



EUROPEAN UNION



***Poverty Reduction Strategy***  
***Government of Sindh***

## Acknowledgements

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## GLOSSARY

| <b>Abbreviations / Acronyms / Terms</b> | <b>Description</b>                 |
|---|------------------------------------|
| ADB                                     | Asian Development Bank             |
| ADP                                     | Annual Development Program         |
| CDLD                                    | Community Driven Local Development |
| CIF                                     | Community Investment Fund          |
| CO                                      | Community Organization             |
| CPI                                     | Community Physical Infrastructure  |
| DC                                      | District Chairman                  |
| DCo                                     | District Commissioner              |
| Dev                                     | Development                        |
| DTL                                     | Deputy Team Leader                 |
| EC                                      | European Commission                |
| ERU                                     | Economic Reforms Unit              |
| EU                                      | European Union                     |
| EUD                                     | European Union Delegation          |
| EY                                      | Ernst and Young                    |
| FD                                      | Finance Department                 |
| FG(s)                                   | Focus Group                        |
| GCP*                                    | Government – CSOs Partnership      |
| GoS                                     | Government of Sind                 |
| JDC                                     | Joint Development Committee        |
| KE                                      | Key Expert(s)                      |
| LG                                      | Local Government                   |
| LSO                                     | Local Support Organization         |

| <b>Abbreviations / Acronyms / Terms</b> | <b>Description</b>   |
|---|--|
| M&E                                     | Monitoring and Evaluation  |
| MDGs                                    | Millennium Development Goals   |
| MoF                                     | Ministry of Finance  |
| MTBF                                    | Mid-term Budget Framework  |
| MTEF                                    | Medium Term Expenditure Framework  |
| NFC                                     | National Finance Commission  |
| NRSP                                    | National Rural Support Program   |
| P&D                                     | Planning and Development   |
| P&DD                                    | Planning and Development Department  |
| PFC                                     | Provincial Finance Commissions   |
| PFM                                     | Public Finance Management  |
| PPAF                                    | Pakistan Poverty Alleviation Fund  |
| PPP                                     | Public Private Partnership   |
| PRS                                     | Poverty Reduction Strategy   |
| PRSP                                    | Poverty Reduction Strategy Paper   |
| RGCS                                    | Rural Growth Centers   |
| RGCC                                    | RGC Coordinator  |
| RSPN                                    | Rural Support Program Network  |
| Rural Poverty Programme*                | comprising the following four components; UCBPRP 4, UCBPRP 5, UCBPRP 6 and SUCCES 8                            |
| SPDC                                    | Strategy and Policy Dialogue Committee   |
| SRSO                                    | Sind Rural Support Organization  |
| SUCCESS                                 | EU Sindh Union Council and Community Economic Strengthening Support  |
| SUCCESS 8*                              | SUCCESS districts: Dadu, Jamshoro, Kambar Shahdadkot, Larkana, Matiari, Sujawal, Tando Allahyar, Tando M. Khan |

| <b>Abbreviations / Acronyms / Terms</b> | <b>Description</b>  |
|---|---|
| TA                                      | Technical Assistance  |
| TL                                      | Team Leader   |
| ToR                                     | Terms of Reference  |
| TRDP                                    | Thardeep Rural Development Program  |
| UCBPRP                                  | Union Council Based Poverty Reduction Programme   |
| UCBPRP 4*                               | Districts where UCBPRP was implemented in the initial phase: Jacobabad, Kashmore, Shikarpur, Tharparkar                           |
| UCBPRP 5*                               | Five districts where this Draft PRS proposes expansion of UCBPRP: Ghotki, Hyderabad, Naushero Feroze, Shaheed Benazirabad, Sukkur |
| UCBRP 6*                                | Six districts of the current UCBPRP: Badin, Khairpur, Mirpurkhas, Sanghar, Thatta, Umerkot  |
| VIP                                     | Village Improvement Programme   |
| VO                                      | Village Organization  |
| WB                                      | World Bank  |

## EXECUTIVE SUMMARY

### 1. INTRODUCTION

The Poverty Reduction Strategy (PRS) has been developed by the Government of Sindh (GoS) with support of the Technical Assistance (TA) Team of the wider Europe Aid programme 'Sindh Union Council and Community Economic Strengthening Support' (SUCCESS).

SUCCESS is a programme providing rural development support to the GoS which works through Rural Support Programmes (RSPs) to reduce poverty through community-driven local development (CDLD). The programme focuses on social mobilisation and micro interventions. Currently SUCCESS provides funds to RSPs for work in 8 districts of rural Sindh. SUCCESS replicates the approach applied by the GoS's own flagship programme of community-based poverty reduction - the Union Council-Based Poverty Reduction Programme (UCBPRP). The UCBPRP has been supporting community-based poverty reduction effort in rural districts of Sindh since 2009 and is currently working with 10 districts – 4 in a residual monitoring stage after former programme effort in earlier years and 6 in a current programme launched in 2017.

The brief for the policy component of SUCCESS was originally to support the GoS to develop a policy and dedicated budgeting and monitoring framework for CDLD. However, at its first meeting in April 2015, the Strategic Policy Dialogue Committee (SPDC) - which was established by the GoS to provide oversight and direction - requested the EU Delegation to widen the scope of assistance, to provide for development of a wider provincial poverty reduction strategy, including addressing both rural and urban poverty.

The overall objective is:

*'Facilitate the task of the Government of Sindh in developing and monitoring a poverty reduction strategy'.*

The purpose is:

*'To assist the Government of Sindh in developing, institutionalizing and monitoring a dedicated policy and budget framework for a poverty-reduction strategy (PRS) for urban and rural Sindh, with a specific focus on a community-driven local development (CDLD) policy'.*

The PRS presented herewith is required in the following Key Results of the TA ToRs:

**Result 1:** Develop a dedicated poverty reduction strategy for urban and rural Sindh, through the relevant institutional structures, legal and budgetary frameworks.

**Result 2:** Develop a dedicated provincial community-driven local development policy, as part of the above-mentioned poverty reduction strategy, through the relevant institutional structures, legal and budgetary frameworks.

## DEVELOPMENT OF THE PRS AND CDLD POLICY

The PRS and CDLD Policy was developed through a fifteen-month period of policy development, based on stakeholder consultation together with selected research on key policy areas relating to the poverty and CDLD context. The consultation process began with meetings with relevant stakeholders during the Inception Stage of the project (starting October 2016) and has continued through 2017.

The main steps in the PRS/CDLD policy development process have included:

- Consultation meetings with relevant stakeholders throughout 2016-2017
- A series of specific consultation workshops on 'the way forward' for poverty reduction
- Development of a set of selected 'research working papers' by the TA experts
- A series of meetings held with focal persons from selected GoS line departments
- An analysis of GoS expenditure, including analysis of ADP and recurrent budget expenditure across districts and analysis of 'pro poor' expenditure of selected line departments
- Presentation of 'the indicative PRS' (outlining the indicative proposals developed by the TA Team) at several key meetings with senior officials of P&DD.

Key stakeholder groups who have contributed to development of the PRS have included:

- Senior officials of the P&D and of other selected line departments of the GoS
- Senior officials of the District administrations
- Representatives of local government
- Members of the UCBPRP team
- Expert advisors on CDLD and rural poverty including RSPs, particularly those implementing the SUCCESS and UCBPRP programmes
- Representatives of the community institutions created through social mobilisation
- Expert advisors on urban poverty
- Representatives of other NGOs working in the areas of CDLD and poverty reduction
- Representatives of academia, including research institutes.

Key recurring themes from stakeholders during consultations included:

- Micro interventions do not work alone – a combination of macro and micro level interventions is required to really have an impact on poverty
- Poverty cannot be addressed without community engagement and community ownership is the key to sustainability of interventions
- Social mobilisation is at the heart of CDLD and community-based approaches
- There has not been sufficient evaluation in the past of the impact of poverty reduction interventions, particularly if micro interventions have had any overall impact on poverty
- There is a need to take advantage of the benefits of agglomeration and economies of scale
- The GoS is not visible in poverty reduction and CDLD, and it is not widely known that GoS is funding some of the programmes run by RSPs and other providers
- A new paradigm in planning is needed, where government and communities work together
- Women empowerment is a key to poverty reduction



- Addressing urban poverty needs a different approach to rural poverty
- Participation of local government and district government is important
- Transparency and accountability measures should be integrated in the policy, to minimise chances of corruption.

