many other sectors and projects, however, this is different, and quality aspects involved should then be laid down as well as possible in the project documents. The monitoring reports should then probably specifically address whether the intended quality standard could be met or not.

#### *Multiple formats and annexes*

In a practical sense, the progress report should enable reading without requiring recourse to other sources for some basic information such as the cost of the scheme. This means more columns than in the old system. As is clear from section 5.2, there should be a better accommodation of information particular to the sector of the project, as could easily be done through separate annexures to a more general format. As a matter of fact, separate PC-1 formats for the major sectors of the development programme already existed for a long time, so why not extend this kind of specification to the progress reports as well? The larger schemes (e.g. above Rs 100 million) could also have done with additional annexes, or at least separate instructions, enforcing more detailed reporting. Lastly, schemes involving construction and implementation by other departments may also merit special indicators to be attached through a separate form.

#### *The potential of improvements in report format*

The conclusion from the discussion of the old system is that improvements in the report format seemed possible and could be expected to lead to a serious increase in data available, even if no other stakeholders and observers would be involved in the monitoring process. Such improvements were tried and implemented in AJK, with the help of the UNDTCD project. Important to the success of the new system was a little more attention from all participants and proper enforcement. That time as such was not as scarce a commodity as was originally assumed, and often claimed, has been illustrated by the case study of the Review Meeting preparation process in AJK in this chapter.

It was clear, meanwhile, that the functioning of any monitoring system would benefit also from improvements in the preparation of the PC-1 document. These would relate to more measurable targets, more itemised cost breakdowns, bar charts for activities, etc. that can be referred to directly in the reporting system. Lastly, the improvement in the approval procedure would be good for the monitoring system: no PC-1s should be approved that do not meet minimum standards of specification along the dimensions of time, space, cost, and quality.

#### *The more fundamental limitations*

However, the world should not be expected of these technical improvements since there are still a number of more fundamental problems that might not be addressed seriously in this way. These relate to the needs of departments to present a positive picture of their project, to hide certain problems or to play out others. In short their organismic behaviour, which causes (unavoidable) one-sided views as well as differences between what the department observes and what it reports in whatever format chosen. Examples of such behaviour were already given in this chapter. To mitigate its effects, P&DD's counterchecking would be required as already indicated, but it would also be necessary to involve other stakeholders in the monitoring process, and to improve the functioning of some stakeholders already involved. There were also indications that a more programme-oriented monitoring system

might be able to overcome certain strategic problems connected with project monitoring. For this, in fact, a reorganisation of the development programme approach would be necessary. Also, because of the subjectivity involved, there are probably irresolvable issues connected with the description of problems and quality aspects of projects. Lastly, there remains an inherent problem with format-oriented improvements to the system: they tend towards increasing the size and complexity of the forms. This is in line with Ashby's Law discussed in section 1.6, which implies that an increase in the complexity of models will increase their correspondence with reality. However, with monitoring the need for conciseness is fundamental, and there is therefore a danger that increased complexity of the monitoring system, while solving certain problems, will lead to other problems. These matters shall be elaborated in the next chapters when, *inter alia*, the merits and demerits of a technically improved and expanded system of monitoring is evaluated.

## CHAPTER 6. FORMATS AND STAKEHOLDER PERSPECTIVES IN REPORTING SYSTEMS

We have now looked in detail at the 'old' progress reporting in AJK. This system ground to a halt at the end of the year 1991-92 when a new system was introduced with the help of a project in which the author of the present study participated. The experiences gained and the data collected provide an excellent opportunity to investigate the effects of changes in report format on the nature of the information generated. Specific attention shall be devoted to assessing perspectivistic issues, such as the impact of idiosyncrasies of rapporteurs, and the influence of the purpose of the report on its content (in this case whether it is intended for a run-of-the-mill review or for the approval of a project revision). This is done to show how extensively reports with supposedly 'basic' information, vary in their information content when the purpose for which, or the staff by whom the reports are written, is changed.

Since the new reporting system introduced by the project did not rely on more diversified information flows than the old system (in spite of some efforts made in this direction), effects of such changes could not be checked through an analysis of the new system. Neither could it be studied how large the difference would be between project progress reports sent to two different categories of stakeholders. For these reasons, two sections are included in this chapter that approach these issues by using data from different systems or situations. Before the new monitoring system is reviewed, a federal reporting system is described that was checking the progress of projects in AJK in 1990-91. This will point to the importance of the audience of the reports to the information content and, because it had a quite different format, also to the importance of this factor. However, the influence of the audience of the report will become more clear when the experiences with the new reporting system in AJK have been analysed. After such a comparison, a study of the Social Action Programme in Pakistan will be utilised to highlight the often completely different perspectives of the main stakeholders and observers, and how they affect the picture that emerges from (in this case) a survey. In the last section of this chapter, a case study of the UNDTCD project provides an illustration of the effects of the uneven participation of stakeholders in a monitoring system.

Thus, this chapter has a different focus from the previous, which looked mainly at the drawbacks of financial, physical and problem reporting in 'open' formats. The present chapter concentrates on the influences of different perspectives upon the kind of reporting taking place. As such it checks the consequences for reporting from (1) different formats structuring information, (2) different observers / stakeholders, (3) purposes of the reports, and (4) audiences of the reports. All of this will point to the conclusion that project monitoring has very little in common with 'bookkeeping' (except creative bookkeeping).

A principal question is: can improved report formats with better questions and more space for detail do away with the perspectivistic and strategic biases such as already identified in the previous chapter?

### 6.1 Reporting to the Federal Government

This section checks the influences on report content from a combination of an expanded format (as compared with the Quarterly Review Report) and a different audience.

As was described in section 2.7, the monitoring of subnational development programmes by the federal government has always been a checkered affair in Pakistan, in spite of the nature of monitoring which calls for regularity and standardisation. It usually expanded in times of dictatorship, and withered in times of democracy, such as in the 1990s. In 1990-91, the Projects Wing of the Planning Commission sent out forms to AJK, called PC-III's, on which for every project in the ADP a report had to be given about the progress in the first half year. In retrospect it proved to be one of the last times the Federal Government went to such lengths to keep a check on the subnational programmes. A year later they would send out forms only for projects of a size above Rs 50 million. Still later, this practice would be abandoned as well: even though only few projects would reply, the capacity of the Projects Wing of the Federal Planning Commission to analyse the material was so weak that nothing much could be gained from the exercise. In 1991-92, a request made for a half year statement on all projects by the federal Kashmir Affairs Division was flatly rejected by the P&DD, and what is even more significant, this was accepted by that division. Thus, the monitoring of projects by the federation in the 1990s has not been a regular, nor very standardised affair, and it is called monitoring here only because of its intent, and because it is called that way by the Projects Wing itself<sup>1</sup>.

#### *Federal forms and response by AJK*

The sending of the federal form to AJK in early January 1991 coincided with some political upheaval in AJK and also came in the wake of a very late first quarter review, at the end of December. For these reasons, the second quarter Review was abandoned. This proved to be an advantage as well as a disadvantage: for this study it would have been better if the results of the federal monitoring exercise could have been compared to that of the AJK exercise *for the same quarter*. In that case the effect of different forms and of different audiences of the exercise could have been assessed more precisely. On the other hand, the cancellation of a second quarter round of monitoring must have led to better results (due to more time being available for it) in terms of the federal monitoring exercise.

Nevertheless, it turned out that even after repeated reminders issued by the P&DD, only 86 of the potential 454 reports were returned for onward transmission to the Federal Government. Before turning to format and information submitted, a few initial observations are in order. First of all, little relevance must have been attached to the reporting to federal agencies. The non-reporting departments must have felt fairly confident that a non-response would not affect their survival. Perhaps the statement should be reversed: only those departments with more to expect or to fear from the federal government bothered to reply. Not the Public Works Department or the Education department, for instance, with many small projects and hardly any that might conceivably be (co)funded by the federal government or a donor organisation. The departments of Agriculture, Forestry, Health, Electricity had replied, and had done a relatively good job, as will be seen. All of these departments traditionally relied on special federal and donor funds.

Secondly, it is of significance that the P&DD at no point in time considered to utilise the information gathered for its own purposes. Already in the forwarding letter, the impression was conveyed to the line agencies that the information was only intended for 'onward transmission' to the federal government. Thus, it may be stated that it missed an in principle excellent opportunity to kill two birds with one stone. The impression arises that P&DD

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<sup>1</sup> The PC-III was later replaced by (grueling) PM-I, PM-II and PM-III forms. A copy can be found in the FPC Manual (1991, p.611 ff).

bureaucratically and perfunctorily performed as a post box and had little real interest in monitoring other bureaucratic actors if there was no Review Meeting chaired by the PM in the offing.

#### *Differences with the AJK report format*

There are two main features which distinguish the federal monitoring format from the AJK format. The first is that the progress is to be given *item-wise* as per PC-1, and the second is that a *problem statement* is to be given by ticking one or more categories from a list of difficulties. Table 6.1 reflects the upper portion of the format, with one example. Table 6.2 shows the lower portion and for each sector examples are copied of replies given in the second quarter of financial year 1990-91. The list from which relevant problems can be ticked is reflected in Table 6.3 and was put on a separate page in the report forms.

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**Table 6.1 Upper portion of federal PC-III format, 1990-91; with example.**

Progress report for the quarter ending:	31-12-90
1. Code number of project	To be supplied by the Planning Commission
2. Name of the project:	Impr./Upgradation of Existing Hosp/Disp in District Poonch
3. Financial status:	
a. Total approved project cost:	22.278
b. Expenditure upto end of last year:	13.854
c. ADP allocation for current year:	2.000
d. Funds released to the project during current quarter for the year	0.500
e. Expenditure upto end of prev. quarter:	14.029
f. Expenditure during current quarter:	0.323

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**Table 6.2 Sample reports on PC-III progress report format: physical targets and progress, second quarter 1990-91.**

Item of work	Total cost by item (Rs in M)	Physical work involved item wise	Physical work upto end of last year	Physical target for the current year	Physical work during the current quarter	Physical work upto end qtr as % of annual trgt
<b>Project: Improvement of Cattle Breed by Artificial Insemination in Azad Kashmir</b>						
		6 A.I. Centres at M'abad, Garhi Dupatta, Kotli, Khirat R'Kot and Bagh have been established	Construction work of A.I. Centre Bagh would be completed.	15% constr. work of AI centres completed.	20%	
<b>Project: Mineral Exploration &amp; Evaluation in AJK in Collaboration with UNDP</b>						
Salary & Wages	4.368	3.250	64 %	26 %	5 %	74 %
Machinery & Eq.	0.492	0.215	42 %	57 %	2 %	54 %
Other expenses	2.650	1.000	20 %	62 %	1 %	38 %
Consumable store	0.220	0.150	28 %	32 %	10 %	68 %
Total	7.730	4.615	56 %	40 %	5 %	60 %
<b>Project: Improvement/Upgradation of Existing Hospitals/Dispensaries in District Poonch</b>						
Constr. Works	19.906	100 %	60 %	20 %	5 %	40%
Land Compensation	1.500	100 %	80 %	20 %	-	-
Furniture	0.277	100 %	-	-	-	-
Equipment	0.510	100 %	80 %	20 %	-	-
Intercom	0.085	100 %	50 %	-	-	-
<b>Project: Reforestation of Blanks in Azad Kashmir</b>						
Administration	17.847	Sowing: 3000 acre	927 acre	804 acre	237 acre	657 acre
Field works	98.259	Planting: 57000 acre	17157 acre	8730 acre	2414 acre	5519 acre
Buildings	2.080	Maint. Plant. 15023a	4119 acre	2650 acre	1229 acre	1852 acre
Vehicles incl. running charges	2.860	Road Side Planting: 20 km Fencing: 20000 mtr	-	-	-	-
Machinery & field equipm.	1.285	Constr. of inspection path: 10 km	-	-	-	-
Misc. & Conting.	1.185	Constr. of cattle ponds: 20 Nos.	-	12 Nos.	-	-
		Prot. & Maint. of old plantation area: 276973 acre	276973 acre	276973 acre	276973 acre	276973 acre
		Soil Cons. Works: 3.865 M.cft	-	-	-	-
		Diversion Channel: 1 km	-	-	-	-

Note: "—" indications imply that these columns were not filled in by the rapporteur.

Table 6.2 continued

Item of work	Total cost by item (Rs in M)	Physical work involved item wise	Physical work upto end of last year	Physical target for the current year	Physical work during the current quarter	Physical work upto end qtr as % of annual trgt
<b>Project: Electrification of Rural Areas in AK Phase-III</b>						
Prelim. works	0.100	-	-	25 %	-	-
Land	2.667	8.5 acres	-	2 acres	-	-
Civil Works	18.624	63800 sft	1650 sft	280 sft	280 sft	-
Service Connect.	93.512	77259 Nos.	24575 Nos.	17000 Nos.	3010 Nos.	5000 Nos.
Village Electrif.:						
a) 11 KV lines	144.594	1189 km	79 km complete 491 km p/erected	250 km	85 km	95 km
b) 0.4 KV lines	231.787	1959 km	138 km complete 1067 km p/erected	426 km	145 km	165 km
c) Transformers	69.409	1619 Nos.	419 Nos.	344 Nos.	49 Nos.	161 Nos.
Express Feeders	32.110	193 km	4 km	42 km	10 km	10 km
Renov. & Augment.:						
a) 11 & 0.4 KV	26.609	397 km	16 km	86 km	20 km	20 km
b) Transformers	7.228	295 Nos.	29 Nos.	66 Nos.	15 No.	15 Nos.
Contingencies	31.334	-	-	-	-	-
Admin. Engg. & Supervis. Charges	46.601	-	-	-	-	-
<b>Project: Rural Water Supply, Sanitation and Hygiene Education Programme</b>						
Land	10.427	1 %	-	0.2 %	-	-
Civil Work	180.244	16 %	-	6.3 %	-	-
Equipment	433.408	38 %	-	27.2 %	-	-
Prof. Services	160.233	14 %	-	55.2 %	0.4 %	0.7 %
Contingencies	347.137	31 %	-	11.1 %	-	-
<b>Project: Establishment of Industrial Estate at Kotli (revised)</b>						
Purchase of land	6.500	94 kanals	Land purchased	-	-	-
Devt. of plots	0.100	land levelling, survey, contour mapping etc.	-	-	-	-
Constt. Works	0.531	1)Office bldg 2)Chowkidar hut 3)Main gate 4)Fencing estate	All constr. work completed	-	-	-
Water Supply	2.600	Water supply incl. tubewell	Boring tubewell & network completed	Compl. of remain- ing work	The work is in progress	
Sewerage System	0.500	Laying of sew.	System is started	Completion	The work is in progress	
Electricity	0.650	Electr. incl. HT/LT lines and street lights	Electr. supply incl. HT/LT lines completed	Installation of street lights	The work is near completion	
Internal Roads	0.550	Constr. roads	Constr. completed	-	-	-
Constt. rest house	0.176	2 room rest hse.	Rest house completed	-	-	-
Pay of staff allow. & conting.	0.369	Pay, allowances contingencies & purch. of furn.	67 % recur. exp. has been expedited Furniture purchased	Recurr. expdt.	Staff is being paid regularly	40%

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**Table 6.3 Part three of PC-III format, federal government 1990-91.**

Bottlenecks, hindering progress (tick those applicable):

1. Delay in release of funds
2. Release of funds inadequate
3. Non-availability of foreign exchange component
4. Admin. difficulties due to shortage/transfer of staff
5. Foreign experts not assigned
6. Workers strikes
7. Non-selection of site
8. Delay in preparation of detailed plans and estimates
9. Delay in acquisition of land
10. Delay in designings of architects
11. Tenders for works not received
12. Approval of work tenders delayed
13. Delay by contractor in starting work
14. Contractor abandoned the work
15. Machinery not available locally
16. Delay in procurement of machinery
17. Difficulties in procurement of materials
18. Delay due to floods/rains.
19. Other bottlenecks:  
Inter-departmental delays  
Delay in water connection  
Delay in electric connection  
Delay in gas connection  
Lack of popular participation at community levels  
Lack of interest and initiative by community leaders  
Lack of locally mobilized funds

OTHER DELAYS

ADMINISTRATIVE STATUS

- a) Has there been any change in the scope or design of project? Y/N
- b) Is the PC-1 form under revision? Y/N
- c) Indicate whether there were changes in senior management position Y/N

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The PC-III format allowed for the registration of many more details than the Quarterly Review Report. When looking at tables 6.1 and 6.2, the conclusion is that it also registered more detail in practice, at least for those cases where a report was prepared. It could be calculated that the average number of targets listed was 5.5; the old format came to only 2.1. The greater detail did not in every case lead to a more meaningful description, but all in all, the PC-III format produced better reports. This conclusion is reinforced when it is taken into account that most projects that reported had taken the trouble to tick one or more of the problem categories listed in the third part of the format. A significant 76 percent of all reports had indicated one or more problems.

As was corroborated in interviews with officers of the responding departments, the experience was that the federal government, being more removed from the day-to-day management of projects in AJK, posed less of a threat, and that the advantage of being seen to conduct diligent reporting outweighed the risk of repercussions for exhibiting too many

problems. However, whether the greater detail and greater openness was due to the fact that the recipient of the report was different from the usual, and not to the different format, cannot be answered definitively at this stage; this can be more properly assessed after studying the results of the new format for the AJK quarterly review, which is done in the next two sections. As mentioned, the greater detail and openness themselves were features only of the reports that were returned. Good responses by some departments have therefore paradoxically gone side by side with a complete non-response from others. Once again, the benefits of greater detail due to more elaborate forms have to be weighed against the purpose of the exercise as perceived by the line departments and the likelihood of consequent non-response by some of these.

The following section establishes, after discussing the strategic reasons involved in the introduction of a new reporting system by and for AJK itself, whether a greatly improved reporting format led to better reports.

## 6.2 Monitoring with a new reporting system in AJK

The identification report of the UNDTCD implemented project 'Development Planning in AJK', written in 1989 and endorsed by the P&DD, stated that the effectiveness of the then existing planning system in carrying out essential planning functions was limited, and that this was especially the case in the area of monitoring and evaluation. Although the funds utilisation rate of the Annual Development Programme was at 98 per cent judged to be very good, the P&DD had stressed that major discrepancies existed between the level of funds utilisation and the associated physical implementation of projects. Field inspection of projects necessary for physical monitoring was seen by the UNDTCD representative as "spasmodic" and limited by such factors as transport constraints, work load of staff as well as their technical capabilities. These factors, in addition to all planning procedures being manually executed, required that the productivity of professional staff be upgraded. An overhaul of the system was seen by the report as necessary, requiring amongst other things the creation of an M&E unit within P&D, training of staff in modern methods and techniques, equipment such as 'microprocessors', and new procedures and systems.

### *Who wanted a new system?*

If, in retrospect, it is analysed who was behind the request for a new and computerised monitoring system, then the P&DD senior management in the persons of the ACS and Joint Chief Economist stand out. It is obvious that they were concerned with the higher ambitions connected with monitoring, such as identifying typical problems in sectors and districts, and the implementation capacities of departments, to which the old system gave no answers. In the opinion of the author it can be questioned whether other staff of the P&DD were as enthusiastic about introducing a new monitoring system. Their ambitions in terms of monitoring were certainly lower. Perhaps the then existing monitoring system was not so detailed and there was not enough time to analyse the reports, but there was enough to talk about in the Reviews anyway.

Certainly, the line departments under scrutiny had mixed feelings. As corroborated by a special study into monitoring practices and requirements within all sixteen line departments in AJK involved in the ADP (UNDTCD, March 1991), their planning staff was, without exception, fairly content with the then existing system. If complaints were heard about it, they concerned the lack of planning staff for inspections in the field or collation of the reports, or the lack of office equipment such as computers.

The overall impression of at least this author was that at that time, in AJK, where computers were virtually absent yet much heard about, much was expected of these magical devices. For P&DD they would facilitate the compilation of the ADP book, always a disaster of continually changing figures requiring night work to complete against the deadline of 30th June. Computers were also thought capable of somehow bringing order to the mess of the Quarterly Review Reports submitted, and lift the quality of the information without a serious increase in effort. They were of course seen as prestigious; working with these 'microprocessors' was thought to set an example of efficiency for the indolent line departments. They were viewed as scientific and therefore hopefully able to revive the diminished prestige and moral authority of the P&DD. Because of the innovative and perhaps indefinite nature of a project in monitoring, it was preferred that technical assistance was provided and that parts of the new system would be financed through grant funds from the United Nations.

#### *UNDTCD Project 'Development Planning in AJK'*

The project took off in the beginning of 1990 and was funded by the UNDP for a period of three years, a period later extended to four and a half year through a project revision. It consisted of a foreign recruited Chief Technical Adviser, an Associate Expert and a Pakistani systems analyst/programmer. There were also short term consultants involved, notably an engineer, a systems analyst and regional planner. The project budget totalled around US\$ 1 Million and also had a sizeable contribution (Rs 3.7 M) from the ADP of AJK. This contribution paid for office contingencies and the full time involvement of government staff, such as a Programme Officer, a Computer Operator, a secretary (under the designation "Stenographer"), a driver and three peons. The project managed to establish, over a period of four years, a computerised ADP budgeting and monitoring system, based on a newly created M&E unit with a computer cell and four standalone personal computers (with 286 and 386 generation microprocessors), associated specially developed, menu-driven software written in dBASE 4.0, a comprehensive set of new forms and formats, a series of manuals and system documentation, as well as a core staff trained in maintaining and expanding the system. A large training programme, training all those involved in filling out the Annual Plans of Operation (APOs) and Quarterly Monitoring Reports (QMRs) had also been completed. In 1992, the new computer system was installed and for most of the 500 to 600 projects in the ADP, reports were henceforth sent to the P&DD computer cell, entered in the computer, analysed and an annex with results included in the working paper for the Quarterly Review Meeting. Thus, the project succeeded in replacing the old review reporting system with a new and integrated management information system covering the main activities of the P&DD. In mid-1994 when the project closed, the system was taken over by the Government, and it continued to function (by and large) until the time of writing this study.

#### *The new monitoring system*

The main parameters of the new monitoring system were as follows. In its basics, the system followed the UN's own project formulation and evaluation methodology. Its principal concepts of inputs, activities and outputs had been derived from the guidelines developed by the United Nation's own ACC Task Force in 1976. In its further design, the system adapted to the planning conventions and ambitions in AJK. The system linked project progress reporting to the ADP preparation process, PC-1 databases, project work plans, and analytical output reports. To make sure that the new system was maintained, new roles, responsibilities and task descriptions for P&DD's staff were formulated, while new staff (both computer and monitoring related) were recommended. Emphasis was laid on the adherence to newly laid

down time tables, on which the new system was depending for its success. A description of the inputs to and outputs of the system is given in Box 6.1.

#### **Box 6.1 Inputs and outputs of the management information system in AJK**

The inputs to the system rely on a number of forms, covering the Annual Development Programme, the Annual Plan of Operations, the Quarterly Monitoring Report for Approved Schemes, and the Quarterly Monitoring Report for Unapproved Schemes. The information of these forms is put into computer databases by the computer section in P&DD (with help of section staff). From these databases, a number of reports is prepared, first the draft ADP book which is prepared for the federal government, in February. This draft also contains for each project a rolling budget statement for the next three years. At the end of June, the final ADP is prepared, in its well-known format (see Table 4.2 on page 127). Subsequently, APOs are generated from the ADP database, and distributed amongst the line departments for completion of the annual targets with respect to inputs, outputs and activities. The APOs are to break the ADP allocation of the project down into specific budget lines as per the PC-1 budget statement, and also to provide other essential work plan components. The returned APOs are entered in the computer by the P&DD computer section after their scrutiny by technical sections, and then, in September, they form the basis for the generation of the quarterly monitoring reports (QMRs) by the computer. These forms contain the annual targets as previously entered in the APOs; the quarterly progress booked by the line agencies is then required to be entered in the appropriate columns. When the QMRs are returned to the P&DD, they are checked by the substantive sections, and then entered in the computer databases. When this is also completed, a number of analytical reports is produced, which are sent to the Section Chiefs for information and comments; other tables are included as annexes in the Working Paper for the Quarterly Review Meeting. Since many APOs are amended/revised over the year, these are required to be sent to the P&DD. In this way, the targets as registered by the system are continually updated, and feed into the monitoring process. Every three months, following the time table of the monitoring process, new QMRs are printed and sent to the line departments, until the next ADP is approved and a new financial year cycle is started.

Within the new system, the APO and the QMR were most conspicuously changed from their previous formats. The Annual Plan of Operations was completely re-written for the purposes of the monitoring system. Apart from specifying budgetary inputs, intended project outputs (physical, non-physical, and other), and the activities to be conducted by the department, it came to record the names and signatures of those responsible for completing, verifying and approving the form. The previous lack of accountability, where APOs could not always be traced back to their authors within departments, was thereby removed. A sample of an APO is shown in Table 6.4 on page 207.

The Quarterly Monitoring Report pre-printed the APO targets in terms of budget inputs, project outputs, and departmental activities, while progress statements were expected to be made in the same terms. The frequent divergence between targets in APOs and Quarterly Review Reports was thereby prevented. To make up for the lack of systematic problem identification in the previous format, the QMR included a list of reasons for low fund utilisation, reasons for delays in inputs, and suggestions for better output results, that could be ticked. The report form also asked a number of other detailed questions, such as for instance whether site visits had been made to the project, and the exact location(s) of the project. A sample of the QMR will be shown later, in Table 6.7. For each budgetary input, as well as project output, a statement was required as to its status, i.e. whether it was on

schedule, ahead of schedule, delayed, finished, or canceled. Thus, it was left to the department completing the form to answer whether there were delays or not<sup>2</sup>.

The new questions led to an expansion in the size of the progress report. The QMR became a report form of minimally two pages length, and further expandable depending on the actual number of inputs, outputs and activities of the project. As such it replaced a system where usually three or four projects were fitted on a single page. Thus, the new monitoring system used more paper than the previous system. But it also offered a large increase in detail, specification of targets and achievements (in terms of inputs, outputs and activities), linkage with governmental account code classifications, and statements as to the nature of the progress as well as problems/bottlenecks encountered. From being relatively open, the format became much more closed. The computer processing which underlaid the system ensured, in principle, a higher quality of information, speedy and aggregate analysis, and therefore a better utilisation.

The new monitoring system meanwhile did not break with the habit of comparing the quarterly achievements with the ADP and APO targets, rather than with the original PC-1 targets (and their associated time table). Although some officers had expressed a desire that the progress was to be compared with the overall targets, the ACS (Dev.) decided that the targets *for the year* remained paramount in the new system. If the PC-1 target was to complete the project in a given year, but the ADP laid down that, due to lack of funds, only 50 percent was to be spent on the project, then the APO would specify that only 50 percent of the work was to be completed at the end of the year. However, the relationship between PC-1 targets and achievements was not broken. Once per year, when the APO was returned by the line departments, the overall achievements made up to the end of the previous year could be compared with the expected achievements as per the PC-1<sup>3</sup>.

#### *Limitations of the new system*

Before proceeding with a discussion of its performance, it is useful to consider some of the main limitations of the system:

- 1) The system did not contain separate sub-systems or annexures for projects in different sectors or of otherwise different categories. As desired by the P&DD, the format was to remain standardised for all. The main advantages were seen as ease of administration and also the opportunity for comparing progress between sectors. The vast opportunities for increase in number of inputs, outputs and activities, were supposed to somewhat obviate the lack of other categories of specification.
- 2) The new system meant a technical improvement in formats and processing, but did not expand the number of data sources. Although the respondents could be identified better than in the previous system, the new system was still relying on line departments reporting on their own performance. New sources of information in the computer system, such as releases made by the Finance Department, and expenditures recorded by the Accountant General were not incorporated<sup>4</sup>, neither site visit reports by the P&DD itself. Neither was a separate reporting system by Local Government,

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<sup>2</sup> Since the P&DD's senior management had indicated that the direct monitoring of the PC-1's time-bound targets would be futile, a more 'objective' system based on actual dates comparing the PC-1's time table with the progress recorded by the QMR was not pursued. It will be reviewed later whether the departments cared or dared to answer such value laden questions as to their own performance.

<sup>3</sup> This is visible in column B6 (Status) of the APO.

<sup>4</sup> At the end of the project, this was however included in the design.

contractors, beneficiaries or other stakeholders set up. The P&DD was of the view that this would 'dissipate' the computerisation effort, also given the small size of the UNDTCD project and its short duration.

- 3) The new system did not overcome the conceptual impossibility of the old system to properly compare quarterly progress, as recorded by the progress reports, with an annual target set in the APO. Whether 'zero' progress recorded in quarter 1 was worrisome given some annual target, could not be checked. Imaginary quarterly targets at the rate of 25 percent of the *annual* targets had to be employed, just like with the old system. The ACS (Dev.) decided that in the volatile planning and implementation conditions of AJK, this kind of detailed target setting was futile.
- 4) The new system, which required much more detail, meant at least initially more work for the line departments. Computerisation in the line departments, as was to be undertaken by the project for this reason, was later canceled by the P&DD. The pre-printing of some information in the columns compensated probably only partly for the increase in paperwork.

Thus, already in the design, the P&DD's contribution (but also intrinsic reasons of conciseness) worked against a system allowing for the recording of the highest level of detail.

#### *The success of the Annual Plan of Operations*

In the next section, much of the performance of the new system will be discussed while comparing it with its predecessor and also the federal PC-III. In the remainder of the present section some main features of the new APO and QMR will be reviewed.

The new Annual Plan of Operations proved to be a success from the point of view of compliance, rapid return as well as - certainly on first sight - the detail of its budget lines. In 1993-94, some 81 percent of all projects in the ADP (with an allocation above zero) submitted APOs, and this number has remained high also after the project closed in 1994.<sup>5</sup> Another striking feature of the new system was that the overwhelming majority of the APOs sent to P&DD (94 percent) was submitted already in July, at the very start of the financial year, which was in the spirit of the APO philosophy, but a practice not adhered to before, as was described in section 4.4.

The reasons for the higher return of the APO are difficult to pin down, particularly because the new APO required much more information than its predecessor. Was it the appealing format of the APO, or the impression that something would be done with that information, whereas before the experience had been that the information would be archived without any perusal? The APO had always been a document required for the Account General's Office to start project payments over the year. Copies of APOs were sent for concurrence to the P&DD, but since this was seen as a formality, it was not always done. The novel idea of computerisation within P&DD might well have scared the departments into a greater measure of compliance, even more so than in the case of the progress reports: the APO is a document authorising payments, the progress report only recounts. Problems can be sorted out also verbally in the Review Meeting; for the APO there is no such option. In the years after the closure of the project, high returns of APOs have remained, mainly - as is said - due to pressures from the P&D's ACS in the context of a budget crunch. The APO means an additional brake on all too rapid spending.

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<sup>5</sup> A hundred percent return would remain difficult to achieve, given that there were always projects in the ADP that would not be approved over the year, or which would have token allocations.

But was the APO, apart from giving more detail, also completed in a way more understandable to the reader? Here a less positive image has to be conveyed. It is instructive to look at at least one example. Table 6.4 shows the APO of a project in the Industries sector that was also used as an example in the earlier sections on the old format and the federal format. When evaluating the information content in sections B, C and D, it is clear that many question marks remain<sup>6</sup>. The rapporteur has either not properly understood the intention of various sections, or has been quite careless.

A general experience with the new system was that whereas a certain precision was still achieved in the section on budget inputs, information on project outputs and departmental activities which was not properly laid down in the PC-1, would remain sloppily formulated<sup>7</sup>. In the example mentioned, not even the staff of the department completing, verifying and approving the APO, had been filled in. In such a case, officially, the AG Office should ask for proper completion and, in the meantime, not allow expenditures to take place. However, if a signature of the secretary of the department had appeared on the accompanying letter, then often the project was still seen to be able to incur expenditures. In this sense, the enforcement of the forms by both P&DD and the AG Office remained less than ideal. As will be seen, this led to poorer than necessary quality of many returns.

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<sup>6</sup> The APO of the industrial project, for instance, did not go into the possible problem of lack of funds for land purchase; neither, as we shall see, the QMR. The scheme target was to purchase 127 kanals of land, but in fact only a hundred kanals were acquired, against which the whole budget for the 127 kanals was spent. Since there was no planned target for acquiring the remaining kanals during the year, it looks as though these would also not be purchased in future. It might then also not have been possible to mark the originally intended 54 industrial plots. The implications are by no means clear.

Other examples of sloppy and perfunctory completion concern the lack of (proper) quantities given in column B3, the lack of status indications in B6, and the lack of information as to payments made to contractors, and departmental activities.

<sup>7</sup> E.g. the cost of land or electricity charges can in no way be seen as outputs of the industrial estate scheme.

**Table 6.4 Sample of Annual Plan of Operations, AJK 1993-94**

ANNUAL PLAN OF OPERATION (APO)  
PROJECT INFORM. MANAGEMENT DATABASE

Please complete the items below using the attached users guide:-

Year:1993-94 Date Issued: 22/08/93

**A. Characteristics of the Project:**

1. Project Name: ESTABLISHMENT OF INDUSTRIAL ESTATE AT RAWALAKOT (REVISED)
2. ADP Proj. No. IND-3
3. Sector: Industries/Minerals
4. Sub-Sector: Industries
5. Approved Cost: 9.618M. 6. ALLOCATION FOR CURR.YEAR: 0.630 M. (incl. FEC: 0.000M. & FA Comp.:0.000M.)

B. PC1 or revised PC1 Project Inputs (Appr.Quantity & Amounts):							Progress upto 6/93	APO Planned Inputs		
B1. Ser No.	BUDGET INPUT DESCRIPTION:	Acc. Code	B2. Unit Meas	B3. Quantity	B4. Cost Rs in M.	B5. Quantity	B6. Exp. Rs in M.	St. us	B7. Quantity	B8. Alloc. Rs in M.
1	Cost of land	19000	KANA	127.0	2.300	100.0	2.300			
2	Marking of plots.	34000	NO	54.0	0.020	5.0	0.001			
3	Construction of Chowkidar Hut.	34300	CFT	0.0	0.042	100.0	0.043			
4	Construction of office building.	34100	NO	0.0	0.270	100.0	0.256			
5	Construction of Main Gate.	34400	NO	1.0	0.060	27.0	0.066			
6	Fencing of Estate Area.	34400	NO	0.0	0.075	79.0	0.088			
7	Water supply net work incl.provision of O/H-	34900	NO	0.0	1.350	71.3	1.062		9.0	0.340
8	Approach roads	31200	MILE	0.0	1.835	100.0	1.835			
9	Internal roads.	31200	MILE	0.0	1.200	69.0	0.828	De	8.0	0.117
10	Provision of rain water system	53200	PERC	0.0	0.400	100.0	0.446	De	0.0	0.071
11	Purchase of furniture.	0	PERC	0.0	0.020	100.0	0.020			
12	Prov.of Elect.HT/LT lines,transformers & S.-	34900	NO	0.0	1.786	100.0	1.787			
13	Pay of staff including allowances.	1000	NC	0.0	0.186	100.0	0.255		38.0	0.080
14	TAD/DA	51100	NC	0.0	0.024	50.0	0.019		8.0	0.005
15	Stationery,printing of forms and stamps	55000	NC	0.0	0.006	100.0	0.011		33.0	0.005
16	Other contingencies.	50000	NC	0.0	0.018	100.0	0.029		17.0	0.005
17	Telephone installation and rent.	58400	NO	0.0	0.012					
18	Electric.charges.	53000	NC	0.0	0.014	0.0	0.002		21.0	0.007
B9	Total			0.0	9.618	0.0	8.895		0.0	0.630
B10	Total Contract Cost			0.0	7.058					
B11	Non-Contract Cost			0.0	2.560					

\*\* (Compare with PC1-phasing) Enter: A=Ahead of Schedule; S=On Schedule; D=Delayed; F=Finished/Compl.; C=Canceled

Table 6.4 continued... page 2 of APO

C. PC1 Targets (Project Outputs):		Targets (Outputs) Achievements Upto 6/93		APO Targets (Outputs)
C1. DESCRIPTION	C2. Unit of Measurement	C3. No./Quantity	C4. No./Qu. Stat	C5. NO./Quantity
<b>C.1.1. PHYSICAL TARGETS (Outputs):</b>				
1. Cost of land	KANA	193.0	100.0	0.0
2. Marking of plots	NO	54.0	5.0	0.0
3. Construction of chowkidar hut.	NO	1.0	100.0	0.0
4. Construction of office building	NO	1.0	100.0	0.0
5. Construction of main gate	NO	1.0	100.0	0.0
6. Fencing of area	Water Supply Network	0.0	100.0	0.0
7. Water supply net work overhead tank		0.0	71.0	9.0
8. Approach roads		0.0	100.0	0.0
9. Internal roads		0.0	69.0	8.0
<b>C.1.2. NON-PHYSICAL TARGETS (Outputs):</b>				
1. Provision of rain water system		0.0	100.0	12.0
2. Purchase of furniture		0.0	100.0	0.0
3. Provision of electricity HT/LT Lines transformer		0.0	100.0	0.0
4. Street lights		0.0	100.0	38.0
5. Pay of staff and allowances		0.0	50.0	8.0
6. Stationery, forms and stamps		0.0	0.0	0.0
7. Telephone installation and rent		0.0	100.0	
<b>C.1.3. PRINTED/OTHER COMMUNICATION MATERIALS (Targets):</b>				
1. Electricity charges		0.0	0.0	21.0

D. APO Activities to be done by the Department in 1993-94:	D2.START DATE	D3.END DATE
	.../.../...	.../.../...
	.../.../...	.../.../...
	.../.../...	.../.../...
	.../.../...	.../.../...

**E. Completion/Verification/Approval:**

	NAME	DESIGNATION	TELEPHONE	DATE	SIGNATURES
Form Completed by:			0	/ /	
Form Verified by:			0	/ /	
Form Approved by:			0	/ /	

### *Targets changing during the year*

The case reflected in Table 6.4 may be regarded as a bad example of the APO returns, but in fact in many of the sectors studied, mistakes and omissions were found, jeopardizing the utility of the forms for analysis by the computer. To this must be added the negative influence of a practice that was allowed to grow into a habit in the course of the implementation of the system. Some line departments entered new annual targets in the appropriate columns of the QMR in the third quarter, without having previously submitted a revised APO for approval by the P&DD. The QMR provided an opportunity to do this, since the format included a few columns displaying information obtained from the APO, which were then changed by the line department. The practice ensured that the computer system would always keep track of the latest revisions to the APO, even if no revised APO was submitted. But in practice it meant also that these targets started to move across the year. A large project delay building up towards the end of the year could in this way be made to disappear, simply by changing the targets in the QMR to more modest levels. Although the computer system could still keep track of the changes, in practice there was insufficient time to check their legitimacy. Even this would not have been a serious problem if the computer could still do the calculation of meaningful aggregates of for instance 'total number of kilometres of road constructed': some kilometres not done in one project facing a cutback could then have been compensated for by additional kilometres of road constructed in another project receiving more funds. But the often confusing units of measurement used by different rapporteurs in the QMRs did not always allow such calculations, while project monitoring by the P&DD became very fluid at the same time. This experience pointed - again - to the finding that the shifting of funds among projects by departments and the frequent changes in workplans obviated the possibility of a serious analysis of the progress of many individual schemes as well as some departmental programmes as a whole. New formats and associated computer processing could not turn the obfuscating effects of organic behaviour and programme management around.

### *Lax attitude by the P&DD*

The experience with the APOs pointed - once more - to the mixed objectives and stakes of the P&D Department. At the end of the day it seemed not sufficiently convinced that the system needed the overhaul that it had expressed earlier as the reason for the request for the UNDTCD project. Or at least it lacked the guts to pull such an overhaul off in the fickle institutional environment. It remained afraid that this would lead the department into areas threatening to its own survival. Over the period that the author was present in AJK, the Monitoring and Evaluation Section, coordinating the review process and the new monitoring system, was headed by two successive officers of senior rank (BPS 19). The first was an official out of P&DD's own ranks, his successor a deputationist from the PWD. *Both* officers demonstrated a distinct aversion to 'rock the boat' by a too critical stance and too much independent counterchecking. Indeed, their main attitude towards the UNDTCD project staff was to express appreciation for the difficult position of the P&DD and the line departments. Time-tables, new procedures and job responsibilities were all allowed to slip. While the intention had been that senior P&DD staff such as Section Chiefs would themselves be involved in the checking of reports and running of the management information system, in practice this duty was delegated to junior staff who did not have first hand experience with the projects and were not encouraged to go to the field. They lacked interest in the reports for this reason, claimed that they were 'full of lies' anyway, and passed them on to the Computer Section without serious scrutiny, and in express violation of the procedural agreements made. A gradual reduction of errors, omissions and inconsistencies in the reports

as a result of conscientious checking was thus not achieved. In some sections, there would have been insufficient staff available for this anyway, and the agreed new staff was not appointed. In the Computer Section, only few of the required new staff to run the system and analyse the results were appointed, and invariably after a lot of struggle. They would be transferred fairly quickly or were absorbed by the private sector. P&DD was not always (fully) to blame for this. But the result was that the potential of the new system was not fully realised.

It might be argued that some of the problems encountered were due to lack of experience with the system in 1993-94. Line agencies may have given less than optimal attention to filling in the APOs also because they did not see the information of the previous year analysed in detail. Analysis of the APO information would remain weak up till the end of the UNDTCD project due to the finding that, in spite of professions to the contrary, there was a lack of interest by the P&DD. On the other hand, due to the presence of the UNDTCD project which had the backing of the ACS, there was a momentum in favour of the system, whereas training exercises must have been still fresh in the minds of the staff of the line agencies. All in all, the author does not think that the response of the line departments deviated much from the 'normal' situation.

The main features of the response as to the APO are summarised in Table 6.5 on the next page: The average number of budget inputs entered into the APO was 15.2, varying from 5.9 in the Health sector to 64.1 in the Agriculture sector. Quite obviously, the departments felt fairly comfortable with replicating the budget lines of the PC-1 document as inputs in the APO. In terms of outputs, which were much less systematically entered in the PC-1, the response was much less detailed: an average of 7.3 outputs were given, varying from 31 in the Agriculture sector to 2.8 in the Water sector. Clearly, departments were least familiar with, and interested in, offering information as to their own activities over the year. Only 2.2 percent of all APO's included details on the intended activity schedule. This also meant that one objective of the system, namely to provide the line departments with better instruments for planning and monitoring their own work, was not realised. The new APO, in spite of its ambitions in this respect, was not seen as an internal tool, but mainly as an external reporting system.<sup>8</sup> If the features of the often inadequate definition of budget inputs and project outputs are added to this picture, then it can be concluded that it has remained difficult for the P&DD to understand and get a grip on the project workplans of the departments.

