

**PAKISTAN'S NATIONAL
CONSERVATION STRATEGY:
RENEWING COMMITMENT
TO ACTION**

Report of the Mid-Term Review

by

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ABOUT THIS REPORT

This report was prepared by the External Review Team (ERT) and is based on findings of the Team, including other results from the Pakistan National Conservation Strategy Mid-term Review (MTR). The main period of work took place during 1999-2000. Comments were received between July-November 2000. This final version was completed in November 2000.

Financing the NCS

4.1 During the 8th Five Year Plan (1993-1998), Planning and Development data show that out of an overall planned financial commitment of Rs 21 billion for the 14 core areas, only 18% of the funds were released and even less were actually disbursed. The results of the analysis suggest that funding availability is indeed a major problem, although, of course, the efficiency of use also must be considered, and that is difficult to do, given the problems of data gathering. Donor funding, for example via World Bank loans, CIDA and other projects, has certainly helped to maintain the NCS, and there are individual project reviews that touch upon the effectiveness of particular investments. It is difficult to draw out a fair assessment in relation to the overall donor contribution since it is so heavily weighted towards certain sectors.

4.2 From a rough analysis of financial information collected by the NCS unit²⁶, the following tentative conclusions can be drawn over the 10-year planning horizon²⁷:

- In terms of both provisional and allocated budget (over a 10-year horizon), NCS clearly focused, and by far, on land conservation and irrigation efficiency as the top priority. Second-tier priorities included forestry and institutional development, closely followed by watershed protection, water resources/fisheries, and energy efficiency (Box 10).
- The top priority programs (land conservation and irrigation efficiency) were allocated less than half of the budgeted amounts, but all other core areas had a relatively even match between planned budgets, allocations, and use.
- The overall financial picture of NCS is conveyed by the following three simple ratios:
 - i 51% of planned financial resources were actually allocated—with the lowest ratio for “maintaining soils in croplands ” and the highest ratio for “conserving biodiversity”;
 - ii 38% of planned financial resources were utilized, which does not reflect actual disbursements for which data were not available—with the lowest ratio for “maintaining soils in croplands” and the highest ratio for “conserving biodiversity”; and
 - iii 74% of allocated financial resources ended up being utilized.
- Full data on donor contributions to financing the NCS were not available. However, if the planned foreign exchange component is used as a proxy, it appears that while rangeland/livestock, energy efficiency, and institutional development may have been targeted primarily for donor grant and loan financing, energy efficiency and preservation of cultural heritage would have been financed mostly from local resources (Box 11 and Annex 8.) It should be noted, of course, that the institutional infrastructure related to NCS policy and capacity-building needs has depended very much on donor support. It is unlikely that the progress so far achieved on awareness-building, preparation of planning materials, and support of the civil

²⁶ Akhtar A. Hai, Resourcing for National Conservation Strategy (NCS) Implementation. Applied Economics Research Centre, University of Karachi, March 2000 (Report prepared for NCS-MTR).

²⁷ With the lack of a financial information and monitoring system, and some glaring inconsistencies in the data gathered by the NCS unit, the conclusions drawn by the ERT based these data should be taken as purely indicative.

society organizations associated with the NCS could have taken place without the assistance of the donor community.

- In terms of provincial allocation and use of resources, the federal government had by far the highest priority, followed by Punjab, NWFP, Sindh, Balochistan, AJK, and Northern Areas (Annex 8, Tables 8-1 and Table 8-2).
- Overall budget plans were based on a contribution of about 40% from the public sector and 60% from the private sector. Given the extent of private ownership over natural resources in Pakistan, the relatively high planned contribution of the public sector is a further indication of the weak focus by NCS on policies and incentives to internalize the social cost of natural resource degradation.