## **2. BACKGROUND – THE CONTEXT FOR POVERTY REDUCTION AND EXISTING GOVERNMENT OF SINDH ACTIVITIES TO ADDRESS POVERTY**

### **THE POVERTY CONTEXT IN SINDH PROVINCE**

Sindh is the second largest province of Pakistan, accounting for 18% of area and 23% of population. It hosts 47.88 million people or 8.59 million households, of which 23.0 million persons or 4.2 million households reside in rural areas in 83 rural talukas of the province. The average rural population and household per rural taluka works out to 277,108 and 50,602, respectively. It has the highest concentration of urban population at 49% as compared to an overall country average of 32.5%. Average population density, persons per square kilometre, in the province is reported at 339/km<sup>2</sup>.

Sindh is considered the economic hub of Pakistan, with natural resources, relatively well-developed infrastructure, quite competitive human resource, two major ports, functioning communication network, an industrial base and modernized financial & services sector. It accounts for around 60% of the country's oil fields and 44% gas fields and contributes 56% oil and 55% of Pakistan's daily gas production. Its coal reserves are estimated at 185 billion tonnes) and a huge potential for renewable energy with 60 km wide and 180 km deep wind corridor. Its contribution to the national GDP is around 33% and collects 70% of Pakistan's Income Tax and 62% of Sales Tax.

Sindh has a well-developed agricultural base supported by an extensive irrigation network on the Indus. Around 14% wheat, 30% rice, 30% sugar cane, 25% cotton and 30% vegetable crops grown in Pakistan are from Sindh. Sindh's coastline of approximately 350 km accounts for 48% of fish export from Pakistan.

Despite the resource endowments outlined above, Sindh is afflicted with large pockets of endemic poverty, particularly in rural and semi-urban areas. It has a dual economy, with the port city of Karachi being relatively developed, while the rest of the province fares poorly relative to the rest of the country in terms of incidence of poverty, consumption poverty, vulnerability, nutrition statistics, etc. Half the districts classify as high deprivation, with districts that were rated as very poor three decades ago continuing to rank as such.

Earlier research has identified lack of ownership of or access to assets (land, livestock, etc.) as the major determinant of rural poverty and unemployment as the major determinant of urban poverty.

A detailed summary of information relevant to the poverty context in Sindh, together with an analysis of poverty variables and issues in poverty reduction is presented in Section 2 of this PRS report.

### **EXISTING STRATEGIES AND ACTIVITIES OF THE GOS TO ADDRESS POVERTY**

The GoS has a range of existing sector strategies and programmes underway which, either directly or indirectly, have an impact on poverty. Key important strategies in this respect include:

- Sindh Agriculture Policy and Strategy
- Sindh Sanitation Policy, 2017
- Health Sector Strategy, Sindh (2012 – 2020)
- Inter-sectoral Nutrition Strategy for Sindh (INSS), 2013
- Sindh Education Sector Plan, 2014 – 2018

In 2009 the GoS launched a Union Council level community based scheme to address poverty – the UCBPRP. It is a pioneering initiative in rural development and poverty reduction and has become a flagship programme in provincial government support for community-based interventions. The programme, which uses the World Bank’s ‘poverty scorecard’ tool to target assistance to poor households, focuses on social mobilisation and micro interventions. The UCBPRP approach has now been replicated by the EU-funded SUCCESS programme, where funds are allocated to RSPs to carry out a similar programme of interventions in 8 districts. Together the UCBPRP and SUCCESS programmes provide CDLD-based poverty reduction support in a total of 18 rural districts of Sindh.

In identifying the range of GoS programmes and activities that could be identified as either targeted to poverty reduction or defined as ‘pro poor’, a working definition was developed to identify what constitutes ‘poverty-related programmes’ or that could be applied to identify ‘pro-poor’ expenditure. In accordance with the CDLD-focus of the PRS, it was decided that the definition of ‘poverty targeted programmes’ or ‘pro poor’ expenditure should be confined to those programmes/activities which have a direct impact on poverty at the household and community level. This consists of:

- Those programmes/activities which are aimed to increase household income
- Those programmes/activities which reduce household expenditure or create savings.

Using this definition, it was identified that some 24 percent of schemes and programmes in the Annual Development Plan (ADP) can be classified as ‘pro-poor’. Analysis of the recurrent budget was more difficult and focused on 7 selected relevant departments. The expenditure analysis revealed that about 46 % of the recurrent budget of these 7 departments, and 11% of total recurrent expenditure could be identified as ‘pro poor’. However, an expenditure analysis across districts revealed there is a low correlation between per capita government expenditure in districts and poverty levels therein.

The ADP schemes and programmes and the recurrent budget activities of the seven selected line departments that have been identified as ‘pro poor’ are outlined in Section 2 of this proposed PRS report. The expenditure analysis relating to the seven departments, which includes a cross-district analysis, is also presented in Section 2.

### **3. THE FRAMEWORK, RATIONALE AND PARAMETERS FOR A POVERTY REDUCTION STRATEGY FOR SINDH**

#### **STRATEGIC FRAMEWORK FOR POVERTY REDUCTION**

In light of increased devolution to provinces, the provinces need to take a more strategic approach to planning and budgeting for key functions, in carrying out their provincial governance responsibilities.

Poverty reduction, as a key cross-cutting issue, consequently needs more attention and focus on a strategic approach from provincial governments. Sindh province is leading the way in being the first province to have taken the bold step of formulating a specific Poverty Reduction Strategy (PRS). The PRS to be developed is aimed to act as medium-term instrument to address the challenge of poverty in Sindh and to have a specific focus on CDLD. This is a logical approach for Sindh, given GoS initiatives over the last decade in CDLD, through the UCBPRP.

During the policy development process, a number of key parameters and principles were identified to define the focus and priorities for the PRS. The first was the importance of alignment with the strategic framework that starts with the Sustainable Development Goals (SDGs). The PRS and CDLD policy shall contribute to the attainment of SDGs in Sindh, in particular

- Goal 1: No Poverty,
- Goal 2: Zero Hunger,
- Goal 3: Good Health and Wellbeing,
- Goal 5: Gender Equality,
- Goal 6: Clean Water and Sanitation,
- Goal 10: Reduced Inequalities,
- Goal 11: Sustainable Cities and Communities

At the same time, its successful implementation and attainment of desired outcomes will highly be dependent on achievement of other SDGs, including

- Goal 4: Quality Education,
- Goal 7: Affordable and Clean Energy,
- Goal 8: Decent Work and Economic Growth,
- Goal 9: Industry, Innovation and Infrastructure,
- Goal 16: Peace, Justice and Strong Institutions,
- Goal 17: Partnership for the Goals

### **PARAMETERS, PRINCIPLES AND PRIORITIES FOR THE PRS**

The policy development started with some broad understandings with which to approach the task of designing the PRS, which were outlined originally in the TA Inception Report. These working assumptions were further refined during the policy development phase, and evolved into the following ‘rationale priorities’ to determine shape, scope and focus of the PRS.

### ***Rationale Priority 1: The Need for a Customised, Selective and Targeted PRS for Sindh***

This grows out of the need for a ‘home grown’ strategy, customised to the Sindh context, focusing on what works and learning from experience, and not trying to produce an all-inclusive strategy. Ultimately, poverty reduction may be deemed to incorporate almost everything required for development, but this PRS is based on the notion that specific poverty reduction interventions need to be targeted, and not just equated with an overall economic development strategy.