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<sup>8</sup> The conclusion that the departments were less interested in providing a transparent picture is corroborated by further analysis of the computer data. It was calculated that of the 6470 inputs (budget lines) entered for the projects in the database, 1779 had zero quantities and units of measurement which were 'NC' (not countable). This implies that some 27 percent of all budget lines did not have adequate quantification, rendering them of limited value as monitoring instruments. Similarly, when the annual allocation was compared to the aggregate of the breakup, in 38 percent of all projects there was a difference, pointing to sloppy accounting in APOs.

**Table 6.5 Statistics on submission of Annual Plans of Operation by sector in 1993-94, AJK.**

Sec- tor	Projects ADP >0	New proj.	Perc. unappr.	Perc. APOs returned	Perc. APOs with alloc*	Av.inputs per APO	APo with outputs	Av.outp. per APO	APo with activ.s	Av.actts. per APO
AGR	43	9	20.9%	83.7%	100.0%	64.1	67.4%	31.1	14.0%	16.0
EDU	66	1	1.5%	50.0%	30.3%	6.5	78.8%	3.4	0.0%	
HEA	29		0.0%	89.7%	42.3%	5.9	82.8%	7.0	0.0%	
IND	23	4	17.4%	87.0%	100.0%	21.5	69.6%	10.9	13.0%	11.0
LRD	9	1	11.1%	100.0%	100.0%	6.4	77.8%	6.6	0.0%	
POW	7	1	14.3%	100.0%	100.0%	16.0	100.0%	5.9	28.6%	4.0
PPH	70	8	11.4%	87.1%	100.0%	8.7	75.7%	5.8	1.4%	4.0
R&D	4	2	50.0%	75.0%	100.0%	7.7	0.0%		0.0%	
SDP	13		0.0%	92.3%	100.3%	10.8	76.9%	6.7	0.0%	
SWD	3	1	33.3%	0.0%			0.0%		0.0%	
T&C	265	25	9.4%	85.3%	99.6%	9.8	75.5%	5.3	0.0%	
WAT	5	2	40.0%	80.0%	100.0%	4.8	80.0%	2.8	0.0%	
Total	537	54	10.1%	81.4%	91.1%	14.1	74.9%	7.3	2.2%	11.8

Source: Govt. of AJK, P&DD, computer databases

ADP>0 = ADP allocation greater than 0; unappr. = unapproved and new; av. = average number; actts. = activities

\* Percentage of all APOs returned that had budget lines above Rs 0 M, i.e. on which expenditure was intended.

**Table 6.6 Statistics on submission of Quarterly Monitoring Reports by sector in 1993-94, AJK.**

Sec- tor	Projects ADP >0	New proj.	Perc. new	Perc. QMRs returned*	QMR inputs available**	Av.inputs per APO	QMR with outputs	Av.outp.s per APO**	QMR with activ.s	Av.act.s. per APO
AGR	43	9	20.9%	56.6%	62.8%	32.7	46.5%	14.9	7.0%	5.0
EDU	66	1	0.5%	95.5%	95.5%	5.9	92.4%	3.6	0.0%	
HEA	29		0.0%	93.1%	93.1%	6.7	86.2%	6.6	0.0%	11.0
IND	23	4	17.4%	81.2%	87.0%	22.2	60.9%	11.7	13.0%	
LRD	9	1	11.1%	96.3%	100.0%	6.4	88.9%	7.6	0.0%	
POW	7	1	14.3%	95.2%	85.7%	16.0	100.0%	5.9	0.0%	
PPH	70	8	11.4%	84.8%	87.1%	8.5	70.0%	5.6	0.0%	
R&D	4	2	50.0%	58.3%	75.0%	7.7	0.0%		0.0%	
SDP	13		0.0%	69.2%	84.6%	10.6	76.9%	6.3	0.0%	
SWD	3	1	33.3%	33.3%	0.0%		0.0%		0.0%	
T&C	265	25	9.4%	83.3%	87.1%	10.5	72.8%	5.1	0.0%	
WAT	5	2	40.0%	73.3%	80.0%	4.8	20.0%	2.0	.0%	
Total	537	54	10.1%	82.7%	81.6%	11.2	72.3%	5.9	1.1%	8.0

Source: Govt. of AJK, P&DD, computer databases

\* The total number of returns in 1993-94 divided by 3 (quarters) and converted into a percentage.

\*\* availability in at least one of the three quarter reports

### *Experiences with the Quarterly Monitoring Reports*

The Quarterly Monitoring Reports reflected in many ways the APOs in terms of compliance, detail, and quality of information. Table 6.6 on the previous page summarises some main features of the reports received in 1993-94. The overall compliance was around 83 percent, which is reasonably high, especially in comparison with a similarly demanding format such as the PC-III. It can be seen also that the compliance has risen with time, so that perhaps a conclusion is warranted that the unfamiliarity with the form in the beginning was responsible for the slightly lower response than with the Quarterly Review Reports. To put the figure in its proper context, it has to be understood that some ten percent of the projects were new in the ADP, and may not have been started by even the third quarter although an allocation had been made available to them. Also for some projects which were under revision, a report was not sent in, due to the misunderstanding that such projects were 'lying with P&DD' and therefore did not require one to be submitted. In again other cases, there was no QMR for a project which had not yet incurred any expenditure. In such cases the rapporteur may have been thinking that it would be useless to send a blank report. Since such projects generally do not spend because of a problem, not submitting a report on this is, however, quite serious. The level of detail of the returns was less than that of the APOs, with averages of 11.2 budget inputs, 5.9 project outputs, and 8.0 departmental activities (the latter over only 1.1 percent of all the quarterly monitoring reports sent to P&DD). The main reason for this was that for a number of large, foreign aided projects in the agriculture sector, no quarterly report was sent due to special problems of these projects. In fact, some of these projects were looking at other ways of improving their internal reporting systems, and this led to confusion as far as the format required for the review meeting. In the other sectors, as can be witnessed from comparing tables 6.5 and 6.6, the number of inputs in the QMRs was approximately as large as in the APOs. The lack of reporting for such problem ridden projects in the agriculture sector, however, does point to a weakness of the system: for complex, foreign aided projects, the highly standardised system was ill-equipped.

### *Strategic answers*

Table 6.7 on the next page shows a sample of a quarterly monitoring report. For purposes of comparison the same project is taken that was discussed earlier: the establishment of an industrial estate. Clearly, the example points to the very dissatisfactory situation that many columns had not been filled in properly. Where the columns were completed, one can be satisfied with the fact that at least the expenditures seem to be specified to the required level<sup>9</sup>. But from the fact that subsequently all these budget inputs were deemed to be on schedule, suspicion arises that strategically biased answers may have been given. For instance, on approach roads and internal roads no expenditure was incurred, but there is no indication that they were on schedule or delayed. Neither can this matter be cleared up from the section on outputs, where no marking was given at all to the two items. Only bottleneck number 8 (in B9) was marked: tendering of contract/subcontract not completed. However, whether this referred to works on the water supply network or the roads is not clear. The activity section was not filled in at all; in the APO this was also not the case. Neither was the section on site visits.

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<sup>9</sup> This was corroborated by comparing the quarterly expenditure figure with the aggregate of its breakup across budget inputs; in the third quarter of 1993-94, only in 4 percent of the projects, there were differences.

**Table 6.7 Format and sample printout of a quarterly monitoring report, 1st quarter 1993-94, AJK**

AJK QUARTERLY MONITORING OF ON-GOING/NEW PROJECTS --- P&D PROJECT MANAGEMENT INFORMATION SYSTEM --- LINE AGENCIES  
 Unique Ref. Number of Project: IND-3 YEAR: 1993-94 PROGRESS UPTO (END) QUARTER: 3  
 Project Name: ESTABLISHMENT OF INDUSTRIAL ESTATE AT RAWALAKOT (REVISED)  
 Sponsoring Agency: Industries Department, AJK Date printed: 27/04/94

A1. FINANCIAL INFORMATION (In Million Rupees):		A2. IF APPLICABLE TICK REASON(s) FOR LOW FUND UTILISATION							
1. Total Approved Cost of Project	9.618	1. Delay in funds release by AG		2. Delay in project inputs					
2. (Rev.) Allocation for current year	0.630	3. Weather		4. Lack of Access to Prj. Area					
3. Funds released up to Quarter-3	0.630	5. Difficulties with Contract		6. Diffic.s with Contractor					
4. Expenditure up to Quarter-3	0.153	7. Internal Project Problems		8. Difficulties of acq. land					
		X1. Others (specify)		X2:					

B. Project Inputs (as per APO): (Rs in Millions)		Progr. upto Qtr-3			Input Status End Qu.					
B1. DESCRIPTION		B2. Unit	B3. Phys. Quantity	B4. Plan- ned APO	B5. Phys. Quantity	B6. Exp. of each	B7.1 on	B7.2 Com-	B8.1 Del-	B8.2 Canc-
		Meas	Planned	Expend.	Achieved	Item	Sche	plete	ayed	elled
1. Cost of land	KANA									
2. Marking of plots.	NO									
3. Construction of Chowkidar Hut.	CFT									
4. Construction of office building.	NO									
5. Construction of Main Gate.	NO									
6. Fencing of Estate Area.	NO									
7. Water supply net work incl.provision of O/H W.T.	NO	9.0	0.340			0.100	Yes			
8. Approach roads	MILE									
9. Internal roads.	MILE	8.0	0.117							
10. Provision of rain water system	PERC		0.071							
11. Purchase of furniture.	PERC									
12. Prov.of Elect.HT/LT lines,transformers & S.Lights	NO									
13. Pay of staff including allowances.	NC	38.0	0.080			0.039	Yes			
14. TA/DA	NC	8.0	0.005			0.005	Yes			
15. Stationery,printing of forms and stamps	NC	33.0	0.005			0.004	Yes			
16. Other contingencies.	NC	17.0	0.005			0.005	Yes			
17. Telephone installation and rent.	NO									
18. Electric.charges.	NC	21.0	0.007				Yes			

B9. REASONS FOR DELAYS IN INPUTS (TICK REASON(s)):		(no tick is no reason/delay)								
1. Tendering Procedure for Equipment		2. Delays in Staff Recruitment								
3. Unavailability of appropriate material		4. Unavailability of appropriate Machinery/Equipment								
5. Power Cuts		6. Delay in Land Acquisition								
7. Strikes of Staff		8. Tendering of Contract/Sub-Contract not Completed								
9. Current costs of equipment / materials / works exceeds Planned Costs (Cost Escal.)		10. Admin.difficulties due to shortage/transfer of personnel								
12. Foreign Experts not Assigned		11. Changes in Senior Management								
14. Weather or Accessibility		13. Problems with Contractors								
16. Lack of Public Participation at Community Level		15. Problems of Installation of Water, Gas, Electricity								
18. Finalisation of Accounts not Completed		17. Lack of Locally Mobilized Funds								
		X1. Others (Specify)								

Table 6.7 (Cont.d) Format and sample printout of a quarterly monitoring report

C. ANNUAL PROJECT TARGETS (OUTPUTS, AS PER APO)			APO Achievements upto QTR-3	C3. STATUS UPTO END QUARTER-3		
	Unit of Meas.	No./Qty	C2.No.Qty	C3.1 Conting.	C3.2 Completed	C3.3 Canceled
<b>C1.1 PHYSICAL TARGETS (Outputs):</b>						
1. Cost of land	KANA					
2. Marking of plots	NO					
3. Construction of chowkidar hut.	NO					
4. Construction of office building	NO					
5. Construction of main gate	NO					
6. Fencing of area						
7. Water supply net work overhead tank		9.0		Yes		
8. Approach roads						
9. Internal roads		8.0				
<b>C1.2 NON-PHYSICAL TARGETS (Outputs):</b>						
1. Provision of rain water system		12.0				
2. Purchase of furniture		0.0				
3. Provision of electricity HT/LT Lines transformer		0.0				
4. Street lights		38.0		Yes		
5. Pay of staff and allowances		8.0		Yes		
6. Stationery, forms and stamps		0.0				
7. Telephone installation and rent						
<b>C1.3 PRINTED/OTHER COMMUNICATION MATERIAL:</b>						
<b>C4. SUGGESTIONS FOR BETTER OUTPUT RESULTS (TICK SUGGESTIONS):</b>	(no tick is no suggestion)					
1. Introduction of Penalty Clauses in Contracts	2. Enforcement of Existing Penalty Clauses					
3. Improved Pre-qualification of contractors/consultants	4. More efficient tendering proc. for equip. purchase					
5. Access to a bigger range of suppliers	6. Better Mon. & Updating of Scheduled rates of const.					
7. Need of better bills of quantities	8. Need of more account to be taken of inflation					
9. Less restrictive recruitment rules for specialized staff	10. Improvement in Land Acquisition procedure					
11. More encouragement of public participation	X1.					
<b>D1. PROJECT ACTIVITIES OF THE DEPARTMENT DURING CURRENT YEAR:</b>	<b>D2. STATUS OF ACTIVITIES IN D1 UPTO END QUARTER 3 (tick)</b>					
	D2.1 Comp- leted Y/N	D2.2 Canc- elled Y/N	D3. If Appl. Give Reason to Cancelled Y/N (1-No longer relev.; 2=Input prob.)			
<b>X. LIST ALTERATIONS UP TO QUARTER-3</b>						

(Options == Reasons for Canceling Activities: 1-No longer relevant; 2=Input prob.; 3=Other problems)

1. HAS THIS PROJECT BEEN COMPLETED IN QUARTER-3?	No	2. IS PC1 OF THIS PROJECT UNDER REVISION?	No		
F. Name of Officer who FILLED IN this form Telephone Number		[...]			
G 1. Name of Off. who VERIFIED this inf.: 3. Date Verified / /		3862	Date Completed 11/04/94 2. Tel. No.: 0		
Verified by Officer Report Verif. not by Site Visit					
5. Site Visits to the Project:					
a. Name of Officer	b. Designation Officer	c. Date of Site Visit	d. Place(s) Visited	e. Insp. Rep. issued Y/N	f. Date of Inspec. Report

The overall lack of consistent detailed reporting does not mean that there have been no sincere markings of the status of the budget inputs or the outputs in the reports. For instance, it can be assumed that if a department reported a delay, there was usually a real delay in absolute terms (i.e. in comparison with the APO or PC-1 phasing). The question is rather: if a delay was NOT mentioned, while no expenditure had been incurred, was there then an unreported and consciously withheld delay? This may well have been the case.

#### *Systematic bias*

On the other hand it is likely that the rate at which information was withheld is approximately the same in each quarter. The bias would then be systematic and the trends could still be analysed meaningfully. For instance, if from an analysis of the 'input' section of the format (see Table 6.8) it appeared that some 16 percent of all QMRs had marked one or more budget inputs as being delayed in the first quarter, and 5 percent in the second, and 2 percent in the third quarter, this might well indicate a significant trend. It might be a sign that budgetary problems for projects were highest in the early part of the financial year when overall releases were lowest. Only when releases by the Finance Department were starting to accumulate (at the usual rate of 25 percent of the ADP budget in each quarter), the reporting of the delays encountered diminished. From this, a recommendation is conceivable that a higher proportion of the overall releases made in the beginning of the year, would lead to a better performance of the projects.

**Table 6.8 Status of budget inputs and project outputs in 3 quarters of 1993-94, AJK.**

	Number	% not marked	% on schedule	% delayed	completed
<b>INPUTS</b>					
Quarter 1	1992	71.9%	12.6%	15.5%	0.0%
Quarter 2	1992	76.3%	18.5%	5.3%	0.0%
Quarter 3	1992	75.7%	22.4%	2.0%	0.0%
<b>OUTPUTS</b>					
Quarter 1	2073	69.3%	29.0%	1.5%	0.2%
Quarter 2	2073	87.8%	9.6%	0.5%	2.1%
Quarter 3	2073	87.7%	10.8%	0.8%	0.8%

Source: Project databases, Computer Centre, P&D Department, AJK

#### *Gaps and pretended misunderstandings*

But the most obvious conclusion from the lack of precision in terms of units of measurement, status markings and outputs, activities and site visits must be that there was a problem which went far beyond the lack of understanding or experience with the system. Departments seemed to consciously or subconsciously keep a low profile by pretending to misunderstand the forms and not properly filling out the information that was required of them. Usually, when confronted with the errors made, a request was made for more training. Implicitly then the blame for the mistakes and omissions was laid elsewhere. As mentioned, most of the staff responsible for the forms had been recently trained in the system between 1991 and 1993. One of the first reactions to the introduction of the system, made by an agency head to the chief technical adviser of the project was: 'Ah, so you have come to check on us, eh?' But it soon transpired that the check could be evaded by not completing the forms properly. A sound analysis of the status of inputs or outputs can only begin when all inputs are listed,

outputs properly selected, the units of measurements determined and quantities assigned. In many cases, either one or the other of these elements were missing.

As said before, in some cases the report instrument was used to play out an issue, in many cases it was not. Rather than committing the department to being 'on schedule' or 'delayed' with their inputs or outputs, the rapporteur preferred to keep the columns blank, thus giving the impression not to be able to adequately choose the proper answer or having no time or data to fill it in. For instance, it is very likely that delays in outputs vis-à-vis the workplans were highest in the last part of the financial year<sup>10</sup>. In the beginning of the year, it is hard to imagine that a department would report that it was already behind on its annual target. This would be more likely to be confessed towards the end of the year. Yet this was not supported by data from the reporting system. It may well be that departments were even more on the defensive in the last quarters of the year, when the prospect of financial reappropriations between departments and other punishments loomed. This is also corroborated by the pattern of problem reporting: fewest problems were reported towards the end of the financial year, and this is so even when the effect of less problems with releases was discounted. (The evidence on this is given in Annex A2.5.) Fortunately, a supposed lack of training could not easily be held responsible for not ticking the proper categories of bottlenecks, although some were yet claimed to be confusing. A more extensive analysis of problem reporting will be made in the next section.

#### *Computer analysis*

The real benefits of the new reporting system can only be reaped if there are no serious gaps in the information provided by the departments and an analysis of aggregates can be performed by the computer. If some projects do not submit reports then the totals calculated by the computers will not reflect the aggregate position. If certain special categories of projects do not report, there will be a systematic bias which will render even the averages suspect. Then there will be a situation of 'garbage in garbage out'. It is perhaps going too far to accuse departments of actively sabotaging the system, but vague apprehensions about the computer analysis may well have affected in subtle ways the quality of information submitted.

On the other hand, sometimes computer analysis did yield valid findings but which the P&DD subsequently deemed too controversial and vulnerable to misunderstandings to disseminate. When the project allocations and expenditures were aggregated at the level of political constituencies, there were such large differences that they were not deemed fit to make public in a Review meeting. Of importance to this decision was also that, in the view of the P&DD, it would require too much time to explain the findings properly. The summary generated by the monitoring system was then obviously regarded as too concise to give an appropriate reflection of reality.

The old reporting system was cursory partly on the assumption that the directly concerned could understand the kind of shorthand practiced, even when much of the basic information had been left out. Computer analysis was not intended, and aggregation only in financial terms. Even in the ADP much data had been left out. Leaving out or fudging such data would have the added advantage that the general public would be kept in the dark as to the

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<sup>10</sup> This is contrary to the situation with financial releases; these are least of what they are supposed to be in the beginning of the year, and are gradually building to the amount of the project's overall allocation at the end of the year. Outputs to be produced over the year can theoretically not be (seriously) delayed in the beginning but, if at all, only called delayed at the end of the year.

seriousness of the delays<sup>11</sup>, whereas the professional reader with the project files available to him could keep his expertise to himself, just like in the old system; his superiors would have to rely on him, not the system.

However, leaving out details of such significance in an elaborate closed format geared to computer processing greatly limited the potential for project comparison. Most of the tables annexed to the working paper for the Review Meeting were difficult to interpret, and therefore sometimes perceived as disappointing. Thus, although the information content of individual reports improved as compared to the old reporting system, the intended cross-project aggregation and programme analysis remained difficult to realise in practice.

#### *After the UNDTCD project closed*

In the years after the UNDTCD project closed (August 1994), the ADP and APO systems continued to function well, but reporting for quarterly reviews remained of uneven quality. Recommendations left behind to focus on standardising output indicators on a sub-sector basis were not followed up; reporting on project outputs remained difficult to aggregate. The ACS who had so heavily influenced the nature of the system introduced was appointed Special Advisor Development to the Prime Minister, and from this position decided to try out yet another system; this time a new *monthly* financial monitoring system. Apparently he was not satisfied with the results of his own computerised monitoring system. His new system was, however, already abandoned after a year, and then it was relied again on the QMRs. Few Review Meetings were held anyway: from 1994-95 through 1996-97, only mid-term review meetings took place. The quest for the ideal monitoring system continues, however, because with the start of a new UN funded project in the P&DD there are currently plans to review the quarterly review reporting system and to perhaps concentrate further on financial information (!!). It is hoped that the experiences with the systems tried out earlier lead to a more serious consideration of the necessary changes in the institutional context.

The next section compares the three formats discussed so far: *QRR* (cf. Table 5.1, page 155), *PC-III* (cf. Tables 6.1 to 6.3, pp.197-200), and *QMR* (cf. Table 6.7, p.213) in respect of problem reporting. The focus is on the articulation of project problems in the context of different audiences on the one hand, and differences in (open and closed) report formats on the other.

### **6.3 Problem reporting in three progress reporting systems**

The differences in the quantity and quality of *problem* reporting between the three systems have not yet been discussed in this chapter. For reasons of readability, the detailed comparison is transferred to Annex 2 (p.287 ff.); only the conclusions are presented here. Large differences were observed. When the sample was adjusted to only those cases for which there were reports in all three systems, then the following patterns emerged. In the old format of the *QRR*, around 28 percent of the projects reported observations that could be

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<sup>11</sup> But nevertheless, the lack of progress with projects at the village level would usually be a major reason for discontent with sitting governments at election times.

interpreted as problems<sup>12</sup>. The federal system (PC-III) reported many more problems: in 77 percent of the reports one or more bottlenecks were mentioned. The new AJK reporting system came to proportions between 21 and 64 percent in the various quarters, with an average of 41 percent. The likelihood that the differences in the marking of problems were due to differences 'on the ground' was analysed and deemed remote. As reasons for the differences are given instead: (1) the multiple choice format of the PC-III and the QMR, which was noticed to lead to a change of response strategy by the departments, and (2) the different audience of the reports: federal government versus AJK government. The 'closing' of the format in the PC-III and QMR led to most departments ticking one or two of the listed problems, for fear that not doing so might lead to sanctions for those cases where problems were obviously besetting the projects. A preference was given nevertheless to those problems that could be laid at the doorstep of other stakeholders in the process. The option to pretend not to understand the format, such as in the case of the input and output sections of the forms, was not invoked as much perhaps because of the more straightforward nature of the problems listed. It was seen as difficult to maintain that the rapporteur did not know that the category 'problem with contractors' needed to be ticked if the contractors had abandoned the work.

The much more frequent ticking of listed problems when the audience was the Federal Government was related to the perception that the Federal Government was further removed from project management. This was already discussed in section 6.1. By 1981, most departments had the experience with a Federal Government not intervening at the project level after its scrutiny of the PC-III - usually, nothing was heard anymore after its submission. More frank reporting of problems would then not lead to repercussions such as feared for by the AJK Government or to open warfare with other departments in review meetings. The lack of direct involvement of the Federal Government would also explain the unlikely combination of high incidence of problem reporting for those agencies which returned a PC-III on the one hand, and the complete non-response given by many other agencies on the other. This author believes that practically all projects suffer one problem or the other, and most of them even experience severe problems. He is reminded for instance of the exclamation of one of his trusted key informants, a senior field-based engineer, that he would like to 'put all politicians against the wall and shoot them' for their scheming in his projects, their deals with contractors and land owners. In such conditions, it remains surprising how little of this, and how much divested of despair, the great bulk of progress reports are.

#### *What the various stakeholders want*

The differences in the reporting of problems in the three systems are large enough to defy the supposition that the main determinant for reporting problems is 'that there is an objective problem or not'. It seems that with the right questions and with the right audience any project can be made to report a problem or to hide a problem.

Whilst this may be so, it begs the question what is the purpose of the monitoring exercise. If it is only to discuss the problems that departments wish to discuss in front of the Prime Minister, then the open QRR format will be sufficient. This is what most of the departments want, and most of the lower staff in P&DD as well (it is easy to manage).

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<sup>12</sup> This is more than the 7 percent that was reported for the ADP as a whole in the previous chapter, due to the fact that the sample included Health department, which reported most problems, and excluded other departments that did not report a single one. For purposes of comparison, the sample had to be based on those (86) cases that also submitted a PC-III, and among those were the Health department's projects.

If the purpose is (also) that the P&DD and other departments are enabled to analyse the overall progress and problems with the programme, then a picture of this will have to arise from the reports; in order to do this, a broad range of problems will have to be ticked to check whether a certain problem is of relevance to a project or not. This is what Section Chiefs in P&DD want.

If the purpose goes even further to include the analysis of implementation capacities of departments and the need for allocation of resources and even the reappropriation of already allocated funds between departments, then it will also be imperative that meaningful information is gathered concerning the relative efficiency of these departments. The latter is what at least the higher management in P&DD wishes (and this was the reason for the UNDTCD project). For this it is necessary that there is a specific effort to include a number of questions that shed light on the internal functioning of the departments. In the new monitoring system, two such questions were included. It is of interest to see how they were addressed by the line departments. One is part of the list of reasons for low fund utilisation in section A: "internal project problems", and the other is in the list of reasons for delays in inputs in section B: "current costs of equipment / materials / works exceed planned costs (cost escal.)".

#### *Reporting on internal problems of departments*

With regard to the internal project problems (cf. Annex 2 table A2.5), the number of projects confessing this to be a problem lies between 5.6 and 12.1 percent of all projects, with an average of 8.2 percent. This average is not as low as would have been expected if every project would be assumed, as was done before, to hide any problems that might reflect negatively upon its internal efficiency. In this sense this finding corroborates the positive influence of the closed format on the reporting of problems. Again, it has to be conceded that technical improvements such as changing the format from a relatively open to a closed format can have more significant effects upon revealing even internal problems than could have been assumed from the discussion on organisational biases in chapter 1 of this study. The reason for this must lie in the possibility that hiding certain problems from sight would become more difficult with a closed format, based on anxiety that not reporting something when asked a direct question might have repercussions. This argument should, however, not be extended too far. After a close scrutiny of the cases which had reported internal problems, it turns out that many of these problems were in fact still 'external', to do with for instance delay in government decisions, or other departments not cooperating to the extent desired. The word internal has therefore been interpreted by some rapporteurs to mean internal to the bureaucracy as a whole, rather than internal to the projects.

Secondly, the results of the ticking of the problem "*current costs exceed planning*" speak against the hypothesis of a serious increase in frankness with which a lack of efficiency is reported. Although as was found in chapter 4, some 45 percent of all projects needed a serious (upward) cost revision, less than one percent of all projects reported that there was a cost escalation, i.e. that the current costs of the equipment, materials or works were higher than the costs originally planned by the department. This point shall return in section 6.5 when the predictive value of QMRs is discussed with respect to the need for project revisions.

The conclusion is that the progress reports submitted did not enable a serious gauging of the implementation capacities of line departments.

## 6.4 Influences of idiosyncrasies of rapporteurs

So far, the emphasis of the discussion has been on departmental (organisational) perspectives on the reports but in chapter 1 the hypothesis was also advanced that there may be a distinct influence of the individual rapporteur on the nature of the information supplied. As can be witnessed from Figure 6.1, there was considerable variation in the number of rapporteurs in the departments. Within some departments like Education and Health and the Road Divisions of Public Works Department, the progress reports were written by one or two 'progress officers' or draftsmen; in others like Agriculture and Forestry Department they were mostly written by project directors; in again others there was a mix of secretariat officers and project staff. For the years studied, the number of rapporteurs offering the around 450 Quarterly Monitoring Reports varied from 52 to 70 per quarter. This meant that the average rapporteur had to produce some 7 QMRs, which looks like a reasonable target, but the differences between departments and sectors were large. Whereas rapporteurs in the departments of the agriculture sector produced on average one or two reports, the two progress officers of the Education departments had to each do more than 55 per quarter.

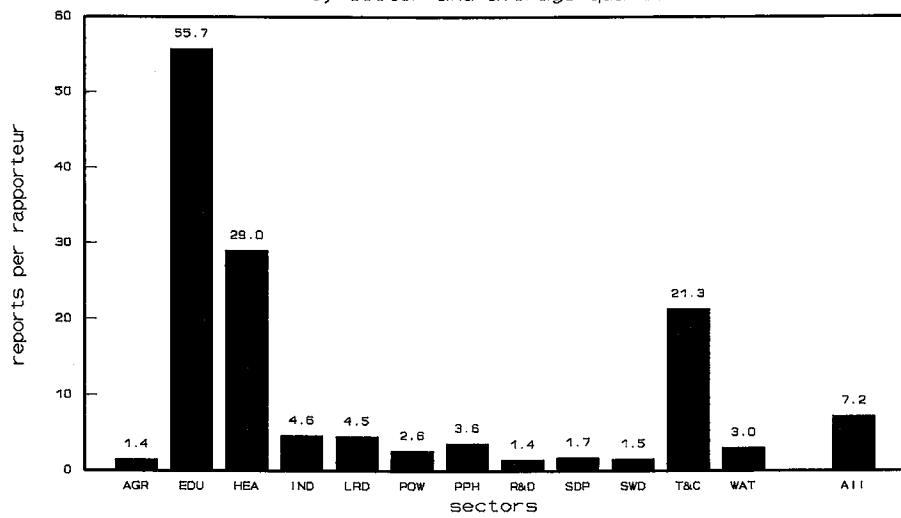
Naturally, having to produce such large quantities of reports within a few days will have an effect upon their content, even quite apart from the effect of the idiosyncrasies that a rapporteur may have anyway. Theoretically speaking, it would be better for the transparency and comparability of progress reports if the departments would all follow the same system. Either all project directors write their own reports and submit them, or all reports are written by the planning sections in their secretariats. The current mix has the disadvantage that the reader - and what to speak of the computer - cannot always assess whether a report is written by somebody close to or far removed from the project, or whether the rapporteur in question is prone to overstating or understating. There are too many rapporteurs to keep track of their idiosyncrasies and they are too unevenly spread amongst departments for their individual peculiarities to properly average out in computer analysis.

The problem is compounded by the fact that even in such departments as Education and Health, where all reports are written and compiled by just a few officers, rapporteurs may be changed between one quarter and the other. The practice of frequent transfers in certain categories of especially senior officers is due to this. In the two years studied for which returns were entered in the computers, some 149 different rapporteurs were registered, when the average number of rapporteurs per quarter was 63. Continuity in reporting style between quarters was therefore lacking for many projects, something to which the frequent transfers of staff in AJK will have contributed. For instance, in 1993-94, one third of all projects / departments submitted reports written by rapporteurs different from those in the previous or succeeding quarter.

### *Influences of rapporteurs on problem reporting in the road sector*

The databases created by the new monitoring system can be used to check the influence of these rapporteurs on the information supplied. Again, in order to be concise, the details of the analysis are not discussed here, but in Annex 3. The sector of road construction projects was studied in detail, in order to keep as low as possible the influence of variation in projects and their problems, while at the same time allowing a statistical analysis due to the large number of road projects in the ADP (over 200). Road projects are amongst the most highly standardised of all projects in the ADP, and therefore the number of budgetary inputs and project outputs listed in the QMRs by different rapporteurs, did not vary greatly. Nevertheless, at least one major rapporteur amongst ten was observed who deviated significantly from the others by including much more detail.

Reports per rapporteur, AJK 1992-93 until 1993-94  
by sector and average quarter



Source: Computer databases P&OD, AJK

Figure 6.1

A similar pattern was observed for the reporting of problems. At least one rapporteur reported an unlikely small number of problems for his projects, compared to all others. The consistency as to the main problems reported by the various rapporteurs was fairly high (all reporting similarly frequent problems with contractors, land, and late financial releases), but there seemed to be much less consistency in terms of the other listed problems. These were more rapporteur-clustered. Hobby horses and pet subjects (some stressing the weather as a problem, others the 'lack of public participation'), rather than really experienced, exceptional problems, seemed to be in evidence.

The conclusion from the analysis in Annex 3 is that differences in reporting style due to idiosyncrasies of different rapporteurs do affect the consistency with which project details, as well as problems, are reported. Training might be able to bring more consistency in reporting styles, but because of transfers of staff and other reasons, peculiarities of individual rapporteurs can be assumed to always play a maverick role, particularly affecting computer analysis of the data. Meanwhile, it does seem that a certain conformity to the organisational objectives and image keeps some kind of check on the definition of the 'main problems hindering the department', as much as the 'objective situation of the project'. Organisational *esprit de corps* thus imposes some uniformity in the image of the department's work vis-à-vis the outside world, and particularly when this work is of fairly standard nature (e.g. the Roads Department more than the Agriculture Department).

The following section looks at the situation when the audience for which a report is intended remains the same, but the *purpose* of the report changes.

## 6.5 Monitoring of project revisions in AJK

A last check on the 'biases' in reporting for quarterly review meetings conducted by this study involves the selection of those projects which are at a certain time proposed for revision, to compare the problems marked in their quarterly monitoring reports (QMRs) with those reported in the revised PC-1s and in minutes of (preparatory) meetings of the Development Working Party. This is possible since the PC-1 contains a specific item called 'reasons for revision' which needs to be completed in case a revision of the project is proposed. Since the author had access to files which contained the minutes of both Development Working Party meetings and preparatory meetings for these DWPs, the problems could also be compared with those minuted. If the problems reported through the three sources would broadly match, then the departments could be held to report if not honestly then, at least, consistently, and the quarterly monitoring system would have good predictive value in terms of revisions. If the problems in the various sources would not match, then this could be taken to be an indication that departments employed strategies while describing their problems and the most important factor explaining the picture that arose from the report would then be the purpose of the report itself, rather than some objective 'status' of the project. The general purposes of QMRs and revised project documents are of course very different: the QMRs report progress to Review Meetings, the revised PC-1s ask an approval body for increased funding and sometimes a change in activities. Yet if both are to report on problems in their projects around the same time, then there should at least be a high correlation. In this section all projects which were discussed in the (pre-) DWP meetings that took place in 1992-93 are studied with the following questions in mind:

- 1) Was the proposed revision announced timely and properly in the QMR<sup>13</sup>?
- 2) Were the problems indicated in the QMR matching the problems reported in the revision proposal and those discussed in the (pre-) DWP meeting?

In all, 25 project revisions were discussed in the (pre-) DWP meetings, 22 of which turned out to have also submitted QMRs just before the submission of a revised PC-1 for these meetings. It was found that only 12 of these 22 cases announced revisions properly in the QMRs. On the other hand, there were also some cases where in QMRs revisions were already announced, whilst these were not yet submitted to the P&DD. Consistency in reporting of revisions remained hard to achieve<sup>14</sup>.

### *Problems in revised PC-1s, in minutes of meetings, and in QMRs*

The second question was checked through the item in the PC-1 format which asks for 'reasons for revision'. The reasons given there were compared with records of DWP-meetings and with the Quarterly Monitoring Reports. The most important reasons were categorised and are listed in Table 6.9 on the next page. A typical reason would read:

"Due to slow progress of civil work by contractors and insufficient ADP allocation, scheme could not be completed within proposed period; as a result constructional cost increased 2-3 times".

<sup>13</sup> This implied an answer to question E2: Is PC-1 of this project under revision? Yes/No (whether in your dept. only or officially).

<sup>14</sup> In fact, a substantial 35 cases were found where the PC-1 was indicated to be under revision, whereas no such case was actually on the agenda of a (pre-) DWP meeting in that whole year. Such cases were apparently still under preparation within the department, and were yet already reported to the Review Meeting.

This would then be coded by the author as 5: *delay in release of funds*, 6: *problem with contractor*, and 3: *cost escalation problem*. If more buildings, or vehicles, or equipment were required than originally planned, then this would be categorised as a *change of scope of the project* (code 1). If detailed design of a work completed after project approval would lead to a considerably changed cost estimate of the project and the project would therefore be proposed to be revised, then this would be classified as a *detailed design problem* (code 2); if even after detailed design and after considerable construction the amount of work to complete the original target was yet underestimated then this would be regarded as a *wrong design problem* (code 9) by the author (the departments would of course not indicate it as such).

**Table 6.9 Projects proposed for revision in 1992-93, with problems reported in minutes of (pre)DWPs, revised PC-1s and Quarterly Monitoring Reports, AJK.**

Project code	(pre)DWP meeting	PC-1 revision	QMR	Match QMR with PC-1/DWP	Marked as under rev.?
AGR-4	1+10	1+3+5	-	0 x	Yes
AGR-27	3	3+9+12	8	0 x	Yes
HEA-20	1+2+3	1+3+4+5+7	5	1 x	No
HEA-21	1+3+4	1+3+5+6	5	1 x	No
IND-5	4	3+4	-	0 x	Yes
IND-12	12	3+10+12	6	0 x	No
IND-19	1+3	2+9	6	0 x	Yes
IND-29	10	1	5	0 x	Yes
PPH-2	1+12	1+3+9	-	0 x	No
PPH-7	1	1+2+4+9	4+6+8+12	1 x	No
PPH-16	1	1+2+3	-	1 x	Yes
PPH-80	1	1+3	1	1 x	Yes
R&D-2	10+12	1	-	0 x	No
T&C-10		2	5+6	0 x	Yes
T&C-13	2+6	12	6+8	1 x	No
T&C-46	1+9+12	9	8	0 x	No
T&C-53	9+12	3+4+9	8	0 x	Yes
T&C-56	1+9	4+9	4+8	1 x	Yes
T&C-124	4	4+9	-	0 x	No
T&C-130	1+9	1+4+9	-	0 x	Yes
T&C-154	6	2+4	4+6+8+12	2 x	No
T&C-139	1+12	1+9	4+6+11+12	1 x	Yes
Total 22 projects	36	53	27	10 x	Yes: 12x

Problem codes:

- 1) change of scope of project
- 2) Detailed design problem
- 3) Cost escalation problem
- 4) Land acquisition problem
- 5) Delay in release of funds
- 6) Problem with contract(or)
- 7) Problem with dept. coordination
- 8) Weather/calamity/access problem
- 9) Wrong design problem
- 10) Staffing problem
- 11) public participation problem
- 12) other type of problem

Source: file study, AJK

The results for the 25 projects which according to the DWP minutes were under revision in 1992-93 are also summarised in Figure 6.2. Of all projects which sent a quarterly report before the (pre-) DWP meeting took place, thirteen projects (59 percent) reported no problems or different problems than in the PC-1 or minutes of the meeting. Given that three additional projects did not return a QMR, in total 17 out of 25 projects (68 percent) showed major discrepancies between problems given in PC-1s or DWPs and QMRs!

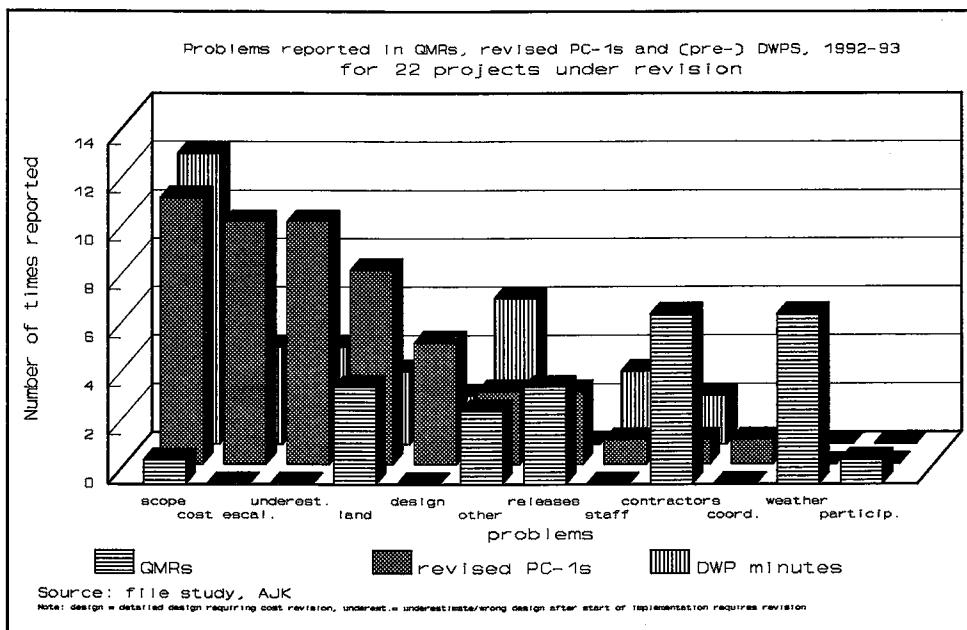


Figure 6.2

Meanwhile, it is understandable that some problems reported in QMRs were different in nature from those reported in PC-1s. For instance, a delay in the release of funds, or bad weather, could be a temporary problem experienced in the beginning, but not towards the submission of a revised PC-1. But all the serious problems which were eventually mentioned in the revised PC-1 were supposed to be reported truthfully in the QMR, and normally long before the PC-1 revision was sent to P&D. The correlation therefore had to be high but this was not the case. Counting all problems reported by the three systems, the correlation between QMR and PC-1/DWP problems was small: of the 116 problems reported by the three sources together, only 10 problems mentioned in QMRs were also discussed later on in revised PC-1s or minutes of approval forum meetings. This means that only 17 percent of all problems were mentioned both in a QMR and in a PC-1 or meeting!

Understandably, the correlation between problems discussed in DWP meetings (as per their minutes) and those reflected in revised PC-1s was much higher: since the subject of the DWP is the revised PC-1, 43 percent of the problems mentioned in the PC-1 are also in the minutes. Conversely, of all problems discussed in (pre) DWP meetings, 53 percent is also discussed in the PC-1s. Perhaps as striking is the high number of problems that the DWP broached which were *not* discussed in PC-1s. This may be indicative of the biases that also played a role in the reporting in revised PC-1. It is very important to select those problems

as reasons for revisions that do not jeopardise a positive decision by the DWP. But since the DWP consisted of members of various departments, important problems that were not discussed either in QMRs and PC-1s might yet have surfaced in the discussion<sup>15</sup>.

#### *Popular problems in different reporting systems*

It is interesting to zoom in on the type of problems which were popular in the various reporting systems. In Box 6.2 this is done. It turns out that each reporting system different problems are favourite.