Self-financing Mechanisms

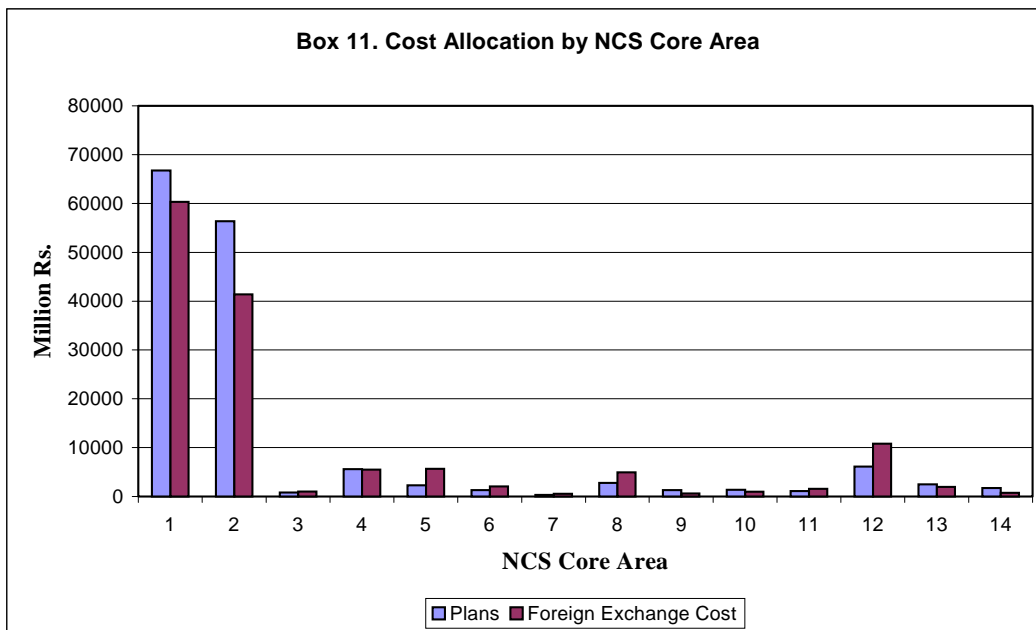
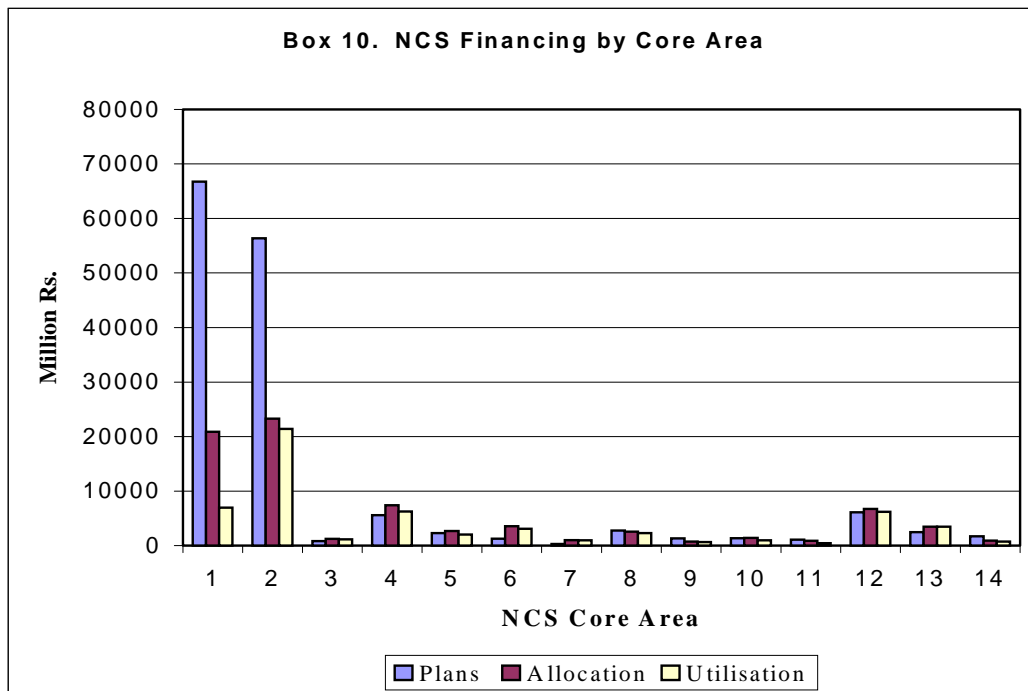
4.3 The proposed refocusing of NCS, as suggested by the ERT in this report, needs to be grounded in the evolving reality of the country's governance and financial situation. In particular, it is absolutely vital that the next phase of NCS be anchored in solid economic analysis emphasizing (1) cost effectiveness; (2) internal resource mobilization; (3) less reliance on budget transfers and foreign indebtedness; and (4) distribution of costs and benefits amongst stakeholders.

4.4 Although it was not possible to conduct for the present MTR exercise, it is important for the next NCS phase to estimate (*ex ante*) the potential revenue, or cost savings, from mechanisms other than budget transfers. As a general rule, the application of the "polluter pays" and "cost recovery" principles, through a combination of economic instruments and enforcement, should be the basis for internalizing most of the social cost stemming from environment degradation or use of ecological services. This will take considerable time, of course.

