



Strategy not Tactics: Better Governance for Social Stability in Pakistan

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Summary

Governance in Pakistan has been an enduring concern. It is evident in a number of ways from precarious law and order, to serious social deficit, and poor infrastructure. Of late, it shows also in the alienation of the people. Experts are convinced that Pakistan's stability and prosperity depend on governance improvement.

There is no agreed definition of governance. Largely, it includes participation, political stability, and absence of violence. It covers also effectiveness of the state and quality of service to the people as well as rule of law and control over corruption. In world rankings, Pakistan seems to be doing poorly in most indices.

Civil servants are the link between the state and the individual. A number of issues though affect their performance. Political patronage has weakened state institutions and centres of power compete for influence in the country. A political economy that favours the elite leaves limited space for inclusive development. Administration is centralized, lacking participation and with minimal accountability. Political parties are weak and the media and civil society, though emerging are not yet in a position to act as a check on executive power. At present, Pakistan's state institutions do not have the strength to become an agent of change and growth.

A number of findings are illustrative: there is a link among governance, political stability and quality of life indicators. Well-governed countries, in turn, have strong institutions that set the rules of conduct. Institutions become strong if the people in power place faith in them. Countries with inclusive economic policies have a high ratio of public spending to GDP, and enjoy a high quality of life.

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A major portion of public spending takes place at sub-national levels. Most countries that rank high in one governance indicator do well in others. These reinforce each other, but also have the same drivers: strong institutions and concern for public welfare. Analysis of the causes of weak governance shows that though civil servants are the face of the state, the responsibility for poor performance is widespread. It includes the political leadership and touches a number of other parts of the society.

Pakistan has one of the lowest ratios of public spending to GDP in line with its equally low tax to GDP ratio and even more paltry contribution from direct taxes. Contrary to popular belief, number of federal workers per capita is also very low. Pakistan has 2 civil servants per thousand people. India and USA, both federations, have 2.6 and 8.5 workers respectively. Transparency though must accompany increase in public spending.

In the last decade, HDI improved under a military government, which has plateaued since an elected government came to power. Similarly, participation in government has declined. In 2006, the country had 85,260 elected officials in 6628 assemblies and councils compared to the present 1207 in 7 elected bodies. Growing concentration of political and fiscal power is a source of alienation.

People in power are best placed to bring reforms. However, reforms would hurt their interest most. Each country must come up with its own solution. This is a slow process and does not lend itself to a list of 'things to do'. In addition, reforms must come from within and not from outside experts.

The people judge state performance from the way government offices function. Governance improvement becomes a function of the working of state organizations although many factors impinge on it behind the scene. Pakistan has a history of civil service and governance reforms, but with little improvement. Reforms have not worked because they have focused on process and structure rather than on achieving results. In some cases, they may have had the opposite effect.

Governance improvement is critical for stability of the country. It is particularly important in these unsettled times faced by Pakistan. The people of Pakistan want results in the shape of improved law and order, and essential services. Reform of government systems, increase in capacity of officials, a culture of responsiveness, and rules that limit patronage are key to improved governance. These are first and important steps to achieving results and building state effectiveness.

Table of Recommendations

1. Government Systems: Corporatize Management

		Major Activity	Responsibility	Minor Activity	Requirements
1.1	Manage by Results	1. Set one year goals and targets for each ministry	By a specially constituted senior level team in each ministry with stakeholder consultation	Set targets for individual wings and sections	<ol style="list-style-type: none"> 1. Job objectives 2. Job descriptions 3. Performance Standards (Prioritize and phase implementation)
		2. Approval of ministry goals at start of new year and review achievement at year end	Ministry will initiate for Cabinet approval	Provide resources	
1.2	Incentivize Behavior	1. Protect officials against arbitrary treatment	Central rule- making authority	Build procedures and criteria for posting and transfer	
		2. Link incentives, promotions and appointment to performance	Central authority, administrative head, and consultant	Revise performance appraisal forms (ACRs) and link with targets	
		3. Develop guidelines for performance	Central authority (with consultant and administrative head)	Prepare position specific guidelines	
		4. Ongoing accountability	Administrative head with central authority	Review of performance and observance of financial discipline	
1.3	Prioritize major objectives	Link budgets with major targets	Ministry planning team and MoF, enforce MTBF		
1.4	Devolve and Decentralize	<ol style="list-style-type: none"> 1. Service delivery at local levels 2. Involve communities and NGOs in needs assessment and delivery 	<ol style="list-style-type: none"> 1. Top level decision based on 18th constitutional amendment and international practice of local governments 2. Create a financing dispensation for local governments 3. Guidelines at federal level, implementation at all levels 		