Bearing in mind that there were only 22 observations and that this affects the statistical validity of the calculations, four problem variables yet scored correlations between PC-1 and DWP meetings with a significance level of 90 percent or higher. In contrast, there was only one out of the twelve problems reported by a QMR that correlated strongly with a PC-1, and one in a DWP meeting<sup>16</sup>.

## **6.6 Variation in perceptions by different stakeholders in the Social Action Programme**

The circumstances under which the author was employed in AJK were not such that information could be collected with respect to stakeholders other than government departments and individual rapporteurs in them. The available material allowed the analysis of the influence of the report formats, individual rapporteurs within departments, different government audiences and different purposes of reporting. But progress reports written about the projects by different categories of stakeholders related to those projects (for instance beneficiaries) could not be collected and therefore not compared systematically. This section therefore intends to study the influence of stakeholder perspectives on the information by taking material from another source. An annual survey called the *SAPP Field Review* will be used in which the views of two and often three major stakeholders were recorded in sufficient numbers to allow comparisons. The survey was conducted for the first time in 1996, and covered both Pakistan and AJK. Since the number of observations in AJK was for some

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<sup>15</sup> Some problems are also simply not suitable for putting down on paper. As can be seen from figure 6.2, special problems were particularly popular in DWP meetings: often they concerned politicians asking for a change in a project (the road to run a different route, the office building or government paid residence to be more luxurious) or a donor agency asking for changes. Sometimes the P&DD would be blamed for cutting down on the project's original budget proposal, which would then be the cause of serious problems later on. Some projects could be rendered almost ineffective without the vehicles originally included in the proposal, but which were cut out by a pinchpenny P&DD. Although the minutes of the meetings yet mentioned some of these in couched terms, it is certain that even these minutes would not reflect the complete discussion in those cases where the position of the relevant P&DD was at stake.

<sup>16</sup> The actual correlation factors (Pearson's R) are shown below.

'Significant' correlations at 90% level between problem variables, N=22:

DWP with PC-1:

Change of scope of project:	.4545 at P=.017
Cost escalation problem:	.2797 at P=.104
Land acquisition problem:	.2973 at P=.090
Wrong design problem:	.2797 at P=.104

DWP with QMR:

Problem with contract(or):	.4629 at P=.015
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PC-1 with QMR:

Delay in release of funds:	.4995 at P=.009
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#### Box 6.2 Popular problems in different reporting systems in AJK

Problems due to a wrong scope of the project were hardly ever discussed in QMRs but were the most popular reasons for revisions. They invariably surfaced unannounced by any previous QMR, together with the revised PC-1. Since they were sometimes controversial and used to conceal other problems, they were also often discussed in DWP meetings: the correlation was high in that case. Detailed design problems were also not discussed in QMRs although they troubled many projects that immediately afterward proposed a revision. Wrong design problems were more frequently mentioned in PC-1 revisions. They were not labeled as such, but would be more euphemistically specified as "increased quantities of work as per requirement of the site" (problem code 9). This, however, usually meant that not enough site investigation had been done prior to the implementation of the works. A very popular reason for project revisions was also cost escalation; this was hardly ever a reason for concern in the QMR.

Land acquisition problems have been popular scapegoats in all three reporting mechanisms, but mostly so in revised PC-1s. This may be due to the fact that land acquisition was a problem mostly in the beginning of a project; at the time of project revision, it may be underreported in QMRs whereas it remained an important reason for a cost revision.

Contractors, fairly popular scapegoats in QMRs, are almost completely absent as troublemakers in revised PC-1s and are also not so often the subject of serious discussion by DWPs. This is on first sight odd, because the low quality of contractors was often referred to as one of the main reasons why project implementation is such a precarious affair (next to politicians and the budget crunch). But it becomes less peculiar if it is taken into account that most departments needed to continue with the same contractor after the revision was approved. Even if the contractor was to be different in a next phase, it would not be wise to make too much out of the failure by contractors in PC-1s.

Weather calamities and cumbersome access to projects (border firing, rain-damaged roads, snowbound areas) were similarly often stated in QMRs to cause low progress but seldom referred to in PC-1s. It seems that this reason functioned more as a relatively harmless excuse in the QMR than as a circumstance serious enough to cause PC-1 revisions. Or perhaps the party proposing the revision was afraid to give weight to this factor to prevent that this would then be used as a reason for not extending the project into a next phase.

The funds releases made to the project through the AG over the year were a relatively popular reason for delays given in the QMR of especially the first quarter. Too small allocations in ADPs in comparison to the PC-1 phasing were mentioned in PC-1 revisions as a reason for cost escalation and other problems, but striking in this case is that such problems were not reflected in the minutes of meetings. Since the P&DD staff chaired the (pre-) DWP meetings and authored its minutes, it can be presumed that such problems were systematically under-discussed or at least underreported in the minutes.

Problems with staff were understandably not mentioned in QMRs and hardly in PC-1 revisions, since they were generally deemed to be intra-departmental affairs, to be resolved without the help of other departments. An exception might be a project such as a vocational training institute financed from the development budget, which needed to be extended because the Finance Department did not wish to transfer the staff to the recurrent (permanent) budget. As can be seen from figure 6.2, staffing problems that the DWP hears about through the grapevine can yet be important points of discussion.

Lastly, the lack of coordination between line departments was almost never discussed in any of the reporting systems, although in discussions with the author and witness the findings with the PC-III this reason surfaced much more. Lack of coordination is anathema in a bureaucracy supposedly functioning harmoniously, and therefore and revealed only in case of open warfare between departments. But the lack of coordination did sometimes appear in other guises, such as 'land acquisition problem', pointing to a problem with the Revenue Department. The official reporting of interdepartmental problems did not seem to be the preferred route of improving coordination; other avenues, such as unofficial contacts between department heads, or if necessary, meetings chaired by the ACS or the PM, were regarded as more appropriate.

categories of stakeholders too small, the results of the survey as aggregated for the country as a whole shall be analysed. The Social Action Programme is a donor induced endeavour

of the Government of Pakistan to provide for a structural increase in funds for, as well as policy reforms in, the sectors of primary education, primary health care, rural water supply and sanitation, and population planning. Due to the size of these sectors, around 20 percent of all government expenditures outside the spheres of defence and debt service in Pakistan falls under the SAP. It is therefore a major initiative that still often captures the headlines of newspapers and that is known even at the village level.

#### *Design and methodology of the SAPP Field Review*

The SAPP Field Review was undertaken by a Multi-Donor Support Unit (MSU) two years into the first phase of SAP and recorded facts and views through questionnaire based interviews with a few major categories of stakeholders in the programme. Because in some instances the research team could contribute itself through firsthand observation, such findings could be compared with the views of the stakeholders. This brought the number of different categories of observers to four.

Before presenting the findings of relevance to the theses of this study, it is instructive to discuss the design and methodology of this comprehensive review. It was to both record the situation in the social sectors in 1996 and the progress made with the SAP objectives in the two years since it had started. The review had representation of all divisions of Pakistan, plus the federally administered areas and AJK. Two districts were randomly selected from each division and within each district, one tehsil was selected. Thus, 60 of the 103 districts were visited, and a comprehensive questionnaire survey was held at three levels: that of district line departments, service facilities, and communities. At the level of the district departments, the highest officers were interviewed: District Education Officers (DEOs), District Health Officers (DHOs), Executive Engineers (XENs) of the Public Health Engineering Department, and District Population Welfare Officers (DPWOs). At the second level, head-teachers of primary schools, medical officers of the Basic Health Units (BHUs) and Family Welfare Centers and caretakers of water supply schemes were interviewed. At the third level, in every village where facilities were surveyed, group interviews with villagers were also held in the vicinity, on the basis of questionnaires. It was therefore a comprehensive study with a very large sample.

This section shall focus on the primary education and primary health sectors, wherein in total 1850 communities were covered, 847 primary schools, 446 basic health units, 81 DEOs, and 60 DHOs. This is done for the following reasons: the two sectors are the largest in terms of budget and staff, include most observations, and also cover most of the questions which were answered by more than one stakeholder, rendering them most suitable for the purposes identified here. Of the around 400 questions asked, 105 were addressed to more than one party and therefore interesting. They were all closed questions, with multiple choice categories ranging from "very satisfied" with something, to "dissatisfied" and / or seeing an "improvement" or "decline" in the service provided. Since this research is particularly concerned with the reporting of statements indicative of problematic situations, only the proportion of answers representing dissatisfaction and decline have been copied in Table 6.10 below. An interesting and by now well known pattern strikes the eye.

Table 6.10 Dissatisfactions regarding situations and improvements, as communicated by three categories of stakeholders in the sectors of primary education and primary health care, SAPP Field Review 1996.

Ser.	Stakeholder:	District Officers(%)	Facility Heads*(%)	Communities (%)	Highest value as % of lowest
No.	Subject and view held :				
<b>EDUCATION</b>					
1a	Dissatisfied with regularity of teacher attendance	19.7	3.8	13.4	518%
1b	and sees no improvement in last 2 years	18.4	17.0	25.3	149%
2	Dissatisfied with frequency of supervisory visits	7.5	18.5	n.a.	247%
3a	Dissatisfied with frequency of teacher transfers	14.8	13.7	81.4	594%
3b	and sees no improvement in last 2 years	35.8	39.3	40.4	113%
4a	Dissatisfied with number of female teachers	28.0	52.4	n.a.	187%
4b	and sees no improvement in last 2 years	17.4	48.8	n.a.	280%
5a	Staff strength poor	20.9	49.6	28.6	237%
5b	and sees no improvement in last 2 years	46.8	61.1	n.a.	131%
6	Teacher posts vacant for over 2 years:				
6a	More than 10 percent for male teachers	3.2	14.2	n.a.	444%
6b	More than 10 percent for female teachers	1.6	17.5	n.a.	1094%
7	Dissatisfied with in-service teacher training	27.1	0.0	n.a.	*****
8	Dissatisfied with refresher training	27.1	53.0	n.a.	196%
9a	Dissatisfied with quantity/availab. of textbooks	24.6	12.6	20.0	195%
9b	Dissatisfied with timely availability of textbooks	32.1	32.8	25.0	131%
10a	Dissatisfied with improv. in quantity of supplies	34.5	59.4	n.a.	172%
10b	Dissatisfied with improv. in timely av. of supplies	38.2	61.8	n.a.	162%
11a	Dissatisfied with allocation for repairs/maint.	46.9	88.3	n.a.	188%
11b	and sees no improvement in last 2 years	38.5	92.0	n.a.	239%
12a	Dissatisfied with timely release of maint. funds	39.5	76.4	n.a.	193%
12b	and sees no improvement in last 2 years	44.4	81.5	n.a.	184%
13a	Dissatisfied with release/receipt of salaries	3.7	12.3	n.a.	332%
13b	and sees no improvements in release of salaries	8.6	28.1	n.a.	327%
14a	Parent-teacher committees have been set up	83.9	40.9	22.1	380%
14b	Committee involved in maintenance & repairs	30.8	10.8	16.1	191%
<b>HEALTH</b>					
15a	Dissatisfied with staff attendance at BHU	n.a.	13.4	28.4	212%
15b	and sees no improvement in last 2 years	n.a.	24.7	42.9	174%
16a	Dissatisfied with doctor attendance	21.7	n.a.	28.4	131%
16b	and sees no improvement in last 2 years	18.4	n.a.	5.4	341%
17	Staff transfers situation is poor	31.6	20.3	0.0	*****
18a	Dissatisfied with quantity of medicines	30.0	36.3	n.a.	121%
18b	and sees no improvement in last 2 years	26.6	66.9	n.a.	252%
19a	Dissatisfied with stock of essential medicines	25.0	48.8	62.9	252%
19b	and sees no improvement in last 2 years	28.3	55.8	43.8	197%
20a	Dissatisfied with allocation for R&M buildings	53.3	57.6	n.a.	108%
20b	and sees no improvement in last 2 years	36.7	62.2	n.a.	169%
21a	Dissatisfied with timely release of funds for R&M	45.0	58.8	n.a.	131%
21b	and sees no improvement in last 2 years	36.6	61.8	n.a.	169%
22a	Dissatisfied with training in family planning	26.6	18.7	n.a.	142%
22b	and sees no improvement in last 2 years	31.6	27.0	n.a.	117%
23a	Poor use of the health facility	6.7	n.a.	51.1	763%
23b	and sees no improvement in last 2 years	41.6	28.5	60.7	213%
24a	Poor stock of contraceptives	43.3	29.7	n.a.	146%
24b	and sees no improvement in last 2 years	45.0	36.2	n.a.	124%
25a	Dissatisfied with frequency of supervisory visits	0.0	15.2	n.a.	*****
25b	and sees no improvement in last 2 years	6.6	40.6	n.a.	615%

Note: All cases have been taken and displayed which have comparable information and which do not have a significant non-response.  
n.a.: not asked to this category of stakeholders  
\* Facility heads: Head teachers in primary schools, Medical officers in health facilities.  
Source: SAPP Field Review, Draft National Report. MSU August 1996.

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### *Discrepancies*

The main, inevitable, observation is the wide discrepancies in the views regarding social service delivery and the improvements therein in the last years, amongst the three categories of stakeholders interviewed. This is the case even amongst the district heads and the facility heads which belong to the same department, so what to speak of the communities at the receiving end. There seems to be hardly any subject which is not seriously contested amongst at least two of the three stakeholders. Overall, the average of the highest value as a proportion of the lowest value is a staggering 265 percent (and this excludes the three cases where the proportion could not be calculated because the lowest value was 0 percent). Of the 46 subjects, 34 had values which differed more than 50 percent. The reverse side of this implies that only in 12 cases, the difference between the highest dissatisfaction value (level) and the lowest was less than 50 percent.

A second conclusion when looking in more detail at the subjects presented is that the discrepancies are highly systematic in the manner already discussed on many previous occasions in this study. Whenever the stakeholder has to express a satisfaction level concerning his/her own performance, it is very high. Satisfaction levels are often much lower when concerning issues not directly under the responsibility of the stakeholder. For instance, the head teachers are generally much more happy with teacher attendance than the district education officers or the communities: this is largely their responsibility (1a). The District Education Officers, when asked, are quite happy with the frequency of their supervisory visits to schools; head teachers much less (2). Both head teachers and DEOs see relatively few problems with the in Pakistan endemic teacher transfers amongst villages and districts (most teachers do not like to be posted in villages, or in villages very far from their home); communities which bear the brunt of these frequent transfers have understandably much more difficulty with this (3a). A highly contested issue is also the constitution of parent-teacher committees in the schools (14a): the DEOs who know full well how important this issue is to the SAP, generally claim that these committees exist on the ground. But when counterchecked against first the view of the head-teachers and then the surrounding communities, this claim becomes highly spurious, with the result that the extent to which parent-teacher committees have been established has become completely unclear after the survey. Sometimes the need to paint a negative picture of the lack of powers held by stakeholders, conflicted with a rival need to paint a positive image of their own effectiveness: whereas around 52 percent of the DEOs felt that the educational supplies given to the district were insufficient (cf. annex PE-47 of SAPP Field Review report), 65 percent of them yet expressed that during their tenure the situation had improved - a view not at all corroborated by the head teachers (10a and 10b).

Such systematic discrepancies are not confined to the education sector alone; they also occur in the sector of primary health care and to a similar degree. The doctors in charge are much more favourably inclined towards the improvements in staff attendance at their BHUs than the surrounding communities (15b); they also see greater improvements in the use of the facility in the last two years (since their own stationing at the facility) than either their district health officers or the communities (23b); conversely they hold a much more serious view than the District Health Officers towards the lack of allocations for Repair and Maintenance (20a),

their timely release (21a), the medicines available (18a, 19a), and such things as the frequency of supervisory visits (25a). The DHOs, as is shown by their score on variable 25a, are not in the least unhappy with the frequency of their own visits.

A consensus was occasionally achieved regarding the seriousness of certain issues, but mostly these were in areas where there were no clear responsibilities for the stakeholders concerned. Since the allocations for maintenance and repairs are determined largely outside even the Education department, by the Finance Department, many DEOs and DHOs felt free to criticise their insufficiency (Nos. 11, 12, 20, 21); since textbooks and educational and also many medical supplies are purchased centrally, their insufficiency and untimely arrival may also have given rise to more criticism from district heads (Nos. 9, 10, 18, 19). But even here, as with budgetary issues, there were small differences between District Officers and facility heads. Since the DOs were closer to departmental heads they expressed less dissatisfaction than facility heads such as head teachers and medical officers.

#### *Does the truth lie midway?*

The dictum that the 'truth lies midway' may not always be true, and different observers from the ones discussed may come to conclusions lying even outside the range of views expressed by the stakeholders discussed here. This was evident from a comparison with some observations made by the survey team itself. In spite of the satisfaction expressed by DEOs and head-teachers regarding teacher attendance, 19 percent of the head-teachers were found not present at the time of the visit by the survey team, and overall, in 25 percent of all girls schools, less than 75 percent of teaching staff was present. Similarly, the attendance of staff in health facilities was found to be less convincing than the medical officers and even communities had pictured it. The research team concluded:

"The satisfaction expressed by all the key players with respect to staff attendance did not conform to the situation of staff attendance at the time that the survey of the BHUs/RHCs was conducted. It was discovered that a large number of key personnel were not present on duty. Overall, in 32 % of the facilities the Male Medical Officer (MMO) was not on duty. Furthermore, in all BHUs in FANA and 75 % of the surveyed facilities in AJK, MMOs were not present at the time of the survey. [...] Absenteeism was higher among Female Medical Officers" (1996, p.73-74).

This points to a conclusion that even communities have become so used to the absence of Medical Officers that they have developed a blindness or at least a tolerance for this.

Whether the universal satisfaction expressed by for instance head-teachers as to their students' performance (96 percent satisfied) and doctors' observations that a number of key health indicators have improved cannot be taken at face value; it may be true or it may be false. If the health findings are compared with those of SAP's *Pakistan Integrated Household Survey 1995-96* (2nd January 1997), then these generally corroborate the doctors' perception (and perhaps health facility statistics). But a *Student Teacher Mathematics Test Results 1997* report, conducted by MSU and provincial departments, concluded that the mathematical abilities of primary school students had gone down in 1997 as compared to 1995. Only 37 percent of the students were able to answer all questions correctly, as against 45.6 percent for the same test given to students in 1995. Since the test included 5262 class 5 students in four provinces, there is a high likelihood that the findings are significant in statistical terms.

#### *Optimism bias and the effects of habituation*

The impression of a certain very general 'optimism' bias emanating from the survey results has stuck at least with the author of the present study. Although not perhaps evident from the presentation in the table which concentrated on dissatisfaction, the overall satisfaction levels

with the various aspects of the social sector service delivery were quite high. When the responses to all judgmental questions are aggregated, then it is found that around one third expressed dissatisfaction; a finding which also conveys that some two thirds expressed some form of satisfaction. (The cup can be one thirds empty and two thirds full.) This result was applicable both to situation judgments and the improvement judgments: 61 percent of all respondents saw 'moderate' or 'substantial' improvement over the short period of SAP's existence (a period in which, as is widely acknowledged, not much had come off the ground in SAP); an even higher 68 percent reported a satisfactory situation. These results are all the more striking when it is realised that they apply not only to major bureaucratic stakeholders in the programme, such as the district and facility heads, but also the communities at the receiving end. For the sectors of education and health, 32.2 percent of the District Officers expressed dissatisfaction, 37.6 percent of the facility heads, and 38.6 percent of the communities.

Reasons why the SAP was so positively assessed even by the communities are difficult to pinpoint. Can it really be that the SAP is a success, or that the situation in the social sectors is not as acute as one is made to believe by the documents about SAP and the rhetoric expressed in politics and media? The Government may have painted an abysmal picture of the social sectors in order to become eligible for more funds from donors, and the donors themselves may have exaggerated for similar reasons. Certainly, the effects of SAP in the initial two years, particularly outside the sphere of construction, were viewed as very small and disappointing by the donor agencies, as reflected in the many mission aide-memoires.

On the other hand, certain well-known methodological problems with the design of the questionnaires may have biased the appreciations expressed. In a natural impulse to please the enumerators, or simply to appear more perceptive of improvements that may or may not have occurred, more positive and constructive answers may have been given even by the relatively dissatisfied communities. Particularly with a high profile programme such as the SAP, a "social desirability effect" (Segers 1977, p.225) may have played an important role. It may be a safe strategy and even bring benefits if a healthy dose of optimism and a generally constructive attitude is expressed regarding SAP<sup>17</sup>.

Another plausible reason is the effect of habituation referred to earlier. Particularly in the sector of primary health, the basic government funded health facilities have already been 'written off' a long time ago and the populace largely bypasses these small clinics, to directly consult local healers, private doctors, and higher level facilities such as rural health centres and hospitals. In the primary education sector, many private schools have been started due to dissatisfaction with the quality of the fee-free government schools.

What is certain is that a far more acute picture of the state of social services is usually painted by representatives from international donor agencies (for instance in the Staff Appraisal Report for the SAPP). Such representatives themselves can be assumed to be similarly predisposed in at least two ways. First they have been influenced by the situation which they are most used to, which is usually the - much better - state of social services in their home countries. What is viewed as unacceptable by the foreign expert, such as the usual

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<sup>17</sup> The SAPP Field Review report itself mentioned such effects here and there, for instance in their statement: "DEOs may have exaggerated the role of parent-teacher committees to illustrate a positive outcome of the SAPP policies initiated by the Government" (MSU 1996, p.40). The effects are also corroborated by the finding that the district officers, which are closer to the policy reform side of SAP, were less dissatisfied than the facility heads. In the education sector, 32 percent of all responses given by DEOs as to the expected improvements was that of dissatisfaction; for head-teachers who were further removed from the SAP rhetoric it was 53 (and for communities 37).

absence of furniture in schools, where children at best sit on jute mats, may be perfectly acceptable to local communities and government officials alike. The ubiquitous absence of books and their poor quality may not even be noticed. Secondly, these representatives are often experts in their field, which may have made them more critical, or may have raised their aspirations as to positive change. Their opinions in the 'wicked' fields of health, education, and population planning, may be completely at odds with those held by staff employed in substantive government departments of developing countries.

#### *The discounting of systematic stakeholder biases*

In spite of all the evidence of perspectivistic biases, there is yet some 'hope' left. If biases due to stakeholder positions are systematic, they can be to some extent 'discounted'. The limiting condition is that a sufficient number of observers/rapporteurs must be available to generalise the findings. The larger their number, the greater is the probability that biases due to personal idiosyncrasies (i.e. not dependent on the status of observers as stakeholders) are eliminated and that the average arrived at reflects the main view of the stakeholders concerned. Views of a particular stakeholder group in one geographical area can then be compared with those of their colleagues in other areas; the views can also be compared over time. In the SAPP Field Review, enough observers were consulted to allow serious comparisons to be made between the four provinces of Pakistan<sup>18</sup>. It then turned out that the situation in NWFP was somewhat better than that in the other provinces; a finding which merits further study and from which possibly some lessons can be learned.

#### **6.7 Evidence from the UNDTCD project**

In this last substantive section of the chapter, a discussion of the project in which the author participated is intended to show the effects of insufficient involvement of the main stakeholders in a monitoring mechanism.

The case study shows first of all that donor agencies such as UNDP and UNDTCD can also be in some respects vestiges of a classical planning style. Their lack of utilisation of reporting mechanisms built on the separate recording of views of the main stakeholders in their projects is witness to this. The implementing agency UNDTCD used to have its own reporting mechanism separate from that of the funding agency, ensuring that its headquarter in New York would always be aware and to some extent in control of developments in its own projects in the field. The projects needed to submit a half-yearly progress report, for which there existed a fixed format. After necessary changes and clearance the report would be submitted to what the UN always refers as the 'Government' (as represented by the counterpart organisation) and the funding agency (in this case the UNDP). It would then serve, amongst other things, as an input to the Tripartite Project Review meeting (TPR), held

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<sup>18</sup> In that case there might yet be a cultural bias playing on the registered satisfaction levels and thereby clouding the comparability of the data. For instance, there might be an effect of the tribal and egalitarian culture in NWFP (and to a smaller degree Balochistan) versus the more biraderi and hierarchical cultures of Punjab and Sind, upon the satisfaction levels expressed. If so, this effect must also be discounted in order to correctly interpret the patterns found. However, when the data of the SAPP Field Review were analysed in these terms, firm conclusions could not be drawn, due to the possible effect of intervening variables such as different policies in the four provinces, and the differences in situation on the ground, which were unknown to the author. The admission that firm conclusions cannot be drawn from the SAPP Field Review in this respect, does, however, not in principle deny the possibility of an effect due to cultural characteristics.

annually amongst (1) project staff and UNDTCD (these two parties count as one in the meeting), (2) the government counterpart, and (3) UNDP. The TPR would assess the progress of the project, and concentrate on resolving problems in the presence of all relevant decision-makers. However, the practice of a separate report to the UNDTCD HQ was dispensed with just before the project at hand started in 1990, to be replaced by a system in which the UNDTCD project staff would submit a report with a different format directly and exclusively to the UNDP country headquarter in Islamabad. This report was called the *Project Performance Evaluation Report* (PPER) and is still being used by the UNDP. From the name itself it is clear that UNDP sees this report as an evaluation, but in accordance with the definitions used in this study, emphasizing regularity and standardisation, it shall be treated as a monitoring report. The PPER is an annually submitted report format of considerable elaboration, and specifically geared to the Tripartite Project Review. It is completed by the CTA of the project. Because it has to be checked and co-signed by the counterpart director<sup>19</sup>, when submitted to the UNDP country office the report has already passed the level of the Government. UNDP then forwards the report to the headquarter of UNDTCD in New York, and sends an invitation along for a representative to attend the TPR. The reason for this change in procedure is probably that UNDTCD is being represented everywhere in the field by the UNDP country office, so that one report for the UNDTCD headquarters and another for UNDP was felt to be a duplication. UNDTCD represented at field level by UNDP country offices was itself a consequence of its status as a department functioning under the direct responsibility of the UN Secretariat; a situation very different from many other organisations in the UN family, such as the FAO and WHO, which have more autonomy. By cutting short the lengthy road of obtaining concurrence from the UNDTCD HQ, the reports could be prepared much more close to the date of the annual TPR.

Two inferences can be drawn of relevance to the theme of this study. The first is that, even at the end of the 1980s, the UN still believed that progress reports for funding and for implementing agencies could have the same content without needing to fear for a down-sizing of the issues sensitive to one or the other party. A second conclusion is that the UN apparently also believed that the requirement of co-signing of a report written by the CTA of the project by the counterpart would not lead either to problems or a loss of delicate information. It is clear that it is still the philosophy of the UN that basic information is unbiased and uncontroversial, and that reports can therefore be written in such a way that they reflect the views of all stakeholders equally, while still yielding the essential information on which to base decisions.

#### *Project Performance Evaluation Reports submitted*

In the course of the project's life, three PPERs were submitted in preparation of Tripartite Project Reviews while for the last TPR a Terminal Report was written in the format of the UNDTCD. There was a lot of harmony between the project and the counterparts, and this was expressed in the reports in the many observations of satisfactory progress. The UNDP country office in fact held the project as one of its success stories, to be shown to other projects as a model. However, even in this case, all PPERs made mention of a few implementation problems as observed by the CTA which either the counterpart or the UNDTCD headquarter did not agree to (in their written down form) or would have put in different words. Whilst differences in perspectives between different parties in a project would be natural to expect in any project, the countersigning procedure made these

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<sup>19</sup> The first versions of the PPERs had to be jointly written by counterpart director and chief technical adviser.

would be natural to expect in any project, the countersigning procedure made these differences issues of unnecessary friction. Due precisely to the inevitability of at least *some* differences in views, the logic of the countersigning procedure put at risk what the procedure probably was intended to ensure in the first place: that consensus and harmony be reached between project staff and counterpart.

The format of the PPER, meanwhile, made it all the more difficult to withhold views on which there might be disagreement. It asked specifically whether certain progress on outputs was considered satisfactory or not, and if it was not, the reasons had to be elaborated on additional forms, and the party responsible for the problem had to be marked from a list of possible parties already specified (e.g. international experts or government staff). Thus, if there was disagreement, such forms were bound to expose it.

The CTA for instance reported that there was no progress on the recommendations made by a project consultant concerning the preparation of the Eighth Five Year Plan, and marked the Government as responsible for this situation. The counterpart director objected to this view and did not want to countersign the report. Another time a delay in a certain output was attributed to the absence of a few counterpart staff; the counterparts holding that they had appointed replacements and that the delay was not serious. One time the Government (meaning the P&DD as counterpart) was held responsible for delays due to slow progress with the appointment of computer staff; in the view of P&DD less staff was required than the CTA and they themselves had considered necessary in an earlier stage of the project. It was also once reported that one of the two officers in a section in P&DD had not participated in (the training for) a certain annual report output, and that thereby, in case of transfers, the sustainability of the new skills was undermined. The government counterpart categorically denied that there would be transfers in this section<sup>20</sup>. And then it was once stated that the Government and a project expert were not working closely together and that the Government had not followed up on the outputs produced by this expert. The counterpart disagreed and argued that there had been enough collaboration with the expert; full time cooperation between the expert and his immediate counterpart was not required. Whilst anybody who has been involved in project management will recognise the issues discussed as being of fairly typical nature, this author is of the view that it would have been better if each party had been asked to independently report on such issues in the project. The parties would then at least have had the satisfaction that their explanations for certain issues had been put on record.

### *Dissent in competing reports*

In all fairness, it can be argued that the countersigning logic of the PPERs may also have some perverse utility: it may in practice lead to certain problems being under-reported or even covered up. If all stakeholders are allowed to write down their views unrestrictedly, this could in certain projects lead to a Pandora's box being opened, something which might in the end lead to conflict and project closures: obvious manifestations of dissent between the UN and host countries. Nevertheless, it is argued here that the exposure of the differing views on progress with projects in reports each originating from a different source is preferred to their downplaying in countersigned, joint reports, in the interest of a fragile consensus and the ideology of harmonious cooperation as held by the UN<sup>21</sup>. If certain projects are contested

<sup>20</sup> He proved to be wrong; after the project, the trained staff member was transferred to the field.

<sup>21</sup> And not only the UN. The procedure for the writing of half-yearly progress reports to the Dutch Embassy in Pakistan, for instance, also requires that a consensus be reached between project staff and government counterparts, before the report is dispatched (Royal Netherlands Embassy 1996, p.28).

to such an extent that they run the risk of being terminated, then perhaps they better be terminated indeed. In practice, a certain self-censorship will probably be applied, in order to preserve a working relationship between project staff and counterparts. This will be especially the case when both parties know that their reports will be the basis of a review meeting.

There was no requirement of concurrence from the side of the Government for the Terminal Report of the project, but by that time the counterpart director had perhaps understood from the experience with the PPERs that he was to agree with the views expressed. He was in agreement with many things but again in disagreement with a few points raised. He laid down some objections in an internal memo which was however also communicated to the project; a prospective new counterpart director meanwhile also gave his comments<sup>22</sup>. The memo of the counterpart took issue with certain observations made in the Terminal Report regarding the political expediency as seen by government directives and/or political insistence on PC-1s at the line agency level, and regarding the threat to 'OSD' P&DD officers (put officers on special duty, i.e. on compulsory leave). Although at other times these subjects would be freely discussed with him, the counterpart apparently did not want to see these written down in an official report. Of one of the substantive recommendations made in the report, namely that the posts of Programmer and Computer Operator should be made permanent before the end of the project (a sustainability issue), it was declared that this was the internal problem of the department and that it had been sorted out; and that therefore the recommendation was to be deleted from the report<sup>23</sup>. It was meanwhile revealing that the new counterpart director agreed with some of exactly those statements in the Terminal Report with which his colleague had taken offence (while himself disagreeing with a few other points).

### *Strategic factors*

The aversion displayed by the counterparts to discuss the P&DD's problems in official reports was perhaps partly due to a general reluctance to point fingers at individuals or organisations, which in the 'collective' culture of Pakistan may be greater than in the more individualist cultures of the foreign project staff (cf. Hofstede 1990). But there was also another perhaps more serious reason. The project was viewed as a showcase by AJK's Prime Minister as well as the United Nations Resident Representative who were at the time on particularly good terms with each other. When the ResRep was in AJK he would often end up meeting with the PM. The project was seen as important for the general relationship between P&DD and UNDP and was seen by the former as a key to opening doors to other assistance as well. The assistance from the UN system was valued because foreign assistance generally came only from multinational organisations; bilateral donors would usually not fund projects in this politically disputed territory. Any blot on the reputation of the project or department or conflicts that could in any way affect the relation between AJK and the UN, were not to be set down in writing lightly. Perhaps exactly because the project was regarded as such a success, the mere mentioning of a few implementation problems was already seen to be detracting from this image.

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<sup>22</sup> They were received late and could not be given due attention before the Review.

<sup>23</sup> Again, this was in fact to remain a serious problem after the closure of the project.

### *Bypassing of another stakeholder*

Secondly, the new procedure whereby another distinct stakeholder, namely UNDTCD headquarter, was bypassed led to frictions with the programme officer and probably the finance and personnel divisions at that end. The fact that the format of the PPER asked the CTA to attribute certain delays in inputs evidently within the purview of the UNDTCD headquarter, may have contributed to this. Thus, big demonstrable delays with regard to the selection and appointment of expert staff as per agreed workplans could not be attributed to anything else but the UNDTCD headquarters, as well as the very late selection of a university for an officer to be trained in computer science on the basis of a fellowship. Because of the introduction of the PPER and the abandonment of the older progress reports, UNDTCD headquarter had no opportunity to censor or tone down such obvious observations; neither was it probably familiar with acting as a stakeholder separate from their project staff, vis-à-vis the Tripartite Reviews. The UNDP country office meanwhile did not invite the UNDTCD officer to the Tripartite Reviews anymore after the first Review, considering that there was insufficient benefit from his presence, and thereby contributed significantly to the problem.

### *Impressions created by supposedly neutral progress reports*

It is not implied here that problems and negative judgments should not have been spelled out in the reports, on the contrary. The point is that both in the case of the Government counterpart and the parent organisation of the project, the reports conveyed the suggestion that they were fully endorsed by these stakeholders (the counterpart by co-signing and UNDTCD HQ by being equated with the project staff). Whereas most of the issues on which there was embarrassment from one side or the other were fairly straightforward: delays with inputs as against agreed timetables, etc., and could not be contested easily, the reflex of those responsible must have been to then either leave them out or to explain them with more emphasis on '*force majeure*'. It was perhaps exactly the indisputability of these problems, in combination with the report format asking for explicit attribution of cause (i.e. blame) which caused embarrassment. (So much for the objectiveness of basic information in monitoring systems.)

The pre-coded and multiple choice format contributed further to this. It was dressing up in neutral expression not only the delays, but also the attribution of blame. As mentioned, the spelling out of the issues might have been used more productively if the system was built in such a way that all parties would have been required to lay down their own versions in separate reports. This would of course have led to an increase in paperwork, but some reports could have been confined to less aspects than others. The inevitably greater emphasis on expressing mitigating circumstances for delays and other problems might have lengthened the reports, thus compromising the conciseness ideal in monitoring, but they would also have deepened the understanding of the project as viewed by each participant. Now the extenuating circumstances had to be discussed in the Tripartite Review, putting the counterpart in an difficult position because it could easily be claimed that it had countersigned the report. The time-bound Reviews themselves could meanwhile usually only partly do justice to the shades of views held by the counterparts; they viewed these meetings as ritualistic, and certainly there was an impulse not to spoil the meeting by nitpicking. The good working relationship of project staff with the government counterparts could be maintained until the end of the project, in spite of some frictions here and there: they were satisfied enough with the project to let minor issues which could not be completely denied anyway, stand in the way. But the relationship between project staff and UNDP on the one hand, and certain UNDTCD headquarter staff on the other, deteriorated to the point that the latter organisation eventually failed to respond to any substantive query made.

## 6.8 Conclusions

This chapter has suggested and provided information to support the view that the nature of information supplied in progress reports is influenced significantly by the format of the report, its intended audience, its specific purpose, and the stakeholder position of the rapporteur or department.

The format of the report proved to be a strong determinant, and there were differences in descriptions of progress particularly if reports with an open format were compared to reports with a closed format. With 'closed' formats and based on 'multiple choice' answer categories, the fear of repercussions due to non-reporting of an undesirable state of affairs which is discovered often proved to win it of the fear that when exposing this state, there would be repercussions; the only escape would be to claim that the format was not understood. This is, in some way, a falsification of the earlier expressed assumption that format changes (i.e. technical changes) alone cannot make a serious difference to the quality of reporting systems. Carefully designed formats, such as provided for by the new system of monitoring discussed in this chapter, can obviously make a difference, but it is maintained here that a different organisation of the monitoring system is equally important. The decision to convert a progress report with an open format to one with a closed format depends on what the principal purpose of the report is to its principal audience.

The intended audience of the report similarly influenced the picture painted of projects and their progress. From our example it seemed to be the case that an audience further removed from the day to day management of the projects will receive reports wherein slightly different problems and generally more problems overall are stressed. At least, that is, for the cases in which reports are returned at all.

The purpose of the report, whether to recount progress to a project review body, or to apply for more funds to a project approval body in order to complete a project, seemed to be of decisive influence on the nature of information supplied. All of this points to the fact that progress reports are not submitted in a vacuum and can therefore not be labeled 'objective', however 'basic' the data may be. Rather, they *have* objectives and are therefore subjective, the subjectivity lying in the stress on certain dimensions/sides of the project and not others. This is brought out also by the SAP survey discussed in this chapter. From this it became abundantly clear how large the differences are in perceptions and viewpoints on the same issues, if asked from different categories of stakeholders. Although there is also some effect discernible from the idiosyncrasies of the individual rapporteur within the same category of stakeholders, this effect seems, from the evidence presented here, to be of smaller importance than the effect of the influence of their organisational *esprit de corps* (cf. March & Olson's theories on organisations indoctrinating their staff with the organisation's objectives, discussed in chapter 1.7). In a sense, then, the relevance of a sociology of monitoring rather than a psychology of monitoring is thereby confirmed.

The differences between perceptions in accordance with the stakeholder position of the observer are inevitable to a large degree, yet a distinction should be made between the effects of these observational positions and the deliberate misrepresentation of affairs by observers for strategic reasons. It is understandable that an engineer constructing a hospital will see a different building from a doctor or a patient: he wears different spectacles. But if he remains silent on the cracks in his building, then strategic, self-serving considerations are at work. The distinction between occupational blindness and feigned blindness is however gradual, as with white lies. In the last chapter, this point will be picked up. We shall now close off this

chapter on stakeholder perspectives, and turn to some other perspectives that influence the reporting of information.

## CHAPTER 7. WICKED ISSUES, CONCISENESS, AND FOCUS IN REPORTING SYSTEMS

This chapter addresses two propositions that can be derived from the discussion in the first chapter:

- 1) There is an inherent problem with all project monitoring systems, in that it is hard to summarise progress and problems with projects, even if strict guidelines are given and all stakeholders are invited to give their version of the progress made. Reality cannot easily be summarised, even if viewed from the perspective of only one stakeholder. There are 'benign' and 'wicked' problem areas, and there is also an inherent conflict between conciseness and requisite variety (completeness), leading to arbitrary choices as to statements made.
- 2) Problems of focus of the monitoring system are unavoidable as long as the system's objective is to keep a check on the implementation of development policy but its focus is limited to the capital investment programme.

What these two propositions have in common is that they do not strictly deal with the influences of stakeholder perspectives on the nature of information yielded by reporting systems. Yet they are, as is contended in this chapter, to do with perspectives rather than truths in some way.

Before setting off, it has to be warned that hard proof for their validity cannot be offered. This is because the propositions concern 'wicked' issues, a notion which shall be explained below. Therefore the approach of argumentative analysis, using illustrations from the situation in Pakistan and AJK, will be continued.

### 7.1 Wicked issues and their effects on conciseness in reporting systems

The previous chapter included a section (6.7) in which a UNDTCD project was discussed to highlight that certain problems can either be exacerbated or suppressed by reporting systems which, through the requirement of joint signatures, stress harmony between structurally opposed counterparts.

When the issues on which there was disagreement are reviewed once again, many look like 'wicked'. Wicked in the sense of Friedmann (1987, p.166, after Rittel & Webber<sup>1</sup>) are those issues that are inextricably tied up with values and ideologies and cannot be resolved definitively. Social issues and public policy issues can be classified as such; most technical issues are 'benign', i.e. they can be defined in such a way that they can be resolved<sup>2</sup>. A

<sup>1</sup> See for a similar approach Johnston & Clark (1982, p.23-28) who refer to 'messy problems': rural development efforts would be classic examples.

<sup>2</sup> Some of the characteristics of wicked problems are summarised by Friedmann (p. 166): 1) There is no definitive formulation of a wicked problem; 2) wicked problems have no stopping rule; 3) there is no immediate and no ultimate test of a solution to a wicked problem; 4) wicked problems do not have an enumerable and exhaustively describable set of potential solutions, nor is there a well-known set of permissible operations that may be incorporated into the plan; 5) every wicked problem can be considered a symptom of another problem; (continued...)

social issue like how to best educate people is not resolvable in spite of all the research done in this field: what one considers the best education depends on one's starting positions and basic philosophies of education<sup>3</sup>. Projects and programmes can be bedevilled by wicked issues, either because of their objectives or because of the nature of their problems. The extent to which projects pursuing institutional improvements through training, departmental reorganisation, new methods and procedures and an information system, can be called a success, depends often on their specificity. It has to be made very clear what exactly is pursued, otherwise the results will always be contested. Such projects need very explicit conceptual definitions, as well as clearly defined desired end states, for monitoring (and evaluation) to have meaning. However, exactly because of these projects' highly contestable (political, subjective) nature, such definitions and end states are not always elaborated (Rondinelli 1993, p.79). This will be the case when differences in interpretation by the different stakeholders are already expected, or when these stakeholders belong to different cultures. The very words planning, monitoring, and evaluation may be completely differently understood by the main counterparts in the project, and therefore also the desired end states. One is reminded here of Dunsire's (1973) book on public administration, which identified at least 15 valid interpretations. When the project formulator has an inkling of possibly differing interpretations of key concepts and has left the end states correspondingly vague and open in the project document, then these differences may come to surface in the monitoring system, for example when certain problems reported by one party are not considered as such by the other (and vice versa).

The wicked nature of such projects therefore often leads to strategic behaviour at the project formulation stage which then increases the wickedness of their objectives even further.