### ***Rationale Priority 2: The Need for a CDLD Focus as the Foundation***

The CDLD focus prescribed in the TA ToRs assumes that CDLD is the foundation for poverty reduction approaches for the PRS. The CDLD focus brings other assumptions into play, including:

- The CDLD approach is based on the RSP methodology of social mobilization and community-based micro-level interventions
- The focus on social mobilisation over several decades has built a significant level of community capital via the three-tier structure of community organisation, which can and should be utilised in further community engagement in relation to poverty reduction as well as input to planning of development and provision of services.

### ***Rationale Priority 3: The Need for a Government-CSOs Partnership Approach***

The State has the capacity to intervene at scale and to define a strategic framework for approaching poverty reduction. Community organisations have limited capacity to scale but can effectively reach villages and households. Given the relative strengths and weaknesses of public and civil society organizations, it is advisable to harness the relative strengths of both. In this respect, the traditional divide between public versus private sector centred development strategies is now irrelevant and the demands of poverty reduction are too large for either government plans or service delivery, or the community-based activities of CSOs, to address independently. The situation establishes the justification for initiating a new approach to poverty reduction through adoption of partnerships with civil society organisations. The GoS already has a model to build on via its UCBPRP initiative and the SUCCESS programme.

### ***Rationale Priority 4: The Need for Targeted Interventions to Address Urban Poverty***

The different dimensions of urban and rural poverty require that different interventions to target poverty in an urban context are required. The addition of the urban poverty dimension brings an opportunity to review urban/rural connections and create a cohesive approach to development of the PRS and CDLD. It was concluded during the policy development phase that while general principles of CDLD can be applied in an urban context, this dimension cannot be entirely contained within the modalities developed for the rural support programmes.

### ***Rational Priority 5: The Need for a New Approach - Beyond Micro Level Interventions***

The opportunity of the PRS opens up two new windows for consideration of poverty reduction:

- It introduces the macro-economic element to poverty reduction and
- It adds the urban poverty dimension.

Notwithstanding the working assumption of a 'selective and targeted' approach to the PRS and a focus on CDLD, approaches need to go beyond micro-level interventions, since research has shown that micro-level interventions alone cannot change poverty. The interaction with GoS through the policy development stage made it clear that the GoS is looking for innovation in the way forward. This should include consideration of initiatives where the confluence of macro/micro initiatives may provide a new strategic framework for poverty reduction. Thus, the requirement for a provincial PRS with a focus on CDLD, which provided that the TA component was essentially tasked to work with two complementary actions - one meso and the other micro.

### ***Overarching Principles for Poverty Reduction***

Three key overarching principles emerged from consultation and research. These included:

- *Agglomeration is the key to rapid growth – hence growth centres are seen to be critical in poverty reduction as well.*
- *A catalytic approach is needed to prioritize sectors and interventions, so as to reap maximum benefits beyond project periods and sustainability of the interventions in poverty reduction.*
- *For poverty reduction to be successful, communities must be engaged in their own development.*

### ***Types of Poverty Reduction Strategies***

Since all working assumptions, priorities and principles point to the focus of community-based poverty reduction interventions that have an impact at the household level, it is important to focus on key types of strategies that are relevant at this level. Research and consultation during the policy development phase indicate two major categories of poverty reduction strategies. These are:

**1. *Strategies that relate to 'survival' issues.*** Poverty reduction strategies in a range of countries concentrate on improving the socio-economic conditions of poor sections of the population. But people cannot engage in activities aimed to improve their circumstances if at the same time they are struggling with the very challenge of survival. A significant proportion of the population of Sindh is struggling with the most basic survival issues. Survival strategies are aimed to save lives and are needed to address adequacy of basic living conditions in the following areas:

- Water – regular supply of clean drinking water
- Sanitation – for health and hygiene
- Nutrition – access to an affordable nutritious diet
- Shelter – affordable and adequate housing and disaster protection
- Access to basic health services.

**2. *Strategies that provide opportunity for individuals and households to get out of the poverty trap.***

These strategies focus on interventions aimed to either increase household assets or improve chances of employment. Such strategies focus in the following key areas:

- Education – to ensure standard literacy levels
- Vocational skills development, for employment opportunity
- Enterprise development – to increase assets and income levels.

## 4. THE POVERTY REDUCTION STRATEGY

### STRATEGY ONE: COMMUNITY DRIVEN LOCAL DEVELOPMENT – THE FOUNDATION

#### Policy for Community Driven Local Development

In consultation with stakeholders, the following key principles emerged as fundamental to a community-driven local development approach in poverty reduction:

- Participation in their own development is a basic right of communities, and poverty cannot be reduced without active community engagement
- Social mobilisation is at the heart of community-driven local development
- A women-centred approach not only empowers women but is the most effective way to reduce poverty at the household level
- Poverty reduction at community level can only be implemented effectively through a partnership between Government and community organisations
- A new paradigm in planning is needed, with grassroots community involvement and combination of a top-down/bottom-up approach.

If the above principles are accepted as the core of a CDLD policy for Sindh, then policy actions by the Government of Sindh to implement CDLD potentially would include:

- The Government of Sindh formally adopts the PRS and CDLD Policy, to include institutionalisation and mainstreaming of CDLD within GoS programmes and approaches
- The Government recognises the social capital created at community level through social mobilisation, including:
- Facilitation of services to communities by leveraging the institutional structures created through social mobilisation – thus recognising ‘institutions of the people’ (community-based organisations)
- The GoS endorses the Joint Development Committees as a mechanism to bring together representatives of district and local government, line departments and community representatives (members of LSOs)
- Commitment to implementation of the PRS and CDLD policy through a Government-CSOs partnership model and approach
- Recognition that the existing pro-poor programmes which the various line departments of the GoS are already engaged in could have an enhanced impact if structured and delivered to incorporate the CDLD policy principles.

## ***The Strategic Approach to CDLD Implementation - Expansion of Union Council-Based Poverty Reduction Programme***

Further expansion of the UCBPRP is proposed as a primary means for extension of CDLD implementation. This assumes that UCBPRP will continue to be at the core of an expanded programme of CDLD implementation. Proposals for expansion include the following:

- That the existing programme with 10 districts be expanded to include 5 new rural districts. Together with the SUCCESS 8 districts, this would expand the combined UCBPRP/SUCCESS CDLD-based programme to all rural districts of Sindh
- That the whole UCBPRP programme be re-designed as an overall programme with a defined phasing strategy for activities in all districts. This would incorporate the current residual programme for 4 (previous) districts, the current 3-year programme for 6 districts which commenced in mid-2017, and the proposed new expansion for 5 new rural districts. This would include provision for a more defined transition to a 'sustainability' phase where the programme becomes self-managing at community level. This would require an appropriate level of ongoing administrative/fiduciary oversight for accountability purposes.
- That the current PMU for UCBPRP becomes the core of an expanded PMU, with greater responsibility and capacity for oversight of the expanded programme and integration of CDLD with line departments.

In addition to the proposed expansion of UCBPRP and changes in the proposed UCBPRP Programme Design, some changes to UCBPRP interventions are envisaged, including:

- Incorporation of a village improvement programme for community-based improvement of facilities and infrastructure, incorporating CPI allocation and low-cost housing. This is aimed to address the need for more assistance with 'survival strategies' at community level.
- Additional funds for enterprise development to boost rural economic activities
- More flexibility in the allocation of CIF funds.

Institutionalisation of a CDLD approach will be a key part of implementation of the CDLD policy.

### **STRATEGY TWO: ADDRESSING URBAN POVERTY**

#### **GoS Policy to Address Urban Poverty**

Policy principles to address urban poverty include:

- The same principles of CDLD applied to rural development poverty reduction may also be applied as a general policy approach to urban poverty. However different focus and some variations to methodologies and interventions will be required.
- Cluster-based 'industrial' developments in small cities and towns in the largely rural districts of Sindh (and potentially in peri-urban areas), may be adopted as a policy by the GoS to address the livelihood needs of targeted urban poor. Clusters of similar or complementary activities can take advantage of proximity of location for enterprise development, essentially operating as SME co-operatives – thereby creating opportunities for income-generating activity and employment.

- A GoS/CSO partnership approach may be applied in implementation of policy actions for urban poverty reduction.