4.5 Areas which need to be investigated thoroughly include: (1) removal of subsidies; (2) removal of trade barriers for the import of clean technologies, fuels, and pollution control equipment; (3) industrial and toxic pollution charges; (4) input taxes on agro-chemicals; (5) user charges for environmental amenities and assessment services; (6) cost recovery for service provision (water, sanitation, solid waste management); and (7) a variety of green payment schemes. Within communities there is the additional need to build financial capital to permit borrowing for environmental improvements. This may be done through micro-credit schemes, for which there are a number of well-established models, and through dedicated fees such as those related to trophy hunting and waste disposal.

4.6 It is important to fully capture the economic values of global environmental benefits provided by Pakistan to the international community, though adherence to a number of international conventions. Instruments like the GEF, Montreal Protocol, Prototype Carbon Fund, etc., should figure prominently in the overall resource mobilization approach. But the production of such benefits needs to be compatible with sustainable development in broader respects—single-purpose global concerns could otherwise easily squeeze out local requirements.

4.7 In summary, the funding base for the NCS and other conservation strategies needs to be broadened through a range of fiscal measures and through micro-credit arrangements. These would have the added benefit of acting as economic incentives for sustainable development.



Management of the NCS Implementation Process

4.8 The processes employed for NCS implementation have been complex, even convoluted. There has been no clear 'road map' and responsibilities for implementation. This is not a surprise, for the issues involve many sectors and many institutions within society. But in the end there are two key elements affecting whether travel along the road leads to a destination or a dead-end. The first is ownership of the strategy. The second is effective leadership. Only if these two conditions are met can there be hope that the presence of other prerequisites such as access to financial resources, technical expertise, effective coordination and communication, and efficient administration will be effectively utilized.

Within Government Ownership and Leadership for the NCS

4.9 A strategy owned by everyone may in reality be owned by no one unless there is across-the-board leadership, effectively expressed. The concern with the NCS is the limited degree to which ownership actually has been solidly planted within the national government. The original mechanism, dependent upon the leadership of several ministers, and the active involvement of the Prime Minister/Chief Executive as chair of PEPC, has faltered. PEPC, as an apex body, has a legal mandate to formulate environmental policy and also to monitor it through PEPA. It was to provide the guidance on NCS progress. But it has not met regularly enough and seems to have relegated control of the NCS to the NCS Unit.

4.10 The NCS Unit within MELGRD was to act as a focal point for coordination, catalyzing action and monitoring the strategy. It is seen as the principal agent in the management of the NCS implementation process. It appears to have long forgotten its mandate and its position within the Ministry is weak. Externally, little that is positive is said about the NCS Unit. Halfway through, it was also asked to coordinate and monitor EPRCP, which diluted its focus on NCS considerably. The Joint Secretary, who serves as Head of the NCS Unit, is also looking after administration, and the Unit suffers from lack of professional support. There have been five Joint Secretaries in eight years—negating any kind of the essential long-term focus required for a successful NCS implementation approach. The Unit today stands as a weak tier in the NCS implementation process.

4.11 The Environmental Section in the federal Planning and Development Division and in the provincial P&D departments have not contributed as much as desired to the NCS implementation process. Stakeholders, including government departments (federal and provincial), view these as blocking progress. All Environmental Sections suffer from staff inadequacy and professionalism, and frequent transfers. The National Planning Commission is a logical enough body to play an important integrative role in ensuring that the three key elements of environment, economy and social matters are brought together in an integrated way. This has not happened through this mechanism, again, a situation where leadership and ownership have lapsed.

4.12 The federal and provincial EPAs have all been engaged in the NCS implementation process. The provincial EPAs suffer from staff shortages and competence issues, and lack of a consistent linkage with a department. The PEPA, however, seems to have engaged itself more as a 'technical arm' of MELGRD than an implementation arm of PEPC. Despite these constraints, PEPA has been able to prepare:

- A review of IIE and EIA regulations (1998)
- Pollution charges for industry (calculation and collection rates 1998)
- Environmental sample rules (1999)
- Provincial sustainable development fund utilization and procedure rules (1998)
- Regulations for certification of environmental laboratories for NEQS (1998)
- Industry self-monitoring and reporting rules for NEQS (1998)
- Hazardous substances rules (1998); and
- Draft implementing regulations for PEPA.