#### *Institutional projects are especially wicked*

Whereas desired end states of projects are often ultimately contested among various stakeholders, they can often not even be defined precisely by one party on its own if it wanted to. An important (and legitimate) reason for this is the necessarily explorative and open-ended character of many institutional projects. In the case of the UNDTCD project, broad improvements in management, coordination, information, planning, monitoring and evaluation were pursued and it is implicit in the project document that it would use various approaches and see on which front most advancements could be made (see next section). Monitoring is then affected by the inevitable lack of precisely formulated targets. This argument applies in fact to all programmatic projects (also technical ones, such as for instance the project '*Rural Electrification in AJK*', i.e. projects where the end state is not defined in precisely measurable terms, or where if it is, it is tacitly understood by all parties that there may be great variation in their actual achievements.

In a similar vein, a number of relatively independent objectives and targets may be juxtaposed which are internally not weighed: if disappointing progress is booked on one

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<sup>2</sup>(...continued)

6) the existence of a discrepancy representing a wicked problem can be explained in numerous ways. The choice of explanation determines the nature of the problem resolution.

<sup>3</sup> An example of this was described in a report to UNDP/Government of Pakistan on the effectiveness of foreign aid. Radically different policies were allegedly pursued by ADB, Government of Pakistan and the World Bank concerning vocational training at secondary level. "In such a situation, it is hard for GOP planners to know which way to go, and they may ultimately be influenced by the personalities and style of visiting missions as much as by the technical content of analysis" (International Development Centre 1990, p. 5.21).

dimension of the project, then it might be argued that better progress is made on another, regarded as much more important (without the project document having specified this)<sup>4</sup>.

### *Clear things and vague things, clear concepts and vague concepts*

An ultimate reason for not being able to define objectives is that the concepts constituting them have what Wittgenstein (quoted in De Pater 1984, p. 21) calls "verschwommenen Rändern" (blotchy edges) and may only become clear by their use in certain 'language games'. Language games are forms of behaviour (or areas in reality) bound by sets of rules and in which certain words and concepts are employed which have 'family resemblance'. Since some words may be used in different language games, while the language games themselves are adjusted continually and imperceptibly through their use by different people, there is always a possibility of confusion. According to constructivist theory, concepts have subject sides, and object sides (cf. Misdorp & Hendriks 1982, p.56). When concepts used to describe a certain type of project undertaken previously by UNDTCD are applied to a new situation such as AJK, it may be that the 'fit' is not perfect. The confusion will be enlarged when different stakeholders all using the same concepts in slightly different language games all have a direct influence on project formulation. In AJK, this happened several times with the UNDTCD project, when a document originally written by the UNDTCD project officer was revised unilaterally by a project officer of UNDP in Islamabad, and was later again adjusted and specified through workplans and a revised project document by project staff and the government counterpart.

Certain language games and the concepts within them are more clearly delineated than others. This means that the consensus regarding the meaning of these concepts is greater. Within an epistemological literature where for instance postmodernists and phenomenologists disclaim that language is a reflection of reality at all, many less radical theorists adhere to a view whereby words, terms and concepts are regarded as of variable abstraction and thus of variable reflectiveness in empirical reality. De Pater (1984, p.23) speaks of a continuum of concepts in this sense, going from concrete (observational) objects to theoretical constructs, from single-criterion concepts to multiple-criterion concepts (Putnam), or from sensitizing concepts to definitive concepts (Blumer). Attempts (e.g. by logical positivists) at reducing the vagueness of certain concepts, as would be possible by their definition and operationalisation for certain purposes in project documents, is seen as arbitrary and of limited value (e.g. by phenomenologists), since the implicit meanings of certain concepts (i.e. the parts not captured by the definition) may yet constitute essential dimensions<sup>5</sup>. The parallel can be made with the description of words in a dictionary. Some words have, like physical objects, more sides to them, more dimensions - so they require a more lengthy description in a dictionary than other words. But even then, when looking up the word, one is often not satisfied. No matter, for example, how well a monitoring system may be circumscribed in a project document, the evaluation of its success will partly depend on feelings as to the residual meanings of words and the multiple meanings of events. Differences of perceptions regarding these residual

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<sup>4</sup> See Riddell (1987, ch. 15) for a more extensive discussion of the difficulties inherent in aid project evaluations, such as with the weighing of objectives, qualitative assessments, the calculations of rates of return, evaluator biases.

<sup>5</sup> Misdorp & Hendriks (1982, p.103) speak of prescriptive and linguistic definitions of concepts. The former prescribe syntactic or semantic rules for the use of these concepts; the definitions are intended to eliminate multi-interpretability. Linguistic views hold that definitions are empirical generalisations and should not prescribe the use of concepts. The purpose of training in monitoring would then be to turn the use of the normal 'linguistic' concepts (indicators) into 'prescriptive' concepts, a hazardous though necessary task.

implications (while at a more basic levels all is seemingly well) will then often be the source of implicit or explicit discontent by different stakeholders in the project.

### *The relevance of epistemology to project monitoring*

All of these arguments may seem more relevant to a discussion on the problems with evaluation but they are here considered to be also very relevant to monitoring, for three main reasons.

The first is that project or programme monitoring systems are intended for measuring progress and for the identification of problems if there is a lack of it. Problems, it is contended here, are always wicked. They are inherently subjective, at best inter-subjective. Even in technical projects where the end state can be narrowly circumscribed and where problems can be defined as negative variations between what is and what should be achieved, a meaningful problem statement must always include an *estimate* of how serious the variation is in relation to the possibility of eliminating it in the (near) future. For instance, if the award of a tender has not taken place at a certain date and this is supposed to be reported in a reporting system, there will be less of a 'real' problem when the tender award takes place the next day. Since everything to do with the future is based on conjecture and therefore prone to subjective judgments, all problem statements should be seen as (inter)subjective and therefore wicked. In essence, a monitoring system focusing on problems asks the stakeholders at every interval for a broad assessment as to whether the project is progressing in consonance not only with its targets but also with its overall objectives, and if it is not, for an assessment as to what are the impediments. A monitoring system asking for problem statements therefore always asks for value based subjective assessments.

The second reason why a discussion of conceptual issues has importance for monitoring is that the main concepts used within monitoring systems themselves (objectives, achievements, problems) are functioning in hierarchies or tree structures, which are sometimes difficult to disentangle and which may be tangled up in different ways by the various stakeholders involved. As is also stressed in approaches of monitoring using the Objective Oriented Project Planning methodology, problems are generally linked with other problems at the same or different levels in problem trees; the same can be said of objectives. For instance, the problem with a project identified by one as a defaulting contractor, could be identified by another as a problem of lack of supervision from the side of a site engineer, and by again another a problem of delayed release of funds to pay the contractor's bills. An outsider may even think that the problem is ultimately caused by departmental strategies which are based on the shifting of funds around from project to project. All four problem formulations are to some extent valid but one problem may have caused the other, or perhaps they may all have applied and reinforced each other. Whether an observer will choose to define a problem 'low' in the tree of problems, or 'high', is then a matter of his own or his organisation's ideology and specific interests, as was seen in section 6.4 of the previous chapter. It carries benefits for departmental rapporteurs to label a problem as one of contractors rather than the strategic shifting around of funds by the organisation itself. Ultimately, there are also elements of chance involved in the definition of problems, although the element of randomness of replies could to some extent be reduced through training programmes. Of course, these training programmes, when conducted by the departments themselves, will force the logic of the organisation upon the rapporteurs in order to increase its consistency in the face of external scrutiny.

A special situation obtains when the main problems encountered by organisations in the management of their projects are systemic and not contingent. This was the case with many of the problems in AJK. In such cases, the rapporteur will experience special reluctance in

reporting a *general* problem (i.e. encountered by most projects) in the *specific* context of one project, especially when open reporting formats are used. If all projects in AJK are troubled by insufficient fund releases as compared to their workplans, then the ticking of such a problem in the context of one project might raise the impression that there is a far worse situation than 'normally', or that the rapporteur wishes to raise it in a Review meeting. When the reporting format is closed (through multiple pre-classified answer categories) then there will be a greater likelihood that such problems will be ticked, although there will remain an aura of randomness hanging around the particular problem ticked, because of its usual entanglement with a tree of related problems.

Whether, on the other hand, a rapporteur (or a department) will choose to focus his reporting on inputs, activities, outputs, targets, outcomes, objectives, effects, or whatever part of the objectives tree he identifies the purpose of the project mostly with, is similarly a matter of his organisation's or personal preferences. Some of the objectives may even have been left unstated in a project document; reporting only on the stated outcomes, effects or objectives may then produce partly irrelevant progress statements. For roads, clear standards might be worth developing and a consensus reached, but for many other more unique projects this might not be humanly feasible. All of the aspects mentioned may be related within a hierarchy of some kind, but the rapporteur may yet, for reasons of conciseness or his own theories, choose only a few of the available parameters for his report.

The third reason for the wickedness of project monitoring systems is that some of these may ask the rapporteur to make his value judgments explicit. A monitoring system such as based on the UNDP's PPER specifically asks for expressions of satisfaction or dissatisfaction even before arriving at the problem definition stage. This can be seen from the format of the PPER report, an example of which is shown below in Table 7.1. It asks for a statement on the progress with all the outputs, and then also for an indication as to whether the progress is considered as satisfactory or not. Since many of UNDP's projects are of social and institutional nature, and target-achievement comparisons cannot always be made easily, there is a sound logic in stressing the point of satisfaction. But, as said, this makes the monitoring exercise much more explicitly value-based and subjective than many would like to see as typifying the monitoring process.

**Table 7.1 Sample of a format used in a UNDP Project Performance Evaluation Report, with entries made in the context of a UNDTCD project, AJK.**

## UNITED NATIONS DEVELOPMENT PROGRAMME

### III. EVALUATION OF PROJECT PERFORMANCE - OUTPUTS

(Questions 1-4 should be completed for each output, using a separate sheet for each output.)

Output number: 3.3.

1. Repeat output (as stated in latest approved project document/revision):  
**Report analysing project management in selected development sector.**  
 Scheduled completion date as in Actual or expected  
 original signed project document: completion date:  
 12/1991 6/1992

2.a Describe the present status of the output:  
 Work completed on most of this output except that the policy papers were not prepared in full and the drafts have not been discussed. Some of the work which would normally go into the policy papers was included in other report outputs (position papers).

2.b This status is  Satisfactory  Unsatisfactory  
 Please explain.  
 DTCD recruitment delayed appointment of the expert. Government did not work closely with the expert. The outputs of the expert are not being followed up.

3. If the status of the output is unsatisfactory.  
 A. What factors are causing it? Check as appropriate and provide comments under questions 3B and C on the next page.

(i) Operational factors:

(a) International inputs:	Quality	Quantity	Timelines
Expertise	0	0	0
Training	0	0	0
Equipment	0	0	0
Other	0	0	0

(b) National inputs:

Government staff	0	0	0
Trainees	0	0	0
Equipment	0	0	0
Other	0	0	0

(c) Technical problems: 0

(d) Management problems:  Govt. & Expert not able to work together

(ii) External factors: (a) Institutional 0 (b) Political 0  
 (c) Sociocultural 0 (d) Economic 0  
 (e) Other 0

B. Explain item(s) checked in 3.A, including how production of the output is affected.  
 Some outputs prepared were not discussed sufficiently and follow-up did not take place.

C. What effect does this unsatisfactory status have on the achievement of the immediate objective?  
 The reports exist but more participation in follow-up has been lost.  
 If produced, to what extent, and by whom is the output being used?  
 P&D, line agencies, regional planning consultants, donors and visiting consultants.

## 7.2 Wicked objectives in a UN project

A broad illustration of how wicked objectives can affect monitoring is given by the UNDTCD project already described. Its immediate objectives are reflected in Box 7.1.

### Box 7.1 Objectives of a UNDTCD project

1. The establishment of a management information system in the AJK P&D Department which will enable the Government to exert greater control over development expenditure and activities through monitoring and evaluation.
2. The formation of a cadre of five trained staff in the P&DD to operate, maintain and further streamline the monitoring and evaluation system and an additional cadre of five professional staff capable of using the systems for ADP preparation, project monitoring and sectoral database preparation and maintenance.
3. The preparation of a preliminary regional strategy for development, policy papers for key development sectors and related, required sector data bases to ensure a more appropriate context for project management.
4. The utilisation of the computerised systems and associated documentation as a pilot study with potential for use in other P&DDs of Pakistan, at federal level and perhaps at National Institutes of Public Administration.

The four objectives were not explicitly weighed although it can be understood from the project document as a whole that the first two objectives were regarded more important than the latter two. The last objective which was added to the original objectives at the time of a project revision, was of relatively minor importance to the counterpart organisation. It served mainly as a justification for the UNDP office in Islamabad to extend and re-budget the project vis-à-vis a UN headquarter in New York intent on downsizing its programme due to lack of funds. As per standard procedure in UN funded projects, the four objectives were operationalised into outputs, with associated activities and inputs also specified. In terms of outputs, the project document listed two to four per objective and twelve in all. Roughly they can be summarised as a number of technical reports, workshops, input forms and report output formats, purchased and installed computers, customised software, electronic databases, training materials, training courses, and system manuals. The completion of the outputs was also time-tabled, through bar charts.

If a hard look is taken at the objectives and even at the outputs then it will be clear that an exceedingly high specificity is required to accomplish unambiguous progress reporting in the course of project implementation. Many of the concepts used have blotchy edges and are connected with word fields and language games not necessarily shared by every stakeholder. Consequently they can give rise to different perceptions. "*Establishment of a management information system*" for instance may give rise to questions on the exact nature and size of the system; specification of this beforehand was difficult particularly since the MIS was seen as materialising in the course of its implementation. Nevertheless, as was noted by the author, many officers in P&DD had understood it to be a comprehensive system covering all aspects of projects, whereas for the project staff it was a set of computerised databases covering only particular aspects of projects. This led to some disappointment when the (limited) coverage of the databases became more clear. The "*greater control over development expenditure and activities through monitoring and evaluation*" can perhaps be operationalised into a higher

financial utilisation rate of the ADP allocation. In any other more residual terms, defining the progress will be more wicked. The objective of the MIS allowing "*greater control over M&E activities*" is similarly difficult to measure. It could be plausibly established whether monitoring data is used in any evaluation, but other relationships are difficult to substantiate. At any rate, many in the P&DD hoped that the system would enable them to catch the line departments out; the project staff was of the view that the system was not intended to 'police' the departments but to learn from analysing aggregated data.

The second major objective speaks of a "*monitoring and evaluation system*" instead of a management information system, giving rise to the perception that these two terms are perhaps interchangeable within the language game of the writer of the project document. From the activities described under this heading it is, however, apparent that they are not. But yet, the project's image with the various stakeholders concerned was influenced by the fact that the two were often used simultaneously and interchangeably. Some government officers would remain critical until the end of the project that more was not done to establish site visiting procedures and capacities. A reason for the confusion was also that the objective of establishing systems for physical monitoring (field inspections of strategic projects, etc.) figured more prominently in the first drafts of the project document than later on.

The actual amount of "*training*" and what is considered to be sufficient to keep the system going after project closure is again something which is hard to quantify and assess. The "*preparation of a regional strategy, policy papers, required sector databases*" are all difficult to put down comprehensively: in terms of quantity they might be defined (reports of a certain number of pages), but in terms of quality there is no similar criterion imaginable. At a more mundane level, a confusion even arose, when the counterpart organisation, seeing the project as a group of 'consultants' working for them, desired that it drafted a complete Five Year Plan, while the project staff understood the objective as one of laying down procedures and methods for the preparation of strategies, producing an outline as well as a couple of sectoral strategy papers and policy papers as examples.

The last objective of the project: the "*utilisation of the MIS and the project's experiences as a pilot study*" is similarly wicked: hard criteria for utilisation do not exist and even if defined in the project document, they may always carry a ring of arbitrariness. In any case, monitoring systems are hard put to unequivocally summarise the progress made in these terms.

#### *Presentation of progress*

Partly as a consequence of the (often necessarily) wicked objectives, the PPERs included 'debatable' progress statements some of which may even have been regarded as 'beside the point' at least by the P&DD. There certainly was sometimes an air of randomness in the replies. In some of the statements carrying the status of being "*satisfactory*", certain observations could have just as well led to the status category of "*unsatisfactory*" being marked. For instance, in one case a departmental reorganisation report recommending, amongst other things, the recruitment of additional staff, was well received by government, and therefore the status of the output was marked as "*satisfactory*". But it was also observed that "*economic constraints have not permitted the appointment of as many staff as would have been hoped for*". If the staff was really necessary, it could be argued that this would have offset their economic cost.

In fact, the status of many fairly general outputs pursued could have mustered stories of far greater length, and with every sentence added, the flavour of satisfaction generated by the answer itself would shift. In this sense, conciseness in narrative description works different from, for instance, the process of size reduction in photography. In photography,

miniaturisation of complex images, such as a portrait, to the size of a passport photo can to a large extent be achieved without having to lose serious detail, and while retaining its main features. In narrative description, progressively short summaries will have to lose feature by feature, dimension by dimension, quantum by quantum<sup>6</sup>. The photo of a face can be reduced in size more harmlessly than its description in words; specifying only that a person is bald conveys a completely different image than when it is reported that a person is bald but also has a big nose and a moustache. If in Table 7.1 we look at the status description in 2a and the explanation given for the designation "unsatisfactory" in 2b, then this consists of a number of very condensed statements which may be to some extent elaborated in question 3 but yet, they seem to raise more questions than they lay to rest. First of all, why were the three policy papers not written in full, and why were position papers written at all (these were not part of any other intended output)? How much was the delay in recruitment by UNDTCD and to what extent did it affect the work of the expert? What was the reason for the government counterpart not working together with the expert? Was there no other counterpart available or was there no other audience possible for the expert's outputs? Such issues will then have to be (and were) discussed during the Tripartite Reviews, but that is not the point here. The point is that in monitoring reports for 'wicked projects', many statements require a critical mass before they go from the stage of 'raising more questions than they answer' to becoming understandable to even the most favourably oriented stakeholder (not taking into account 'ominous silence' or strategically vague / confusing statements, in order to hide something).

#### *Ashby's Law*

The case study makes clear that Ashby's Law of Requisite Variety (1956, p.211) holds much relevance for monitoring, and can be paraphrased as: the likelihood of an understandable progress statement will rise with the number of information bits (details) given. Here we have ventured from the field of wicked problems into the issue of the maximum conciseness of reports.

The case study also shows that especially for the more complex projects (such as foreign aided projects), monitoring reports cannot be a substitute for review meetings with all relevant parties present. Such review meetings are an essential prerequisite as a follow-up to these reports, especially when there is but one principal rapporteur to these meetings. This, at least, is well understood by the UN system where a PPER is written with the explicit purpose of the annual review meeting. But not all donor agencies necessarily subscribe to this system. For instance, in the Netherlands Embassy in Pakistan, a monitoring system was recently instituted for the Dutch-supported projects, in which half-yearly project progress reports were largely seen as separate affairs from (much less frequently convened) official project review meetings (Royal Netherlands Embassy 1996).

#### *Weighing of objectives*

The institutional or socially oriented, open-ended, programmatic projects have a tendency for giving rise to unexpected opportunities for activities, and yielding unexpected results. In the project discussed here, the contacts and coordination efforts undertaken to make the monitoring system as compatible as possible with other systems in P&D Departments in Pakistan, grew into an activity deemed of major importance by at least UNDTCD and

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<sup>6</sup> Thus, after all, it is adhered to a quantum mechanical theory of monitoring rather than a relativity theory of monitoring (as announced in chapter 1)!

UNDP. In the so-called full phase of the project (i.e. after the preparatory assistance phase), coordinated development of monitoring systems and standards across the country had grown into a major objective in its own right. The need for accommodation of such unforeseen objectives, targets and also results in a reporting system, however, conflicted with the simultaneous need for standardisation and conciseness. The eventuality of achieving success with an unforeseen activity and having trouble with a foreseen one, leads to particularly difficult (and therefore random, person-dependent) choices as to the articulation of the problems of a project. The project did well in terms of initiating a discussion on monitoring systems in Pakistan, but less in terms of regional plan preparation for AJK. Is the latter less of a problem now that there is an added benefit in an area originally unforeseen, and should it therefore receive less emphasis in a report?

#### *The wickedness of foreign aided projects*

Fortunately for the monitoring system in AJK, there were only a handful of similarly 'wicked' projects in the ADP, so that there were few problems arising from that situation. From that perspective, the reporting system did not need the elaboration achieved for the PPER. However, since a considerable number of foreign funded projects deals with wicked objectives, the problem is much more serious for that category and such projects would be done more justice with elaborate systems. Such projects have the added complication that the main stakeholders often do not play each other's language game. Where there are steering groups or review bodies involving stakeholders from different backgrounds, systems relying on very concise reporting will not do. All stakeholders should be able to report their own version of the general status of the projects on a number of aspects. There are no shortcuts to progress (reporting) there. As there are absolute limits to conciseness there are also absolute limitations to the conciseness of reporting systems. The PPER, stretching the limit and calling itself performance evaluation, was for a relatively simple project as discussed here (costing below 1 million dollars) on average 65 pages long, of which 34 contained main text.

#### *Compromises on the conciseness requirement in monitoring*

The above discussion will have led to one main conclusion: especially for institutional and programme projects, meaningful reporting can only be ensured if there is a compromise on the conciseness ideal. Since problems were defined as inherently wicked, the same applies to at least the problem description part of the reporting for construction projects. Given the (inter-) subjective nature of problem reporting, it follows that (if a consensual theory of truth is adhered to) the more text is used to describe these, the higher is the probability that these will be understood in their proper context by the reader.

### **7.3 Problems due to limited focus of monitoring**

Attention is drawn finally to the possibility that the focus (subject) of monitoring itself limits the comprehensibility of reports submitted and their utility for analysing progress of government development activities. As mentioned in chapter 1, this was raised by Valadez & Bamberger (1994, pp.27-28) as one of the four main problem areas in the current approaches to monitoring. Valadez & Bamberger refer in this context to the, in their view, inordinate bias of most central monitoring and evaluation agencies and their monitoring systems towards project implementation issues. They argue that:

"few studies are conducted to determine how programs operate, how they are sustained, or whether they are able to produce their intended impacts. Thus, although a great deal of information is collected on whether programs are implemented on time and within their budgets, little is known about whether the massive social and economic development programs actually achieve their intended objectives and produce the benefits for which they were designed".

This is of course only a bias insofar as the view is held that monitoring systems should not be confined to project implementation but serve larger objectives such as keeping a check on the outputs and impacts of projects and, ultimately, the development of the country itself (as pursued by government). A focus on implementation as such could well be justified in its own right, particularly since many theorists and practitioners are convinced that a principal bottleneck in terms of development lies in messy and faulty implementation of government funded projects. Another possible criticism could be that the issues raised are more suitable for assessment through specific evaluation exercises and that monitoring should not be lumbered with them.

But there is a lot to be said for the argument that monitoring systems, at least as desired by departments such as P&DD in AJK, should cover also the aspects mentioned above by Valadez & Bamberger. If not enabling assessments as to development issues directly, then they could at least provide a specific evaluation in this respect with some of the basic data (for instance in the context of the five year plan preparation and reviews). The P&DD's Rules of Business make clear in point 1 that the main objective of the department is "planning including policy and development"; another important objective is economic research. The Federal Planning Commission's main objective (1a) is the "preparation of a comprehensive national plan for the economic and social development of the country", while it is also responsible for such things as the "continuous evaluation of the economic situation and coordination of economic policies", the "identification of regions, sectors and sub-sectors lacking adequate portfolio of projects", and the "organisation of research in various sectors of the economy to improve the database and information as well as to provide analytical studies which will help economic decision-making" (P&D Division 1991, p.10). As argued in chapter 1, the P&DD's are thus seen in theory as task forces charged with promoting and coordinating the development of the country; such departments would logically be expected to be employing a monitoring system taking into account all activities of the government that are pertinent in this respect.

Do the monitoring systems as reviewed here for Pakistan and AJK meet this requirement? The old systems certainly not; they are even limited from the perspective of implementation itself. As argued in the previous chapters, they do not take into account all its relevant aspects and seem to be concerned more with giving the impression that they are checking than that they are really checking. The new system in AJK includes such aspects more systematically and also covers the intended outputs better. But this system is also constrained by being confined to the ADP budgeting process: as soon as the projects are implemented, these disappear from the ADP and cannot any longer be monitored by the P&DD's system. The preliminary conclusion must be that such systems have a limited perspective if the object is to monitor the progress with government development policy. For a monitoring system to become a better instrument in this respect it is necessary to either change the nature of the development programme itself, or to expand the system's focus and let it cover also the other programmes of the government (under the recurrent budget).

### *Development programmes as capital investment programmes*

There are broadly two views of what public sector development programmes such as running in Pakistan (and in many other developing countries) should constitute: they are either capital investment programmes or they are 'real' development programmes. By the latter is meant a mix of capital investment, economic incentive policies and human resource development programmes (Todaro 1985). Whilst the general consensus nowadays is that much more is required than capital investment to achieve development, the view that capital investment is the principal engine of development is still held at least implicitly by many planning agencies in developing countries. This can be to a large extent explained by the persisting influence of prevailing economic theory in the 1950s and early 1960s, when many of the planning agencies and procedures were instituted, and when the budgets were separated. Ideas of 'shortcuts to progress' have proved too seductive to abandon completely. They are based on two main strands of economic theory, which were influential in those years: linear stages of economic growth theory, and neoclassical structural change models (Todaro 1985, pp.62-78).

The former was expressed most clearly by W.W. Rostow and held that one of the necessities for a 'take-off' of the economy is the mobilisation of domestic and foreign savings in order to generate sufficient investment to accelerate economic growth. Also supported by the in those years famous Harrod-Domar model, it was posited that the more an economy is able to save - and invest - the greater will be the growth of the GNP<sup>7</sup>. The 'trick' of economic growth would then be simply to increase the proportion of national income saved, and mobilise internal and external loans and grants for the purpose (see also Riddell 1987, p.86 ff). Development budget would have to create new capital stock; recurrent budget would have to maintain and operate it. Since the return on the capital investment was supposed to be higher than the cost, loans obtained for this purpose would be generally profitable and therefore self-financing<sup>8</sup>.

The neoclassical structural change models (W.A. Lewis, Fei and Ranis) came to similar conclusions regarding the prime importance of capital investments, in which the government was to take the lead. Labour, as another important production factor, was considered much less of a constraint in many developing countries<sup>9</sup>.

### *Criticisms of capital investment as main route to development*

The criticisms of these models have been strong from the middle of the 1960s onward. The linear stages model came under attack because capital investment was argued to be, albeit a

<sup>7</sup> The Harrod-Domar Growth Model was based on the assumption that every economy must save a certain proportion of its national income if only to replace worn out capital goods. In order to grow, however, new investments representing net additions to the capital stock were deemed crucial. The crux of Harrod-Domar model is that the rate of growth of GNP is determined jointly by the national savings ratio and the national capital/output ratio; the growth rate of national income will be directly or 'positively' related to the savings ratio Todaro (*op. cit.*, p.65).

<sup>8</sup> Due to this reason, in many developing countries, the size of the development budget became roughly equivalent to internal and external loans, plus foreign aid. The model also provided a rationale for massive financial and technical assistance from rich to poor countries.

<sup>9</sup> The basis of Lewis' theory is that the modern urban sector of the economy is the only one capable of generating growth, and that feeding this sector with capital investment will speed up this process. The traditional rural subsistence sector will supply the modern sector with cheap labour, which is assumed can be withdrawn without any loss of (agricultural) output. Since urban wages are assumed to be constant, the supply curve of rural labour is considered to be perfectly elastic. The profits then mostly depend on the size of the capital stock and are therefore assumed to be reinvested in more capital stock. Modern sector growth and employment expansion is thus assumed to continue proportionate to the rate of capital investment and until all surplus rural labour is absorbed in the new industrial sector.

necessary but not *sufficient* condition, for economic growth. Other necessary conditions identified were for instance a well-integrated commodity and money market, highly developed transport facilities, well-trained and educated manpower, the motivation to succeed, and an efficient government bureaucracy. At a more fundamental level, it was argued by some that developing countries have a peripheral and dependent position in a complex international system in which even the best development strategies can be thwarted by external forces beyond the countries' control. In this view it can not be argued that development is merely a matter of removing obstacles and supplying the missing components such as capital, foreign exchange, skills and management. Lewis' dual-sector model, on the other hand, was inappropriate on similar counts<sup>10</sup>.

Many have come to believe that a set of interrelated changes in the economic (and social) structure of a country is necessary for the transition from a traditional to a modern system. The UNDP study (1991, p.109) points out particularly the need for human resources development and technological change, in addition to capital resources development. The 'New Institutional Economics' points to the importance of stable political institutions, well settled property rights and legal environment for development (North 1989; Nabli & Nugent 1989; Stanton 1995).

#### *A monitoring system focusing on development issues*

If it can be agreed that the monitoring system needed by P&DD in accordance with its role as 'task force development' is to monitor progress with development as influenced by government policy, then the modern insights indicated above would require it to take into account jointly the effects of the development and recurrent budgets. The latter have important consequences for human resources development and tie up substantial amounts of money. For instance, education alone swallows up almost 30 percent of the recurrent budget in AJK, a proportion equivalent to more than half of the development budget. Also there are direct and indirect effects of recurrent expenditure on development, even on capital investment itself. For instance, the construction of roads through the development budget is also dependent upon the expenditure on road maintenance through the recurrent budget. The monitoring of one budget by one system would be defensible only when the other budget would also be monitored as far as developmental aspects are concerned, and when the two monitoring systems would be sufficiently linked to enable a bird's eye view of development to see the inter-relationships. In Pakistan, as in many other developing countries, the recurrent budget has no general monitoring system, let alone one that is geared to developmental aspects<sup>11</sup>. Departments may have internal monitoring systems, but the information yielded is not used for comparing development in one sector with that of another. It does not involve main stakeholders with regularity and in a systematic way. This deficiency is all the more serious since there is little countervailing power and monitoring outside the public sector either. The ADP meanwhile has a system which is only associated with development monitoring in the sense of the economic theories of the 1950s, discussed above.

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<sup>10</sup> It failed to take into account that profits can be reinvested in more sophisticated labour-saving capital equipment (so that economies would remain 'dual'). It failed to take into account that many profits would be lifted out of the countries where they originated. It also wrongly assumed that a general labour surplus existed in the rural agricultural sector; this surplus may be an only regional and seasonal feature; urban labour surpluses are more likely. Also, the assumption that urban wages would remain constant at a low level has proved false; there has been an almost universal tendency for modern sector wages to rise rapidly even where substantial open employment exists.

<sup>11</sup> This is one of the reasons why, in the nineties, the World Bank has promoted its Public Expenditure Reviews.

The new theories indicated above do not seem to have made a major impact on the departments as yet. Can it be held that what is being monitored is a capital investment programme of the kind discussed above, so that if development is not monitored then at least all capital investment in the public sector of relevance to economic growth?

*Is the AJK monitoring system including all capital investment?*

For an answer to this question it is necessary to look at the theory and at the practice. The practice of the ADP indicates, as has been shown, that there is a focus on construction of the order of around 90 percent of the budget. This means that at least there is a large association with capital investment. But the next question is whether the ADP is supposed to include all capital investment that takes place and whether it is supposed to be capital investment in the sense intended by economic theory, namely investment in new and productive capital stock. This requires us first to look at government policy. The rules as to which expenditures are to be assigned to the development budget and which to the recurrent budget are mainly laid down in a letter dating back as far as 1959. It was written in the context of the preparation of the second development plan, but deemed relevant enough to be reprinted in the important *Manual for Development Projects*, issued by the Federal Planning Commission in 1991 and distributed to all government departments in Pakistan (Annexure-X, pp. 473-475). The letter says:

"The concept of a workable definition of development expenditure should take into account the following basic considerations viz-viz the Development Programme:-

- i) that it should be designed to keep intact, to enlarge and to improve the physical resources of the country;
- ii) that it should improve the knowledge, skill and productivity of the people; and
- iii) that it should encourage efficiency with which available resources are used."

It is immediately clear that such a definition includes any (government) expenditure that operates, maintains or replaces existing capital stock, and therefore does not meet the criterion of exclusively creating new, economically productive, stock. In fact most of government's expenditures could be covered by the definition, even the country's military expenditures. These basic considerations can therefore hardly serve as a guide for the determination of which budget to use for a given expenditure. But the letter goes on to specify by sector which types of expenditures are to be seen as developmental. For instance, it is said:

"in respect of agriculture and industry, all such items of expenditure will be included as result in the replacement or expansion of existing capacity or in the creation of new capacity. For instance, in agriculture, expenditure on the replacement or expansion of existing capacity or creation of new capacity in respect of anti-locust schemes and plant protection measures, expenditure on popularization and distribution of fertilizers, expenditures on agricultural extension workers related to specific Plan schemes, net subsidies on fertilizers, expenditure on agricultural extension workers related to specific Plan schemes, all expenditures on village-AID, expenditure on agricultural research and experimentation related to specific Plan schemes, fresh development loans to the agriculturalists, etc. etc. will all be treated as developmental."

This sort of specification - "etc. etc." - hardly comes nearer to a workable definition of development expenditure. First of all, the replacement of existing capacity is only one subjective step away from the proper maintenance and operation of capacity. Is the replacement of a bolt a capital or recurrent expenditure? And what about blackboards, hand pumps, operating tables? Development is perhaps, but economic growth is certainly not

helped by such expenditure<sup>12</sup>. And where is the specification of the expenditures which should be assigned to the recurrent budget?

Secondly, some items mentioned do not create or even maintain capital stock, such as fertilizers or research and experimentation. The replacement of the term capital stock sometimes by physical resources and sometimes by "capacity" is also a divergence from the spirit of the original economic theory from which the distinction between capital and recurrent was derived and blurs the concept of investment (already itself replaced by "development expenditure").

Thirdly, the description refers to expenditure on work "related to specific Plan schemes" which is to be regarded as developmental. This is of course a regression *ad infinitum* because the principal issue is what should be budgeted as development schemes, and what as regular recurrent expenditures.

#### *Misty guidance from planning rules*

In the appendix to the letter, a further attempt is made to segregate the then existing accounts classification (the list of major and minor heads of central and provincial disbursements) into the two categories of expenditure. From this classification, the rationale for why certain categories are designated as development expenditures does not become clearer either; an explanation is not given. In 1979, the classification was superseded by the '*Chart of Classification of Federal and Provincial Governments Receipts and Disbursements*' which is different and much more detailed. However, a new attempt at assigning the two categories of expenditure to the hundreds of functions in this chart was not made. In all, the conclusion must be that the distinctions made in the letter are misty if not elusive.

Even a supposition that in practice whatever expenditure is regarded by government as temporary at a certain time is assigned to the development budget, and whatever can be regarded as permanent expenditure to the recurrent budget cannot entirely be corroborated: there are too many exceptions: certain programmes such as seed distribution, scholarships, malaria control, training are almost permanently in the ADP as 'serial projects'. The composition of the ADPs both at federal, provincial and AJK levels also demonstrates very clearly that there are many expenditures which are little to do with either (socio-) economic investments or new creation of capital stock. The ADP in AJK for 1990-91 includes sub-sectors such as government housing in which substantial numbers of government offices are built, as well as prime ministerial palaces and residences for government officers. Also memorial buildings, jails and court buildings, are built under this sector. In other sectors, such as transport and communication, there are so many projects which 'improve', 'rehabilitate', or 'recondition' roads that it is unclear what is the proportion of really new roads being created. When the number of similar projects is compared with that in the ADP of 1996-97, it is clear that the number of road reconditioning and rehabilitation projects is rising through time, a finding pointing to an increased pollution of the ADP with maintenance/repair oriented activities.

Perhaps no example highlights the increasing arbitrariness of the distinction between development and recurrent budgets better than the measure, taken during the Sixth Five Year Plan period, to treat the provincial recurring expenditure on education over and above the 1982-83 level as developmental, in order to help the executing agencies "to implement the development programme at a faster speed" (Seventh Five Year Plan 1988-93, p.254).

<sup>12</sup> According to Lacey (1989, p.23), the IMF excludes from capital expenditures only defense but includes office furniture and equipment, as well as police stations, courts and prisons. The IMF therefore distinguishes between capital expenditures and development expenditure.

### *Follow the Federal Government's instructions*

The federal government recognizes the problems with the classification of expenditures because in their explanatory letter a final paragraph is added which runs as follows:

"It should be clarified that the distinction between development and non-development expenditures, as made above, is in order to specify what particular expenditures will be included in the Second Plan and does not necessarily reflect on the development or non-development character of various activities. Similarly, the concept of development expenditure should be kept separate from the question of financing. In the last analysis, recurring expenditure on education staff may be as important as non-recurring expenditure on education buildings and the Planning Commission will take into account as well as insist on an adequate provision for the former in the normal expenditure of the education department irrespective of its exclusion from the concept of 'Plan expenditure'."

In other words, the rationale for what is development expenditure is whatever the federal government has deemed fit to put in the (Five Year) Plan<sup>13</sup>. In this the government of Pakistan is not very different from other governments in the world, according to Caiden & Wildavsky (1974, p.92). After their extensive survey of poor countries in the various continents, they agree with Waterston's earlier conclusion: "... capital expenditures may be nondevelopmental, and current expenditures may be developmental.." In many countries "any capital expenditure is classified as developmental and the rest are not" (*ibid.*, p.94; see also Agarwala 1983, pp.24-26). They add, cynically: "The technique of separating ordinary and capital expenditures, like planning, helps poor countries expand beyond the narrow confines of the possible. What is a capital expenditure? The safest rule to follow is that capital expenditures are whatever are called by that name. [...] Capital budgeting [...] is a method for avoiding the appearance of deficit spending by giving the amount borrowed in any year a name that suggests it is an investment" (*ibid.*, p.89).<sup>14</sup> They therefore point to a conclusion reached many times in this study: strategic and departmental reasons play a significant role in the constitution of the ADP and Five Year Plans. When a politician, a Finance Department, a Planning Department, or a line department cannot get its intended activity financed through one budget, it may try another with more luck. It is thereby greatly helped by the fact that the two budgets are managed by different departments with different interests. Donor agencies have also contributed to the confusion, by their pressuring for the reliance on capital investment projects and their aversion to funding (programmes in) recurrent budgets. The outcome of these strategies is an ADP which is an end product of multiple objectives and (departmental and political) stakeholders, representing an amalgam of capital investment, one-time expenditure, and economic investment. As such it biases the perspective whether on development, growth, capital investment, or simply project implementation. With the monitoring system not yielding proper information, the conduct of specialised evaluation exercises would then become necessary. But paradoxically these evaluations would be constrained as well, due to the absence of historical information obtained through monitoring.

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<sup>13</sup> Ahmed & Amjad (1984, pp.270-271) in their discussion of resource allocation in Pakistan also conclude that "This concept of development expenditure creates a number of loopholes. The construction of buildings and roads may not always be related to development purposes. [...] The tendency to associate development with only capital spending and to neglect maintenance, staffing, and operation of these facilities is not very rational."

<sup>14</sup> Indeed, the size of the development budget in Pakistan is roughly proportionate to the amount of annual public debt service (cf Malik et al. 1994, pp.384 and 386).

### *Composition of the recurrent budget*

Not only is the composition of the development budget to some extent arbitrary and increasingly so, the same holds true for the recurrent budget. For example, the recurrent budget in AJK included capital investments such as the construction of mosques and other buildings - other mosques were in the ADP. In NWFP, there were for instance several large lump sums in the recurrent budget for Education from which, as was corroborated by some Finance department officers (but never officially acknowledged), the construction of schools was paid (amongst other things). These lump sums were typically and mysteriously called "Augmentation and Strengthening of Educational Institutions", or "Government Directives" and together ran into the hundreds of millions of rupees; as such they were rather enigmatic single budget lines in a budget book running hundreds of pages of extremely detailed budget lines for each sector usually specifying small amounts of money (in the thousands of rupees).

The background for the inclusion of such budget lines, outside the official classification as used by the Accountant General, was usually strategic<sup>15</sup>. First of all they allowed the Finance Department to shift funds around easily from destination to destination, without the need for formal reappropriation authorisation (a practice resorted to by many countries, as was noted by the multi-country study on financial management undertaken by UNDTCD 1991). Secondly they solved the problem of the budgeting for discretionary decisions made by Chief Ministers: whenever the Chief Minister had promised something during a field tour which turned out not to have been budgeted in advance, it could be financed from the lump sum allocation made somewhere in the Demand for Grants volume of the specific sector. In the case of the Social Action Programme, discussed earlier, it offered also a way of hoodwinking the donor organisations. If these had laid down conditionalities that no more schools would be built except those on an agreed list and from an agreed budget, then other schools - promised by the Chief Minister to constituencies as a reward for loyalty or for any other reason - could still be financed from such a 'slush fund'. Ultimately, long after the final expenditure would have been made, the AG would definitively classify these as construction in the primary education sector. But then it would be usually too late for the donors to notice; the fact that the match between AG and FD accounts (consolidated expenditure as against "revised estimates", and using different classifications) is so notoriously difficult to make also contributed to this.

### *Summing-up*

To sum up, there are at least five reasons why the monitoring of the ADP offers a limited perspective on the progress of development as pursued by government policy:

- 1) capital investment is not the only engine of growth or development
- 2) not all capital investment is in the ADP
- 3) not all capital expenditure in the ADP is investment in added capacity
- 4) not all that is in the ADP is capital investment or expenditure
- 5) much expenditure that is in the recurrent budget may lead to human resources development, and to a lesser extent create capital stock as well. But this is not covered by the (ADP) monitoring system.

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<sup>15</sup> The financial rules state that "lumpsum provision should not be proposed [by departments] except in the most exceptional circumstances which should be recorded" (Ali 1995, p.43). However, if the Finance Department itself stretches the rules...

And, to address the initial contention that the focus of monitoring itself limits the comprehensibility of reports submitted, the following reasons which have been elaborated in previous chapters and which were mentioned by Valadez & Bamberger (1994, pp.27-28), can be added:

- 6) The monitoring system for the ADP has a focus on (budgetary) inputs rather than outputs. This has several reasons: ease of analysis because financial inputs can be aggregated easily and physical outputs cannot; the emphasis of P&DD on financial management, reappropriations and so forth; technical reasons: most project outputs are realised after the project is closed down - the building constructed - and then there is no easy means to include these in the monitoring system. The project is not in the ADP anymore, while the project setup is abandoned, the project director and staff transferred. Departments that have taken over the assets, staff, and systems, often have completely different ways for managing and accounting for these. The well-intended forms developed by the Planning Commission for the completion of a project (the PC-4) and the following of its results afterwards (the PC-5), are for the most part boycotted by line departments, as was seen in chapter 4. The result is that outputs identified in the monitoring system are not monitored.
- 7) Due to the paramount importance of the ADP (rather than the Five Year Plan), which in itself is a consequence of budgetary uncertainty beyond the one year period, the time horizon of monitoring is very limited. The spending of tiny annual allocations for projects is monitored and the requirements of conciseness are such that short term implementation targets are being focused on rather than the general project objectives themselves. The breaking up of progress into tiny packets of information leads to sometimes incomprehensible statements, as was shown in the previous chapter.