### **The Strategic Approach for Addressing Urban Poverty**

The core of the poverty reduction strategy for addressing urban poverty is that poverty in urban areas is primarily a feature of disadvantages in income and employment. Therefore, interventions must target ways to reduce poverty by creating or facilitating improved opportunities for increased income generation through enterprise development and employment.

Implementation of the policy is proposed as two-fold:

- Expansion of the UCBPRP approach into urban parts within the rural districts, (and potentially peri-urban areas) and
- A particular focus on urban economic clusters.

Approaches required for poverty reduction in urban areas will differ from those applied in rural areas. The focus is not on targeting ‘the poorest of the poor’ as in the rural development programme but instead it is more about targeting interventions to viable opportunities for generating enterprise development and employment.

Similar businesses that use similar inputs or produce similar outputs may be developed as urban economic clusters (co-operatives), where they can take advantage of locational opportunity to share common resources or markets. Clusters act as a large integrated plant, enjoying most of the benefits of economies of scale that large units accrue. The cooperative effort can also serve to reduce individual capital requirements and distributes risks associated with start-ups in enterprise development.

### **Proposed Programming Approach for Urban Poverty Reduction Interventions**

Expansion of the UCBPRP programme is envisaged, to include an urban poverty programme where the focus is on ‘urban within rural’ i.e. focusing on small cities and towns within the rural districts, prioritising those small cities and towns and cities where the incidence of poverty is higher than the incidence of poverty in the rural areas.

It is proposed that this urban programme would be extended to all 23 rural districts – thus including the 10 existing and proposed new 5 districts and the 8 SUCCESS districts. Following the same rationale as for extension of UCBPRP in 5 new districts, it is proposed that a similar GoS-CSO partnership approach be adopted for implementation of UBPRP expansion in urban areas.

The proposed urban poverty programme consists of:

- A general urban poverty programme, entitled ‘Urban Income Enhancement Programme’, where key interventions would include support for enterprise development and vocational skills training, targeted at individuals and households where there is viable capacity for employment or enterprise opportunity.
- A specific focus on urban economic clusters, as having possibly the most potential for small enterprise development. The establishment and initial management of urban clusters may be entrusted to RSPs, or other suitably qualified NGOs/CSOs. RSPs or other CSOs can provide the



initial market research to identify enterprise potential, and facilitation support in start-up. However, the clusters would be expected to develop further under their own steam.

### **STRATEGY THREE: INNOVATION AND A NEW STRATEGIC FRAMEWORK FOR POVERTY REDUCTION THROUGH RURAL SERVICE HUBS (GROWTH CENTRES)**

#### **GoS Policy for Consolidation of Public Services in Rural Hubs/Growth Centres**

Based on the background of poverty and status of villages in Sindh and the rationale presented in Section 3, it is envisaged the Government of Sindh formally adopts the concept of Rural Hubs/Growth Centers as a tool for development planning, service delivery and generation of economic activity in the rural areas.

Villages, in defined proximity to each other, may be identified in groupings where one or two villages within each cluster – with defined characteristics (population size, common cultural dimensions, markets, road/rail connectivity) – may be identified as ‘Rural Growth Hubs’ which will be prioritized by the Government and partner CSOs for future allocation and investment of financial and organizational resources and consolidation of services.

#### **GoS Strategy for Implementation of the RGCs**

A rural hub is likely to enable concentration of economic services to support the rural villages, which will likely generate agglomeration economies and bring about balanced socioeconomic development in the entire area. It will also extend a higher level of services to village populations and enhance quality of life – for example enabling larger and higher quality schools and higher service level health centres.

A Rural Hub may include:

- Housing with amenities, including drains and walkways
- Commercial centre to support local agri-based businesses and services, for:
  - Storage of inputs (seed, fertilizer, etc.) and distribution centres for outputs
  - Sheds/yards for trading/marketing of grain, livestock, and other commodities
  - Milk collection point and chilling plant
  - Small cold storage
  - Agricultural equipment repair and maintenance facilities
  - Bus stop and truck stand
  - High school (multi teacher, multi classrooms, other facilities) for students from villages in the cluster instead of one room/one teacher schools in every village
  - Vocational training centre
  - Rural Health Centre.

A Rural Hub will need to be located on high ground to protect it and its infrastructure from flooding and relevant flood protection measures will need to be put in place. Local government will have responsibility for building and maintaining the physical infrastructure in the hubs, including buildings, local roads, minor irrigation, etc., while many of the economic services will likely draw in the private sector.

Three levels of interventions are visualized. At the government level, government line departments will be required to provide (build, rehabilitate or up-grade) physical facilities and spaces for commercial

activities. At the private sector level, private operators can be expected to set up/upgrade and operate their manufacturing, sales and service establishments, utilizing the infrastructure provided by the government. There is likely to be little or no additional expenditure requirement from the government however there is likely to accrue revenue income for the local government from local taxes, fees and rent charged from private sector operators. At the civil society organization level, CSOs will operate designated public service delivery as contractors for the government, to provide the following facilities and manage the following services via the network of COs, VOs and LSOs:

- IGG/CIF/CPI funding
- Housing
- Locally sourced water supply (hand pumps, RO Plants)
- Village improvement, i.e., drains and walkways (including maintenance)
- Other village facilities
- Kitchen gardening
- Enterprise development funding for: drinking water plants, livestock, milk chilling plants, village stores, village workshops, transport vehicles; thereby, contributing to improved services and development of local private sector.
- Minor irrigation works
- Local village to market roads and connectivity with Rural Hub
- Any other service identified as needed by village communities

Needless to say, the cluster is a notional construct and does not entail any reorganisation of political or administrative boundaries as such no changes to the existing political and administrative institutional arrangements are envisaged.

### **Proposed Programming Approach for RGCs**

It is proposed that the Rural Growth Centre approach will initially be rolled out through pilots, with allocations under ADP. As implementation matures and proceeds past the pilot developments, the policy of consolidation of public services can be progressed through all line departments for planning and implementation of their developmental activities.

It must also be noted here that the purpose of piloting the RGCs in an initial implementation period is to learn lessons from the implementation of this new concept and intervention. The lessons learned during this phase will be essential for mainstreaming the RGC policy in to GoS sector strategies and service delivery.

## **FURTHER POLICY RECOMMENDATIONS**

It is proposed that the existing range of pro-poor programmes and functions of the GoS must also be considered as a part of the overall PRS and therefore their costs considered as part of the cost of the overall PRS.

It was found during the policy development/analytical stage that in many instances, the poorest districts were not receiving a level of per capita expenditure as per the poverty index would suggest appropriate. It should be part of GoS planning to take the poverty indices into account and over time seek for greater alignment between budgets and the poverty profile of the district. This aspect has also been considered in the phasing in of the proposed expansion of the UCBPRP to five new rural districts and the urban areas within the rural districts.

It was found that the recurrent expenditure of line departments quickly eroded because of inflation. This suggests that all programmes of the Government of Sindh should be indexed for inflation.

During consultations with line departments, it was identified that coordination amongst line departments at the grass roots level is not very effective. In many instances line departments are unaware of other departments' activities and programmes in the same district. It is important to develop greater synergies for more effective poverty reduction impact.

During the policy development phase, it was identified that the Community Investment Fund which is a part of UCBPRP and SUCCESS interventions, generates interest revenues. These revenues appear to be going to the RSPs at present, in addition to the funds that are received by RSPs to cover allocations for programme interventions and operating expenses to undertake the programmes, for which they are contracted as implementing partners. The CIF funds are an allocation of money from either donors or the GoS, provided for the benefit of communities, without any expectation of return. However, returns are generated. The GoS could consider mechanisms where these revenues could be returned to the programme and used to partially offset ongoing programme costs, as well as building the CIF as an ongoing fund for CDLD, for the LSOs to access and administer. These options may include disbursement of programme allocations from the central administration and revising the manner in which funds are allocated to RSPs or other CSOs implementing the programme.

Also, it is proposed that the LSOs should administer the CIF funds after the initial social mobilization phase of active RSP programme – with appropriate registration, compliance and oversight from the central administration.