2. Build Capacity (for all civil servants: service delivery officials, project managers, and policy makers)

Service delivery staff (their career path is known and they move within functional stream)

2.1	Prioritize key areas because of institutional constraints (E.G. law enforcement, health services, financial management, and development planning)	Trg administrators and specialists
2.2	Identify skills deficit based on job needs	---do---

Management and Policy making levels (generalists whose career path is not known)

2.3	Job specific training	<ol style="list-style-type: none"> 1. Needs assessment for each position (prioritize and phase because of enormity of task) 2. Training institution to provide intensive one-week training in the specialized area for senior management positions (Secretary, Additional Secretary, heads of organizations) 3. Prepare training modules for specific prioritized positions 4. Make modules available online to enable officer to pace herself within a mandatory period. Logs and self-tests may be built in the online course
2.4	Person specific training	Meet individual needs E.G. for officers on track for leadership positions courses in executive competencies (strategic planning, leadership skills)
2.5	Set objectives and outcomes for all training	
2.6	Use private and public training service providers. Think tanks, business schools	
2.7	Enhance capacity of training institutions, especially NSPP and develop links with IBA, LUMs	
2.8	Stipulate minimum number of days of training each year (in a training institution)	
2.9	Stipulate a minimum set of training for promotion to next higher levels	
2.10	Build culture re-orientation into all training (such as achievement of results, concern for service recipient, uniform enforcement)	

3. Culture Change

3.1	Satisfaction of service recipient	<ol style="list-style-type: none"> 1. Manage by results, emphasis by senior l'ship 2. Set outcomes and performance standards 3. Build user needs into all plans 4. Make positive feedback from recipients part of performance standards (consumer surveys)
3.2	Innovation and ownership to maximize delivery	<ol style="list-style-type: none"> 1. Incentives 2. Training 3. Best practices
3.3	Move officers among government, academia, private sector (if possible)	<ol style="list-style-type: none"> 1. Spend two years in a public training institution or university 2. Complete a study or project
3.4	Access to information	Each ministry may post on website list of available documents and the process of accessing documents not posted, but permitted to be made public under the Right to Information Act/s
3.5	Each ministry and organization may post on its website goals, targets outcomes, and service	List all services and how to access these. Strengthen PILDAT, and Pakistan Institute for Parliamentary Services
3.6	Support parliamentary oversight	Parliament committees must receive support from academia, policy think tanks, and surveys
3.7	Move from service delivery exclusively by government to involve NGOs and private service providers (with regulatory oversight)	<ol style="list-style-type: none"> 1. Involve NGOs in service delivery 2. PPP service delivery (See 6 below) 3. Support with public funds 4. Regulatory oversight

4. Policy making and Implementation

4.1	Build competence	(See recommendations for training modules and specialized crash courses above)
4.2	Consultation and feedback	Consult and involve: experts, service recipients, implementation officials, parliamentary committees (not necessarily accept all advice)
4.3	Base policy on ‘what works’	Relate ‘best practices’ to delivery officials’ capacity and recipients’ behavior and practices
4.4	Implementation of policy	Each policy must have accompanying implementation plan, projects, timeline, budget
4.5	Policy document must give possible options, costs involved, basis of selected option, cost to beneficiary, risks of failure and what to guard against	
4.6	Policy must set achievable objectives, outcomes, measurable performance indicators	
4.7	All policies must have ministerial/ECC/Cabinet approval	