What is the solution? What can be done with the budgets and what should be done with the monitoring system? This shall be one of the subjects of the last chapter. It is concluded here with a case study of the muddy waters that a monitoring system can end up in when it is to deal with something more akin to a genuine development programme.

#### **7.4 The SAP in Pakistan as a case study**

The Social Action Programme offers an illustration of the variety of issues requiring monitoring in programmes that are more integrally geared to development. The SAP has been introduced in section 6.6 for a specific purpose but shall be re-introduced here in somewhat more general terms. It was a nation-wide programme running from 1993-94 until 1995-96, a period later extended to 1996-97. A second phase was under preparation at the time of writing this study. The SAP covered the sectors of primary education, basic health, (rural) water supply and sanitation, and population planning. These four sectors were deemed of the greatest importance to the development of human resources, an area in which Pakistan was perceived as lagging behind (International Development Centre 1990 p.xii; UNDP 1991; 8th Five Year Plan, p.67).

Innovative about SAP was its explicit recognition of the insufficiency of approaches concentrating on capital investment (i.e. construction of buildings) and its consequent inclusion of recurrent budgets and wider policy issues. Almost two thirds of the expenditures in the SAP were on the side of recurrent budgets, and one thirds on the side of capital budgets. Through a serious boost in the expenditures in the four sectors, combined with both

intrasectoral and cross-sectoral policy reforms, the programme was supposed to overcome the lag, while at the same time the direction of efforts made so far was to be changed and their efficiency and effectiveness improved.

The SAP was supported by the World Bank, the ADB, the Netherlands Government, and at a later stage also British ODA (now DFID) and other organisations. These donors had instituted an incentive mechanism to reward provincial governments for special efforts in terms of the priority given to the SAP. It was based on the principle of reimbursements of a fixed part of all expenditures made in the sectors by concessional loans (to the value of US\$ 300 million) and (to a smaller extent) grants, while good performance was awarded by higher reimbursement ratios offered for the next year. The principle ensured that a great deal of attention was given to the SAP by the federal and various provincial governments. Thus, the SAP became managed by a much larger than the normal (limited) number of decision-makers. In line with its innovative character, the SAP had an extra-ordinary organisation. Special coordination bodies were created outside the normal government management and review processes. SAP cells were created in all the departments concerned. Donors were given ample chance to influence policy decisions through supervision missions and other coordination and negotiation platforms. New methods were developed and forms designed for accounting purposes as well as reporting of monthly and quarterly progress. A number of special surveys were planned to provide baseline data as well as determine the impact of SAP. Annual operational plans were to be prepared by all provinces and areas separate from the normal budgetary plans, converting the capital and current budgets into one integrated budget. In all, the programme was set to make a radical break with the much more isolated attacks on development problems in the past.

#### *Complexity of SAP*

After the SAP's start, it gradually became clear that the aspects of the SAP that needed management and reform were even of a greater variety than originally foreseen. Many of these were first discussed in an unstructured fashion but then became objects of regular interest and eventually issues deemed suitable for monitoring exercises. This was stimulated by the large number of stakeholders in the SAP at that level, each calling for their own issues to be addressed. Apart from Finance Department, Planning Department and line agencies, also District Development Advisory Councils (in NWFP), SAP Boards, district and local councils, many donors agencies, NGOs and consultants and contractors proved intent on following the management issues with regularity. An impression of the enormous variety of issues is given in Box 7.2, which presents a listing of some of the main issues figuring on the agenda of the various supervision missions organised by the donor agencies. It can be concluded that the monitoring of policies is a completely different and more complex affair from the performance monitoring of piecemeal investment projects.

#### *Reporting system for the SAP*

Originally, there were two report forms on which the progress with all of these things was to be reported by agencies. One was the annual Policy Matrices/Implementation Plan. This was a format of two columns, in which the policy actions undertaken and to be undertaken were to be recorded for each provincial department (later the format was expanded to seven columns). The document was mainly intended as a mechanism whereby the SAP donors could check the implementation of the policy agreements reached in the Annual Operational Plans and supervision mission negotiations.

The other mechanism was the Monitoring Indicators Proforma. This proforma contained a number of indicators on financial and physical progress for each of the SAP sectors.

## Box 7.2 Monitoring issues in the Social Action Programme

### General budgetary issues:

- the size of annual increases as per agreements with donors and government commitments;
- the proper specification of the budgets in terms of areas and items;
- the timeliness and proper specification of Statements of Expenditure for reimbursement by donor agencies; and
- procurement according to specified criteria.

### Specific recurrent budget issues:

- the budgetary focus on the four SAP sectors in the recurrent budget;
- the appointment of certain staff such as learning coordinators;
- specific agreed increases in allocation for non-salary items; and
- timely releases of the allocations and timely utilisations.

### Specific *development budget issues* (on the agenda of supervision missions):

- the budgetary focus on the four SAP sectors in the ADP;
- the continued focus on rural areas in the ADP;
- the focus on funds for reconstruction and (major) repairs rather than new construction;
- a focus on (re-)construction of facilities for girls and female teachers;
- new avenues for funding of school construction through private sector and community involvement; and
- site selection for new schools and water supply systems on the basis of agreed criteria.

### Policy (reform) issues:

- decentralisation in decision making from federal to provincial, from provincial to district, from provincial to special committees and boards, from district officers to facility heads, and from facility heads to community committees;
- the role of NGOs in service delivery, implementation, monitoring and evaluation;
- user charges and community management of facilities/water supply systems;
- the introduction of Village Health Workers, Learning Coordinators;
- recruitment, appointment, promotion, transfers of key staff (including evidence of nepotism and patronage in this)
- relaxation or tightening of criteria for recruitment, appointment, promotion and transfers;
- changes in conditions of service;
- transportation issues, particularly for female staff;
- development, implementation and sustainability of information systems;
- reorganisation of obsolete government department structures;
- mechanisms for the 'supervision' of Public Works Department activities;
- support to private sector initiatives through the creation of foundations;
- involvement of SAP boards and district development advisory committees in site selection and other things (federal and provincial members of the parliaments); and
- the organisation of 'vertical' preventive programmes (immunization, malaria, health education and HIV/AIDS): federal or provincial, and whether through special programmes or as part of the regular structure.

Indicators were for instance the number of boys enrolled in school, the number of Village Education Committees created, and the percentage of total teachers transferred during the school year (male/female). The implementing departments were to report for all these indicators the baseline situation, the targets for the year, and the achievements booked. The proforma was to be completed quarterly, in preparation of the SAP quarterly coordination meetings, and sent to the SAPP (MSU).

Both mechanisms were regarded as not working effectively. The Implementation Plans left it to the line departments to enter the targets, but because they were continually changing as a result of the negotiations, they were in the view of the donors often not correctly, or comprehensively filled in. The system of one department updating the implementation plans was perceived as ineffective. The discussions in the meetings with the donors were often also too unstructured to pay much attention to the plans. Increasingly they became the subject of assistance by MSU experts, but much difference to their quality and the way they were adhered to this did not make.

The Monitoring Indicators proforma was used even less. The figures in it were regarded as highly questionable even by the departments entering them, and for many indicators no figures at all were presented. Strategic reasons played a role in the lack of progress statements submitted, but there were many technical problems at a lower level. A main problem with the Monitoring Indicators Proforma was that it asked for departmental and provincial aggregates, which could not be given due to the fact that the underlying recording and reporting systems in the various SAP related departments were badly suited to generating such aggregates. They were also understaffed and underequipped. In most cases, they were old and unadapted to the new and greatly expanded activities of departments, although in some cases there had been already ongoing efforts at introduction of new information systems, such as the Education Management Information System and the Health Management Information System. But these systems, for which data was to be entered at the school and dispensary level, were too ambitious and alien to settle in the conditions of deteriorating morale and competence at the local level in Pakistan. The departments simply could not deliver the information in time and in an unequivocal fashion. Even in the cases where the information could have been collected by using the old system, for instance the total number of doctors employed in a district, usually less than half of all field stations submitted their subtotals in time; the rest did not, or submitted with large delays. The specific SAP cell in the departments could then not consolidate the progress on a provincial level and put it in the proforma.

#### *Substitution of regular reporting systems by surveys*

Unfortunately, a revised recording system at intra-departmental level and geared to the new needs was not introduced by the SAPP. This would have been a huge undertaking anyway, because each department has, in fact, a large number of smaller and larger stock keeping, filing, register, archiving and accounting systems, all of which require modification to more adequately assess aspects of human resource development in the SAP. After a few years of report submissions in which many of the columns were receiving the notorious "N.A." markings, meaning that information was Not Available, both the implementation plans and the proformas were largely abandoned as monitoring instruments. This then led to a number of survey instruments being focused on. This escape route was supposed to kill two birds with one stone: to substitute for the lack of information coming from the departments, as well as to check these same departments through 'impartial' observations in the field. The *SAPP Field Review 1996* was the most important, or at least most comprehensive of these surveys (see section 6.7). Due to the lack of information all round, it was lumbered with hundreds of

issues all deemed of crucial importance to the SAP<sup>16</sup>. When the report appeared, it contained too many findings to be digested by the decision-makers all at once. It was not concise enough. The few departments that did look at the findings, questioned these, which was not surprising given that the survey hardly made use of the regular departmental recording systems (however outdated and ineffective these in practice had become). For these reasons, the report was largely ignored.

#### *Attempts at creation of new reporting systems*

The reliance on survey instruments did not prevent the main stakeholders in the SAP from engaging in various attempts at designing new monitoring formats and systems. A number of independent foreign consultants in the SAP were invited to make proposals, and a local company was also commissioned to come up with a new system. Apart from this, workshops were organised and technical working groups created to develop new indicators and systems. All of this led to many competing forms and systems, but little agreement. When looking at these new systems, it is fair to say that they did not seem to cope better with the huge variety of issues than the existing ones. Most of them asked many more questions and had more indicators, but had not taken the trouble to redesign the many different report formats and systems existing at local and district levels. The new forms still relied on the planning cells of the provincial departments to somehow come up with aggregates. The difficulties inherent in developing new systems were obviously underestimated. Even at the start of the second phase of the SAP project, there was little agreement on the adoption of new monitoring systems.

#### *Lack of monitoring as a bottleneck within SAP*

The lack of well-functioning monitoring systems within departments was ultimately regarded as one of the main bottlenecks of SAP. The Social Policy and Development Centre (1997, p. 101-102) in its major review of the SAP stated in its principal conclusions:

"SAP lacked essential sector information and rational planning on which its projects could be prioritized and executed. Indeed, the only available sector specific information is held by the respective line departments and that too is fragmented, incomplete, and often unreliable. [...] Most important of all, SAP also lacked effective monitoring and evaluation systems. Information on what was going on in the field was unreliable and kept disaggregated and unavailable within the line departments. Even communities were difficult to access, their responses often guarded for fear of repercussions. Baseline data was inconsistent and incorporated too small a sample. Evaluations were carried out by the government itself with the result that failures were underreported and successes overstated."

#### *Conclusions*

The experience with the monitoring of the more truly development oriented SAP leads to a number of general observations:

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<sup>16</sup> Some of these have already been shown in table 6.10 in the last chapter. For instance for the primary education sector, they concerned the following issues: availability and quality of basic infrastructure in schools; teacher attendance; teacher transfers; teacher strength and student teacher ratios; availability of female teachers; teacher selection and training; availability of educational supplies and materials; availability and quality of text books; budgetary allocation for Repair & Maintenance and utilisation of these funds; enrollment; level of enrollment of girls; student performance; administrative and financial powers of DEOs; administrative and financial powers of head teachers; involvement of DEOs in preparation of budgets (decentralisation); and the role of parent-teacher committees in school environment.

- 1) The monitoring of a development oriented programme is inherently difficult due to the much larger number of issues to be covered in comparison with a more traditional capital investment programme. Many policy issues were of a 'wicked' nature, and did not lend themselves to quantification and standardisation. The SAP perhaps combined too many sectoral programmes not closely linked enough in terms of implementation requirements - a subsectoral programme would have been more feasible. In such a situation, it becomes all the more necessary that there are multiple monitoring mechanisms to address such issues and cater to the many stakeholders present. Single, 'wide-angled' systems, such as sometimes proposed, are less appropriate, not only for reasons of the multidimensionality of complex programmes, but also because of the need for conciseness.
- 2) The innovative SAP was grafted upon an underlying bureaucratic structure which remained the same. The departments remained bastions of old-fashioned practices and did not have the flexibility required to change to a more responsive and proactive style of working. This was to a large extent due to the fact that the departments were tied to bureaucratic rules and systems which applied to the entire public sector. SAP was a big programme, but not big enough to turn the whole bureaucracy with its uniform rules and practices around. Systemic changes are difficult to carry through anywhere in the world, and require massive political support. Support for New Public Management ideas was not sufficiently available in the fickle political circumstances of Pakistan, in spite of the commitments made to the contrary. One of the (lesser) consequences was that it was almost impossible to introduce new monitoring systems.
- 3) The underlying recording systems in line departments, often at local and district level, needed to be overhauled if new development oriented reporting systems were to have a chance of success. Unfortunately, this also required an overhaul of the organisation of these departments themselves.
- 4) In two out of the four substantive departments, the SAP was only a part of the departmental programme. In the Education department, only the primary education sub-sector was under the SAP, and in the Health Department, only primary health. These two subsectors were by far the largest within SAP itself, but it was difficult to carry out systemic change in the Health and Education departments because the rest of the departments was not formally under it. It might have created different rules and regulations for SAP staff and non-SAP staff, which in the last instance was considered inappropriate. Similarly, it was also more difficult to introduce new monitoring systems for only a part of the activities of these departments.
- 5) Monitoring is all the more difficult if the budget of the programme comes from two different sources. The writing of special operational plans with integrated budgets could hardly be expected to make much difference, when the distinction between capital and recurrent budgets in the main government accounts continued unchanged. Although coordination bodies had been created in which both Finance Department and P&DD were represented, the management of the SAP as a whole became convoluted. Line departments and donor agencies had to negotiate with two different funding departments in each Province and area. Commitments made by the P&DDs (as main donor counterparts and responsible for overall coordination) regarding recurrent budget issues were often not honoured by the

Finance Departments controlling these budgets<sup>17</sup>. The provincial SAP coordinators appointed (in the P&DDs) did not have final authority in budgetary issues. The difficulties were further aggravated due to the lack of commitment from the side of the Finance Departments and line agencies to true reform. The reform agenda of the SAP was endorsed in abstract terms at a high political level, but its details were not supported by the departments *in toto*. (The real political commitment to SAP could also be questioned.) The idea that SAP was an instrument to gather resources mostly from international donors was much more alive than the idea that SAP was a reform programme, changing the old practices of the departments. With both open and secret agendas being adhered to by FD, P&DD and line departments, the assumption that there was one set of government targets to be monitored proved to be false. If there had been only one government department funding the SAP, then there would at least not have been a dispute regarding the (secret) objectives of the Finance Department (to spend as little as possible to decrease the deficit), and the P&DD (to spend as much as possible to achieve the SAP targets). Monitoring systems would have also benefitted from such clarity.

6) Monitoring systems from the top down cannot be substitutes when there are no proper channels for generating and filtering feedback from the local level upwards. The low level of organisation of communities in Pakistan, itself to an important degree a consequence of the lack of local government, is the reason for this lack of feedback. If local councils (throughout SAP largely dissolved or expired) would be reconstituted through new elections and made effective by more powers, more (professional) staff and more funds, then there is every likelihood that they would themselves keep a check on the progress of the SAP within their municipalities, and report on problems and opportunities to the district and provincial governments. This is also a better solution than, as presently argued for strongly in the SAP (e.g. by SPDC) that there should be 'independent' third party monitoring of the SAP, meaning monitoring by a local contracted firm or NGO. This option could be useful, but cannot replace the option given above, if only for reason that as soon as an outside organisation is paid to do monitoring, it will itself become a stakeholder, delivering perhaps useful information, but not necessarily from the same angle as that what would have been given by the local councils.

At present, the political representatives, as members of committees like the District Social Action Boards, can not be regarded as a good substitute for the channeling of feedback from the village level. They are not sufficiently familiar with all the village microcosms in their constituencies, and generally are involved in very strong clientelistic behaviour. More importantly, the SAP boards (and DDACs in NWFP) are of such a nature that their chairmen can push through their own interests. Since the SAP boards are chaired by often unelected nominees from the federal government (at the time of the SAP mostly of PPP complexion), there are further biases.

The bureaucratic deconcentration as sought after by SAP - transferring powers from the centres to district officers - can neither be a substitute for real devolution. As the SAPP Field Review established, increased powers of District Education Officers and District Health Officers (grade 18 level) led to reports of increasing interference in the administration from the side of political representatives at this level (cf. MSU 1996, p.ix).

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<sup>17</sup> In fact, since the 1991 National Finance Committee award, the powers of provincial Finance Departments vis-a-vis P&DDs have grown significantly. This is due to the decision to gradually phase out the earmarked federal development grants to the Provinces, a process which was completed in 1997-98.

7) It is clear that surveys cannot substitute for departmental monitoring, if only for reasons of the required slow but regular digestion of information in order to carry maximum effect (and there are more reasons). The regular monitoring of the issues through departmental systems, with occasional counterchecking from other sides, would have produced a much more digestible flow of information.

## 7.5 Conclusions

This chapter has endeavoured to bring out that there are other particular biases than those related to stakeholders and observers, which influence the nature of the information produced by any given progress reporting system. There may be gaps and incomprehensibilities in the information when the actual contents of budgets or programmes themselves are at variance with their own official objectives. There may be technical reasons why monitoring systems overemphasise certain issues to the neglect of others (e.g. inputs versus outputs). Monitoring systems may also yield incomprehensible data if the time frame of what is monitored is too limited, such as in the case of the ADP. There may be furthermore distinct effects when issues are to be monitored that are wicked in nature, i.e. issues which cannot be definitively circumscribed. The more complex and wicked an issue, the higher the chance that the information will be biased by the requirement of conciseness in monitoring systems. Unfortunately, the arena of public policy is ridden with such issues. It is also claimed that, in so far as monitoring systems are geared to the identification (and then resolution) of implementation problems, they will be of necessity troubled by the dilemma of how to most adequately capture problems as encountered in the field. Organisational logic puts a serious filter on their reporting. This is even so for construction-oriented projects.

This concludes the main body of this study. We shall turn now to the final chapter.

## CHAPTER 8. CONCLUSIONS AND IMPLICATIONS

This study started off by asking the questions to what extent, and under what conditions, monitoring systems can be effective instruments for the management of development programmes, such as implemented in Pakistan. Previous experience indicated that the prevailing government development programmes are problem-ridden, not only in Pakistan but in South Asia as a whole. Previous experience also showed that the government monitoring systems for these programmes do not work well.

After tracing the prevailing government policy paradigm in Pakistan and its meander through time, much attention was devoted to analysing the planning and monitoring systems in terms of their setting and appropriateness within the wider societal and bureaucratic context. The study pursued two interconnected lines of argument. The first was to relate the experiences with planning and public investment to this paradigm. The second was to link the experiences with the monitoring sub-system to this paradigm. A variety of sources and methods, such as literature study, study of dossiers, interviewing, quantitative analysis of computer databases, and participant observation, were used to expand on a number of perspectives and propositions. This analysis can now be condensed into 'conclusions', and extended into implications both for theory and for planning and monitoring practice.

### 8.1 Conclusions as to the planning context in Pakistan

*1. Positivist attitudes, norms of dispassionate government organisations and bureaucrats, and ideals of rational comprehensive planning underlie the planning procedures in Pakistan.* Positivism, as a world view, sees strict divisions between social facts and political values. In the public domain, positivism tends to separate (political) government from (technical) administration, and favour functional and hierarchical management patterns. As with the norms of neutral organisations and dispassionate bureaucrats, positivist attitudes in the bureaucracy in Pakistan were argued to have originated in the colonial past, and to have remained of importance because of the continuation of many colonial rules, procedures and organisational structures in post-colonial times.

The pursuance of rational comprehensive planning (RCP) by the Government of Pakistan reached its peak in the 1960s but remained important until the end of the 1980s. In this study, it was related to the world-wide establishment of such a planning paradigm in the 1950s, which gave new legitimacy to the tasks of the bureaucracy after a compromised colonial past. In addition, it offered an excuse to some exponents of the military bureaucracy for undemocratic but 'technocratic' government in the higher interest of development. With RCP, even values are to some extent objectified, factualised: values can be scientifically ranked and weighed. RCP is based on a view whereby the application of technical expertise is the main source for public sector decision-making, and, in combination with capital investment, the main route to national development. The hidden dimensions of RCP reinforce hierarchical lines of control within the public sector.

In the last decade particularly, there has been a general disillusionment by the public and its politicians with the bureaucracy and its claim on technocratic decision-making. This was also the decade of the re-establishment of more democratic government and greater interference with the administration of the development programme from the side of public representatives (including defeated candidates of the ruling parties). However, the planning

procedures established in the heyday of RCP are mostly still in use, and this study argues that RCP is still pursued by the bureaucracy in Pakistan.

*2. Rational comprehensive planning is a difficult proposition in the context of Pakistan and even more so in the present age of democratic government.*

Contrary to views still widely held within the bureaucracy of Pakistan, this study argued that the assumptions underlying RCP are questionable (see chapter 1). In addition, for RCP to have a measure of success, not only considerable knowledge of society is required and a highly qualified, professional bureaucracy, but also a high measure of societal consensus regarding ends and means, and strong enforcement systems. These conditions were not met in Pakistan, whereas the following factors also set limitations:

- 1) Pakistan's regional, social, ethnic, and administrative diversity and discord.
- 2) A number of idiosyncrasies stemming from Pakistan's particular history (young nationhood, relations with India) and, also due to the primordial kinship loyalties in the country, the lack of identification with the common good; a large influence on politics from the side of 'feudals' (see chapter 2 for a full account of these factors).
- 3) Pakistan's ultimate ambiguity as to its publicly professed developmentalism, given the *de facto* priority given to the country's defence needs and to public sector employment creation as an end in itself.
- 4) Low levels of literacy and education, which have had an effect on the quality of particularly the lower and middle segments of the bureaucracy.
- 5) Dearth of financial resources and significant budgetary uncertainties which reduce the potential for medium and long term planning.
- 6) Government organisations acting as organisms struggling for survival and expansion, with unclear mandates, and insufficiently checked due to presumptions of their being functional and dispassionate (too much criticism is deemed to undermine the rational planning ideology).
- 7) Lack of a stable constitutional basis and legal frameworks, also due to the unresolved relationship between religion and state, with consequent problematic role definitions between legislature, judiciary, civil servants and the military. Amongst its consequences are also weakly developed laws and practices relating to property rights, contract enforcement, building controls and spatial planning.
- 8) Recent interference in the administrative realm by a large body of elected representatives (members of the various legislative assemblies) and 'party workers'.

Some of these factors would have been less problematic for the efficiency and effectiveness of the public sector if another type of 'planning' had been relied on, namely disjointed incrementalist planning. However, conditions 4 and 7 mentioned are not conducive to this planning either, whereas three other conditions extant in Pakistan also set limits:

- 1) The absence of a developed civic society with articulated interests as represented by professionalised organisations outside the public domain, such as political parties, business associations, professional bodies (e.g. Law Society, Engineering Council, etc.), labour unions and other voluntary organisations (cf. Putnam 1992, Fox 1996). Pakistan's press, though sensitive to political issues, seems not investigative enough to sufficiently check the government and administration. Although Pakistan is diverse, it is not pluralistic; its public decision-making is lopsided.

- 2) Virtual absence of local government and administration at district and municipal levels, able to - if necessary - counteract the central government and central administration, and provide better public services at local levels.
- 3) The persistence of the positivist, as well as strategic, view of the bureaucracy that a reduction of stakeholders in public administration simplifies and 'technifies' planning and implementation.

A dramatic improvement in literacy levels and the creation of a more pluralist society with more professionalised civil associations are the most difficult changes to bring about, although if the government had started focusing on these many years ago, the benefits might have been reaped by this time<sup>1</sup>. The other conditions, viz. a better constitutional and legal framework, more potent local government and a different government style, are more easy, or at least more quickly to fulfil even at the present stage; they only require massive amounts of political will.

As these conditions stand now, they have produced a combination of a centralist and bureaucratic public sector, with haphazard incrementalist practices dominated by a few stakeholders. These stakeholders legitimate the exclusion of other major interest groups from power on the basis of the superiority of their rational, technocratic decision-making which would make the involvement of these groups unnecessary. But in fact, due to disagreements amongst these stakeholders, and also organismic strategies within the bureaucracy, current decision-making is often far from either rational or democratic/responsive. It is not claimed here that disjointed incrementalism (and current offshoots such as the New Public Management) is 'the' solution to Pakistan's problems of governance, but it may offer a somewhat more realistic framework for decision-making than that of central planning. This of course demands adequate (mandatory) involvement of stakeholders so far neglected, and a strategy to support organisations and strengthen their professionalism.

The current paradigm shift in Pakistan, which is marked by democracy, changing ideas on functions of the government, privatisation, repeal of the 8th Constitutional Amendment, and greater autonomy for the judiciary, may ultimately have its effect on bureaucratic practices as well. This might then present another route to new public management and planning styles, so that the current 'bad fit' is adjusted. Whether the current confusion in Pakistan as to the direction of government policy and organisation of the public sector will lead to real improvements or to chaos and a relapse into more autocratic or 'technical' government remains to be seen.

### *3. Funding and implementing agencies have to be regarded as organisms and stakeholders rather than as impartial servants of government.*

This study uncovered the hidden organismic dimensions in departmental behaviour and concluded that strategic behaviour is particularly evident with respect to the ADP and its constituent development projects. The ADP is a main arena for the struggle for access to resources by public organisations. In an environment of extreme resource scarcity and budgetary uncertainties, projects are seen as necessary for survival, expansion and the creation of 'organisational slack'. In a disjointed decision-making process, such competition for resources is expected to lead to improved projects. From the side of the central agencies

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<sup>1</sup> Instead it went the other way: it tried to first create the infrastructure and productive capacity, to focus only later on education, human resources, and NGOs. Business associations, as claimed by Kochanek (1983, p.310), were actively opposed by the Government. Compared to for instance the UK system (on which it claims to be based), there are as yet almost no professional organisations and institutes in the related subject fields.

such as P&DD, there would be a better handling of strategic behaviour employed by line departments. However, in AJK, as in Pakistan, decision-making is not fully disjointed, due to the absence of a number of organised and articulate interest groups. The result has been extreme accommodation of the interests of the line departments and also lobbying public representatives, at the expense of heavy budgetary overcommitment and no noticeable improvement in the quality of project proposals and projects. Five more reasons can be identified to account for this:

- 1) The departments are treated primarily as technical organisations who know best and the variety of their motives for submission of project proposals is insufficiently questioned.
- 2) Representatives of political parties in power are increasingly appropriating projects (and other public goods), while being acknowledged by the administration as legitimate stakeholders in the implementation process.
- 3) The P&DD itself has mixed stakes, which are the result of its mixed functions as funding and monitoring agency. Hard nosed assessment of the failure of so many projects is not undertaken due to the P&DD's compromised role as approver of too many projects - often badly designed at that. P&DD sees itself as the custodian of public investment and wishes to enlarge this as much as possible, yet it also sees itself as the watchdog of the line departments. Another reason for mixed stakes is that a substantial portion of P&DD's officer staff is 'on deputation' from other departments; the positivist assumption that as civil servants they will function as effectively and impartially in any department is naive.
- 4) The P&DD is in a continuous contest over the control of budget with the Finance Department. Although the development programme is to be supervised by the P&DD, there are ambiguities regarding the financial management role of the FD; the FD often tries to impose independent checks on decisions already taken by P&DD, for instance regarding financial releases. Other tactics that FD employs are to be tough on the transfer of project staff to the recurrent budget, and to keep O&M budgets of departments small, so that major repairs to buildings and roads have to be funded through projects in the ADP. The P&DD reacts by not seriously considering the impact of projects on the recurrent budget; there is also a tendency to commit FD's budget by approving projects which employ staff that later have to be paid from the recurrent budget.
- 5) The P&DD (and the Government at large) is employing the strategy of the camel's nose with the Federal Government. It includes extremely expensive projects in the ADP and hopes that their national importance will later on persuade the Federal

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<sup>2</sup> For AJK, the NFC award has as yet not had serious repercussions (it is not a Province and its ADP continues to be based on a federal earmarked grant), but in a province such as that of the North West Frontier, it led to a sudden halving of the ADP budgets for 1996-97 and 1997-98. In practice, this meant a suspension of over half the ongoing projects. The NWFP P&DD had lost the battle for funds with the Finance Department as custodian of the recurrent budget and overall coordinator of resource generation.

Government to increase its development grant to AJK, or to take these projects over into its own budget (but continue their implementation by line agencies in AJK). (In the meantime, federal projects in the provinces and AJK are not sufficiently monitored.) Another area of dissent with the Federal Government is the additionality of financial aid by donor agencies. AJK claims it should complement the federal grant, the Federal Government (often) claims it should not (contrary to the Provinces). The resulting tug of war leads to confusion, overcommitment on local counterpart funds, and too high expectations of foreign aid.

In short, P&DD is caught in an organisational environment dominated by relations of mixed resource-dependence (it is dependent on the Federal Government for resources, while line departments are depending on the P&DD), domain-disputes such as with the Finance Department, and diminishing regulation-compliance by line departments due to the increasingly maverick role of public representatives in the implementation process and the generally diminished moral authority of the P&DD in the 1990s. Only when these relationships are clear and stable, and when a number of other major societal interest groups can make their influences felt, can the advantages of disjointed incrementalism and mutual partisan adjustment compensate for the dysfunctions mentioned.

#### *4. The planning conducted in practice leads to malfunctions at the implementation stage and squanders valuable resources.*

Malfunctions are evident not only in the monitoring process (see section 8.2), but also in a distribution of government services and projects not corresponding to the most urgent local needs. Too few societal stakeholders are invited to participate in the planning process. Other malfunctions during the implementation of projects and programmes relate to a lack of financial releases when projects need these most, interference from the side of members of the legislature and 'party workers', and lack of coordination and cooperation between departments. Not all malfunctions can be explained by the attempt at rational comprehensive planning as such, but a number of practical difficulties are systematically underestimated at the planning stage because of it: a lack of knowledge, lack of technical competence in the field offices, opportunistic behaviour by departments, a lack of good contractors and other implementers, and corruption.

The resultant waste of resources was worked out in this study particularly for the development programme. It is manifest in the following factors:

- 1) Although the average project is scheduled to take less than three years to complete, the actual completion period observed is almost ten years. The over-large project portfolio under implementation is the most important reason for this: too many projects are approved and not enough funds are available to complete each project in accordance with its implementation schedule. Because most projects have no returns until they are completed, the result of the delay is a serious loss of productivity of the capital invested with often too low internal rates of return.
- 2) Partly as a result of time overruns and unaccounted for price inflation, 44 percent of all projects need an official upward cost revision. Revisions add some 43 percent to the cost of the originally approved project portfolio. Given that most of the projects

undertaken are of fairly standard nature, such as the building of schools or the construction of roads, this is very unfortunate<sup>3</sup>.

3) A pro forma calculation leads to the conclusion that there must be also hidden losses in terms of project outputs equivalent to over 50 percent of the cost of the project portfolio. This is due to wage and price rises in inordinately delayed projects, which the implementers can only compensate for by reducing the quality of output: poor workmanship and sub-standard materials. Lower than anticipated quality of outputs may also lead for certain projects to a slower than anticipated build-up to full production, higher than warranted operating and maintenance costs, and lower than anticipated benefits. Corruption, in Pakistan endemic, must add further losses in terms of the quality of output, but these were not quantified by this study.

## 8.2 Conclusions for the role of monitoring

The problems with monitoring systems were initially divided into four main groups by this study, namely political/organisational, managerial, methodological and of focus. A main hypothesis in this study was that political and organisational problems were more pertinent than the other three (leading to strategic and perspectivistic biases in information). After having completed the case study, it seems that such a conclusion cannot be proved in a strict sense due to its 'wicked' nature and the lack of comparative data. All four types of problems were in evidence in AJK and Pakistan. That the nature of many problems is political/organisational and that this is not sufficiently recognised in the structure and functioning of monitoring systems in Pakistan, has been amply demonstrated. The following conclusions can be presented.

*1. In consonance with the planning system as a whole, the organisation of monitoring systems for government development programmes in Pakistan is based on positivist presumptions and a Weberian concept of bureaucratic institutions.*

Positivist axioms hold that societal phenomena exist independent of the position of the observer (a 'Newtonian' universe) and conform to laws (historical, economic, sociological) which can be discovered through empirical observation. The objective in rational comprehensive planning is to reduce societal complexity to its essentials, in order to read from these and then predict and mould societal progress. In a similar vein, the simplification of reality in concise descriptive statements is the rationale for rigid reporting systems for public sector development (or investment) programmes. Monitoring is stressed as an observation technique yielding data; evaluation would provide their 'valuation'. The summary of project progress into a few concise statements is believed to hold specific analytical potential and also to lead to greater ease of decision-making. A principle of scientific economy, as once put by Ackoff (1967, p.B-149) and in many ways opposite to Ashby's Law, is held to apply to all phenomena equally: the better a phenomenon is understood, the less variables are required to explain it. Project progress, like any other societal phenomenon, is held to be describable in definitive terms. Given the availability of a counterpoint in the

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<sup>3</sup> In the Netherlands, project cost overruns also still occur in this day and age, but usually with more innovative projects. Budgetary problems in the Western world are frequently severe but are due to entirely different reasons: the inherent difficulty with projecting the cost of mandatory welfare entitlements (also called open-ended arrangements, such as unemployment benefits) - problems not faced by most developing countries because these do not grant such entitlements (cf. Wildavsky 1988).

project's targets, it is seen as essentially straightforward, and one 'technical' observer / rapporteur, as delegated by his department, is held to be sufficient for conveying the project's objective status.

Counterchecking systems for the recording of this progress, although admitted as being necessary given unfortunate biases of rapporteurs, challenge this belief in simple truths, as well as the norm of a monolithic and instrumental bureaucracy. They therefore lead a precarious (token) existence and are not seriously invoked. P&DD's function in AJK in this respect was restricted to one or two unsystematically conducted field tours per year, the findings of which were not used. Because the influence of other stakeholders in monitoring systems was regarded to be similarly distracting and subject-complicating, these were neither seriously involved. Such parties were not invited, nor expected, to independently report to Review Meetings. The prevailing monitoring systems in Pakistan therefore operate mainly through the self-reporting by departments of progress with their own projects to central review bodies, organised by planning agencies which control the funding of these projects.

*2. Central Review meetings as headed by the PM or CM are the focus of the monitoring process in AJK and Pakistan, but do not fulfil all coordinating, checking, and corrective functions assigned to them.*

Central political control of implementation, correcting the straying line departments, does not materialise in practice. The central Review Meetings are supposed to be held quarterly. However, half of all planned meetings were not held, whilst there was insufficient time to address issues directly concerned with the implementation of particular projects. Snap decisions occurred frequently, which were later not implemented. The general follow-up was very weak. The nature of the meetings was such that the briefing of the Prime Minister took precedence and all attention was focused on him. A serious involvement of important stakeholders such as the Auditor General was not possible; other stakeholders such as District Council Chairmen and Deputy Commissioners, were often not invited and therefore lacked experience with the Reviews. District-based Review Meetings, which would by their nature focus more on district-based participants in the development process, were not held either, with a few exceptions which were argued to be held for reasons of political advocacy. Meanwhile, the central Review Meetings that were held, carried such ominous weight that potentially controversial information was often not reported to them by the line departments.

Project Management Units or Steering Committees with wide representation including beneficiary groups and/or local government representatives, to manage and review projects, were in evidence only for the large foreign aided projects. The large government funded projects often did not have a similar management and review mechanism ; in the few cases that they did, they did not seriously include the aforementioned representatives.

*3. The reporting system for ADP Review Meetings in AJK as functioning upto the year 1990-91 contained very little information, was very one-sided, and was not indicative of the problems with the implementation of projects. It was hardly used in Review Meetings. As such, there was much waste of effort as well as misinformation within this system.*

An analysis of the internally evolved progress reporting system in AJK showed serious deficiencies in the quality of financial reporting, reporting of physical progress, and of problems. Financial information was by no means as hard as often assumed, whereas, contrary to common beliefs, it could neither be held to be a good indicator of physical progress. It was even doubted whether it could serve as a basis for financial reappropriations amongst departments. Physical progress reporting was completely unsystematic and often

incomprehensible or meaningless. Problem reporting was almost absent in spite of the major problems, both systemic and contingent, that most projects were experiencing.

This study advanced both technical and strategic reasons for these deficiencies, technical because of lack of capacity of the recording systems and personnel, and strategic because most departments do not wish to use the progress report instrument to reveal or fight out their problems. Rather, they use the reports to convey the impression that they (1) continue to be dispassionate servants of governments and (2) have certain legitimate problems or demands. The technical and strategic reasons are to a large extent interrelated. It was argued that the P&DD has yielded to this use of the reporting system as a ritual, because of the mixed stakes already mentioned. For instance, there is a concentration on an exceedingly small time slice in the reporting process, to avoid being confronted with the huge time and cost overruns which are the result of the approval of too many projects. As mentioned, the use of project reports as a basis for Review meetings is rejected by politicians such as the Prime Minister, probably instinctively.

*4. Monitoring systems exclusively based on self-reporting of only one of the major stakeholders present biased information which, in the absence of parallel and counter-checking systems, are not an effective tool for planning. The biases relate, amongst other things, to the position of the rapporteur within the political context of monitoring, and to his interpretation of the use to be made of the information submitted.*

A distinction was made between strategic and perspectivistic biases. The former relate to more or less deliberate, opportunistic misrepresentations of reality by organisations and their rapporteurs; the latter to inevitably partial representations of reality due to the positions and predilections of the rapporteurs, and the purposes of the reports.

Observations made in a project progress report are determined by at least thirteen different factors:

- 1) the nature of what is observed (hard or soft fact, complex or simple, 'wicked' or 'benign')
- 2) the state of what is observed (whether the observed phenomenon is in a changeable state so that the moment of the observation also counts)<sup>4</sup>
- 3) the context of what is observed (whether the project is a part in a larger programme or whether it is more self-contained)
- 4) the duration of the time slice observed (annual targets or overall project targets; quarterly or overall progress, etc.)
- 5) the specificity of the point of reference for the progress report (the extent to which the targets have been laid down)
- 6) the purpose of the report (e.g. for a Quarterly Review Meeting or for a project revision approval meeting)
- 7) the audience for which the observation is intended (funding or implementing agency; federal or state government)
- 8) the stakeholder position of the person performing the observation (project director or planning officer or outsider)
- 9) the perspective (position) from which the observation is made and the method and the duration of the observation (based on hearsay or site visit, etc.)

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<sup>4</sup> For instance, many DEOs did not want to report on buildings under construction by the PWD because they could not visit all these buildings on the last day of the reporting period.

- 10) the method of reporting of the observation (the report format; open or closed questions; number of details asked)
- 11) the idiosyncrasies of the person reporting his/her observation (expertise, experience, grade, intelligence, pet subjects, etc.)
- 12) the strength of the organisational *esprit de corps* and the particular need of the organisation to present a certain image to the outside world
- 13) the culture of the rapporteur and his society (power-distance, uncertainty avoidance, individualism, masculinity, etc. Particularly important in cases of reporting between donors and counterparts).

Other factors adding dimensions to the reporting process, such as the social desirability (optimism) effect, or a habituation effect, have also been pointed out by the study. Monitoring takes place in a curved and multidimensional universe ruled by relativity and quantum mechanics. The actual objects 'out there' themselves provide just a few of their sides to the picture observed and conveyed (factors 1 to 3), and the importance of the other factors may vary. When the format of a report changes, or its purpose, or when the audience for a report changes, the observations also change. It was shown in chapter 2 that Pakistan's bureaucratic universe is as unlikely to be devoid of strategic motivations and perspectivistic biases as any other; some writers were referred to who argued that they are even more in evidence than in the Western world. The author of this study would agree to such an opinion, but would emphasise that budgetary and political uncertainties as much as cultural factors *per se*, may lead to the predominance of protective and evasive behaviour. This would then lead to more strategic biases in reporting than prevalent in the 'West'. However, such a hypothesis could not be tested. What is sure is that perspectivistic and strategic biases also affect Western monitoring systems in the social domain (Kelly 1987; Waller *et al.* 1976).

*5. Technical improvements such as in terms of format of report forms, definition of indicators and data processing will have only limited effect on the quality or usefulness of information, if the politics of monitoring is not addressed.*

Technical improvements, forcing the rapporteurs to present a fuller picture of the progress by asking more (specific) questions, were found to generally change the strategic and perspectivistic biases in reports but not eliminate them. The 'closing' of the format (through multiple choice questions) such as achieved in the new reporting system introduced in the P&DD of AJK, led to more frequent reporting of (systemic) problems than in the open system used before. The fear for repercussions on not marking listed problems that were clearly besetting projects, was considered to be the main reason for this.

If the purpose of the progress reporting system was to enable a comparison of typical problems in departments, types of projects and districts, a clever design of the reporting system was found to lessen strategic biases and improve the reports' information content for purposes of aggregated analysis. However, organisational *esprit de corps* (or censorship), as well as in some cases idiosyncrasies of some rapporteurs were still found to put distinct colours on the information, which then needed to be somehow 'discounted'. Due to the fact that the new monitoring system did not integrate information flows from more sources, this was difficult to achieve. It was evident from a study of the enforcement and use made of the new reporting system, that the mixed stakes of the principal senders and receivers prevented the realisation of its full potential. Analysis of the information and follow-up by P&DD was weak and the system as a whole was allowed to slip.

It can be surmised that P&DD's decreasing role and prestige in the 1990s have contributed to the diminished domain-consensus with line departments and smaller regulation-compliance

that were already referred to. The existing reporting system was affected by these developments. What happened to projects was perceived by line departments as less and less the business of the P&DD, and regulation by it less and less solicited and complied with. Other types of 'regulation', for instance through political representatives and involvement of the PM, were more relied on. That the establishment of a new reporting system for Reviews could not reverse this trend, is not surprising in this context.