## 5. COSTING AND FINANCING THE POVERTY REDUCTION STRATEGY

### COSTING OF NEW PRS PROGRAMMES

#### Total Five Year Estimate of PRS Costs

Total costs of the new programs and activities in the PRS are estimated to be about PKR 72.5 Billion for the period FY2018/19 to FY 2022/23. The table below provides a summary of the cost estimates per strategy. Furthermore, a continuation of programming costs is anticipated after FY 2022/23 up to the FY 2024/25 for another PKR 15.9 Billion.

| Three PRS Strategies                           | Total cost estimate in PKR billions FY2018/19 to FY 2022/23 (prices 2017) |
|--|---|
| CDLD Rural Program                             | 36.2  |
| Urban Program and Urban Economic Clusters      | 31.8  |
| Rural Service Hubs (Rural Growth Centers)      | 4.5   |
| <b>Total Costs of Proposed New Programming</b> | <b>72.5</b>   |

The summaries below show the costing of each of the three major strategies. Costing and phasing assumptions are included in the full text of Section 5.

#### Costs of CDLD-Based Rural Program

|   | Components of CDLD Rural Programming                                    | Total cost estimate in PKR billions FY2018/19 to FY 2022/23 (prices 2017) |
|---|---|---|
| 1 | Extension of UCBPRP to 5 new rural districts                            | 7.1   |
| 2 | Phase 2 for all ongoing UCBPRP & SUCCESS districts, and 5 new districts | 9.1   |
| 3 | Village improvement & maintenance                                       | 20.0  |
|   | <b>Total rural programming</b>  | <b>36.2</b>   |

The table below summarizes the phasing assumptions of the main components of the CDLD Rural programming.

|   |  | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|--|---------|---------|---------|---------|---------|
| 1 | Extension of UCBPRP to 5 new rural districts                           |         |         |         |         |         |
| 2 | Phase 2 for all ongoing UCBPRP & SUCCESS districts and 5 new districts |         |         |         |         |         |
|   | UCBPRP-6   |         |         |         |         |         |
|   | SUCCESS-8  |         |         |         |         |         |
|   | UCBPRP-5 (new)   |         |         |         |         |         |
| 3 | Village improvement  |         |         |         |         |         |
|   | UCBPRP-6   |         |         |         |         |         |
|   | UCBPRP-5 (new)   |         |         |         |         |         |
|   | Village improvement maintenance  |         |         |         |         |         |
|   | SUCCESS-8  |         |         |         |         |         |
|   | UCBPRP-6   |         |         |         |         |         |
|   | UCBPRP-5 (new)   |         |         |         |         |         |

### Costs of Urban Programme, Including Enterprise Clusters

|   | Components of urban programming  | Total cost estimate in PKR billions FY2018/19 to FY 2022/23 (prices 2017) |
|---|----------------------------------|---|
| 1 | Urban Income Enhancement Program | 8.9   |
| 2 | Urban Economic Cluster Program   | 18.1  |
|   | Total                            | 27.1  |

The table below summarizes the phasing assumptions of the main components of the urban programming.

|   | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|---------|---------|---------|---------|---------|
| <b>Urban &amp; Urban Economic Cluster Program</b> |         |         |         |         |         |
| Group 1   |         |         |         |         |         |
| Group 2   |         |         |         |         |         |
| Group 3   |         |         |         |         |         |
| Group 4   |         |         |         |         |         |

### **Costs of the Rural Service Hubs (Rural Growth Centers)**

The RGCs programme will initially be implemented as pilots, and later on it is envisaged will be adopted as a policy tool for planning of development activities. It is proposed that in the first phase, three pilots for Rural Growth Centers will be established in three districts, which will be chosen in close consultation with the Government of Sindh during the Roadmap phase. Therefore, the cost estimates presented in the main table above are only pertinent for the three proposed pilots.

It must also be noted that these cost estimates are based on very ‘rough order’ calculations based on the proposed key features of a Rural Growth Center i.e. a high school, rural health center and a market place for generating economic activity and some basic infrastructure upgrades.

These cost estimates will be revised during the Roadmap phase, once the locations have been selected and further assessment of the infrastructure requirements has been carried out. It must also be noted here that the purpose of piloting the RGCs in the two-year implementation period of the EU SUCCESS TA component is to learn lessons from the implementation of this new intervention. The lessons learned during this phase will be essential for mainstreaming the RGC policy in to GoS sector strategies and service delivery.

### **COSTS OF EXISTING PRO-POOR GOVERNMENT PROGRAMMES**

In Section 2, the PRS outlined an assessment of existing pro-poor activities that the GoS currently undertakes. For the budget of FY17/18 total pro-poor expenditure, using the working definition applied, is estimated to be PKR 190.6 million, based on the assessment of the recurrent expenditure of 7 selected departments and the full list of schemes and programmes that met the ‘pro poor’ definition in the ADP. Ultimately these activities and programmes should be considered part of the final total PRS. For a complete estimate of all the costs of existing GoS pro-poor activities over the period FY2018/19 to FY 2022/23 additional research is required, to analyse the budgets of all line departments. This has been added to the proposed agenda for the Roadmap.

### **FINANCING OF NEW PRS PROGRAMMES**

The PRS is a strategic intervention at provincial level and therefore, its financing will be dependent upon GoS fiscal management in the medium to long term. The GoS will require to draw its fiscal landscape in a manner that would ensure PRS is adequately funded for timely achievements of its objectives. Additional financing will be required but the GoS will also benefit from net savings that will accrue by consolidation of various poverty reduction programs under the PRS framework. Furthermore, by incorporating PRS into provincial public investment planning, the GoS can keep the incremental financing at manageable levels. Thus, mainstreaming of the PRS is critical not only for political ownership but also for sustainable funding over the medium to long term.

### **Sources of Finance**

The GoS funded its flagship UCBPRP CDLD programme in 4 districts and from 2015 onwards EU financed the rollout of a similar programme (SUCCESS) in 8 more districts. In the 2016/17 budget, GoS has further committed funds for 6 more districts from its own sources.

The indicative cost for the new program proposed under the PRS framework would be around PKR 68 billion during the implementation period. It is important to note that the current SUCCESS-8 districts have not been costed as they are already programmed. It is assumed that the PRS will be fully funded during the phase 2018/19 to 2021/22, based on the various financing options currently available to the GoS.

The principal sources of finance for the PRS includes GoS own-source funds, donor funds, savings through consolidation and re-prioritisation of services over time, and contributions from the private sector as part of PPP arrangements, including CSO programme implementation partners.

In addition to the above, the GoS has an investment portfolio that is managed by Sindh Fund Management House (SFMH) mandated under Finance Department, Sindh. This investment portfolio may be used to bridge finance the poverty reduction program. This fund has already been applied once towards UCBPRP when the GoS was facing acute funding gaps in 2009.

An additional potential source of funds is re-direction of some of the interest generated from the CIF to offset programme costs. The GoS may look at administrative mechanisms to ensure redirection of part of this interest revenue back into the programme, to offset the programme costs, as well as ensuring that the CIF continues to build as a community asset fund. These options may include disbursement of programme allocations from the central administration and revising the manner in which funds are allocated to RSPs or other CSOs implementing the programme.

