

Economic reforms: Part-XXIV

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In our series on economic reforms we discussed the outcomes achieved under the Poverty Reduction Strategy Paper (PRSP), 2001. As mentioned earlier, the PRSP was a comprehensive statement of economic policy including macroeconomic framework and institutional reforms. This article will stick to the outcomes on social indicators, poverty reduction and institutional reforms as being the primary goals.

The foremost indicator was the expenditure on poverty-reducing activities such as health, education, population welfare, rural development and income-generating small public works schemes. After identifying these heads, it was noted that during the periods of 1995-96 and 2000-01, these expenditures had declined from 4.91 percent of GDP to 3.44 percent only. The target was over-performed as expenditures rose to 4.63 percent by 2003-04. The expenditures were on the rise beyond 2003-04 as they were recorded at 5.46 percent in 2007-08, significantly above the 4.91 percent recorded in 1995-96.

To understand what this meant, let's have a look at some of the key individual expenditures, such as education and health. The education expenditures, which were 1.5 percent of GDP in 2000-01, rose to 1.86 percent by 2006-07, before slightly declining to 1.74 percent in 2007-08. This was clearly a very encouraging trend as not only were these expenditures protected from the vagaries of fiscal adjustment during the downturn but were rising in real terms. Similarly, expenditures on health were recorded at 0.44 percent of GDP in 2000-01, rose to 0.61 percent of GDP in 2006-07 before declining to 0.58 percent.

The year 2007-08 was a tumultuous year as political upheaval coupled with the global financial crisis led to a fiscal crisis as the government failed to pass on the rising oil prices to end consumers and thus, incurred huge subsidies on the budget. The social-sector spending was evidently affected in this background.

It is more interesting to see how specific indicators of health and education performed during this period. The progress was quite satisfactory. In education, the target for adult literacy rate, which was 45 percent in 2000-01 and projected to rise to 59.5 percent in 2006-07, was missed as it was recorded at 55 percent. The trend was steady and there were no differences in the growth rates between male and female literacy. The gross enrolment rate (GER) for primary schools was reported at 71 percent in the Pakistan Integrated Household Survey (PIHS) 1998-99. The PRSP-I had targeted to achieve 100 percent by the year 2003-04. However, despite steady growth, it fell significantly short as in 2006-07 the GER was recorded at 91 percent.

On the other hand, the net enrolment rate (NER) improved from 42 percent in 2001-02 to 56 percent in 2006-07. These were not the most impressive results but showed

an upward trend that needed to be punctuated; we will see that more progress has been achieved since then. The number of schools, teaching staff and share of non-salary expenditures were also tracked under the PRSP monitoring framework and they all showed mixed improvements.

In the health sector, indicators showed greater responsiveness to increased expenditures. Full immunisation, based on both the 'record' and 'recall' methods, showed considerable improvement. From 27 percent in 2001-02, immunisation increased to 50 percent in 2006-07, based on the 'record' method, while comparable numbers were 74 percent and 85 percent for the 'recall' method.

To address high maternal mortality rate, quality prenatal care is needed. The Pakistan Social and Living Standards Measurement (PSLM) showed that the proportion of married women who had given birth during the last three years and had attended at least one prenatal consultation session increased from 35 percent in 2001-02 to 53 percent in 2006-07.

Postnatal consultation, which was very low, at 9 percent, in 2001-02, rose to 24 percent in 2006-07. In 2006-07, 69 percent of sick people (77 percent urban and 66 percent rural) consulted a medical attendant during sickness. In case of diarrhoea among children, there was a considerable increase in the use of ORS – an effective way of preventing dehydration. The use of ORS increased to 76 percent in 2006-07 as compared to 71 percent in 2005-06. The increase in use of ORS was greater in rural areas (75 percent in 2006-07 as compared to 68 percent in 2005-06) than in urban areas (79 percent in the same time period). (The population welfare and poverty incidence will be separately considered.)

The PRSP had also targeted institutional changes as necessary for improving the lives of people. One such programme was Access to Justice, which was sponsored by the Asian Development Bank at a cost of \$350 million. It aimed at uplifting the infrastructure of the judiciary, particularly at the lower level, to enable better court premises, use of computers to register and monitor progress of cases and improved facilities within the prisons. In the beginning, there were apprehensions from the judiciary, but when it was agreed that the administration of the programme will be under the full control and oversight of the higher judiciary, issues were resolved and the project started in earnest. A great deal of infrastructural improvements in all levels of judicial process is evidence of the successful implementation of the project.

The second critical programme was the civil services reforms. Although the reforms thinking was lofty, it soon ran into problems with respect to which department would lead the process. It was envisaged by the Ministry of Finance, but subsequently the National Reconstruction Bureau also had it on its menu. However, two minor things did happen. One was an executive development programme at the Harvard University's Kennedy School of Public Policy, where a significant number of senior officers were sent, and the second was an exercise in rationalising the size of the government, conducted by the deputy chairman of the Planning Commission.

Although a report was compiled that recommended a very small adjunct staff for each government officer and closure of some offices, the recommendations were not implemented.

Perhaps the most far-reaching reform was the devolution programme that succeeded in implementing a new system of local governments, considerably empowering the people. It drastically altered the local government's power structure, separated the police and executive services and gave the head of the local government power over both the authorities. Arrangements were made to transfer public resources to local governments by constituting provincial finance commissions.

The success of social sectors noted above is in part owed to the passion and commitment the new public representatives showed after getting elected to the offices. However, no sooner was the military rule over that the entire devolution was effectively dismantled by the succeeding governments.

To be continued

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