*6. Problems of focus of the monitoring system are difficult to avoid as long as the bifurcation between development and recurrent budgets persists - one monitoring system focusing on 'development' will not work if the budgets are controlled by different departments.*

The focus of the ADP monitoring system was identified as the implementation process rather than its supposed product: development. This was regarded as to a large extent due to the separation of the government budget into two accounts managed by two different departments. This led the P&DD to concentrate on the implementation of investment projects and the Finance Department to focus on recurrent budgets.

A monitoring and review system for issues of service delivery parallel to that for the annual development programme was not found to exist. It was also observed that what is presented as the development programme is, in fact, focusing on capital investment. However, it was observed that not all capital investment is in the development programme, and that not all investment made in this programme has a clear association with 'development'. Important effects on development can also be expected from expenditure made through the recurrent budget (for instance in education where teaching staff is financed through this budget). Therefore, monitoring of the ADP offers a very hazy window on the issues connected with capital investment as well as 'development' in a wider sense. Currently, monitoring for the Review Meetings does not include such crucial issues as whether new schools built under projects are quickly utilised by the Education Department.

The separation of the budgets and their ownership by two different funding departments adds organismic constraints to the integrated assessment of development issues. Amongst the examples of missed chances are for instance the lack of utilisation of the project completion report and post-completion report; these planning forms were suspected to be of little real interest to the P&DD because they relate largely to recurrent budget issues which are viewed as not the P&DD's responsibility. They are, however, neither of much interest to the Finance departments, because they speak of the project targets and results, which were not their responsibility. They were only of importance for those projects which needed staffing arrangements to be made, financed through the recurrent budget.

*7. There is an inherent problem with all project monitoring systems, in that it is hard to summarise progress and problems with projects, even if strict guidelines are given.*

Projects in the ADP were found to be very disparate entities; they may constitute the electrification of AJK to the construction of a bridge, upto the raising of awareness regarding birth control. They may refer to indisputably straightforward objects, up to undeniably elusive phenomena. Their observation may be heavily disputed or hardly disputable. On the other side of the epistemological divide, narrative description brings its own limitations: there are vague and clear concepts. Yet the very fact of the juxtaposition of all these concepts in multi-sectoral reporting systems, gives the impression that all projects can be captured in narrative description equally. This levelling process, in turn, produces the illusion that all projects are of similar nature and pose the same demands in terms of their management. However, it was argued that projects may need varying detail for their satisfactory description even from the

perspective of a single observer / rapporteur and holding constant the determinants given under point 3 above.

In addition, any problem reported will have entailed a subjective or organisational decision to go public, rendering it more difficult to compare problems of different projects in different departments. Problems are also usually part of a tree-like hierarchy of problems which may lead to arbitrary decisions as to which problem is to be highlighted. Systemic problems may be underreported in reporting systems, while contingent problems may be overreported. The reverse may be true with a different format. Even the simplest projects on paper turned out to be complex problem-ridden universes, where 'thick description' (Lincoln & Guba 1985) would lead to higher chances of fair representation than a few statements of high abstraction. But this would defeat the management function of monitoring.

In conclusion, the standardisation and concision process necessary for project monitoring systems is problematic, in the sense that it is difficult to achieve correspondence with reality. This is notwithstanding the availability of project targets as points of reference. These are the fundamental limitations to the monitoring process.

### 8.3 Other perspectives on the role of progress information in bureaucracies

The question needs to be addressed why project reporting for central review meetings continues to be the focus of monitoring systems when even after computerisation and technical improvements it remains so clearly inefficient and all parties continue to show such evasive behaviour. Shorter but yet more analytical reports, summarising departmental progress and not based on project listings, could have served the purpose of supplying the Review Meetings with the information that is required at that level. It must be assumed that there are some specific reasons to continue with bulky project progress reports for review meetings. First, the encyclopedia function of such reports can be deemed to be important; a few figures and facts will always be utilised out of the great mass of project data. The preventive force of accountability may be a second reason: without any progress reporting requirement, there is no formal mechanism to fix responsibilities for non-reporting by projects if something has gone wrong (although this author has never seen such a check being applied). A third reason may be the continued hope and formal expectation that the bureaucracy will one day start to function like it should: with impartial and open communication through the appropriate channels, copious consumption of information, and harmonious coordination. These may be sufficient reasons for the whole system getting the benefit of the doubt and motioning on.

In organisation and evaluation theories, a few explanations of a different nature have been advanced to account for the excessive generation of information by organisations, which, it is argued here, may have led in monitoring practices to the reliance on progress reports rather than other forms of monitoring. These will be summarised below.

#### *Wrong assumptions*

The systems theorist and planner Ackoff (1967, p. B147-152) has drawn attention to the importance of plain misconceptions regarding supposedly rational behaviour. He elaborated on five in his view erroneous assumptions underlying many management (mis)information systems:

- 1) It is assumed that managers operate under a lack of relevant information, whereas in actual fact, managers suffer more from an over abundance of it.

2) It is assumed that managers need the information that they want. This is wrong: managers who do not understand the phenomena that they are supposed to control, play it 'safe' and, with respect to information, want 'everything'.

3) It is assumed that if a manager is given the information that he needs, that then his decision-making will improve. This is too simple a view.

4) It is assumed that more information means better performance. Ackoff gives an example where the opposite is the case and a too free flow of information between parts of an organisations, or between organisations, has counterproductive effects.

5) It is also assumed that a manager does not have to understand how an information system works, only how to use it. Ackoff shows that lack of understanding usually leads to lack of use. One is reminded here also of the situation in AJK, where lack of involvement by Section Chiefs kept the quality of information submitted below standards.

On closer examination, the assumptions relate to management information systems which have been assigned too many functions. In other words, the purpose of the management information system (read: the department) is not understood; the department is thought to have too many functions, too vague goals.

The organisation theorist Mintzberg (1973) similarly questioned the assumption that information on paper or in computers is the most important basis for decision-making by managers. Mintzberg investigated the use of information by managers in (Western) organisations and concluded that managers do not rely on formal management information systems to the extent that they professed: they rather rely on personal observations and experiences, meetings and telephone conversations. Management is perhaps even less rational than the information systems surrounding it but it could also be surmised that personal observations and contacts make sense.

#### *The symbol function of information in organisations*

Organisation theorists Feldman & March (1981) see the production and consumption of large quantities of information in organisations mainly as a symbol for good management. They note "that organisations systematically gather more information than they actually use, yet continue to ask for more". They first draw attention to three conspicuous features affecting the instrumental use of information in organisations. First, ordinary organisational procedures provide positive incentives for underestimating the costs of information relative to its benefits: "it is better from the decision-maker's point of view to have information that is not needed than not to have information that might be needed" (*ibid.*, p.415-6). Second, much of the information is gathered in a surveillance mode rather than in a decision mode: "we can see an organization as monitoring its environment for surprises (or for reassurances that there are none" (*ibid.*, p. 416). Third, most of the information used in organisational life is subject to strategic misrepresentation: "Information is gathered and communicated in a context of conflict of interest and with consciousness of potential decision consequences." They argue

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<sup>5</sup> Six observations are made about the gathering and use of information in organisations (Feldman and March 1981, p.414): (1) Much of the information that is gathered and communicated by individuals and organisations has little decision relevance. (2) Much of the information that is used to justify a decision is collected and interpreted after the decision has been made, or substantially made. (3) Much of the information gathered in response to requests for information is not considered in the making of decisions for which it was requested. (4) Regardless of the information available at the time a decision is first considered, more information is requested. (5) Complaints that an organization does not have enough information to make a decision occur while available information is ignored. (6) The relevance of the information provided to the decision being made is less conspicuous than is the insistence on information.

that strategic misrepresentation stimulates the oversupply of information. "Competition among contending liars turns persuasion into a contest in (mostly unreliable) information." On the other hand: "decision makers discount much of the information that is generated. Not all information is ignored, however, and inferences are made" (*ibid.*, pp.416-7).

But Feldman & March conclude that these explanations are less important than a more profound linkage between decision behaviour and the normative context within which it occurs: information is a symbol and a signal. Information is seen as the symbol of competence.

"Because the acts of seeking and using information in decisions have important symbolic value to the actors and to the society, individuals will consistently gather more information than can be justified in conventional decision making theory terms. Decisions are orchestrated so as to ensure that decision-makers and observers come to believe that the decisions are reasonable - or even intelligent. Using information, asking for information and justifying decisions in terms of information have all come to be significant ways in which we symbolize that the process is legitimate, that we are good decision-makers, and that our organisations are well managed" (*op.cit.*, p.419) (see also Floden & Weiner 1978).

In the same way, progress reporting (rather than for instance counterchecking site visiting) can be seen as the symbol of the rational planning process as supervised by the proper technical organisation: the P&DD. This study argues that this symbol function should be counteracted through the conscious promotion of rivalling monitoring systems attacking the principle of universal rationality in the case of projects, to replace it with perspective based rationalities.

#### **8.4 Implications for monitoring and evaluation theory**

##### *Implications for the paradigm dialogue*

This study has taken the stance that positivist attitudes to planning, monitoring and evaluation contribute to malfunctions and waste; a post-positivist attitude would guarantee better protection against these. Post-modernist attitudes to monitoring and evaluation were meanwhile rejected, as was argued in chapter 1. The results of the study give further arguments for this rejection. They indicate that there is a continuum between contested and relatively uncontested knowledge / observations. If the more and less contested indicators are separated first, a general monitoring system could be agreed upon which would focus on the more consensual objects and observations. It has to be granted, however, that there are few indicators on which all stakeholders may agree in the arena of projects and programmes. This study has demonstrated that even financial indicators are riddled with problems. The operationalisation of the more 'wicked' indicators should be dealt with by monitoring systems of specific stakeholder groups. The safest option remains to go for more monitoring systems, rather than one unifying.

A second point to be made is that the adoption of the stance in this study does not imply the shedding of the ideal of rationality. Rationality continues to be norm, albeit on the premise that there are many rationalities possible; stakeholder-based rationalities. Rationality can only be applied from inevitably partial perspectives. A search for agreement on targets, indicators and their operationalisation is basic to the approach propagated for the monitoring process. Competition for the adoption of viewpoints will take place, and usually, compromises will have to be made. It has to be accepted that stakeholders may agree to have to some extent different objectives in projects and programmes. With Lindblom, this study

argues that, as long as a wide range of stakeholders are represented, explicitly partisan analysis (and monitoring) from the side of articulate and professionalised stakeholders may give the best guarantee for adequate decision-making.

#### *Implications for the debate on the distinctions between monitoring and evaluation*

This study has argued that the objectivity ideal with which project monitoring is associated is as far away as in its twin technique of project evaluation. All the problems associated with project evaluation can also be connected with project monitoring. Project monitoring, although ostensibly concerned with facts, is as much concerned with values and perspectives. Project monitoring may be even more strategically distorted than evaluations, due to the nature of the information solicited, which is usually at a level which allows a direct relationship to be established with the functioning of personnel or organisations. Concerned with the preservation of their jobs, promotions or reputation, staff will often hide or bias information. The same may be true for organisations as a whole, when inter-organisational reporting is concerned. Heavy organisational filters may be invoked. Although some forms of monitoring may be confined to relatively uncontested subjects and perspectives, and would therefore appear to be less problematic than evaluations, this advantage is often offset by the requirement of conciseness in reporting, which in the social realm frequently implies more incomplete, fragmentary observations.

Monitoring meanwhile continues to carry the aura of objectivity. This has the same disadvantages that some main associated techniques also run, such as Logical Framework Analysis and Objective Oriented Project Planning workshops: technification of often political views and choices. LFA and OOPP, often employed by donor organisations to reach consensus, may divert attention away from the essentially contested nature of planning and monitoring. That each stakeholder in a certain project may have a different logical framework and different objectives, and therefore different conceptions of the progress made, is not integrated in the models. If anything is mentioned about it at all, then a consensus between the major stakeholders, such as donors and government counterparts is seen as possible because of the supposed universality of reason. Logical Frameworks are particularly rigid monitoring instruments in case of programmatic projects with less fixed outputs and effects<sup>6</sup>.

### **8.5 Preconditions for a new planning approach for Pakistan**

In section 8.1 under point 2, the main societal conditions currently holding back effective planning and implementation in Pakistan have been highlighted, and some suggestions regarding their conversion have been sketched, including the establishment of an alternative planning paradigm. Obviously, many such conditions are hard to change overnight, even though the government seems to be favourable to many aspects of the New Public Management, such as privatisation and deregulation. In addition to what has already been said, some further issues are raised which are considered by the author to provide clues to the way forward.

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<sup>6</sup> In fact, this is the reason why an organisation such as the ODA (now DFID) "has never adopted LFA in its full rigour" (ODA 1984, p.25), whereas evaluations of other donors such as CIDA have recorded that mandatory Logical Framework techniques often proved unimportant to the setup of organisations (IOV 1993, p.80). Rebien (1996, p.51) sees a trend away from logical framework approaches because of the trend away from project based assistance. For recent critiques on OOPP see Gaspar (1997) and Chambers (1997, p.42 ff).

*First of all, there is reason to believe that an amalgamation of development and recurrent budgets would be beneficial, and under the administrative control of the Finance Department. Functions should then be delineated fresh for a new type of Planning Department.*

The assignment of funding responsibilities to the Finance Department exclusively, would allow a more integrated analysis and monitoring of development related expenditure, and reduce organicistic biases. Investment choices can be assumed to be more seriously considered in the light of O&M requirements and other possible policy instruments than capital investment.

Divested of the 'executive' power to approve, fund, and micro-manage projects, the old P&DD could convert itself into a more independent advisor to the Government regarding budgetary (project) proposals stemming from the line departments. Continuing to be represented in the project/budget approval fora but without executive prerogative, such a new planning department would be impeded much less by mixed stakes. A monitoring function for the department based on site visits would then have to be mandated in more detail, and could be carried out with less inhibitions. Other functions that P&DD could usefully concentrate on are liaison with foreign aid donors and assistance to line departments in terms of expertise on foreign exchange and customs procedures.

If such changes would be effected, the P&DD could gradually develop into a regional planning office, focusing on land use planning and structure planning. If also the local government and administration tier would be strengthened, the new planning department could start focusing on the setting, enforcement, and monitoring of planning standards, rules and regulations, such as is the case with provincial planning departments in most Western countries.<sup>7</sup>

The risk of marginalisation of the new planning department as a result of organicistic behaviour by other departments (such as for instance happened in the past with the Sind Regional Plan Organisation, which did not directly control funds), should be countered through the enactment of strong legislative mandates.

*Secondly, the creation of a serious tier of local government would benefit planning, as well as an administration responsible to it.*

The reinforcement would have to consist of (a) regular elections for local government, (b) no political dissolutions during their tenures, (c) the refrainment from the increasing appointment of local councillors by central government, (d) a better local government act with revised functional mandates and responsibilities not overruled by other agencies with rival mandates, (e) much larger budgets to be spent at the local governments' discretion, and (f) the appointment of more, higher qualified, and higher ranked administrative staff<sup>8</sup>. Municipal management and service delivery should be the focus, as well as the monitoring of central

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<sup>7</sup> It merits noting that in most Western countries, the distinction into public investment budgets and recurrent budgets is not as dominant and has not led to the management of these budgets by two different departments. The Finance Ministries in these countries, as was for instance noted by Premchand (1990) and UNDTCD (1991) do not conduct central, PM-chaired reviews of public investment (or recurrent expenditure), such as in Pakistan. There is less pretence of central control; ministries and line departments are granted more independence and discretion. At the same time, cross-checking mechanisms are pervasive: ministries are monitored closely through comprehensive and automated financial systems and performance measurement. Central government decision-making is furthermore checked through the pervasive influence of (1) local and provincial governments and (2) the working of a civic society.

<sup>8</sup> See also Cheema & Rondinelli (1983, pp.101-104) for recommendations on decentralisation. Rondinelli et al. (1984) have stressed that experiences with decentralisation have not often been very positive but that attempts should not be abandoned, and should be combined with other measures.

government policies and activities of importance to the municipality. Municipal land use plans should be legally mandated. The initial emphasis should be on local / municipal councils rather than district councils.

In this context it merits some consideration what to do with the over-representation of government staff at middle and lower ranks of the administration. Structural adjustment policy requires many such staff to be laid off, but this may not be politically feasible. The question can be asked: can some of these staff, currently unproductive and unattended to in the colossal bureaucracies at provincial and federal level, be reassigned to local governments and to more communal/productive duties?

*Thirdly, mechanisms should be found to increase the political control and supervision of government departments and to decrease political interference in areas where the administration is legally in charge.*

Cabinet Ministers should become more involved in the daily management of their departments. This would improve the political responsibility for administrative action. Certain decision-making committees such as the Departmental Working Party in the P&DD which approves the projects, should be headed by a Minister rather than a Secretary. In the absence of the PM, other ministers should head the Review Meetings.

Meanwhile, the practice of appropriation of public goods through projects (and selection of new government staff) by scheming members of the legislature as well as defeated candidates of ruling parties who have to be rewarded, is detrimental and should be stopped. The creation of project management committee structures with broad representation may be one way to avoid the underhand deals now so frequently seen between politicians and members of the bureaucracy, or between politicians and companies or contractors.

*Fourthly, a different organisation of projects might improve their implementation in the context of resource scarcity and budgetary uncertainty.*

The current strategic management by many line departments, shifting funds round from project to project across the year, makes project management and monitoring an exercise in futility in many cases. Although this was not specifically investigated in the study, there are indications that larger, programme-like projects, covering an area the size of a district, and of subsectoral nature (rather than sectoral or multisectoral nature, as SAP demonstrated), would straddle investment, operation, and maintenance issues. They would also allow project directors of higher grade to be appointed, and generally enable greater flexibility in management. This would have to be accompanied by (1) more budgetary discretion, and (2) more diverse monitoring systems all addressed to programme management committees representing the major stakeholders including programme beneficiaries. The development and application of key performance measurement indicators on which there is some agreement within these committees (in addition to implementation progress indicators), would also be an important requirement. Constructive involvement of beneficiaries and political representatives in these committees might lead to greater responsiveness to local needs, and improve political responsibility for administrative action. Due to the (in)visibility of programme effects within electoral constituencies (and the controls usually operating within committee structures), rent seeking behaviour would hopefully be reduced.

*Fifthly, better and more transparent financial management systems are needed.*

This is perhaps a cliche and has been heavily promoted by World Bank and also IMF in the context of structural adjustment conditionalities, which may make the recommendation here slightly suspect. But this study has corroborated once more how important good financial

systems are to monitoring and management. These include accounting systems based on greater speed in consolidation and reporting, double entry, greater rigour in classification, accommodation (next to cash basis) of commitments and the accruals in some areas, as well as performance budgeting in a few selected areas where this is possible. The expansion of the Auditor General Offices with performance auditing functions and field offices would be required (beyond the current 'token' positions), next to the expansion of functions in this sense of a (new) planning department. Better budgeting systems are also required. This means a greater reliance on rolling expenditure planning (three years), debt profile calculations, prioritisation of projects, and greater attention for recurrent cost implications of public investment. The problems in terms of government financial management are not unique to Pakistan; for further suggestions as to solutions see e.g. Premchand (1990) and UNDTC (1991).

## 8.6 Implications of this study for monitoring practice in Pakistan

The main implication will by now be evident to the reader: *there is a need for the employment of multiple monitoring systems all geared to specific components and stakeholders, and which may be partially competing and complementary*. The principal reasons are the multidimensionality and varying 'hardness' of reality which is unlikely to be captured by single systems and their rapporteurs, and the strategic and perspectivistic biases acting on observations. It is the job of the decision-making fora to bring together and 'triangulate' the results of all these information sources and take the best decisions. The inevitable loss of simplicity and increasing appearance of disorder is to be compensated for by increased participation by stakeholders in decision-making and by improved quality of information all round.

Complementary and competing systems run by different actors can also be justified with reference to the inherent conflict between the standardisation of observation typical of monitoring systems and the need for a wide scan of (unexpected, unforeseen) social developments which are so important to the success of projects and programmes. Such a conflict would also call for the reliance on different ways of information collection and valuation, such as is possible through rapid/participatory appraisals, surveys, scanning, formal evaluations, meetings etc.

This study has stressed the limitations of systems relying on self-reporting by departments: no one likes to report on his own failure. However, to abolish self-reporting would be to throw away the baby with the bath water. Self-reporting by line departments on their own functioning must always remain an important component in the overall monitoring process. To be sure, in spite of strategic motivations which may distort information, the technical departments also have unique access to experiences and information, from which a wide range of other interest groups can benefit. These departments may have important perspectives to bear on the decision-making process. But these perspectives may be best articulated when other departments, such as the planning department and some other organisations would complement them by developing and implementing their own 'systems' or monitoring practices. In this way, there are chances that the quality of self-reporting improves in the longer run.

A number of technical recommendations in terms of formats for self-reporting by line departments have been made at the end of chapter 5. They relate first of all to the need for improvements in target formulations reflected in project documents. Secondly they relate to the choice of reporting format, whether 'open' or 'closed'. Open formats lead to line

departments having the upper hand in reporting and broaching or concealing issues. Closed formats give more supervisory powers to the P&DD. As was found by this study, closed report formats can improve the analytical potential of information, and can, if not reduce, at least clarify and systematise strategic and perspectivistic biases. Such biases can then be 'discounted' better. Enforcement on the one hand, and counterchecking systems on the other, remain the keys, however.

'Managerial' recommendations include attention for institutional arrangements for processing of information within both line departments and P&DD, the institutionalisation of diagnostic studies (cf. Casley and Lury) to resolve contingent problems, and the need for more regular and better conducted review meetings. Of particular relevance is Peck & Rubin's (1983) advice: monitoring and evaluation offices should have independence from programme offices. If such offices do not have a clear legislative mandate within an organisation, nor a clear external reference group (such as recognised evaluation society), the interests of the organisation will always prevail. Appearance rather than content will be stressed, and professional standards will be sacrificed.

#### *The need for shifting of focus in existing monitoring systems*

The current emphasis on implementation monitoring was judged, however, too exclusive by this study. When conducted in isolation from other types of monitoring, the result is a diversion from many important issues in development, such as service delivery, human resources development, and the operation and maintenance of infrastructure and productive capacity. In conjunction with the new responsibilities of Planning and Finance departments, a new system of Reviews should be started. As mentioned above, project-by-project monitoring by supervising departments in the context of wide-ranging investment programmes may be too fragmented. From current departmental behaviour and problems with their management, there is reason to surmise that this approach should give way to programme monitoring. Most of the problems in projects are systemic anyway and nothing much is gained from studying these in the context of single projects.

The integration of budgets and the conversion to more regularised programme management would imply a greater role for information gained through monitoring and scanning devices as a source for day-to-day management. Such information would have to include service delivery by the public *and* private sector as a major new focus. If other stakeholders in the current configuration in Pakistan are insufficiently organised or articulate and cannot be effectively involved in programme management in the short run, surveys or evaluations would have to make special efforts to include them. It is thought here of local councils, labour unions, employers unions, professional organisations (e.g. the Council of Engineers), and grassroots based organisations. The new Planning Department, divested of its funding powers, might consider including an evaluation wing to conduct programme evaluations of a much wider scope than currently is the case<sup>9</sup>. The evaluations should be addressed directly to the

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<sup>9</sup> The Inspection Development Cooperation of the Netherlands Ministry of Foreign Affairs could be an example in this respect. Having started in the 1970s as a unit with a large measure of independence, it initially concentrated on project evaluations. Dissatisfied with the lack of follow-up to these evaluations, it gradually turned to conducting programme evaluations. For each such evaluation, at least a year is taken, and apart from the unit's own 'inspectors', relevant professional organisations such as universities, research institutes and specialised consultancy agencies are involved. The programme evaluations are directly offered to the Permanent Committee on Development Cooperation in the Parliament. They are also published in book form as a matter of policy, and disseminated to a wide audience.

legislature. Perhaps the Public Accounts Committee could add this function to its current mandate.

It has to be kept in mind that there are always limitations to project progress reporting: longer reports will do more justice to reality and the constructed realities of stakeholders. But they will require more time for their consumption by decision-makers. General solutions cannot be given for this dilemma.

## **ANNEXURES**

## ANNEX 1. SOURCES OF INFORMATION USED

This study relies on a variety of information sources. Next to published literature on Pakistan and the social sciences, the following sources were relied upon:

- Unpublished reports but available in some libraries, such as the UNDP, World Bank, and Federal Planning Commission libraries in Islamabad, the Public Library Muzaffarabad, and the AJK Government Secretariat library in Muzaffarabad. In as far as these have been quoted they are included in the literature list on Pakistan/South Asia.
- AJK and Pakistan Government publications with limited distribution, such as Five Year Plans, ADPs, Annual Plans, Statistical Yearbooks, budget books, white papers and some brochures and leaflets. These are available with P&DD and the Government Printing Press.
- Mimeographed report outputs of the UNDP/DTCD project 'Development Planning in AJK' in which the author participated. A list of these is included in Table A1.2; most are available with the P&DD in AJK and with the UNDP library in Islamabad. As per UNDTCD's *Manual for Chief Technical Advisers* (1983, p.173), technical reports become de-restricted after six months.
- A few mimeographed reports published in the context of the Social Action Programme, Pakistan. Their references are included in the literature list; they are available with the World Bank library in Islamabad and with the MSU.
- Files and dossiers kept by the AJK Planning and Development Department, regarding (principally) projects, approval meetings, review meetings, revisions, and budgets. These are not public but findings were generally earlier presented in technical reports of the UNDP/DTCD's projects, which have become derestricted.
- Computer databases built up in the course of the implementation of the UNDP/DTCD project mentioned above. These databases concern all ADP projects, and include information regarding approvals, annual plans of operations, and project progress.
- Interviews with government staff, politicians, contractors, district chairmen, NGO staff, and others of interest to the subject of the study.
- Participant observation, through the author's involvement as M&E Advisor in the implementation of the project mentioned above, over the period June 1990 through August 1994, and from the more distant perspective of Peshawar from October 1994 through May 1997. Participant observation in AJK concerned the development and implementation of a management information system, development of databases in preparation of the AJK Statistical Yearbooks, regional plan preparation, (re-) organisation of the department, site visiting, collaboration with line departments, and the like. In Peshawar, the focus of observation was the Social Action Programme in that Province. The perspective was the SAP Cell in the NWFP Planning, Environment and Development Department. The author was also in position to closely follow the monitoring process as conducted by the P&DD through his affiliation with a Netherlands funded project, which had as one major purpose to improve the monitoring system.

### *Computer databases and files*

Regarding the use of computer databases and files and dossiers, the following remarks can be added. Computer databases created in the course of the UNDP/DTCD project were utilised for the financial years 1992-93 and 1993-94; much of this data had been analysed earlier in UNDTCD technical reports or was reflected in published ADPs and Annual Plans. Project-related quantitative information pertaining to the period after 1993-94 was utilised by the author while drawing on Government publications such as the ADPs and Annual Plans.

Approval for the use of such data and project report outputs for the present study was obtained in writing from the AJK P&D Department, dd 21-12-1997, ref. P&DD/ADMIN/4930/97.

### *Project file study*

The file study referred to in this study (chapters 3 and 4) was published as a project report output earlier (Henderson & Kolkma 1992). In the present study, its information is used mainly for the discussion of administrative procedures and processes, and for the analysis of cost and time overruns.

The file study was undertaken as part of a general review of the functioning of the Planning & Development Department of AJK and with a view to presenting ideas and suggestions for improved efficiency and more effective monitoring. It concerned the analysis of a sample of the files of that department concentrating on those projects which were ongoing in the Annual Development Programme (ADP) of 1990/91 and which were the subject of PC-1s in the period up to July 1991.

Initially 105 project files were obtained from the P&D department and every piece of correspondence contained therein was read and any important items relevant to the objective of the study were noted. Comparisons were made with data from other sources such as the Five Year Plan and expenditure statements from the Accountant General. Particular attention was given to the actual PC-1 form and detailed notes were made using a questionnaire of all the information contained in the original PC-1 and subsequent revisions. Annual Plans of Operations were also studied, as well as minutes of approval/revision meetings and site visit reports (if available). Then there followed two distinct but related activities. First, a detailed quantitative analysis was made of the information extracted from the files. This information was computerised and analysed through a statistical package (SPSS). Secondly, individual projects from each of the sectors were used as case studies, in part to glean useful information about the administrative process but also to reinforce the conclusions which could be drawn from the statistical analysis. A third source of information was contained in a small number of files used for the various Review Meetings held and supposed to be held in 1990-91. These files contained quarterly monitoring reports for all ongoing projects in the ADP. All reports submitted were computerised and analysed. There were, however, no systematic visits to the projects in the sample so this source of information was discarded in much of the analysis.

### *Sampling for the project file study*

The composition of the sample of project files was a product of the following ideas and assumptions. Firstly, the ADP of 1990-1991 was taken as the sample frame making it possible to study projects which were ongoing and which would also be required to send progress reports. Secondly, it was considered necessary to achieve a minimum level of representation in each sector and line department. Given the very different quantity of projects in the sectors, ranging from 8 in the Power sector to 163 in the Transport sector, a stratified sample was required, ensuring a statistically significant number of files for each

sponsoring department. In those sectors or departments which had a portfolio of less than 10 ongoing projects (excluding feasibility studies or PCII projects), all projects were studied<sup>1</sup>. This decision was also taken in view of the fact that the smaller the sector, the greater was the internal variation between the projects<sup>2</sup>. In sectors with up to 20 projects, 10 projects were studied; in the sectors with between 20 and 80 projects, 15; and in the Transport & Communications sector with 163 ongoing projects, 20 projects. A sample based on random numbers was taken from the portfolio of the Industries, Health, and Education departments, and in the Physical Planning and Housing sector and T&C sector of the Public Works Department. For purposes of aggregation, the relatively small samples in these departments and sectors have subsequently been given extra weights in the statistical analysis. For example, in the Education Sector where plus or minus a 20% sample of projects was selected, each project has been given a weight of 5. Similarly, in the Health sector, where approximately one third of all projects were studied, the projects selected were given a weight of 3, i.e. they were multiplied by that figure.

Unfortunately, due to time constraints and practical difficulties in obtaining the files, the sample targets could not be fully achieved and in practice the actual sample size achieved varied slightly from the overall sample target. A summary of the sample of projects has been entered in Table A1.1. The size of the stratified sample allows a statistically significant analysis both on the level of the total ADP and of the various departments/sectors. This was borne out by a few simple tests performed on the data, as discussed below.

In all, 105 project files out of a total of 377 ongoing PC-1 based ADP projects were studied. This constitutes a 27 percent sample overall, but since the sample was stratified this figure in itself is not of great significance as, in many sectors, an 80 to 100 percent sample was achieved. Perhaps a more useful comparison is that the sample covered a total of Rs 3837 million approved expenditure which is around 60 percent of the total cost of the on-going ADP project portfolio in 1990-91 (excluding SDP and PC-II projects [i.e. feasibility study projects]), reflecting the influence of major projects sampled in sectors with few projects.

A simple test demonstrates the level of representation of the resulting sample. For 1990/91, the weighted findings, using the average financial cost of a project in the sample, compared with the average for the whole of the ADP gives a total cost of all on-going projects (excluding SDP and PC-IIs but including foreign aid and self financing schemes) of Rs 21.682m as opposed to Rs 21.916m, a discrepancy of only 1.1%. The sample can be therefore be held to represent the ADP in financial terms with at least a 95% confidence level.

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<sup>1</sup> Initially a larger stratified sample size was proposed which would have resulted in an overall sample size of 143 projects for the file study. This proved an overambitious target in terms of the manpower and time available and the number had to be reduced to 105 files. The following decisions were taken: (1) the 17 projects of the Special Development Programme were left out of the sample, (they did not form part of the normal ADP in 1990-91); (2) the 10 sectoral block provisions for the Local Government and Rural Development Programme were left out of the sample (they were not based on PC-1s and are managed in a different way from the other projects); and (3) feasibility study projects (projects based on PC-II forms) were left out of the sample as, for reasons of uniformity, only PC-1 based projects were included.

<sup>2</sup> For instance, in the Forestry subsector, the 7 ongoing projects are very different in nature, whereas in the T&C sector there are many very similar projects for both roads and bridges.

Table A1.1 Some basic data concerning the sample of projects selected from AJK's ADP of 1990-91.

SHORTENED TITLE OF PROJECT	SECTOR	NO.	PRODUR	1STYR	LASTYR	DURMONTH	INAPRCOS	LASTCOST	REVI	WEIGHT
Farm Mechanisation Organis. AK	AGR	1	36	86	95	108	29.313	39.890	1	1.13
Cereal crops imp & prod progr	AGR	2	60	87	95	96	7.659	7.659	0	1.13
Proc suppl agr inputs(fert/se)	AGR	3	60	89	97	96	43.051	49.508	0	1.13
Prod diseasefree h potato seed	AGR	5	36	89	93	48	2.000	2.043	0	1.13
Managem. Fruit Plant Nurseris	AGR	6	24	90	92	24	2.098	2.098	0	1.13
Constr of input godowns in AK	AGR	7	60	79	92	156	11.926	16.472	1	1.13
Est. of vegetable growth point	AGR	8	24	91	92	12	0.985	0.985	0	1.13
Int. Hill Farming Dev. Project	AGR	12	60	84	92	96	358.642	471.893	1	1.00
Exp&Imp Govt Poultry Complexes	AGR	13	36	86	92	72	9.808	11.279	0	1.17
Upgrad. vet.disp opening f aid	AGR	14	36	88	93	60	30.878	34.113	0	1.17
Imp Cattle Breed Art insemp MPK	AGR	15	36	87	92	60	2.767	3.920	1	1.17
Strength. Exist Poultry Servic	AGR	16	36	89	93	48	4.119	4.119	0	1.17
Establ Growth Points Milk&Meat	AGR	17	60	90	95	60	3.540	3.540	0	1.17
Educ. & Tr. Facil. Nominees ANH	AGR	18	36	91	93	24	0.174	0.174	0	1.17
Reforestation of Blanks AK PhV	AGR	23	60	89	98	108	123.516	237.790	1	1.00
Forest nurseries in AK	AGR	24	60	88	97	108	46.378	46.378	0	1.00
WFP Ass. Integr. Land Managem	AGR	25	36	88	94	72	52.380	52.380	0	1.00
Devnt Pasture Lands in AK (II)	AGR	26	24	89	93	48	5.548	5.935	0	1.00
Suketar Watershed Management P	AGR	27	60	88	94	72	22.863	28.971	1	1.00
Cold Water Fish Culture in AK	AGR	29	60	90	97	24	9.327	9.327	0	1.00
Promotion of tourism in AK	AGR	33	16	83	92	108	3.100	3.541	0	1.00
Upgradation tourist facilities	AGR	34	24	87	92	60	4.420	5.078	0	1.00
Establ. of Tourist Vil. Sharda	AGR	35	24	88	99	132	4.700	4.700	0	1.00
Constr Tourist Rest Houses AK	AGR	36	24	88	99	132	10.240	19.110	1	1.00
Acq. of plant protect.material	AGR	904	24	86	92	72	3.450	3.450	0	1.13
Promotion Poultry Prod. Pr.Sec	AGR	906	48	83	92	108	8.084	8.084	0	1.00
Primary Education Dev Exp AJK	EDU	1	30	88	98	120	108.873	161.797	1	5.14
Prov addl acc and acq 1 47 MSB	EDU	8	60	83	99	192	13.630	15.660	0	5.14
Prov. addl acc 73 Boys M/S Muz	EDU	13	36	86	99	156	19.380	29.200	1	5.14
Prov. addl acc 103 Boys MS Poo	EDU	15	48	86	99	156	28.010	35.114	1	5.14
Prov addl. acc 38girls MS Kotl	EDU	20	36	86	97	132	10.330	14.044	1	5.14
Prov. furniture 225 Middle Sch	EDU	21	24	89	92	36	3.710	3.879	0	5.14
Cons. addl acc land equi 15 HS	EDU	29	48	80	99	228	7.675	10.990	1	5.14
Acq.land&const add rooms10sPoo	EDU	35	60	86	99	156	11.000	14.650	1	5.14
Acq land cons add r 4&4 HS Kot	EDU	37	48	86	99	156	5.137	8.557	1	5.14
Promotion Sports in MH Schools	EDU	39	3	87	93	72	0.358	0.358	0	5.14
Constr compound wall 57 HS AJK	EDU	42	37	88	99	132	15.740	15.748	0	5.14
Constr. addl acc acq land 34HS	EDU	48	36	90	99	108	46.940	46.940	0	5.14
Prov. Students Hostel, Lab Afz	EDU	68	25	88	96	96	7.650	8.798	0	5.14
Cons. Imp. ph fac. 6 Inter Col	EDU	901	36	83	92	108	15.394	15.394	0	5.14
Opening of 19 disp. in Dist Mu	HEA	1	60	76	93	204	4.026	12.974	1	3.36
Constr 11 M tchld Hea Centres	HEA	5	48	82	93	132	4.499	11.000	1	3.36
Estab. 12 BHUs in Muzaffar Dis	HEA	7	36	84	98	168	6.375	16.719	1	3.36
Const. 5 RHCs in Distr. Poonch	HEA	11	48	79	99	240	9.799	19.950	1	3.36
Establ. 2+1 RHCs in dist Muz	HEA	16	48	87	96	108	6.009	9.640	1	3.36
Establ. 3 new RHC in Kotli Dist	HEA	17	48	84	96	144	7.251	21.846	1	3.36
Imp/Upgrad.ex.hosp/disp Mirpur	HEA	901	48	79	92	156	7.859	14.165	1	3.36
Imp. Renov. TB Sanatorium Hill	HEA	30	24	88	93	60	3.205	3.025	0	3.36
Ext. of T.B. Sanatorium Hill	HEA	31	24	83	99	192	6.885	19.659	1	3.36
Upgrad. exist. hosp/disp Muzaf	HEA	910	48	80	92	144	9.660	27.618	1	3.36
Health Education Programme AJK	HEA	911	60	81	92	132	1.134	2.613	1	3.36
Establ. industr. estate Kotli	IND	4	48	82	93	132	2.538	12.381	1	2.10

Conversion ind. training centr	IND	6	12	85	93	96	1.651	5.523	1	2.10
Setting up of Tr/Devnt Centre	IND	901	48	79	92	156	2.861	7.578	1	2.10
Prod. & Plant. 50 lac Mulberry	IND	902	108	82	92	120	15.827	15.827	0	2.10
Establ. of Vocat. Inst. Kotli	IND	14	60	87	97	120	3.721	5.582	1	2.10
Silk Seed Production with FPI	IND	903	36	88	92	48	9.112	9.112	0	2.10
Devnt. new industr.area Mirpur	IND	17	36	88	99	132	53.158	81.933	1	2.10
Establ. Display Centre & Renov	IND	19	15	90	95	60	1.070	1.700	1	2.10
Exp & Mod exist. govt pr press	IND	21	24	88	94	72	5.454	5.710	0	2.10
Moderniz. Mineral Testing Lab	IND	31	36	88	93	60	1.350	0.150	0	2.10
Integr Water & Sanit. Progr.	LRD	11	36	91	94	36	55.536	44.666	0	2.94
Electrification Rural Areas II	POW	1	36	86	95	108	696.437	800.900	0	1.00
Electrific rural areas AJK III	POW	2	60	91	99	96	717.444	1139.432	1	1.00
Install small hydel stat Leepa	POW	3	12	87	92	60	1.339	2.880	1	1.00
Installation small hydelst Kel	POW	4	21	84	93	108	3.494	3.896	0	1.00
Diesel generators Dudnial Shar	POW	5	10	90	97	84	3.104	3.560	0	1.00
Estab.2000KW Hydel Kundal Shah	POW	6	24	86	99	156	30.000	85.597	1	1.00
Establ 3x1000 kw Hydel Battar	POW	7	24	87	99	144	28.739	320.493	1	1.00
Estab 1.6 mw hydel st Kathai M	POW	8	24	87	99	144	30.000	62.417	1	1.00
Greater Water Supply Sch Muz'd	PPH	1	60	79	94	180	63.334	143.256	1	2.94
Augm. Ext. water supply Kotli	PPH	3	60	78	95	204	1.562	29.307	1	2.94
Extension water supply Bhimber	PPH	8	24	89	95	72	2.359	2.712	0	2.94
Const. 72 Union Council Offics	PPH	901	36	87	92	60	8.290	8.290	0	2.94
Constr. Secr Complex CD 4 Muzd	PPH	15	24	84	94	120	8.175	14.776	1	2.94
Const. PM block Kashmir H Islb	PPH	18	18	86	95	108	7.874	14.257	1	2.94
Constr. District Jail Kotli	PPH	903	12	82	92	120	3.000	13.809	1	2.94
Constr. A-Type Bunga.Jalalabad	PPH	32	24	87	94	84	4.592	4.266	0	2.94
Const. House III & IV hostel	PPH	37	36	89	97	96	22.618	21.052	0	2.94
Replanning distr court Rawalakot	PPH	45	18	91	95	48	3.850	3.885	0	2.94
Housing Scheme Rawalakot	PPH	57	36	80	93	156	11.000	18.422	1	2.94
Renov ex water supply ntw Mir	PPH	904	24	87	92	60	26.265	26.265	0	2.94
Renov/rehab ex. sewerage Mirpr	PPH	65	24	87	95	96	15.090	17.354	0	2.94
Area devnt scheme Sect D4 Mirp	PPH	66	24	90	93	36	206.090	206.090	0	2.94
Const. 3 Room Flats D.St.Kotli	PPH	902	18	87	92	60	2.158	2.158	0	2.94
Imp/Met Abbaspur Kahutta Road	T&C	24	48	84	92	96	15.751	18.326	0	8.58
Imp/Met Doongi Joona Road 0-9m	T&C	29	24	91	99	96	14.567	14.567	0	8.58
Imp/Met Khuiratta Barote Ga rd	T&C	30	24	88	99	132	6.017	6.017	0	8.58
Reconditioning Kerote Gulpur r	T&C	319	24	89	96	84	23.416	23.416	0	8.58
Imp/Met Nauseri Panjkot Rd Muz	T&C	59	36	89	99	120	11.073	11.073	0	8.58
Met. Patikka Bheri Road Muzaff	T&C	65	18	90	93	36	3.847	4.424	0	8.58
Imp&Met of Chotagalla rd Poonec	T&C	91	24	89	99	120	6.795	8.200	1	8.58
Imp/Met Singola Rd Dist.Poonech	T&C	92	24	89	96	84	7.439	7.439	0	8.58
Imp/Met Dheri Shaibzadian ..rd	T&C	111	24	89	99	120	5.560	5.560	0	8.58
Imp/Met Chaksawari Panyana Rd	T&C	124	36	87	99	144	8.274	10.546	1	8.58
Imp/Met Amb Chinar Thub Beh.Rd	T&C	127	36	89	98	108	11.529	11.529	0	8.58
Imp/Met Jandi Ghoutra Baba..Rd	T&C	131	12	89	93	48	2.050	2.050	0	8.58
Constr of Bridges Khaori Rajpa	T&C	146	24	74	93	228	1.949	5.235	1	8.58
Constr. prestressed bridge Kam	T&C	149	18	89	99	120	2.858	3.018	0	8.58
Constr. RCC bridge Neelum Muzd	T&C	154	36	90	99	108	15.000	40.000	1	8.58
Constr R Bridge Nulla Ban Kotli	T&C	162	24	86	99	156	11.288	37.226	1	8.58
Imp/Met Kotli Pallandri Rd Tah	T&C	913	36	84	92	96	17.300	17.300	0	8.58
Imp/Met of Chokoti Khaland rd	T&C	61	18	90	99	108	4.600	8.056	1	8.58
Imp/Met Dhani Kanoor Road Muzd	T&C	69	18	90	96	72	4.435	4.435	0	8.58
Kheri irrigation scheme Mirpur	WAT	1	24	81	99	216	18.000	96.154	1	1.00

NOTE: VARIABLE DEFINITIONS

SECTOR	Main sector of the Annual Development Programme: AGR= Agriculture, EDU= Education, IND= Industries, HRA= Health, LRD= Local Government and Rural Development, POW= Power, PPH= Physical Planning and Housing, T&C= Transport and Communication, WAT= Irrigation
PRODUR	Original intended project duration in months
1STYR	First year of inclusion in the ADP
LASTYR	Last year of inclusion in the ADP (updated upto FY 1997-98)
DURMONTH	Total actual project duration in months
INAPRCOS	Initially approved cost of project
LASTCOST	Final (last revised) approved cost of project
REVI	Revision status of project (1=revised, 0 = not revised)
WEIGHT	Weight attached to the project in the sample

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**Table A1.2 Major report outputs produced by UNDP/DTCD project "Development Planning in AJK".**

(June 1990): Output 1.1 [P&D's existing management procedures with respect to ADP and monitoring and evaluation system]

(May 1991): Output 1.1.1 - Development Decision-making Efficiency

(Febr. 1991): Output 1.1.2 - A Review of Information Sources for Policy Evaluation in AJK

(Oct. 1990): Output 1.2 [Existing and proposed organisation and responsibilities of P&D department]

Workshop report (Feb. 1991): Project Monitoring and Evaluation by P&D Departments in Pakistan; report of 3 inter-provincial workshops

(April 1992): Report of the Seminar on Planning Needs in AJK, 1st and 2nd March, 1992

(June 1991): Project Monitoring Systems in Planning and Development Department

(March 1991): Output 2.2 - Management of the Development Programme by Line Agencies in AJK

(November 1991): Towards a New Approach to the Preparation of the Five Year Plan of the Azad Government of the State of Jammu and Kashmir

(January 1992a): Regional Planning Consultancy Report Vol. 1 "Regional Planning and Strategy formulation" (Initial report)

(January 1992b): Regional Planning Consultancy Report Vol. 2 "Regional Planning and Strategy formulation" (Training materials)

(January 1992c): Donors Assisted Projects in AJ&K P&D Department.