5. Project Planning, Execution, and Problem Solving

5.1	Ensure technical and managerial competence	Project head and officials to have technical and management knowledge in the field of the project								
5.2	Avoid quick staff turnover	Dedicate staff preferably for the duration of project for continuity and accountability								
5.3	Political commitment for major national/projects	The political commitment must be across party divide lines to ensure continuity. Involve opposition parties in NEC meetings.								
5.4	Broad consultation to plan projects	<table border="1"> <tr> <td>Purpose</td> <td>Stakeholder</td> </tr> <tr> <td>Knowledge and experience</td> <td>Internal and external experts</td> </tr> <tr> <td>Identify needs and deliverables</td> <td>Beneficiaries</td> </tr> <tr> <td>Ensure seamless delivery</td> <td> Officials: 1. Finance Ministry 2. Land acquisition 3. Environment experts 4. Implementation officials </td> </tr> </table>	Purpose	Stakeholder	Knowledge and experience	Internal and external experts	Identify needs and deliverables	Beneficiaries	Ensure seamless delivery	Officials: 1. Finance Ministry 2. Land acquisition 3. Environment experts 4. Implementation officials
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Ensure seamless delivery	Officials: 1. Finance Ministry 2. Land acquisition 3. Environment experts 4. Implementation officials									
5.5	Rigorous Planning with Detailed Execution Plan	PC 1 must list implementation steps, PERT/CPM, quality and quantity indicators								
5.6	Project document may state goals, outcomes, and performance indicators									
5.7	Ranking of projects	Consultative between ministry and approving agency								
5.8	Pilot or gradual roll out of projects	Especially in complex delivery projects in social sector								
5.9	Strong project MIS	<ol style="list-style-type: none"> 1. Base on PERT/CPM 2. Regular updates regarding timeline of delivery 3. Form the bases for high level review 								
5.10	Planning Commission should prepare industry standards for procurement of equipment and services	<ol style="list-style-type: none"> 1. Have standards and specs for products and services 2. Have cost standards 3. Allow flexibility for new entrants and substitutes 4. Consistent with PPRA 								
5.11	Project approval	No unapproved project, PDWP/ DDWP/CDWP/ /ECNEC approval								

6. Public Private Partnerships

6.1	Develop a plan for PPP	<ol style="list-style-type: none"> 1. Promulgate PPP law 2. Begin advocacy, motivate officials and private players 3. Declare an initiative with an attractive sound bite 4. Build knowledge about implementation of PPP 5. Develop legal framework
6.2	Identify selected sectors for PPP	<p>Build capacity in addition to traditional project skills:</p> <ol style="list-style-type: none"> 1. PPP contract management 2. Financial and commercial analyses 3. Legal mechanism 4. Mechanism for supervision and monitoring of projects
6.3	Announce policy framework consistent with PPP law	<ol style="list-style-type: none"> 1. Give incentives, comfort and guarantees 2. Establish viability fund 3. Draw lessons from extravagant IPPs policy 4. Criteria for government guarantees for financial close
6.4	Set-up a high level PPP committee under PM	<p>Committee will:</p> <ol style="list-style-type: none"> 1. Approve policy framework and enabling environment 2. Ensure incentives are accorded by criteria 3. Approve projects 4. Review progress and ensure cooperation of other ministries and provincial and local governments
6.5	Establish processes and systems	<p>Need for predictable and reliable process to:</p> <ol style="list-style-type: none"> 1. Invitation of bids 2. Their criteria for selection 3. Timeline for all agencies to approve or decline 4. Special guidelines to invoke cooperation among various government levels federal, provincial, and local
6.6	Set aside public sector funds to support financial close	<p>Viability Gap Fund may be funded partly from PSDP/ADPs or newly constituted PDF</p>