All three main strategies (components) of the PRS have different scope, execution modalities and timelines, therefore the following table illustrates the key sources of finance for each of the components of the PRS.

| Program                         | Sources of Finance                              |  |
|---------------------------------|---|--|
| UCBPRP Rural CDLD               | GoS   | <p>GoS will provide funds under provincial ADP scheme for UCBPRP-5 districts. This will be in addition to ongoing UCBPRP-6 districts, which has already been budgeted.</p> <p>GoS will provide additional budget to the line departments for some of the activities relating to CDLD interventions at sectoral level (education, health etc.).</p> <p>The district government may also provide funding for some of the CDLD activities especially in the case of village improvement program depending upon the fiscal space available to districts governments.</p> |
|                                 | EU  | <p>EU is currently funding SUCCESS-8 districts in partnership with RSPs. This 5-year program will run till FY 2020/21. EU may decide to provide additional support to the GoS for further implementation of the PRS/CDLD based on evaluation and successful achievement of the objective.</p>  |
|                                 | RSPs or CSOs                                    | <p>In partnership with EU under SUCCESS program, RSPs contribute around 5% of the total cost program cost (EUR 82.13).</p> <p>For the new UCBPRP-5 districts, GoS may enter into PPP arrangements with (a) CSO(s), which will then be required to share a portion of the program cost.</p>   |
|                                 | Program internal funds – Community contribution | <p>CIF will generate funds over time in the form of interest chargeable to the beneficiary. Although, there is no current policy in place for the mark-up rate on loans disbursed, PRS assumed that the CIF will be a self-generating fund. The interest recovered will be reinvested in the same fund and will be one of the sources of finance.</p>  |
| Urban and Urban Cluster Program | GoS   | <p>GoS will provide funding for the Urban and Urban Economic Cluster program that would include vocational training, enterprise development and CIF.</p>   |



| Program              | Sources of Finance       |  |
|----------------------|--------------------------|--|
|                      | CSOs                     | GoS may enter into PPP arrangement with the CSO, which will then be required to share part of the program cost. It is assumed that CSO share will be in the range of 5% to 8% of the total program cost.   |
|                      | Program internal funds   | As in the case of UCBPRP rural, CIF for urban cluster program will also generate interest income that will be reinvested in the fund. Policy has to be formulated for this purpose for uniform application of the mark-up rate.  |
|                      | Other donors             | Once PRS is approved and adopted by the GoS, it may act as an advocacy tool for GoS to attract international development partners (donors). A government owned program with a robust strategic framework and clear strategy document would be appealing for donors to add into their development portfolio.  |
| Rural Growth Centers | GoS                      | For the pilot phase, GoS will provide incremental funding through the provincial ADP and subsequently it is assumed the funds for RGC will be provided through line departments. It is important to note that as the RGC approach will be mainstreamed into the public investment planning, no additional funding will be required, as funding will come from consolidation and re-prioritization of services. Thus, the line departments will continue to allocate their budget for their development schemes but using the RGC approach. |
|                      | Private sector investors | RGC entails consolidation of public services within each union council into an appropriate geographical locus. A PPP arrangement will be mutually beneficial for GoS and private sector investors to develop and manage such service delivery.   |
|                      | Budget Savings           | In the long term, the consolidation of public services will not only improve service delivery but will result in cost savings due to synergy and intra sector cost   |

| Program | Sources of Finance |   |
|---------|--------------------|---|
|         |                    | sharing – thus making funds internally available for completion of the RGC program across the province. |

## 6. IMPLEMENTATION OF THE POVERTY REDUCTION STRATEGY: THE LEGAL, INSTITUTIONAL AND PFM/BUDGETING FRAMEWORK

The PRS, as developed and presented in this report, is envisaged to be an overarching ‘whole-of-government’ cross-cutting strategy that is intended to be incorporated into the overall GoS policy-linked strategic planning and budgeting framework. It needs to be effectively implemented, monitored and tracked for operationalization and achievement of the poverty reduction outcomes sought, with accountability to the senior level of GoS and to the Provincial Assembly.

### OPTIMAL INSTITUTIONAL FRAMEWORK FOR PRS IMPLEMENTATION

PRS institutional arrangements should be founded on the following principles:

- **Sustainability:** PRS is an action oriented government instrument, aimed to ensure outcomes in poverty reduction and interventions used are sustainable at community level.
- **Harmonization:** Poverty reduction is a strategic policy intervention rather than a one-off project, therefore linkage with SDG goals and co-ordination with other macro-micro strategies being implemented in the province is important.
- **Integrated development planning and budgeting:** Priorities set in the PRS are linked to the overall fiscal framework (BSP and MTEF), linked with relevant sector strategies and budgets (MTBF) and itemized in the ADP and annual budget. PRS priorities are set for a medium term horizon.
- **Institutional Capacity:** Management units are set up with the capacity for effective programme operationalization, monitoring and evaluation. From political to executive to administrative personnel, all stakeholders understand the criticality of the poverty issue and are able to discern the poverty outcomes.
- **Transparency:** Policy and planning documents clarify objectives and programmes, GFMS supports transparent allocations for the PRS plus fund flow enables tracking of PRS expenditure.
- **Accountability:** A performance monitoring, reporting and evaluation system is established that can connect financial numbers with outputs and outcomes achieved.

The PRS will need to be managed and implemented via a central PMU, with co-ordination and control responsibilities, but because of its cross-cutting implications, implementation consequently cannot be tied on a portfolio basis to any one line department. Therefore, the P&D is the most appropriate departmental location for this enhanced PMU. It is also envisaged that for enhanced ‘whole-of-government’ co-ordination, the PMU could be set up with an overall PRS Co-ordinator at the Chief Minister’s office. The enhanced PMU could be developed from the core of the existing UCBPRP PMU, but will need to be expanded and further enhanced through capacity development because of the expansion of programme scope, functions and responsibilities.

The main purpose of the proposed Unit would be to:

- Coordinate implementation of the PRS, including co-ordination with line departments, local government units and civil society organizations (CSOs) for PRS activities, e.g. provide policy guidelines for sector level planning, and ensure consolidation of and coordination of the PRS/CDLD rollout with existing GoS programs (such as Nutrition etc.)
- Ensure alignment of PRS with MTBF, ADP and annual budget allocations, in line with funding requirements of the PRS
- Ensure effective management of the PRS programmes, including oversight of GoS/CSO contracting and monitoring of associated compliance with the legal, regulatory, institutional and financial management frameworks
- Generate monitoring/performance reports on PRS performance and achievement, triangulating financial and non-financial data to create a feedback loop for senior administrative and political levels of GoS.

For this purpose, the PRS PMU will require capacity building support both in terms of infrastructure (MIS) and human resources (for enhanced management, financial management, oversight and co-ordination and to analyse and interpret poverty data).

It is also envisaged that District programme Implementation Units would need to be set up at District level.

At community level, the PRS will be implemented based on the PPP model to execute programmes through a GoS-CSO partnership approach, with RSPs or other CSOs as contracted implementing partners.

*Section 6 sets out the detailed rationale and requirements for establishment of the proposed institutional arrangements at provincial and district levels and the role of local government. This section considers the institutional requirements relevant for implementation of all three major proposed strategies of the PRS.*

## **MAINSTREAMING OF PRS/CDLD**

Mainstreaming of the PRS hinges upon the ownership by political stakeholders and senior levels of the GoS, to ensure translation of PRS and CDLD policy, priorities and approaches into the activities of line departments. A holistic whole-of-government planning approach is not currently embedded in GoS and even a culture of strategic sector planning has not yet taken effective root. Therefore, strategies to address mainstreaming will require senior level GoS leadership, operationalized through effective co-ordination by the PRS PMU, as well as significant capacity development at line department and district administration levels.

*Section 6 sets out detailed rationale and requirements to support mainstreaming of the PRS and CDLD policy, relevant to implementation of the three major proposed strategies of the PRS.*

## **THE PFM/BUDGETING FRAMEWORK FOR PRS**

The PFM implementation framework for the PRS is required to include:

- Implementation of cross-government budgeting instructions, starting with clarity of directions set out in the BSP and in budget instructions (BCC) so that all departments can identify PRS policy requirements and related budget allocations in their ADP, MTBF and annual budget submissions
- Implementation of expenditure tracking in budget execution, so that expenditure allocated to PRS strategies and programmes can be appropriately managed in terms of accounting and financial management procedures and tracked in budget execution, with an associated financial and non-financial reporting framework
- Implementation of a performance reporting framework, with financial and non-financial reporting. The financial monitoring and reporting is to track expenditure - monitoring how much the government is spending on its main pro-poor categories in recurrent + ADP, and on the CDLD programme through UCBPRP, the Urban programme and the implementation of Rural Service Hub pilots (growth centres).