(April 1992): Report of the Seminar on Development Planning Needs in AJ&K.

(May 1992a): Final [Consultant's] Report on the Project Monitoring System for P&D, AJK

(May 1992b): Technical Note on Annual Plan of Operation / Quarterly Monitoring

(July 1992): Position Papers on selected issues in the implementation of infrastructure projects:

1. Land acquisition practice and procedure.
2. Contracts and contractors in AJK
3. PC1 preparation.
4. The use and availability of heavy plant in AJK.
5. The P. & D. Dept. and its performance relative to the line agencies.

(November 1992a): A study of Project Preparation and Implementation in AJK. Based on a Sample of Project Files in P&D Department

(November 1992b): Report of two Inter-Provincial Workshops held in 1992.

(December 1992): System Documentation Programme/Project Management Information System for P&DD, AJK. Volume 1 - Introduction

(February 1993): System Documentation Programme/Project Management Information System for P&DD, AJK. Volume 2 - User Guides

(March 1993a): A possible approach for the 8th Five Year Plan

(March 1993b): PC-1 Manual for the P&DD Department and the Nation-Building Departments in AJ&K

(November 1993a): Technical Note on the Inputs re AG codes and input progress analysis

(November 1993b): Technical Note on the Revision of Projects

(December 1993): Computer Training Manual

(July 1994): Programme/Project Management Information System for P&DD, AJK. Volume 3 - Technical Documentation.

Contributions were made by the project to: preparation Annual Development Programmes, Annual Plans, Annual Plans of Operations, Quarterly Monitoring Reports, working papers, Statistical Yearbooks and Azad Kashmir at a Glance.

Further project report outputs consisted of: project documents, workplans, Project Performance Evaluation Reports, Terminal Report of Project and terminal reports of project staff.

## ANNEX 2: ANALYSIS OF DIFFERENCES IN PROBLEM REPORTING IN THREE REPORTING SYSTEMS

The differences in the quantity and quality of problem reporting between the AJK Quarterly Review Report (QRR), PC-III (a federal government progress report format), and the AJK Quarterly Monitoring Report (QMR), are subjected to a review in this annex.

To this end the samples of projects are initially limited to those sectors for which reports in all three categories were received. This means that the sample is limited to the 86 projects for which a PC-III was received. Because of the inclusion of the Health sector in the PC-III returns there are relatively many problems in the sample of the old QRRs. Much of the information on which the review is based is summarised in Table A2.1.

The differences between the old and the two other systems are striking. In the old system, only around 25 percent of the projects reported observations that could be interpreted as problems. The federal system reported many more problems: in 77 percent of the reports one or more bottlenecks were mentioned. Was this a consequence of a particularly problematic quarter? Not likely; there were no major contractors' strikes; the amount released by the Finance Department was not smaller than in other years, and neither did a major calamity bias the figures, such as with the torrential rains in September 1992. If the reports are scrutinised in detail, then it appears that of all projects, only 21 percent reported something different in the third quarter from what it had reported in the first. But almost 55 percent of the projects reported something else in the second quarter, while half of the projects in the third quarter reported something different from the second. When the reporting of problems in the first quarter is correlated with that in the second, then there is even no correlation ( $R = 0.0399$  at  $P = 0.358$ ). The correlation between the reporting of problems in the second and third quarter is significant at  $P = 0.018$  and a strength of Pearson's  $R = 0.2266$ , but much more strong is the correlation between the reporting of problems in the first and the third quarter at  $R = 0.4515$  and a significance level of  $P = 0.000$ .<sup>3</sup> The conclusion is that although the situation is more likely to have changed between the first and third quarter than between the first and the second or the second and third, the QRRs report almost the same situation: an effect which must be due to the format rather than to similarities in actuality.

### *Differences in the nature of problems*

When the nature of the problems reported in the three quarters is taken into account, then the extent to which the observations in the second quarter through the PC-III are at variance with those made in the first and the third quarter through the QRRs, is further underscored. This can be observed from the table below.

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<sup>3</sup> It has to be mentioned that most of the correlation is due to the high number of projects reporting no problem in both the first and the third quarter. On the other hand, the proportion of projects reporting problems in both the first and the third quarter is 41 percent, whereas those in the first and second does not surpass 24 percent and those in the second and the third 31 percent, in spite of the very high number of problems ticked in the second quarter, which makes it easier to match these with problem statements in the other quarters.

Table A2.1 Registration of problems in QRRs and PC-IIIs of 1990-91, and QMRs of 1992-93 and 1993-94, in terminology of PC-III, N=86 (AJK)

	Qu.1 QRR	Qu.2 PC-III	Qu.3 QRR	Av. 1992-4 in QMRs
Delayed release of funds	1.2%	37.1%	-	6.9%
Inadequate release of funds	-	15.1%	-	5.1%
No foreign exchange	-	1.2%	-	n.a.
Admin. difficulties	-	3.5%	-	2.4%
Foreign experts absent	-	1.2%	-	0.4%
Workers strikes	-	10.4%	-	0.2%
Site not selected	-	9.3%	-	n.a.
Delay land acquisition	2.3%	19.8%	10.3%	6.7%
Delay in design or detailed estimate	-	16.4%	-	n.a.
Tenders not received	-	9.8%	-	
Approval tenders delayed	-	2.3%	-	6.5%
Contractor problems	-	43.8%	3.7%	14.7%
Diff. procurement materials	-	4.6%	-	
Machinery not available/delayed	-	2.3%	-	7.5%
Weather delays	-	9.3%	-	7.5%
Interdepartmental delays	1.9%	18.6%	10.1%	n.a.
Problem with install. utilities	-	2.3%	-	0.6%
Lack of comm. participation	-	5.8%	-	1.0%
Lack of local funds	-	-	-	1.0%
Other problems	19.6%	-	5.4%	3.5%

Note: other problems were coded in QRRs those where works were mentioned not yet to have started and or to have stopped. If works had not been started by e.g. PWD, then this was coded as interdepartmental delays. For the comparison with problems mentioned in QMRs, only those problems were selected that were identical or almost identical those in the PC-III. This meant that some of the QMRs' indicators had to be amalgamated.

Source: Project file study 1992.

Particularly there are differences between the two kinds of reports in the registration of releases, estimates, contractors, land and interdepartmental delays as problems. Since releases point back to the Finance Department and partly the P&DD, whereas estimates point to the design offices in the own departments, contractors to some extent to the functioning of the PWD, land to the Revenue Department, and interdepartmental delays also to other departments, these affairs are underreported in the QRR, and heavily reported in the PC-III which has a much less compromised audience. If the categories of problems reported in the - new - QMR are compared with the PC-III, then the latter still reports more problems, although the differences have now become smaller. This means that the closed character of the new report format must have had a distinct influence. Although the 2nd quarter of the FY 1990-91, as reported by the PC-III, could theoretically have been an exceptional quarter, it is unlikely given the further circumstantial evidence. Especially it is unlikely that the perpetual land problems and contractor problems will have been much worse than in the other years; if anything the years of 1992-93 with their calamities and worsening overcommitments and budgetary crunch should have given rise to more problems.

### *High frequency of problem reporting in the PC-III*

It is very plausible that the high incidence of problem reporting through the PC-III is related to factors other than a particularly difficult situation in the second quarter. First of all, the format of the PC-III with its list of selected bottlenecks led many respondents to volunteer problems that might not have been raised without a specific question and that might not have been intended for discussion in a review. The ticking of these problems was done most likely to ward off the (remote) risk of a criticism in a case where problems were obviously besetting the project and nothing had been ticked. In the second place, the perception that the Federal Government was further removed from project management must have played an important role, as was already discussed. By 1991, most departments had the experience with a Federal Government not intervening at the project level after its scrutiny of the PC-III - usually, nothing was heard anymore after its submission. More frank reporting of problems would then not lead to repercussions such as feared for by the AJK Government or to open warfare with other departments in review meetings. This was also corroborated by the relatively high proportion of projects daring to tick "inter-departmental delays" as a bottleneck in the PC-III: 18.6 percent. This made it the fourth most frequently reported problem, after contractors, releases and land. Although in the new system this very important factor was unfortunately not included in the list of problems, it was also hardly ever reported as "other problem". Few rapporteurs volunteered it, although it was always among the first discussed in discussions with the author. At the most it was reported under a different guise. For instance, in one quarter, a rapporteur for the education sector had ticked this problem for many construction projects, executed by other departments than his own. Obviously, what he really meant was that the Public Works Department was not coming up to the mark.

The lack of involvement of the Federal Government would explain the unlikely combination of high incidence of problem reporting for those agencies which returned a PC-III on the one hand, and the complete non-response given by other agencies on the other<sup>4</sup>.

### *Problems reported through the QMR*

The new system relied on listings of selected problems, headed "*reasons for low fund utilization*" and "*reasons for delays in inputs*". Comparing the incidence of problems reported through the new system with that of the old system and the PC-III, the new system occupies a middle position. In the third quarter of 1991-92, the old system's QRR was dispatched together with the new system's forms (QMR). Although not all departments returned QMRs and the sample was therefore biased, they can be compared with the QRRs sent by those same departments. It appears that 67.3 percent of the projects reported problems in the QMR, but only 15.4 percent in the QRR. The difference must be attributed directly to the format since it cannot be attributed to a different audience, a different purpose of the exercise or a different reporting period. The QMR had a closed format as far as the problems were concerned, whereas the QRR had an open format, which led to less frequent reporting of problems. If the problems reported through the QRR are compared with those reported through the QMR, the same discrepancies are noted as were already evident from the case of the PC-III and the QRRs in the year before. Table A2.2, which is based on a sample of

<sup>4</sup> The departmental composition of the returns did not exercise an influence over the high number of PC-III reporting problem. It could be imagined that the special problems of the Health Department, an important part of the PC-III sample, would have pushed up the proportion of problem ridden projects. But this is not borne out by statistical analysis: without the Health department, the proportion of projects reporting problems in the PC-III would rise even to 82 percent! Whereas the presence of Health Department did push up the average for the QRRs, it did not do so for the PC-III.

64 cases which had submitted both a QRR and a QMR, shows how far apart the reporting is through the two systems. Of the 70 problems which were reported in total, only 8 were of the same nature, or 11.4 percent. Even when a very lenient view is taken, and the problems of "difficulties with contract(or)" of the QMR are equalised with the "work stopped" of the QRR, then only 28.6 percent of the problems were the same.

Table A2.2 Frequencies of matching problem-reporting by QMR and QRR, 3rd quarter 1991-92, N=64 (AJK).

Variable name	Not mentioned	mentioned only in QMR	mentioned only in QRR	mentioned in QMR and QRR
1. Delay in funds releases	98.4%	0.0%	1.6%	0.0%
2. Delay in project inputs	100.0%	0.0%	0.0%	0.0%
3. Weather	68.8%	28.1%	0.0%	3.1%
4. Lack of access to proj.	90.6%	6.3%	3.1%	0.0%
5. Difficulties with contr.	76.6%	21.9%	0.0%	1.6%
6. Internal project probl.	93.8%	4.7%	1.6%	0.0%
7. Difficulties with land	87.5%	7.8%	3.1%	1.6%
8. "Work stopped"	90.6%	0.0%	9.4%	0.0%
9. Problem with tendering	96.9%	3.1%	0.0%	0.0%
10. No public participation	93.8%	6.3%	0.0%	0.0%
Overall frequency:	90.6%	7.1%	1.7%	0.6%

Note: Basic data is presented in Table A2.3.

Source: AJK P&DD computer databases

If the selection of projects is further adjusted to reflect only those that also returned a PC-III the year before, then there was still a significant difference between the PC-III and the two other systems, a corroboration of the influence of the differing audiences of the systems. Whereas 76.7 percent of the PC-III's indicated one or more problems with a project, the respective figures for QRRs and QMRs were 27.9 percent and 36.7 percent in 1991-92<sup>5</sup>. In none of the six quarters for which a QMR was submitted by the same departments, did the proportion rise to 77 percent (see tables A2.5 and A2.6). And this was in spite of a calamity in 1992-93 and a relatively severe problem with releases in the first quarter of 1993-94. The average proportion of projects registering problems in the QMR was 40 percent, which is only slightly more than half the proportion of the projects registering problems in the PC-III. It can be inferred that the nature of the format and the intended audience of the system are both very important determinants of the incidence of problem reporting.

<sup>5</sup> Again, the departmental composition of the sample, in which the Health Department weighed heavily, is responsible for the relatively small difference between the incidence of problem reporting in the QMR and QRR. If the Health Department, which was wont to play out its problem with PWD also in the QRR, would be excluded, then this difference would have been much bigger.

Table A2.3: Problems reported by 64 projects with both Quarterly Monitoring Reports & Quarterly Review Reports, 3rd Quarter, AJK 1991-92

CODE	Abbreviated title of Project	Fund release	Weather	Access	Contr- act	Contr- actor	Inter- nal	Land acq.	Work stopped	Tender 10	Public partic.	Other problem
			1	3	4	5	6	7	8	9	11	12
AGR 1	Farm mech.organisation (under rev.)	-	-	-	-	-	-	-	-	-	-	-
AGR 2	Cereal crops impr. & prod. progr.On	-	-	-	-	-	-	-	-	-	-	QMR
AGR 3	Proc. & Distr.Agric. Inputs(fert/s)	-	-	-	-	-	-	-	-	-	-	-
AGR 4	Strength. Agric. Tr. Inst. Garhi D.	-	-	-	-	-	-	-	-	-	-	-
AGR 5	Prod. Diseasefree Potato Seed in AK	-	-	QRR	-	-	-	-	-	-	-	QMR
AGR 7	Construction of Input Godowns in AK	-	-	-	-	-	-	-	-	-	-	-
AGR 13	Exp. & Impr. Govt.Poultry Complexes	-	-	-	-	-	-	-	-	-	-	-
AGR 14	Upgradation of Vetern. Dispensaries	-	-	-	-	-	-	-	-	-	-	-
AGR 15	Impr. of Cattle Breed by A.I (Rev)	-	-	-	-	-	-	-	-	-	-	-
AGR 16	Strengthening Poultry Centres 5 Dst	-	-	-	-	-	QRR	-	-	-	-	-
AGR 17	S/up Growth Point Milk & Meat Pot.A	-	-	-	-	-	-	-	-	-	-	-
AGR 18	Education & Training Fac. to AK Nom	-	-	-	-	-	-	-	-	-	-	-
AGR 23	Reforestation of Blanks in Azad Kas	-	-	-	-	-	-	-	-	-	-	-
AGR 24	Forest Nurseries in Azad Kashmir	-	-	-	-	-	-	-	-	-	-	-
AGR 25	Integrated Land Management in A.K	-	-	-	-	-	-	-	-	-	-	-
AGR 27	Sukatter Watershed Management in AK	-	-	-	-	-	-	-	-	-	-	-
HEA 1	Opening 19 Dispensaries in M'abad D	-	QMR+QRR	-	-	QMR	-	-	-	-	-	QMR
HEA 3	Opening 20 Dispensaries in Poonch D	QRR	-	QMR	-	QMR	-	-	QRR	-	-	-
HEA 5	Constr. of 11 M.C.H. Centres in AJK	-	-	-	-	QMR	QMR+QMR	QRR	-	-	-	QMR
HEA 7	Estab. 12 Basic Health Units M'abad	-	QMR+QRR	-	-	QMR+QRR	-	-	-	-	-	-
HEA 9	Estab.14 Basic Health Units Kotli D	-	-	-	-	-	QRR	-	-	-	-	-
HEA 10	Etablissement of dental clinics in	-	-	-	-	-	QMR	-	-	-	-	-
HEA 12	Const. 5 Rural H.C. Poonch/Bagh Dst	-	-	-	-	-	-	QRR	-	-	-	-
HEA 14	Estab.3 new Rural Health Centre Mrp	-	-	-	-	-	-	-	-	-	-	-
HEA 15	Estab.6 New R.H.C Poonch/Bagh Distr	QMR	QMR	-	QMR	-	QMR	QRR	-	-	-	QMR
HEA 16	Estab. 2 New R.H.C & 1 B.H.U. Mabad	-	QMR	-	-	-	-	QRR	-	-	-	-
HEA 17	Estab.3 new Rural Health Centre Ktl	-	-	-	QMR	-	QRR	-	-	-	-	-
HEA 18	Estab.Dist.Head Qtr. Hospital Kotli	-	-	-	QMR	-	-	-	QMR	-	-	-
HEA 19	Imp.Up-grd.of exist.Hosp/Disp.Mirpu	-	-	-	-	-	-	-	-	-	-	QMR
HEA 22	Imp/Up-grd.Exist.Hosp/Disp.Pon/Bagh	-	-	-	-	-	-	-	-	-	-	-
HEA 26	Etabl.Improv.Tehsil Hospitals Mirp	-	-	-	-	-	-	-	-	-	-	-
HEA 28	Etabl.Impr.Tehsil Hospitals M'abad	-	-	QRR	-	-	-	-	-	-	-	-
HEA 29	Establ. Imp. Tehsil Hospitals Kotli	-	-	-	-	-	-	-	-	-	-	-
HEA 30	Improv/Renovation TB Semitorium Hil	-	-	-	-	-	-	-	-	-	-	-
HEA 31	Extension TB Sanitorium Hill (U.Rv)	-	-	-	-	-	-	-	-	-	-	-
HEA 33	Imp.Renovation Disp.Constd by L.Gov	-	-	-	-	-	-	QRR	-	-	-	-
HEA 34	Expanded Program of Immunization AK	-	-	-	-	-	-	-	-	-	-	-
IND 29	Mineral Explor.& Evaluation in AJ&K	-	-	-	-	-	-	-	-	-	-	-
IND 31	Mod. Mineral Test. Lab. M'abad(rev)	-	-	-	-	-	-	-	-	-	-	-
IND 30	Reg.GeoL. Map & Ore Poten.Assmt.N.V	-	-	-	-	-	-	-	-	-	-	-
POW 6	Estb.2000 KW Hydel Station Kundalsh	-	-	-	QMR	-	-	-	-	-	-	-
POW 7	Establ.3000 KW Hydel Station Battar	-	-	-	QMR	-	-	-	-	-	-	-
POW 8	Establ.1600 KW Hydel Station Kathai	-	-	-	-	-	-	-	-	-	-	-
PPH 1	Greater Nat.Sup.Sch.Mzd.(Rev)5500 C	QMR	-	-	-	-	-	-	QMR	QMR	-	-
PPH 29	Const.Govt.Off.Judicial & Rev.Dep.Kt	-	-	-	-	-	-	-	-	-	-	-
PPH 37	Const.House Cat-III(3) House Cat-IV	-	-	-	-	-	-	-	-	-	-	-
PPH 58	Housing Scheme Kotli 290 Plots(S.Fi	-	-	-	-	-	-	-	-	-	-	-

SDP 4 Const.Walkway alon River Neelum Mzd	-	QMR	-	-	-	-	-	-
SDP 5 Beaut.Imp.Road New Secr.Chella Band	-	QMR	-	-	-	-	-	-
SDP 6 Const.R.Bank Prop.Naluchi Brdg Bala	-	QMR	-	-	-	-	-	-
T&C 1 Imp/Met.Kohala-M'abad Rd Mile 15-20	-	QMR	QMR	-	-	-	-	-
T&C 26 Imp/Met.Kotli Pallandri Road Poonch	-	QMR	-	QMR	-	QMR	-	-
T&C 57 Imp/Met.of Link Road Dangali M'abad	-	QMR	-	-	-	-	-	-
T&C 59 Imp/Met.Nuseri Panjkot Road M'abad	-	QMR	-	-	-	-	-	-
T&C 62 Imp/Met.Garhi Dup.Pachund Lawasi Rd	-	QMR	-	QMR	-	-	-	-
T&C 65 Met.Pattiqa Behri Rd. (5 Miles) Mzd	-	QMR	-	-	-	-	-	-
T&C 69 Imp/Met.Danni Kanoor Road (3M)Mabad	-	QMR	-	-	-	-	-	-
T&C 82 Imp/Met.Khaigala Ali Sojal Rd.Poonc	-	QMR	-	QMR	-	-	-	-
T&C 91 Imp/Met.Husain Shaheed Chotagala Rd	-	QMR	-	QMR	QMR	QMR	-	-
T&C 92 Imp/Met.Rawalakot Singola Rd.(4M)Po	-	QMR	-	-	-	-	-	-
T&C101 Imp. & Met. of Mong Bazar to Yadgar	-	QMR	-	QMR	-	QMR	-	-
T&C146 Const.Bridgeen Kahori Rajpian Rd.Mzd	-	QMR	-	-	-	-	-	-
T&C149 Const.Prest.Bridge Kamsar Nallah Mz	-	QMR	-	QMR	-	QMR	-	-
T&C154 Const.RCC Bridge River Neelum at Mz	-	-	-	-	-	-	-	-

Note: QMR refers to a problem mentioned in the Quarterly Review Report.

QMR refers to a problem mentioned in the Quarterly Monitoring Report.

Problem category 2: Project inputs, was not indicated to be a problem in any of the reports, and has therefore been deleted, for formatting reasons.

Source: database Computer Centre, P&D, AJK.

Table A2.4 Basic findings on projects, APOs and Quarterly Monitoring Reports in 1992-93 and 1993-94 (AJK).

S.No		1992-93	1993-94
1	No. of projects	684	573
2	ongoing projects:	541	515
3	Rows 2/1	79.1%	89.9%
4	with allocation > 0	465	482
5	Rows 4/2	86.0%	93.6%
6	with expenditures>0	358	349
7	Rows 6/4	77.0%	72.4%
8	with expenditures=0	107	133
9	Rows 8/4	23.0%	27.6%
10	with allocation = 0	76	33
11	Rows 10/2	14.0%	6.4%
12	with expenditures>0	3	1
13	Rows 12/10	3.9%	3.0%
14	with expenditures=0	73	32
15	Rows 14/10	96.1%	97.0%
16	with APO > 0	432	442
17	Rows 16/2	79.9%	85.8%
18	with APO=0	109	72
19	Rows 18/2	20.1%	14.0%
20	new projects:	143	58
21	Rows 20/1	20.9%	10.1%
22	with allocation > 0	126	55
23	Rows 22/20	88.1%	94.8%
24	with expenditures>0	15	16
25	Rows 24/20	10.5%	27.6%
26	with expenditures=0	111	39
27	Rows 26/20	77.6%	67.2%
28	with allocation = 0	17	3
29	Rows 28/20	11.9%	5.2%
30	with expenditures>0	2	0
31	Rows 30/28	11.8%	0.0%
32	with expenditures=0	15	3
33	Rows 32/28	88.2%	100.0%
34	with APO > 0	121	42
35	Rows 34/20	84.6%	72.4%
36	with APO=0	13	16
37	Rows 36/20	9.1%	27.6%

Table A2.5 Summary of data on progress in AJK 1992-93 and 1993-94, as reported through the QMR.

	Q1 92-93	Q2 92-93	Q3 92-93	Q1 93-94	Q2 93-94	Q3 93-94	Average 1992-94
No. of Quarterly Mon. Reports	390	486	455	423	443	486	447
<b>BUDGET</b>							
Av. No. of budget inputs	12.54	12.23	12.19	10.71	11.11	11.17	11.66
<b>OUTPUTS</b>							
Av. No of project output targets	6.73	6.54	6.61	5.88	5.84	5.8	6.23
<b>STATUS MARKINGS</b>							
Projects with input status markings	342	224	191	174	149	134	202
perc. inputs not marked	27.2%	73.0%	77.5%	71.9%	76.3%	75.7%	66.9%
perc. inputs on schedule	52.8%	16.7%	16.3%	12.6%	18.5%	22.4%	23.2%
perc. inputs delayed	20.1%	10.3%	6.3%	15.5%	5.3%	2.0%	9.9%
Projects with output status markings	279	237	182	235	111	131	196
perc. outputs not marked	52.2%	68.9%	80.4%	69.3%	87.8%	87.7%	74.4%
perc. outputs continuing	40.8%	26.5%	15.3%	29.0%	9.6%	10.8%	22.0%
perc. outputs completed	6.1%	4.2%	3.2%	1.5%	0.5%	8.2%	4.0%
perc. outputs canceled	1.0%	0.4%	1.2%	0.2%	2.1%	0.8%	0.9%
<b>PROBLEMS</b>							
% projects with problems	46.1%	52.5%	43.7%	57.9%	43.3%	35.6%	46.1%
Reasons for low fund utilisation:							
1 delayed release of funds by AG	3.6%	0.2%	0.7%	22.0%	6.1%	1.2%	5.6%
2 delayed project inputs	3.9%	3.7%	1.8%	7.8%	5.2%	7.4%	5.0%
3 weather	24.1%	16.2%	19.6%	9.9%	8.6%	2.9%	13.5%
4 area access	2.3%	2.7%	3.1%	0.9%	1.1%	0.2%	1.7%
5 contract difficulties	4.7%	2.9%	3.3%	3.3%	2.3%	3.5%	3.3%
6 contractor difficulties	8.5%	14.1%	10.5%	12.3%	13.1%	8.0%	11.1%
7 internal project problems	5.7%	8.7%	4.6%	12.1%	9.0%	9.1%	8.2%
8 land problems	9.3%	13.3%	6.8%	4.5%	8.1%	4.3%	7.7%
9 other problems	0.0%	0.0%	0.0%	0.7%	1.1%	0.2%	0.3%
Reasons for delays in inputs:							
1 tendering procedure	0.3%	0.8%	0.2%	1.2%	0.9%	1.4%	0.8%
2 delays in staff recruitment	0.5%	0.8%	0.7%	1.2%	1.1%	1.6%	1.0%
3 appropr. material unavailable	1.6%	1.2%	0.4%	0.7%	0.9%	1.4%	1.0%
4 appropr. mach/eq. unavailable	0.5%	2.9%	0.7%	0.7%	1.4%	1.0%	1.2%
5 power cuts	0.0%	0.0%	0.0%	0.2%	0.7%	0.4%	0.2%
6 delay in land acquisition	7.3%	17.4%	8.8%	2.8%	6.1%	4.9%	7.9%
7 strikes of staff	0.3%	0.0%	0.0%	0.2%	0.2%	0.2%	0.2%
8 tendering not completed	0.8%	3.5%	3.5%	4.7%	5.4%	2.3%	3.4%
9 costs exceed planning	0.5%	0.4%	0.4%	1.7%	1.4%	0.4%	0.8%
10 admin. diffic. shortage staff	0.5%	0.2%	0.9%	0.9%	0.9%	0.6%	0.7%
11 changes in senior management	1.6%	0.6%	1.1%	0.2%	0.2%	0.4%	0.7%
12 foreign experts not assigned	0.5%	0.2%	0.0%	0.0%	0.0%	0.2%	0.2%
13 problems with contractors	7.0%	2.7%	8.4%	7.1%	8.4%	5.6%	6.5%
14 weather or accessibility	10.9%	21.2%	16.7%	8.0%	7.0%	5.3%	11.5%
15 problems with public utilities	0.0%	0.2%	0.4%	0.7%	0.2%	0.4%	0.3%
16 lack of public participation	2.1%	6.0%	2.4%	0.9%	0.7%	0.6%	2.1%
17 lack of local funds	0.5%	0.4%	0.0%	4.5%	0.0%	2.1%	1.2%
18 other problems (1)	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%
19 other problems (2)	0.0%	0.0%	0.0%	0.7%	0.2%	0.0%	0.2%

Table A2.6 Comparison of progress in 1992-93 & 1993-94 in AJK, as reported through the QMR, by sample

	Q1 92-93	Q2 92-93	Q3 92-93	Q1 93-94	Q2 93-94	Q3 93-94	Average 1992-94
Quarterly Mon. Reports	390	486	455	423	443	486	447
Quarterly Mon. Reports (2nd Sample)	(68)	(72)	(94)	(75)	(88)	(93)	(491)
<b>BUDGET</b>							
Av. No. of budget inputs	12.5	12.2	12.2	10.7	11.1	11.2	11.7
Av. No. of budget inputs (2nd Sample)	(15.4)	(15.4)	(14.7)	(16.5)	(18.0)	(18.3)	16.4
<b>OUTPUTS</b>							
Av. No of project output targets	6.7	6.5	6.6	5.9	5.8	5.8	6.2
Av. No of pr. output targets (2nd Sample)	(8.7)	(8.7)	(8.3)	(10.2)	(10.0)	(9.9)	(9.3)
<b>PROBLEMS (RECODED)</b>							
% projects with problems	46.1%	52.5%	43.7%	57.9%	43.3%	35.6%	46.5%
Perc. of projects with :							
approval/revision problem	2.6%	0.8%	0.4%	0.5%	1.1%	3.1%	1.4%
delayed release of funds by AG	3.8%	0.2%	0.7%	22.5%	6.1%	1.2%	5.5%
land acq. problem	13.3%	20.4%	11.0%	5.2%	9.0%	7.0%	11.1%
tender problem	1.0%	3.9%	3.7%	5.4%	5.6%	3.1%	3.9%
staffing problem	3.6%	1.6%	2.4%	1.9%	2.5%	2.5%	2.4%
inputs/equipm. problem	5.6%	7.2%	2.6%	8.7%	7.4%	9.1%	6.8%
strikes of staff / power cuts	0.3%	0.0%	0.0%	0.5%	0.9%	0.6%	0.4%
internal project problems	5.6%	8.6%	4.6%	12.1%	9.0%	9.1%	8.2%
current costs exceed planning	0.8%	0.4%	0.4%	1.7%	1.4%	0.4%	0.8%
weather or access problem	25.6%	25.1%	23.5%	14.2%	11.1%	6.4%	17.5%
contract(or) problem	12.3%	15.8%	13.4%	15.1%	14.7%	11.1%	13.8%
problem with install. utilities	0.0%	0.2%	0.4%	0.7%	0.2%	0.4%	0.3%
public participation problem	2.3%	6.0%	2.4%	5.4%	0.7%	2.7%	3.3%
other (unlisted) problem	1.3%	1.7%	1.3%	1.7%	2.0%	0.6%	1.4%
<b>(2ND SAMPLE)</b>							
% projects with problems	(55.9%)	(33.3%)	(21.1%)	(64.0%)	(41.0%)	(33.3%)	(41.4%)
Perc. of projects with :							
approval/revision problem	2.9%	2.8%	2.1%	1.3%	0.0%	1.1%	1.6%
delayed release of funds by AG	7.4%	1.9%	1.1%	26.7%	6.8%	1.1%	6.9%
land acq. problem	8.8%	12.5%	6.4%	8.0%	3.4%	3.2%	6.7%
tender problem	4.4%	2.8%	3.2%	10.7%	6.8%	9.7%	6.5%
staffing problem	13.2%	5.6%	4.3%	6.7%	4.6%	8.6%	6.9%
inputs/equipm. problem	4.4%	5.6%	2.1%	14.7%	9.1%	9.7%	7.5%
strikes of staff / power cuts	0.0%	0.0%	0.0%	1.3%	2.3%	1.1%	0.8%
internal project problems	5.9%	2.8%	2.1%	12.0%	4.6%	7.5%	5.7%
current costs exceed planning	0.0%	2.8%	2.1%	2.7%	1.1%	1.1%	1.6%
weather or access problem	27.9%	6.9%	6.4%	4.0%	2.3%	2.2%	7.5%
contract(or) problem	20.6%	13.9%	11.7%	10.7%	15.9%	15.1%	14.7%
problem with install. utilities	0.0%	0.0%	0.0%	2.7%	0.0%	1.1%	0.6%
public participation problem	4.4%	1.4%	1.1%	1.3%	0.0%	2.2%	1.6%
other (unlisted) problem	4.4%	6.9%	4.3%	4.0%	1.1%	1.1%	3.4%

### ANNEX 3. EVIDENCE OF IDIOSYNCRASIES OF INDIVIDUAL RAPPORTEURS

The databases created by the new monitoring system provide an opportunity to check the influence of individual rapporteurs on the information supplied. Most of the Quarterly Monitoring Reports (QMRs) were signed and the names and designations of the rapporteurs were entered in the computer. The focus in this annex is on two aspects: the level of detail (as indicated by the number of budget inputs and project outputs listed) and the problems reported. In order to reduce the chance that differences measured between rapporteurs are due to differences between types of projects, the sample is limited to only road construction projects. This is the single subsector in the ADP with a large enough number of reports and rapporteurs to allow statistical analysis with some measure of significance.

In 1992-93 there were 255 road projects in the ADP (Transport and Communication sector) and in total 567 reports over three quarters; in 1993-94 there were 237 projects and 605 reports submitted. Road construction projects have the added analytical advantage that they are fairly standard in terms of their structure, with most of them being so-called link roads (82 percent)<sup>6</sup>. If there are differences, then it can be safely assumed that these will be averaged out in the sample of each of the rapporteurs. Of the 19 rapporteurs registered in the roads sector, 10 had submitted 15 or more Quarterly Monitoring Reports each (over three quarters), and these were selected for comparison. Unfortunately, most of them reported only about their own division or district, so that the differences in reporting found might in theory have to be partly attributed to differences in areas rather than peculiarities of the rapporteurs, especially in the case of problems. Nevertheless, an attempt shall be made to distinguish between the two effects.

#### *Budgetary inputs and project outputs*

The variation in the level of detail reached as to budgetary inputs and project outputs described in the QMRs can be gauged from Figure A3.1. In this figure, the rapporteurs are represented by their initials. In the case of inputs and outputs, the influence of the district on the variation found is not considered of possible influence, and therefore it is not indicated. In broad terms, the variety amongst rapporteurs with respect to average number of inputs (or budget lines) recorded ranged from 9.2 to 27.9, and outputs from 4.3 to 15.5. Thus the rapporteur on one side of the spectrum reported three times the number of inputs of the rapporteur on the other side, and even three and a half times the number of outputs. Whilst the figure shows that most of the ten rapporteurs have similar averages (around 15 inputs and 7 outputs), there are two notable exceptions on either side of the range with either much more or much less inputs or outputs. For instance rapporteurs RJR and MUH recorded on average 20 or more budget inputs, whereas MJA and NMB, with the same kind of projects, less than 10. Rapporteur MUH reported on average 15.5 outputs, whereas MAQ only 4.3. The influence of exceptional rapporteurs within one and the same department and within a fairly homogeneous group of projects is thereby illustrated.

The differences meanwhile appear to be related to the total number of reports that each rapporteur had to prepare: those who prepared fewer reports seemed to list more inputs and outputs. The four rapporteurs on the right side of the figure all had to prepare relatively

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<sup>6</sup> Link road projects connect (mountain) villages to the main road network in the valleys by replacing earlier existing unpaved roads with asphalt roads. The differences between link roads and other road categories were tested in terms of problems and input/output registrations. There were no significant differences.

less reports. This would indicate that if there is more time available per report, the level of detail will benefit. This argument should not be taken too far, since the figure shows at least one case where the number of reports prepared by a rapporteur (JAW) is not high, but the number of outputs is yet low.

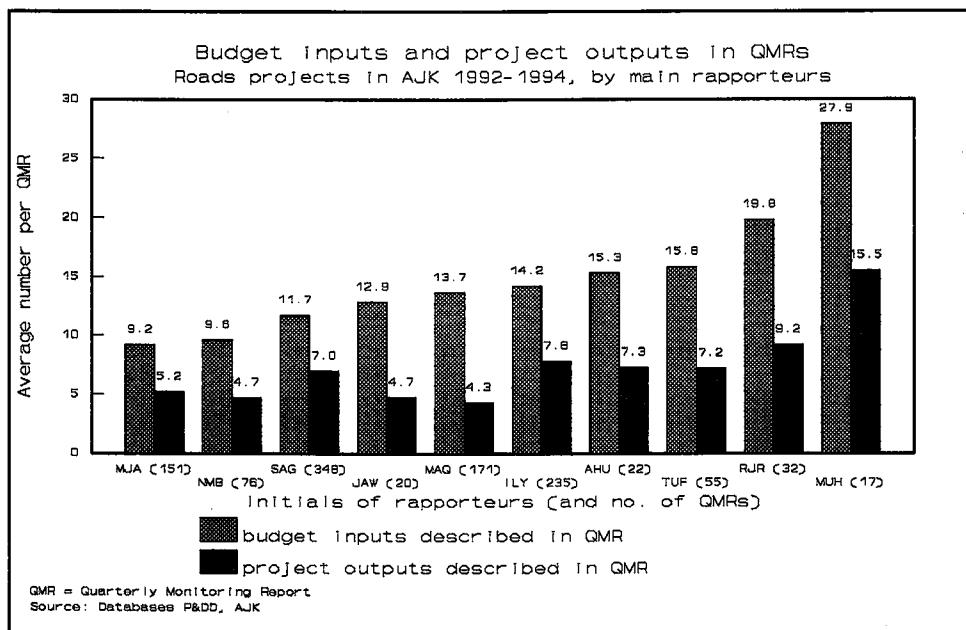


Figure A5.1

### *Problem reporting*

Also regarding problem reporting, idiosyncrasies are a distinct possibility. What could be more prone to subjectivity than the identification of a problem? The author is reminded of a few striking cases, whereby for instance one particular rapporteur in the roads division of the PWD frequently used to report a lack of public participation. Since public participation is not required for the construction of metalled roads - these are in AJK built by contractors without village labour or any other contribution, this problem seemed out of place. Upon checking it turned out that the man had been keen to point out that in his view there was insufficient understanding by the public for what the PWD was doing. He had been angered by the frequent complaints about the slow speed of works controlled by the PWD. If the public would be more actively involved somehow, surely it would better understand the difficulties encountered by PWD, was his explanation. Another rapporteur always used to report weather problems in a district; others would have a more sunny character.

First of all, it may be a temperamental affair whether a rapporteur reports a problem at all. Some people always complain, others never. Some officers may be 'of the old school', imbued with the old bureaucratic ideology of not acknowledging a problem that might embarrass the department, or be of a low rank and not daring to take responsibility to formally declare something to be a problem. Figure A3.2 shows the main rapporteurs in the road sector, this time with an indication of the district in which they worked.