Thus, for at least one of the fourteen core areas of NCS (i.e., pollution control), the MELGRD has been able to make significant managerial progress in the past few years. It is important to note, however, that the larger management challenge lies ahead in making this system for pollution control actually become functional in terms of affecting outcomes.

4.13 These observations on management cannot be directly extrapolated to NCS implementation at provincial levels, since there is such variability in terms of the different stages of implementation and commitment. The general problem of ownership exists in all cases, however. And, where effective leadership and support for a provincial strategy exists, progress is made. Where it is lacking, progress has been extremely limited. In virtually every province and special region there is a serious gap in the link with national government on management of both environmental protection and NCS implementation.

NCS Ownership and Leadership Outside of Government

IUCN-Pakistan

4.14 IUCN-P has been the most important contributor outside government assisting in the implementation of NCS. Leadership has been strong and many would say that IUCN-P owns the process more than government at this point. It has successfully filled many functional gaps in NCS implementation and has acted as a link between the government, private sector, NGOs and donors. Indeed the 1993 Action Plan calls for IUCN-P to lead in coordinating the actions of NGOs in support of the NCS.

4.15 While IUCN-P has earned a paramount place in the NCS implementation process, it has done so with the recognition that it is in a long-term support relationship. An early CIDA review recommended a main role of “facilitation in four key areas—institutions, economic and legal incentives, awareness raising and the support of a select number of field projects.” Ultimately the NCS will be most successful if it is firmly embedded in key government management processes and decision-making. IUCN-P can help in this process, but it is government that actually internalizes results.

4.16 IUCN-P has assisted the government and other stakeholders, nationally and within the provinces and special areas by sitting directly with government staff. It has helped via the development of significant pilot projects. IUCN-P has played an active role in institutional development and capacity building. And, through PEP, it has been a partner in what is quite a unique approach to build a results-based management approach. Needless to say IUCN-P has been constrained in its own effectiveness by the limitations on ownership and priority accorded the NCS within government.

4.17 IUCN-P has grown considerably over the years as a consequence of its involvement with the NCS. This growth has come about not only in financial terms, presence throughout Pakistan, and in project implementation capacity, but also in terms of its ability to manage activities to the point where results in terms of outcomes and impacts can be demonstrated. IUCN-P is at a point where it can now play a very important role with government in cost-effective capacity development and management support. To do so, however, will require the prerequisite leadership and ownership issues to be resolved within government. And it should be recognized that IUCN-P, for all its strengths, has expanded rapidly and faces its own internal managerial and capacity-building needs. Thus, for it to continue to play an expanding support and implementation role, it will need further inputs—major financial resources, limited technical advisory and managerial inputs, and the continuing flow of outstanding and highly motivated recruits to its staff.

Sustainable Development Policy Institute (SDPI)

4.18 SDPI is a credible organization in conducting quality research on environment, SD, and core areas of the NCS, and has contributed to some training efforts. It has rendered policy advice to MELGRD, including the 1993-98 Plan of Action. SDPI has established its credentials as a respected institution to render advice and support to the government, and has opened space for policy dialogue between the government, NGOs and other institutions. Up to the present time, it has not taken a particularly active role in addressing issues related to the management of policy formulation and implementation, or other aspects of detailed managerial issues affecting the NCS. As an independent institution still maturing, SDPI may wish to look at its future role in terms of the kind of advice that it might provide government on management matters. Throughout the world, independent environment and development organizations are recognizing that the problem is not so much one of non-recognition of environment and SD issues, but of finding effective administrative and management approaches.

Other Civil Society and Private Sector Organizations

4.19 Various civil society bodies, including professional environmental and developmental organizations and local organizations have utilized the NCS program areas for their own capacity development and implementation of projects (see examples in Chapter 3, "Potential Success Stories.") These are about ownership and leadership. Sometimes the NCS has served almost as an "invisible hand" or a valuable point of reference or justification; in other cases, for example in the NWFP FFEJ, the NCS and the SPCS are very central. Overall, the role of the NGOs and civil society in management of NCS implementation is very significant, particularly given that many entered the arena late and still have limited expertise. Stakeholders have noted that the NCS offers more 'space' for NGO inputs than other national processes.

4.20 It is unfortunate that the natural advantages of the private sector in providing efficient management interventions, rapid decision-making, cost-effective target achievement, and linkages for rapid technology transfer via multinational connections appear not to be finding their way into the NCS management process. The main exceptions are the ETPI and some work of Pakistani engineering and consulting firms.