Non-financial reporting will be through application of an M&E framework, to track PRS programme results. The M&E framework should be founded on an outputs/outcomes approach – with output-based performance indicators set for delivery of programme outputs, and outcome indicators identified and reported on to assess achievement of specified poverty reduction outcomes, and the impact of the overall PRS strategy. The reporting framework will need to follow-through into the auditing and accountability framework, including auditing and associated reporting to the Parliament.

Section 6 sets out a detailed and comprehensive coverage of the implementation of the PFM/budgeting cycle requirements, in implementation of the PRS and CDLD policy. This section presents first the overview of the PFM/budgeting cycle. Then the PFM cycle implementation requirements and issues are presented under the three main strategies of the PRS. The section covers all aspects of budgeting, budget execution, accounting, and reporting and audit.

## **MONITORING AND EVALUATION**

An effective monitoring and evaluation framework and process is part of the accountability framework required, in order for the GoS to be able to assess:

- whether the required performance in operational implementation and service delivery of the programmes and interventions is being achieved
- whether the funds allocated to these programmes and interventions are sufficient, and effectively and appropriately managed in terms of financial control, transparency and accountability
- whether both financial and non-financial targets are being met and
- whether the strategies, programmes and finances spent are achieving the results intended in reducing poverty.

As such, the monitoring and evaluation framework relies on a combination of identification of appropriate performance measures, systems to collect relevant information, an effective reporting system and evaluation tools and methodologies to assess overall results.

*Section 6 sets out the requirements for an M&E system based on application of the outcomes/outputs framework, together with the requirements for performance measurement, setting of performance indicators and systems for assessment of performance and achievement in poverty reduction.*

## **ROLE OF LOCAL GOVERNMENT IN PRS/CDLD POLICY IMPLEMENTATION**

Section 6 presents an analysis of local government and implementation of CDLD in KPK province, and compares this to the Sindh context. The Sindh local government model is less devolutionary than in KPK, and the relationship between the provincial government, local government and community organizations needs to be structured differently for that context.

Effective implementation of CDLD in Sindh and effective involvement of local government in the process of meeting community needs and aspirations for poverty reduction, strong linkages must be created between the three-tiered social institutions' structure (derived from social mobilization) and local government, especially with the Union Councils. The local government along with district administration, line departments and representatives of community-based organizations must be actively involved in planning processes.

The role of the Joint Development Committees, chaired by the Deputy Commissioner or the elected Chairmen of District Councils, can be extended to prepare local development proposals at the taluka and district level. The district governments in Sindh are already receiving 30 percent allocations. The proposals for spending these allocations should be prepared jointly by the JDC which comprises representatives of the district government, local government, line departments and representation of the community organisations. Further to the proposed endorsement of the Joint Development Committees at the district level, it is proposed that the role of local elected representatives should be enhanced to ensure active participation in JDC meetings and planning processes.

It is however acknowledged that for local government to play an enhanced role in implementation of the CDLD Policy and some aspects of the PRS will require addressing capacity and operational issues which have been highlighted above and in detail earlier in the inception report.

The Poverty Reduction Strategy (PRS) via the CDLD approach entails two components which will have particular significance for local government in terms of responsibility for infrastructural provision: urban economic clusters and rural growth centers (RGCs). Both require some degree of physical infrastructure provision.

Urban economic clusters will require construction of serviced 'compounds' with space of varying sizes for plant, storage, etc., where non-agricultural small businesses engaged in production of complementary goods can be located. Again, given the locally specific nature of these activities, the nature of infrastructure required will be different and, as such, can best be provided by local government. Rent charged for premises will emerge as a source of revenue for local government.

The establishment of the RGCs in the first pilot phase would involve various levels of interventions, including those from local government. These interventions include some improvements to local infrastructure as well as establishing new infrastructure. It is proposed that local government will have responsibility for building and maintaining the physical infrastructure in the hubs, including buildings, local roads, minor irrigation, etc., while many of the economic services will likely draw in the private sector and social services will be managed by community organizations. Again, rent charged for these premises will emerge as a source of revenue for local government.

## **7. IMPLEMENTATION OF THE POVERTY REDUCTION STRATEGY: CAPACITY DEVELOPMENT AND COMMUNICATIONS**

### **CAPACITY DEVELOPMENT**

The current PMU for UCBPRP is envisaged to become the core of an expanded PMU for PRS implementation and rollout. The expanded PMU will have greater responsibility for oversight of an expanded programme that not only includes rollout to more districts and new programme dimensions for addressing urban poverty and RGCs but also focus on mainstreaming and integration of a CDLD approach with line ministries. This will necessarily involve capacity development to assume greater accountability and extended responsibilities. This will include up-skilling in procurement, contract management, co-ordination and monitoring (including monitoring and auditing for financial management purposes, performance reporting and monitoring for impact evaluation).

For PRS rollout, capacity development will need to be addressed at three levels:

- a) Capacity at both provincial and district levels of administration for PRS oversight and management. Capacity development will need to include all line departments but will initially focus primarily on requirements to support the expanded PRS PMU.
- b) Capacity of local government and local bodies for implementation of CDLD
- c) Capacity of communities for accessing allocations for CDLD and other poverty reduction programs. Capacity building of community is essential to ensure interventions are appropriately targeted to community needs, to ensure that assistance is appropriately directed, and to review and interpret the results and hold people accountable, which is at the very heart of the CDLD model.

### **Capacity Building at Local Government Level**

Progress with devolution in Sindh is slower than expected and further fiscal devolution to districts is complicated by issues at provincial level and capacity issues at district level. It can be assumed that the transition to local government devolution may continue to be complex and in the medium term there will consequently continue to be gaps in the institutional architecture for operationalizing a transparent and accountable implementation of a PRS and CDLD policy at local government level.

This reality flows into necessary conclusions about the type of capacity development programme that can be designed for local authorities and elected representatives.

Clearly the most important factor will be to focus on awareness-raising of PRS and CDLD implementation, stakeholder partnerships between local government and community organizations working on needs assessment and local community-based poverty reduction initiatives, and basic steps towards improvement in planning and budgeting at the local level, with a focus on results in poverty reduction. The latter could include the basics of M & E approaches and consideration of incentives for local authorities and local representatives to focus on poverty-related priorities. Options to encourage between local government and community institutions will be important.

In Sindh, the most important focus for CDLD-related capacity development at local government level, and the most benefit which could be expected to be derived from capacity development efforts, is likely to be from concentrating on the Joint Development Committees (JDCs), which are being established in SUCCESS districts and which UCBPRP plans to initiate in UCBPRP districts. The JDCs are being established as a community forum for input to planning and identification or prioritization of community needs in district and local planning, with representation on these committees comprising district officials, local government members and members of the community organisations (LSOs).

The capacity development plan for local government in the Roadmap will incorporate training and other capacity building initiatives with the following priorities:

- Awareness-raising about the PRS and CDLD policy and implementation
- Defining the responsibilities of JDCs, with awareness –raising to support the role of the JDCs in planning and interaction between the district and local government administrative level and the community, CSOs, LSOs etc.
- Awareness raising and training about programme and basic M&E requirements for PRS/CDLD
- Training relating to compliance requirements, including accountability requirements for LSOs



## **A GOS COMMUNICATIONS STRATEGY FOR PRS/CDLD IMPLEMENTATION**

Ultimately the goal of the PRS and CDLD policy is to improve people's lives and to enable the GoS to effectively and efficiently deliver programmes and services aimed to achieve that. Effective communication can make a profound contribution to policy creation and implementation, by explaining government policies or programs and supporting the effective operation of public services and programmes – for example:

- Informing citizens about the GoS' intentions and programs moving towards eradication of poverty in Sindh
- Informing potential beneficiaries of PRS interventions about assistance that may be available to them
- Influencing people to engage in community mobilization to play a more pro-active role in establishing community infrastructures, contributing to community planning to address the needs of communities, and engaging in activities aimed to increase income-generating opportunities, such as vocational and technical training programs.