Road projects reporting problems in AJK, 1992-93 and 1993-94  
by district and main rapporteur

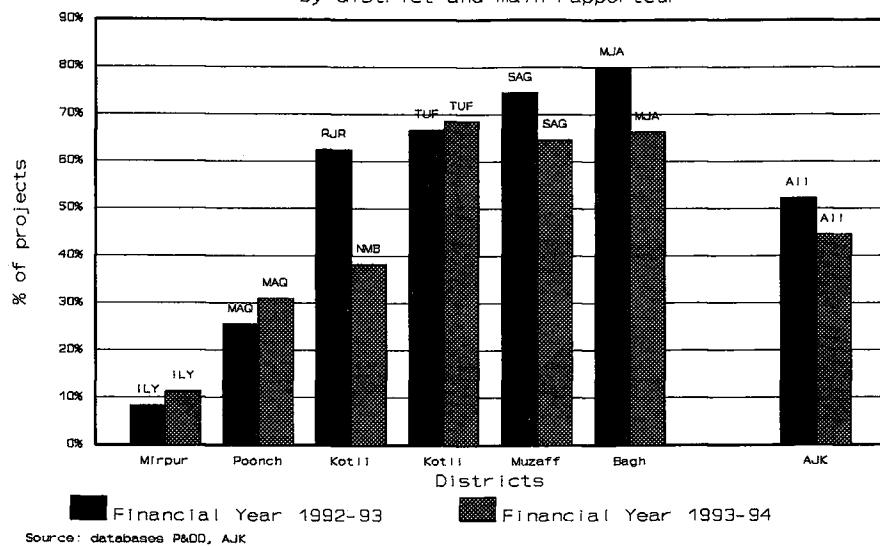


Figure 5.2

It appears that the proportion of reports for which a problem was reported, varies greatly between rapporteurs. ILY in Mirpur reported problems for only around ten percent of his projects, whereas MJA reported for 65-80 percent of his projects a problem. As said, this might be due to specific characteristics of the districts. Indeed, Mirpur district is special on at least three counts: it is less mountainous than the other district, has more land available for road construction, and has a less extreme winter season. However, the difference with other districts is so large that the individual touch of ILY must also have played a role. This becomes clear also when the reporting of problems for road projects is compared with that of other construction projects and of projects not related to construction. Figure A3.3 shows that Mirpur district reports many more problems for other projects, although yet usually less than other districts.

Figure A3.3 meanwhile shows that there is only slight difference in problems reported by the rapporteurs in different years. Only in the case of Kotli district, where there was more than one rapporteur with a production of over 15 reports, there is a significant difference: RJR reports problems for more than 60 percent of the projects in 1992-93, whereas NMB less than 40 percent in 1993-94. That this cannot be due to influences of the climate is clear from the fact that TUF, which submitted reports in both years, did not decrease the frequency of his problem statements significantly.

#### *Different rapporteurs in Kotli district*

The case of Kotli is interesting since it is the only district where there was more than one rapporteur with a submission of over 15 QMRs concerning roads projects. There were in fact four rapporteurs active, over a period of 2 years, and this makes it possible to check to some extent whether their reporting of problems differed. The relevant data is projected in Table A3.1.

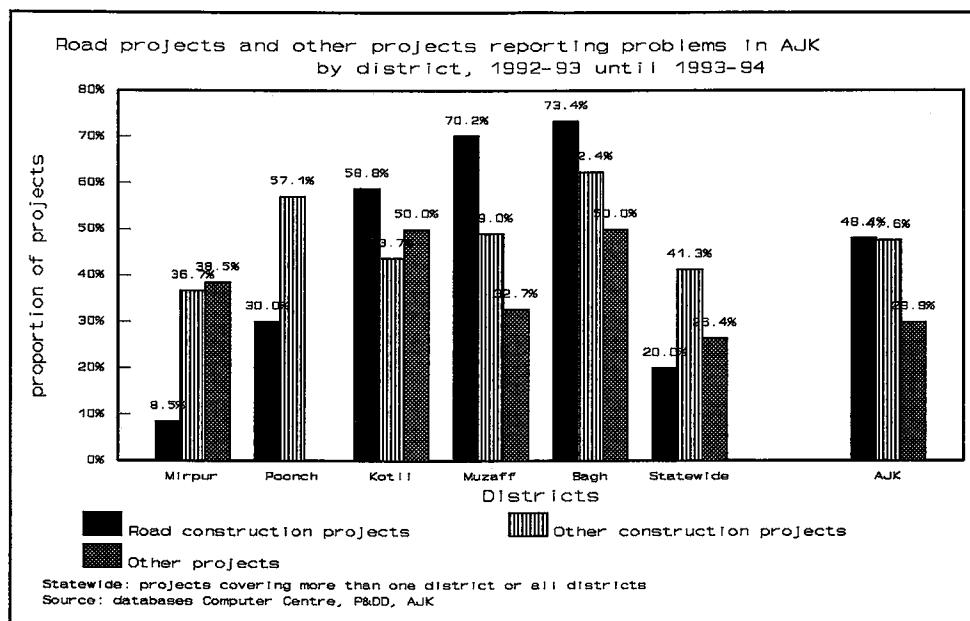


Figure 5.3

The conclusion from the table is that the overall differences in problem reporting are not so large between the rapporteurs, but for certain exceptions which may have to do with idiosyncrasies. Certain rapporteurs are much less concerned about the weather than others. Although inputs or machinery problems should be similar for all projects, TUF reports these much more than others. Contractor problems are also much more frequent for TUF than for others.

As can be seen from the number of cases reported in each quarter, the number of projects reported was generally below 10 and therefore, the evidence presented above does not meet with the requirements of tests of significance. The patterns must remain hypotheses, therefore.

#### *Reporting by rapporteurs in two subsequent quarters*

Another test that can be performed on the data is to check whether for those projects which in any year had two rapporteurs, each reporting in a different quarter, the differences in problem reporting are smaller when the rapporteur in quarter x is the same as in quarter y, than when the rapporteurs in quarter x and y are different. All these projects in the databases of 1992-93 and 1993-94 were selected on the basis of this criterion, and 143 projects were found that had submitted reports in all three quarters, but with two different rapporteurs. There were nine *low utilisation of funds* problem categories and 19 *delays in inputs* problem categories, in total 28 variable scores that were compared with those of another quarter. Matching and non-matching scores were counted. If the two rapporteurs for each project are called A and B respectively, then there can be three basic patterns for the three quarters: AAB, BAA, and ABA. From this it is also clear that the number of times that A can be compared with B in another quarter is double that of A and A (4 versus 2 times). The findings as to the problem reporting of A and B are presented in Table A3.2 on the next page.

Table A3.1 Problem reporting as to roads projects, by different rapporteurs in Kotli District, AJK, 1992-93 and 1993-94.

Kotli 1992-93 and 1993-94 Initials of rapporteurs:	92-93 AHU	92-93 RJR	92-93 TUF	93-94 TUF	93-94 NMB
No. of reports:	17	32	39	15	60
Quarter 1:	6	10	15	5	7
Quarter 2:	5	9	14	8	18
Quarter 3:	6	13	10	2	35
PROBLEMS:					
approval or revision problem					3.3%
delay in fund release by AG	5.9%	3.1%		13.3%	6.7%
land problem		6.3%	5.1%		
tender problem					
staffing problem			2.6%		
inputs/eq./machinery problem		6.3%	15.4%		3.3%
strikes of staff/power cuts problem					
internal project problems	5.9%				1.7%
current costs exceed planned costs					
weather or access problem	41.2%	21.9%	33.3%	60.0%	30.0%
contract(or) problem	41.2%	46.9%	51.3%	60.0%	38.3%
problems of install. utilities			2.6%	6.7%	
public participation problem		3.1%	2.6%		
other problem(s) mentioned					
Average no. of problems/project	0.94	0.84	1.08	1.33	0.80
Freq. of problems reported:					
0 problems reported	47.1%	37.5%	33.3%	33.3%	51.7%
1 problem reported	17.6%	40.6%	33.3%	13.3%	20.0%
2 or more problems reported	35.3%	21.9%	33.4%	53.4%	28.3%

Table A3.2 Comparison of problems reported in different quarters by different and by the same rapporteurs, in 143 projects of ADP 1992-93 and 1993-94 (AJK).

Comparison between rapporteurs	Total problems reported	Problem in 1 of 2 quarters	Same problem in both quarters
Rapporteur A with A	264	142	122
Rapporteur A with B (1)	310	224	86
Rapporteur B with A (2)	302	210	92
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	876	576	300

The table shows that the number of problems that were reported also in another quarter was much higher when the rapporteur was the same, than when the rapporteurs in the two quarters were different. When the rapporteur was the same in the two quarters, then 46 percent of all problems reported were also the same, but when the rapporteur was different, only around

29 percent of the problems were reported as the same. In other words, when the rapporteurs between two quarters were different, more than 70 percent of all problems were also different; in the case of the rapporteur remaining the same, this was only around half.

**ANNEX 4. COPY OF ONE OF THE ELEVEN PC-1 FORMS**

**PC-1 FORM**

**GOVERNMENT OF PAKISTAN**

**PLANNING COMMISSION**

**PROFORMA FOR DEVELOPMENT PROJECTS**

**(Education, Training & Manpower)**

Code Number for Project.  
\*(To be filled in  
by Planning Commission)

**PART 'A'**

**PROJECT DIGEST**

1. Name of Project :
2. Authorities responsible for :
  - (i) Sponsoring
  - (ii) Execution
  - (iii) Operation and maintenance.
3. *Time required for completion of project.*—(in months).
4. (a) Plan provision :
  - (i) If the Project is included in the current Five-Year Plan, specify actual allocation.
  - (ii) If not included in the current Plan, how is it now proposed to be accommodated (Inter/ Intra-Sectoral adjustments in allocation or other resources may be indicated).
  - (iii) If the project is proposed to be financed out of block provision for a programme indicate :

Total Block Provision	Amount already committed	Amount proposed for this project	Balance available
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(b) If project is not in the Plan, what warrants its inclusion in the Plan.

5. *Relationship of the project with the objectives of the sector.*—Indicate the Contribution of the project, quantified if possible, to the targets in the Five Year Plan, and the names of other projects (whether sanctioned or under preparation) which would form part of an integrated programme within the sector.

6. Capital Cost of Project :

(In thousand Rupees)

*Local costs :*

*Foreign Exchange costs :*

Total ...

7. Annual recurring expenditure after completion : (In thousand Rupees)
- Local
- F.E.
- Total
8. Objectives of the Project preferably in quantitative terms :

Prepared by	(Name and Designation)
Checked by	(Name and Designation)
Approved by	(Name and Designation)
Date:	

## PART 'B'

## PROJECT DESCRIPTION AND FINANCING

9. *Location of Project :* (Attach map):

(a) Give name of place and administrative district in which the service centre will be located.  
 (b) Indicate total area which will be served.

## 10. Existing facilities :

Give information about public and private sector institutions in the area, their staff and equipment, actual enrolment in various classes and capacity enrolment of the institution. The information about public and private sectors institutions should be given both for the level of the educational programme proposed by the Project as well as for the lower level institutions which will serve as feeder institutions for the Project.

## 11. Description of the Project :

(a) Give brief history, proposed facilities and justification of Project.  
 (b) Give population of the area to be served, age groups and income levels.  
 (c) *Relationship with other programmes in the same sector and in other sectors.*—Indicate whether coordination with other sectors has been ensured.  
 (d) *Give student-teacher ratio for the project and the national average for the proposed level of education.*—Give also the extent of library and laboratories facilities per student and how it compares with the national average.  
 (e) The employment prospects of the persons to be trained in terms of the present and future demand.  
 (f) *Give details of the type of training or education to be imparted.*—The syllabus and the subjects in which emphasis will be placed. Indicate availability of teaching staff.  
 (g) Give details of administrative structure for implementing the project.

12. *Give date when capital expenditure estimates were prepared* :—If prepared more than one year ago, confirm if they are still valid.

## 13. Capital Cost :

Give breakdown of capital cost year-wise covering the whole of the investment period, as indicated below :—

Item	Total at official rate of exchange			I Year at official rate of exchange			II Year at official rate of exchange		
	Local	FEC	Import Duties	Total	Local	FEC	Total	Local	FEC

14. *Basis of cost estimates.*—(give full details).15. *Estimates of annual recurring expenditure after completion each phase of a project* :—Also indicate source of financing recurring expenditure.

Local Cost F.E. Cost Total

*Salaries of staff*:

(a) Service staff.  
 (b) Ancillary staff (e.g.) para-medical.  
 (c) Supervisory and administrative staff.  
 (d) Consumable Stores and Supplies (Please specify).  
 (e) Books and Journals.  
 (f) Contingent staff.  
 (g) Other Contingencies e.g., electricity, water, postage etc.  
 (h) Rent and rates.  
 (i) Other expenditure e.g., sports and workshop supplies.

## 16. Unit cost for each category of service or output e.g., for educational institutions, the cost per student and how it compares with cost in other institutions.

17. *In case of projects for production of goods and services e.g., production of textbooks, give expected income & t.c. in Profit and Loss accounts for ten years or until normal capacity is reached*—Rate of depreciation and salvage value of property should be given.

18. *Annual phasing of physical work and financial requirements for the project.—Attached PERT or Bar diagrams if prepared).*

Physical work		Financial requirements		
Item	%	Local	F.E.C.	Total
<b>Already completed :</b>				
	1st year	(19.....)		
	2nd Year	(19.....)		
	3rd Year	(19.....)		
	4th Year	(19.....)		
	5th Year	(19.....)		

19. **Foreign Exchange Expenditure :**

Year	Material	Consultants	Others	Total
1.				
2.				
3.				
4.				
5.				

20. (a) Likely sources and amount of foreign exchange cost of the Project.  
 (b) Present position regarding availability, commitment or negotiations.

21. Indicate sources and amount of rupee component of Project :

Sources	Amount for capital Expenditure	Amount for Recurring expenditure
---------	--------------------------------	----------------------------------

(a) *Government sources :*  
 (i) Grant.  
 (ii) Loan.  
 (iii) Investment.  
 (iv) Direct Govt. Expenditure.  
 (b) *Sponsoring Agency's own fund.*  
 (c) *Private Investment.*  
 (d) *Local body resources, if any.*  
 (e) *Non-Government borrowing.*  
 (f) *Other sources (e.g., Recoveries).*

22. **Results of the Project :**

(i) Direct benefits	Number of persons served.
(ii) Indirect and other benefits.	Contribution toward specific targets/social objectives.

23. (a) Approximate number and categories of job opportunities likely to be created indirectly as a result of—  
 (i) Implementation.  
 (ii) Operation of Project.  
 (b) Economic life of components of project (Buildings, equipment etc).

## PART 'C'

## PROJECT REQUIREMENTS

## 24. (a) Manpower :

FOR EXECUTION		FOR OPERATION
man	month	Number

- (1) Professional and technical.
- (2) Administrative, Executive and managerial.
- (3) Clerical.
- (4) Service.
- (5) Skilled.
- (6) Unskilled.
- (7) Others

- (b) Likely shortage of manpower by occupation.
- (c) Steps to be taken to assure availability of manpower.
- (d) Approximate number of persons required to be trained per year (locally and abroad) and the kind of skills to be learnt.
- (e) Give total capital outlay, give the capital cost of mobilizing one worker for one shift.

## 25. Physical and other facilities required for Project :

Items	Total	To be provided from the project itself	To be provided from the public utility
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- (a) Housing by type.
- (b) Power supply.
- (c) Water and other utilities.
- (d) Others.

## 26. Materials, Supplies and Equipment requirement :

## A. I. Minimum total requirements for execution :

To be completed only for major items costing more than 10% of the total cost.

Items	Unit	Local		Foreign		Already available with agency	
		Quantity	Rate	Cost per unit	Quantity	Rate	Cost per unit

## 1. Materials.

- (a)
- (b)
- (c)
- (d)
- (e)

## 2. Supplies and spares.

- (a)
- (b)
- (c)
- (d)
- (e)
- (f)
- (g)

## 3. Equipment and machinery.

- (a)
- (b)
- (c)
- (d)
- (e)

*A. II. Materials, Spares and Supplies and equipment for operation of Project.*

Unit	Local			Foreign		
	Quantity	Rate	Cost per unit	Quantity	Rate	Cost per unit

## 1. Material.

- (a)
- (b)
- (c)

## 2. Supplies and Spares.

- (a)
- (b)

## 27. In the case of imported material and equipment for execution, indicate :

- (a) justification for imports.
- (b) Proposed source/sources of supply.

Annexure to P C-L

( This part should be filled up only for revised scheme ).

## 1. Comparative cost estimate of the last sanctioned and revised schemes :

Items	Last sanctioned Project			Revised Project		
	Local	Foreign Exchange	Total	Local	Foreign Exchange	Total
(a)						
(b)						
(c)						
(d)						
(e)						
(f)						
(g)						
(h)						
(i)						

Give reasons for the revision in cost estimate.

Items	Reasons for the revision
(a)	
(b)	
(c)	
(d)	
(e)	
(f)	
(g)	
(h)	
(i)	

## 2. Total expenditure incurred so far :

	Expenditure		
	Local	Foreign	Total
(a)			
(b)			
(c)			
(d)			
(e)			
(f)			
(g)			
(h)			
(i)			

## 3. Progress of work :

(a)	As per schedule last sanctioned	(b)	Actual achievement	(c)	Reasons for delay

## 4. Project History :

Date	Cost			Planned period of completion in months	Reasons for revision
	Local	F.E.	Total		
Original sanction					
1st Revision					
2nd Revision					
3rd Revision					

Original sanction  
 1st Revision  
 2nd Revision  
 3rd Revision

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## SUMMARY IN DUTCH

### NEDERLANDSE SAMENVATTING

#### "WERK IN UITVOERING"; De Verborgen Dimensies van de Voortgangscontrole en Planning bij de Overheid in Pakistan

*Monitoring wordt in deze studie gedefinieerd als een gestandaardiseerde en met regelmatige tussenpozen plaatsvindende verzameling van beknopte informatie en de eventueel daaropvolgende bewerkingen ter voorbereiding van routinematische besluitvorming met betrekking tot vooraf vastgestelde doeleinden en activiteiten. Evaluatie, dat in deze studie wordt afgezet tegen monitoring, wordt gedefinieerd als de niet gestandaardiseerde en niet of minder regelmatige verzameling alsmede expliciete beoordeling van gewoonlijk al bewerkte informatie, ten behoeve van besluitvorming met betrekking tot speciaal voor de gelegenheid gedefinieerde doelen en/of activiteiten.*

Monitoring systemen voor ontwikkelingsprogramma's in Derde Wereldlanden mogen zich in de tachtiger en negentiger jaren verheugen in een groeiende belangstelling. De ervaringen met dergelijke systemen zijn echter tot dusverre niet erg positief geweest. Dit boek stelt in de eerste plaats de vraag wat de redenen daarvoor zijn, en in de tweede, hoe en onder welke omstandigheden monitoring systemen effectieve instrumenten kunnen worden voor het beheer van ontwikkelingsprogramma's. Specifieke informatie en ervaringen opgedaan door de auteur tijdens zijn werk bij de overheid in Pakistan gedurende de jaren 1990 tot 1997 worden aangewend ter beantwoording.

Aangezien monitoring systemen over het algemeen deel uitmaken van een geheel van plannings- en implementatieactiviteiten is het van belang ze in hun samenhang daarmee te bestuderen. In veel ontwikkelingslanden is het bestuur ingebed in een rationeel-centralistisch plannings- en implementatieparadigma. Dit paradigma stoelt op de positivistische idee dat de sociale werkelijkheid net als de fysieke werkelijkheid eenduidig kan worden gekend en daarmee tot op grote hoogte voorspeld en gestuurd. Ideeën dat de overheid een leidende rol heeft in de ontwikkeling van het land, dat technische experts binnen het ambtenarenapparaat de belangrijkste inbreng dienen te hebben in de politieke besluitvorming, en dat investeringen in nieuwe kapitaalgoederen/infrastructuur de kern van het ontwikkelingsbeleid vormen, zijn ook belangrijk. Er wordt van uitgegaan dat overheidsorganisaties die op een Weberiaanse manier zijn opgezet (dat wil zeggen hiërarchisch gestructureerd en functioneel gespecialiseerd), rationeel en gemakkelijk in het algemene belang kunnen werken. In monitoring systemen uit de positivistische inslag zich in de nadruk op 1) vertrouwen op slechts één hoofdbron van informatie (de projectuitvoerders zelf), 2) financiële gegevens als gemeenschappelijke noemer van voortgang, en 3) de gerichtheid op centrale sturing en relatieve veronachtzaming van rapportage van problemen omdat die afleiden.

Het rationeel-centralistische planningsparadigma wordt in deze studie op logisch gronden, maar ook op basis van een aantal decennia van slechte ervaringen afgewezen, en tegenover een zogenaamd "disjointed incrementalist policy-making paradigm" geplaatst (decentrale incrementele beleidsvorming). Bij dit model worden de doelen niet meer noodzakelijkerwijs centraal voorgeschreven, maar komen stapsgewijs voort uit het continue overleg tussen de diverse maatschappelijke aktoren op alle niveaus. Essentieel voor het paradigma is de idee dat de sociale wereld multidimensionaal is en niet definitief gekend kan worden. Om hieraan zoveel mogelijk recht te doen zouden in een dergelijk planningsmodel monitoring systemen meer uitdrukkelijk moeten steunen op diverse informatiebronnen, diverse verzamelingsmethoden, en diverse soorten informatie. Recente opvattingen in de organisatiekunde

ondersteunen daarnaast de idee dat contacten tussen organisaties (dus ook rapportage en monitoring) vaak organismische trekken hebben, en plaatsvinden in een machtscontinuüm. Door middel van triangulatie van informatiebronnen kan daarmee echter rekening gehouden worden. In de evaluatiediscipline is men intussen voor een groot deel afgestapt van de veronderstelling dat evaluatie objectief kan zijn en bijvoorbeeld tot de conclusie gekomen dat het doen van meerdere evaluaties van verschijnselen, ieder door een andere categorie belanghebbenden, beter recht doet aan de werkelijkheid. Dergelijke opvattingen zijn echter nog niet echt tot handboeken over *monitoring* doorgedrongen.

De basishypothese van deze studie is dat de ook bij donoren nog vaak veronderstelde waardevrijheid in de project- en programmamonitoring een fictie is. Projectmonitoring is geen clean 'data' verzamelingsinstrument - het levert ook heel veel sterk door belangen gekleurde gegevens op. Vervolgens worden als hypothesen opgevoerd dat een rationeel-centralistisch planningsparadigma tot problemen leidt, bij zowel planning als uitvoering, en dat ook vele problemen met monitoring tot dit paradigma kunnen worden herleid. Tenslotte wordt als hypothese geponeerd dat de problemen met de monitoring nog andere, vaak onderschatte, oorzaken hebben. De twee belangrijkste daarvan zijn (1) de politiek-organisationele context die tot strategisch/opportunistisch beïnvloede rapportage leidt, en (2) de eis van beknotheid die juist in voortgangsrapportagesystemen een zo belangrijke rol speelt, en die met name bij de beschrijving van de sociale wereld tot vertekeningen leidt. Uit de aard van de hypothesen kan worden afgeleid dat deze niet vatbaar zijn voor strenge toetsing, maar slechts meer of minder aannemelijk kunnen worden gemaakt. In de detailstudie van situaties in Pakistan zullen ze vooral aan de hand van illustraties worden geadresseerd.

Hoofdstukken 2 tot en met 4 behandelen de planningscontext in Pakistan, die ook de randvoorwaarden stelt waaronder monitoring systemen moeten functioneren.

In *hoofdstuk 2* wordt Pakistan geïntroduceerd. Er wordt vastgesteld dat tot eind tachtiger jaren een rationeel-centralistisch beleidsideaal heeft bestaan bij zowel politieke leiding als bestuurlijk apparaat, en dat slechts in de laatste tien jaar van grotere democratie aan invloed heeft ingeboet. Er wordt geargumenteerd dat het land te divers en instabiel is om een goed uitgangspunt te hebben kunnen bieden voor de gepraktiseerde rationeel-centralistische planning. Het is vermoedelijk meer geschikt voor meer decentrale incrementalistische planning, al zijn ook aan dit model beperkingen verbonden gezien dat het land vermoedelijk te weinig pluralistisch is. Factoren als het gebrek aan een solide wettelijk kader, geringe en onzekere financiële armslag, en het lage opleidingsniveau van een groot deel van de bevolking spelen het land eveneens parten.

Aangezien de bureaucratie haar macht legitimeert op grond van haar veronderstelde technische expertise tracht zij de fictie van rationeel-centralistische planning en bestuur in stand te houden en worden de plannings- en monitoringsprocedures gehandhaafd. Zelfs in de laatste tien jaar, nu deze vorm van planning voor althans de meeste politici heeft afgedaan, zijn haar axioma's nog terug te vinden in bijvoorbeeld het uitsluiten van lokale overheden en andere groepen van de politieke en bestuurlijke besluitvorming. Die compliceren het besluitvormingsproces te veel.

In *hoofdstuk 3* wordt Azad Jammu & Kashmir (AJK) geïntroduceerd, het administratieve gebied in Pakistan waar de hoofdmoot van het basismateriaal van deze studie vandaan komt. Ook in AJK spelen er een aantal zaken die beperkingen opleggen aan de effectiviteit van het model van centrale planning. Deze gelden bijvoorbeeld een instabiele politieke omgeving, feilen in de bureaucratie, geringe projectbeheercapaciteiten, een gebrek aan informatie, en een te klein Planning & Development Departement om effectieve sturing te kunnen geven aan het

beoogde ontwikkelingsproces. De bureaucratie strijd in veel gevallen tegen een al te gemakkelijk de portemonee trekkende politiek, maar blijkt zelf intern verdeeld over de bestedingen. De vele departementale budgettaire strategieën werken in de richting van budgettaire overcommittering. De meer opportunistische rationaliteit van politieke en departementale aktoren heeft vaak een grotere invloed dan de rationaliteit van het algemene belang.

In *hoofdstuk 4* worden de instrumenten van het Planning & Development Departement (P&DD) in AJK beoordeeld op hun vermogen het voorgestane ontwikkelingsproces te sturen. De belangrijkste daarvan zijn het vijfjarenplan, het project-goedkeuringsproces, het jaarbudget, de projectwerkplannen, en het monitoring- en evaluatiesysteem. Ondanks de pretentie van centrale planning en controle worden de instrumenten door het P&DD in feite onvoldoende benut voor echte centrale planning. Het vijfjarenplan wordt in de praktijk niet gevolgd. Het projectbeoordelingsproces is niet voldoende kritisch en heeft daarenboven te maken met gelobby van de vele gekozen vertegenwoordigers. Veel te veel projectvoorstellen worden goedgekeurd en als nieuwe projecten toegevoegd aan het ontwikkelingsprogramma. Het gevolg is dat de meeste projecten veel te weinig financiën toegeschoven krijgen om volgens schema uitgevoerd te kunnen worden. Ook van de mogelijkheid van het Planningsdepartement om op de door lijndepartementen opgestelde projectjaarplannen te reageren, wordt geen gebruik gemaakt. Dit is des te meer opvallend aangezien de departementen in de loop van het jaar de meeste jaarplannen wijzigen. Het blijkt dat departementen fondsen schuiven van het ene naar het andere project en meer aan programmabeheer dan projectbeheer doen. Wat betreft monitoring en evaluatie, tenslotte, zijn de volgende instrumenten vorhanden: voortgangsrapporten van projecten door uitvoerende departementen geschreven, projectbezoek door sectiehoofden van het P&DD, inspecties van de inspecteurs van de Prime Minister, het opvoeren van voor M&E geoormerkte fondsen in projectbudgetten, en surveys en evaluatierondes ter voorbereiding van het vijfjarenplan of de eindevaluatie van dat plan. Van al deze instrumenten wordt alleen het eerste met enige ernst aangewend.

Geconstateerd wordt dat het departement een aantal gemengde belangen heeft die het moeilijk maken de beschikbare instrumenten ook echt toe te passen. De rollen van P&DD als enerzijds goedkeurder van projecten en fondsbeheerder en aan de andere kant voortgangscontroleur staan elkaar in de weg - kritische controle zou tot de conclusie moeten leiden dat er veel schort aan projectvoorbereiding en dat P&DD dus zelf fouten maakt bij de goedkeuring. De feitelijk prioriteit ligt bij de goedkeuring van projecten; voortgangscontrole door P&DD zelf in het veld blijkt nauwelijks plaats te vinden. Daarnaast staat het P&DD ambivalent tegenover zowel de politiek als de andere departementen: enerzijds wil men de politiek (en andere actoren) zoveel mogelijk buiten de besluitvorming over bestedingen houden, aan de andere kant heeft men politieke steun nodig om de strijd om de fondsen binnen de bureaucratie te kunnen beslechten.

Tenslotte worden de effecten van het bestaande plannings- en implementatiesysteem in Azad Kashmir beschreven. Ten eerste leidt de mede door P&DD veroorzaakte overcommittering tot grote vertraging bij de uitvoering van projecten. Gemiddelde zou een project binnen drie jaar moeten zijn uitgevoerd, maar in de praktijk duurt dit bijna tien jaar. Gedurende al deze tijd kunnen de (bouw)projecten niet productief worden aangewend en daalt het rendement van de investering sterk; zo sterk dat de meeste niet meer op grond van kostenbatenanalyses gelegitimeerd kunnen worden. Bovendien leiden de vertragingen en de andere problemen tot een formele herziening van bijna de helft van alle projectdocumenten, hetgeen nog weer extra administratieve rompslomp met zich meebrengt, en voorts zo'n 43 procent kostenverhoging. Deze kostenverhoging is echter nog altijd niet voldoende om alle niet in het

oorspronkelijke projectbudget verdisconteerde geldontwaarding (inflatiecorrectie) te kunnen compenseren. De studie toont aan dat er vermoedelijk ook nog eens met een vermindering van de kwaliteit van het door het project geleverde produkt moet worden gerekend, ter waarde van meer dan 50 procent van het projectbudget.

Dit is nog afgezien van de kwaliteitsverminderinge effecten van de corruptie die bij veel projectuitvoeringen speelt, maar die voor deze studie niet werden gekwantificeerd.

Hoofdstukken 5 tot en met 7 concentreren zich op de schriftelijke projectvoortgangsrapportage als het in de Pakistaanse bureaucratie belangrijkste bestanddeel van de voortgangscontrole.

In *hoofdstuk 5* wordt het tot 1992 in AJK vigerende projectvoortgangsrapportagesysteem onder de loep genomen. Dit systeem was intern in de bureaucratie ontwikkeld en werd later vervangen als gevolg van een door UNDTCD uitgevoerd project in de monitoring. Er wordt vastgesteld dat dit systeem wel erg aan de magere kant was, met een formulier van maar zes kolommen, waarop de voortgang van de projecten diende te worden gerapporteerd. De zes kolommen stelden de lezer niet in staat een goed beeld op te bouwen van het project. Financiële informatie was nog het belangrijkste bestanddeel van de rapportage, maar er bleken bij nader inzien zoveel bezwaren aan te kleven dat zij in elk geval niet kon gelden als indicator van fysieke voortgang (hetgeen vaak wordt aangenomen). Zelfs voor financiële besluitvorming inzake het schuiven van fondsen tussen projecten en departementen was het rapportagesysteem eigenlijk ongeschikt. Fysieke voortgang werd zeer fragmentarisch en onsystematisch gerapporteerd. Problemen, ten slotte, werden in het oude systeem nauwelijks gerapporteerd door de departementen. Slechts een enkel departement ondernam een serieuze poging om problemen aan het papier toe te vertrouwen. Bij nadere bestudering bleek dat dit departement in een strijd was gewikkeld met een ander departement, dat voor de bouw van diens gebouwen zorg droeg. Door het uitgebreid rapporteren van bouwproblemen probeerde het superviserende departement van de regering gedaan te krijgen dat zij zelf een bouwheid mocht opzetten.

Het *gebruik* dat van de projectrapportage wordt gemaakt was minimaal. De centrale voortgangsbijeenkomsten die onder het voorzitterschap van de premier van AJK worden gehouden, werden in beslag genomen door een heel aantal andere, veelal willekeurige maar niettemin belangrijke zaken. Waarschijnlijk instinctief werden de rapporten door de premier als informatiebron afgewezen: te 'gekleurd' om te kunnen worden geloofd. Ook door de slechte voorbereiding van de vergaderingen werd niet het maximum gehaald uit de projectrapportage.

*Hoofdstuk 6* let bij de besprekking van een aantal andere systemen van projectvoortgangsrapportage speciaal op strategische en perspectivistische vertekeningen. Strategische vertekeningen verdraaien de werkelijkheid bewust, om organisaties of personen in een gunstiger daglicht te laten treden. Perspectivistische vertekeningen vloeien voort uit het noodzakelijk partiële perspectief dat een persoon of organisatie heeft op de waarneming van een verschijnsel. Uit de ervaringen met de introductie van een nieuw projectrapportagesysteem in AJK na 1992, blijkt dat technische verbeteringen weliswaar hebben geleid tot een grotere hoeveelheid informatie, maar dat strategische en perspectivistische aspecten die informatie vaak toch moeilijk interpreteerbaar houden. Veelal blijven de betere en meer gedetailleerde vragen zelfs onbeantwoord. Doordat bepaalde vooral perspectivistische vertekeningen een systematisch patroon hebben, kan bijvoorbeeld aan de hand van tijdreeksen toch nog wel enige computeranalyse plaatsvinden op de gegevens. Vertekeningen treden speciaal aan de dag indien het *doel* van de rapportage verandert (bijv. kwartaalrapportage of een projectherziening), of indien de *instantie aan wie de rapportage is gericht* verandert (AJK

of federale overheid). Dat heeft dan onmiddellijk gevolgen voor de manier waarop problemen worden gerapporteerd. Voorts blijkt de *persoon* van de rapporteur van belang. Sommige rapporteurs hebben stokpaardjes. Wel werden aanwijzingen gevonden voor een in het algemeen sterke aansluiting van rapporteurs bij de (zeer gekleurde) visie van het departement waartoe ze behoorden.

Aan de hand van een survey over het Pakistaanse Social Action Programme werd tenslotte aangetoond hoe sterk de waarneming van aspecten van dat programma was gerelateerd aan de *categorie* van waarnemers. Zo kijken dorpelingen heel anders aan tegen schoolvoorzieningen dan hoofdmeesters of districtsambtenaren van het departement van onderwijs; en hoofdmeesters kijken weer heel anders dan districtsambtenaren, dit ondanks dat ze tot hetzelfde departement behoren. Dit geldt zelfs voor de meest simpele zaken zoals de aanwezigheid van schoolboeken in scholen. Als men naar de status van onderwijsvoorzieningen informeert, dan is het dus verstandig die vraag te stellen aan meerdere categorieën belanghebbenden. Ook in 'technische', 'objectieve' monitoring systemen.

*Hoofdstuk 7* abstraheert van de strategische en perspectivistische oriëntaties van informatie, en richt zich op twee andere aspecten van projectvoortgangsrapportage. Het eerste heeft te maken met het fundamentele probleem van monitoring, namelijk het reduceren van de weergave van de projectvoortgang tot een paar essentiële waarnemingen. Er wordt betoogd dat dit vooral moeilijk is voor institutionele en sociale projecten. Dit komt omdat deze projecten zich met maatschappelijke verschijnselen bezighouden die zich moeilijk sluitend laten definiëren. Deze verschijnselen worden in sommige literatuur 'wicked' of 'messy' genoemd, dwz. ongrijpbaar. Ze hebben hun weerslag op de definiëring van zowel projectdoelstellingen, projectvoortgang, en problemen. Er wordt betoogd dat het laatste geval zelfs voor alle projecten moet gelden, ook technische. Problemen kunnen bijna altijd in een boomstructuur worden uitgezet, en de keuze voor het verkiezen van het aangeven van het ene probleem boven het andere, verwante probleem op een ander niveau, is vaak subjectief. In de context van AJK is het daarbij nog zo dat de problemen van projecten veelal systeemgerelateerd zijn (bijv. het tekort aan fondsen). Dat maakt het voor veel rapporteurs erg moeilijk - en daarmee willekeurig - te besluiten een probleem te rapporteren zonder daarbij de indruk te wekken dat de situatie veel ernstiger is dan bij andere projecten.

Daarnaast blijkt Asbhy's *Wet van de Benodigde Variëteit* relevant voor projectvoortgangsbeschrijving. Vrij vertaald: hoe minder aspecten van voortgang in een rapportagesysteem worden doorgegeven, des te groter is de kans dat er een vertekend beeld ontstaat van die voortgang. De effecten van deze wetmatigheid hebben met name relevantie voor op schriftelijke rapportage steunende monitoring systemen, aangezien die als essentiële randvoorwaarde beknoptheid hebben. De kwaliteit van de waarneming heeft dus snel te lijden onder al te summiere rapportage.

Het tweede aspect van de voortgangsrapportage geldt meer specifiek voor Pakistan en houdt in dat het onderwerp van de monitoring - de uitvoering van projecten - slechts een gedeeltelijk oplevert van waar het Pakistaanse ontwikkelingsprogramma in naam op uit is, namelijk de ontwikkeling van het land. Daar zijn verschillende oorzaken voor. Ten eerste bestaat het ontwikkelingsprogramma voornamelijk uit kapitaalinvesteringsprojecten, terwijl voor ontwikkeling veel meer nodig is. Ten tweede vindt niet alle kapitaalinvestering plaats door middel van het ontwikkelingsbudget, zodat het argument dat de monitoring dan toch in ieder geval alle kapitaalinvesteringen volgt, ook niet opgaat. Ten derde levert niet alle kapitaalinvestering gedaan in het ontwikkelingsbudget nieuwe capaciteit op: er wordt ook veel vervangen of gerepareerd. Ten vierde is niet alles wat in het ontwikkelingsbudget zit kapitaalinvestering. Ten vijfde kan veel van wat in het normale budget zit ook leiden tot

(economische) ontwikkeling van het land. Bijvoorbeeld (en vooral) investeringen in onderwijs door middel van het aantrekken van onderwijzers of het verhogen van hun salaris. Daarnaast zijn fondsen besteed aan zaken die in het algemeen niet met economische ontwikkeling worden geassocieerd soms ook heel belangrijk. Zo is volgens de New Institutional Economics bijvoorbeeld een adekwaat functionerende rechterlijke macht heel belangrijk voor de stabiliteit van het raamwerk waarbinnen economische activiteit moet plaatsvinden. Tenslotte is de monitoring gericht op de uitvoering van projecten en niet op de resultaten daarna. Deze blikvernauwing wordt nog in de hand gewerkt door het feit dat het P&DD alleen fondsen beheert voor projectuitvoering, en de fondsen voor de noodzakelijke bestedingen daarna door het Departement van Financiën worden beheerd. Monitoring systemen voor bijvoorbeeld openbare dienstverlening zijn in Pakistan veel minder goed ontwikkeld.

Met andere woorden, monitoring systemen die in Pakistan alleen het ontwikkelingsprogramma volgen leveren maar een zeer partieel beeld op van de voortgang met de door de overheid gestimuleerde ontwikkeling in het land.

In *hoofdstuk 8* worden de conclusies getrokken en een aantal implicaties uitgewerkt voor zowel verdere theorievorming als de plannings- en monitoringpraktijk in Pakistan. Na de constatering dat het overheidsmonitoring systeem niet goed functioneert, zelfs niet nadat daarin een aantal technische verbeteringen waren aangebracht, wordt de vraag gesteld waarom er toch mee wordt doorgegaan. Als mogelijk antwoord wordt gesuggereerd dat er ten eerste misvattingen leven bij organisaties en besluitvormers: bijv. hoe meer informatie er beschikbaar is, hoe beter de besluiten zullen worden. Ten tweede kunnen er psychologische factoren in het spel zijn: informatie heeft in bureaucratieën een symboolfunctie. Informatie legitimeert besluiten; projectvoortgangsrapportage is een van de rituelen die de technische superioriteit van de bureaucratie moet verbeelden.

De bevindingen van de detailstudie ondersteunen dat een post-positivistische benadering van monitoring en evaluatie zinvol is. Voorts blijkt de problematiek van project en programma monitoring in veel opzichten identiek te zijn aan die van project/programma evaluatie.

Met betrekking tot de planningspraktijk worden een aantal precondities geschatst, die voor verbetering zouden kunnen zorgen. De belangrijkste daarvan zijn het onderbrengen van alle fondsenverlenende functies van de centrale overheid bij het Finance Department; een nieuwe rol voor het planningsdepartement; het vergroten van de politieke controle op het werk van overheidsdepartementen; het verbeteren van financiële controlesystemen; en het scheppen / versterken van de lokale overheid als tegenwicht voor de centrale overheid.

Voor de monitoringspraktijk wordt aangeraden af te stappen van de idee van centrale monitoring door middel van één systeem, gewoonlijk gebaseerd op het rapporteren van voortgang door de departementen die ook de uitvoering verzorgen. Het opzetten van meerdere concurrerende en aanvullende systemen wordt aanbevolen, waarin alle belanghebbenden in projecten en programma's deelnemen. Door middel van triangulatie van de resultaten van al die systemen en informatie moeten besluitvormers dan tot de beste besluiten komen. Het mandateren van monitoringfuncties bij (secties van) departementen is daarnaast een essentiële voorwaarde om problemen als gevolg van gemengde belangen van organisaties te helpen voorkomen.

Tenslotte worden systemen aanbevolen die ook andere voor ontwikkeling van het land van belang zijnde aspecten volgen, zoals de openbare dienstverlening door de overheid.

## ABOUT THE AUTHOR

Walter Kolkma was born in Bovenkarspel, North Holland Province in 1958. He completed secondary school at the Willibrordus Lyceum in Hoorn in 1976. He studied Human Geography at the Free University of Amsterdam and received his 'Kandidaats' degree in 1980. He then went on to specialise in Human Geography of Developing Countries, which focuses on rural and regional planning. Subsidiary subjects were agricultural and development economics, physical geography and hydrology of developing countries, Spanish, and a teaching degree. As part of his study he conducted field research twice, the first time, over a half year, in Northern Mexico where he was a member of a team evaluating the socio-economic effects of an integrated rural development programme. The second time, he conducted a land evaluation in Southern Mexico. His thesis on the evaluation of the integrated rural development programme PIDER in South Chihuahua was published in a series of the faculty. During his study, the author was a part-time research assistant to the faculty and worked on the computerisation and analysis of research data gathered in Mexico; he was also involved in the preparation of an evaluation methodology for integrated rural development programmes. He completed his 'doctoraal examen' in early 1985.

After his study, the author worked as a desk officer at the Centre for Development Cooperation Services at the Free University of Amsterdam. Until mid-1990 he was engaged in various activities, notably studies and missions into soil and water conservation in Africa, Third World refugee research, short-term consultancies with for instance the Netherlands Ministry of Development Cooperation and NOVIB, and the management of inter-university cooperation projects. In 1987 he was based most of the year in Eastern Sudan, working as a research officer in the Netherlands funded research project "*Eritreans in Kassala*". He co-authored a research report and published articles on the effects of self-settled refugees on host regions. In mid-1990 he was seconded as an Associate Expert Monitoring and Evaluation to a UN project in Azad Jammu and Kashmir, Pakistan. The project was mainly concerned with the monitoring and planning of the public sector development programme. A computerised management information system was implemented. In 1994, after the project finished, he was employed by the Netherlands Ministry of Development Cooperation and seconded as 'Monitoring Economist' to the Social Action Programme Section in the Planning and Development Department in North West Frontier Province, Pakistan.

Mid 1997 he returned to Holland, to finalise his PhD study.

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