Despite the fact that the Government of Sindh has substantially increased expenditure in sectors that contribute to poverty reduction such as health, education, water and sanitation, together with funding the dedicated initiative of CDLD-based interventions in poverty reduction through the UCBPRP for the last 10 years, the perception amongst the wider general public is mostly characterized by a lack of awareness of the GoS' efforts. This was evident in workshops held by the TA team during 2017, in consultation for the development of the PRS and CDLD policy. Many participants at the workshop did not know about the UCBPRP programme and GoS funding for that and other programmes aimed to have an impact on poverty.

The overall objective of the Communication Strategy is to assist the GoS in promoting and implementing the PRS and CDLD policy. Specific communications objectives include:

- Effectively utilize communication strategies and tools to support implementation of the PRS and CDLD policy.
- Support the provision of relevant information for all PRS and CDLD programme beneficiaries and other relevant stakeholders
- Support training and sensitization of relevant stakeholders on the importance of the PRS and CDLD policy and its implementation.
- Enhance and support the leadership of the Planning and Development Department in the implementation of the PRS and CDLD policy
- Sensitize the public and private sector on the aims and benefits of the PRS and CDLD programme
- Communicate direct linkage to the SDGs, to ensure a strategic approach and promote the position of Sindh province nationally and internationally.

The TA Team envisages a stakeholder-focused approach to the communications strategy, ensuring that new approaches can include not only one-way communication for the purpose of information, but incorporating the importance of consultation and dialogue. Key stakeholder groups include:

1. Cabinet Members
2. Parliamentarians

3. Planning & Development, finance and other pro poor departments
4. District officials
5. Local elected representatives
6. Joint Development Committees
7. Community organizations
8. Academics and researchers
9. Civil Society Organizations
10. Media (social and contemporary)

*The detailed section 7 of the report provides some examples of key messages for different groups of stakeholders which may be used by the GoS to promote its initiatives in poverty reduction.*

Over the PRS implementation period, the range of communications activities may include:

- Consultation forums and workshops
- Distribution of Copies of PRS and CDLD policy, for information and discussion
- Newsletters which highlight activities, achievements, events
- Distribution of minutes and notes of meetings, events, workshops to relevant stakeholders
- Communications input to training sessions for GoS officials and local government representatives including:
  - Sensitization and awareness-raising on the PRS and CDLD policy
  - Specific capacity development training – e.g. on the PFM aspects of implementation of the budget framework and the M&E framework including data collection and reporting
  - Interaction needed with community organizations on poverty initiatives
- Media Campaigns
- Devising Key Messages and Talking Points for key program spokespersons
- Supporting media events and interactions such as press briefings
- Communicating PRS and CDLD policy messages, including translating official policy language, information and technical content into easy to understand products for a range of non-technical audiences
- Use of social media, including podcasts, webcasts, online streaming, websites, blogs etc.

The communications strategy is also important for monitoring and evaluation. Indicators of achievement of the PRS and CDLD – at both programme delivery and outcomes/impact level - will rely on feedback from stakeholders to assess the effectiveness and impact of the programme.

It is assumed that the enhanced PMU, expanded from the existing UCBPRP PMU, will have responsibility for overall implementation of the Communications Strategy. Human resources planning for the expanded PMU will provide for recruitment and capacity development of existing staff to ensure that the PMU officials can effectively administer the communications strategy.

## **8 ROADMAP FOR IMPLEMENTATION**

The mechanism envisaged for further detailing the implementation strategy is a Roadmap. The purpose of the Roadmap is to provide a detailed plan of action for putting the PRS and CDLD policy into effect, and rollout of the associated proposed programmes.

The associated work plan aims to ensure that the requirement for the GoS to have a PRS and CDLD policy that is implementable from 2018 onwards, is achieved.

Further consultation on the PRS and CDLD policy will be needed, on the next stage of detailed work on the PRS strategies and associated programme design and plan for rollout.

This also assumes that the appropriate level of political input and consultation with the CM, Cabinet, Provincial Assembly members and Parliament takes place as required.

### **WORK REQUIRED TO DEVELOP THE ROADMAP**

Development of the Roadmap is a fully collaborative effort, and will incorporate three levels of activity:

- Further consultation as input to the detailed specification of PRS/CDLD requirements for rollout and implementation, and as input to the detail of programme design.
- Further detailed technical work required and
- Development of the detailed action plan and timetable for the Roadmap, for PRS implementation and programme rollout.

### **Further Consultation**

During the meeting held with P&D on 20 November 2017 to present the 'indicative PRS', participants at that meeting included experienced officials who had prior experience of the UCBPRP programme since its inception and since. These participants voiced opinions about lessons learned from the operation of UCBPRP over the past decade and how this must be brought into the design of changes to the existing programme and proposals for expansion – and expressed a wish to be involved in the detail of design. This group would be useful as a focus or advisory group, to contribute to the Roadmap development and thus it is recommended that this focus group be set up for the Roadmap stage. It would also be appropriate to add other key stakeholders to this group – such as representatives of RSPs and other CSOs, such as experts in urban poverty programmes such as the Orangi Pilot Project or AHK Resource Centre, and experts in other key programme interventions such as vocational skills training.

## Technical Work Required

- 1. The GoS may want further work done to further define the scope of the PRS – if the GoS would like to present a ‘complete picture’ of all GoS poverty reduction efforts.***

In addition to the analysis carried out to identify existing ‘pro-poor’ activities of the selected seven departments, it would be necessary to allocate time and input to analysis of all the departments of the GoS, to include their poverty-related programmes in the scope of the PRS.

- 2. Further technical work is required to more closely design the detail of the proposed PRS programmes and associated interventions.***

The work required relates to:

- Further specification of the proposed expansion of the UCBPRP programme including rollout to 5 further rural districts, rollout of a Phase 2 stage for all existing UCBPRP and SUCCESS districts, and rollout of a new Urban programme.
  - Further specification of the requirements for RGC and Urban Economic Cluster pilots, including location, specification of infrastructural requirements and facilitation required by CSOs
  - Specification of changes in responsibilities, processes and procedures for line departments in mainstreaming CDLD and establishing the RGC pilots
  - Further work on costing estimates, including testing costing assumptions with Finance Department, P&D, relevant line departments and other agencies (such as Bureau of Statistics) and revising estimates as appropriate.
  - Input to development of the requisite PC-1s for new programmes. Of particular priority during the Roadmap development stage will be the PC-1 to put the pilots for RGCs into effect in the 2018/19 year.
- 3. Further work is required in order to either put pre-requisite changes into effect for PRS implementation, OR to specify further work that needs to be put into the timetable of the Roadmap.***

This includes work in the following areas:

- Development of the legal framework and institutional and administrative mandates to give effect to PRS programmes and for requirements such as establishment of the expanded PMU for PRS, establishment of PIUs at District level, legal status and registration of LSOs and formalising the Joint Development Committees.
- Work to identify and select the location for RGC pilots. This will include further demographic, economic, social and cultural assessments, plus consultation with landlords and communities in identified areas.
- The process and requirements for PFM and accounting changes, including the BSP mandate, changes to cross-government instructions for the MTEF, MTBF and annual budget instructions, MTEF preparation, the Budget Call Circular, plus changes to accounting requirements for budget execution to ensure/improve tracking of PRS expenditure, changes to financial reporting, changes to audit and accountability requirements etc.

- Design of the expanded PMU for PRS – including definition of responsibilities, delegations structure, related functional requirements and capacity specification
- Design of PIUs at District level, as above
- Design and specification of the requisite PC-1s for establishment of all new programmes
- Further development of the PPP model and further regulatory requirements for PRS application
- Design of the monitoring and evaluation framework, with associated development of performance indicators and reporting framework.
- Further work on sources of financing.

### **Development of Detailed Action Plan**

The Roadmap is envisaged as being a detailed, practical and workable action plan to put the PRS and CDLD policy into effect. The Roadmap should provide a step-by-step plan and timetable for PRS and CDLD implementation, including projected phasing for the rollout of proposed programmes and other initiatives.

Timing and phasing should take into account the practical realities of putting into place many of the required changes outlined.

The Roadmap should include not only a step-by-step action plan and timetable for key steps of PRS/CDLD implementation, but also relevant subsidiary plans such as the plan for associated PFM budgeting and accounting changes, capacity development plan and communications plan.