7. Rule of Law: Uniform and Fair Application of Law

7.1	Reduce backlog and delays	<ol style="list-style-type: none"> 1. Increase budget to increase number of judges, especially in lower courts 2. Revisit procedures for trials 3. Small claims courts and informal dispute resolution 4. Specify maximum period for different types of cases 5. High Court benches at divisional levels, lower courts at Tehsil level
7.2	Fast track programme of training of judges	Special emphasis on commercial disputes, IT based transactions, and emerging corporate practices
7.3	Strengthen commercial courts and update domestic arbitration law	
7.3	Accountability	Six month review of court performance by an independent agency to be made public (especially on backlog of cases)
Role of Election Commission in General Elections		
7.4	Political parties should hold internal elections, monitored by EC	Election Commission may ensure that all parties hold internal party elections as per procedures
7.5	Granting permission to individuals to contest elections	Election Commission may ensure strict application of misconduct rules no violation of constitutional provisions
7.6	Reform structure of Election Commission	Ensure application of selection criteria for senior level positions
7.7	Conduct of general elections	Strengthen rules and procedures for conduct of general elections, prudence in appointment and guidance of ROs, invoke military support
7.8	Strengthen Election Tribulations and set timelines	
7.9	Use modern IT based technology	
7.10	Phase the elections	

8. Support Environment

8.1	Role of academia and policy research institutions	<ol style="list-style-type: none">1. Provide information and ideas support to parliament, civil society and media2. Planning Commission funding for think tanks for economic development research
8.2	Role of civil society, media, and NGOs	<ol style="list-style-type: none">1. Raising public awareness, disseminating information, and providing oversight of executive action2. Set up mechanism for Citizens Score Card, governance surveys
8.3	Role of political parties in raising public awareness	<ol style="list-style-type: none">1. Some political parties have increasingly emphasized need for cleaner and responsive government and raised public awareness on the issue

9. Structural Reforms: Rightsizing of Government

9.1	Ensure full transfer of functions according to constitution
9.2	Undertake 'Zero Based Budgeting' of prioritized ministries and organizations
9.3	Development of remuneration policy and move towards monetized compensation

10. Restructuring of PSEs and their privatization

11. Improvement of tax administration

Strategy not Tactics: Better Governance for Social Stability in Pakistan

1 Introduction

There are a number of reasons to study the state of governance in Pakistan. The most important is that it likely contributes to instability in the country. That governance in Pakistan is far from perfect is evident in many ways. Relations between the state and the people in Pakistan are weak. Service delivery to people is poor, if they exist at all, institutions are weak and law and order precarious. Various parts of the state cannot seem to work with one another. Poor governance increases frustration and reduces state legitimacy in the eyes of the people. It creates space for alternative ideologies. Many instances can be cited in Pakistan where weak governance result in frustration. There is some evidence to show that lack of governance is also a factor in the spread of extremism.¹

Swat, where the extremists took over in 2009, is an apt example. Swat was an autonomous area until 1969 when it merged with the country's administrative structure. Service quality fell to make it one of the more under-served districts of the country. Law, and order and access to justice became a source of concern. A CSIS study considers the latter as the main factor in the rise of militancy in SWAT². Even before the militants came, many people in Swat had called for 'Sharia' rule, which in effect was a cry for rule of law and a way to resist systems that the people find 'plainly unjust'³. In the end, the army stepped in directly to restore order. Since then it is moot if the state has the ability to hold the peace through improved services, better relations with the people and access to justice. Swat shows that once the state loses the trust of the people it is hard to earn it back (Box 1).

There are other signs of a state going adrift. A movement for autonomy smolders in Balochistan where only a thin appearance of order exists. The state is at a loss to handle it. Frequent violence in Karachi, breakdown in services for the people with lack of electric power as its enduring image and a continued turf war among institutions all show a country without direction and with no one at its helm. This situation has existed for years and no one government is alone responsible though each has been unable to stem the decline.

There appears yet little awareness of the complexity of issues that Pakistan faces. The breakdown of law and order and the lack of services for citizens reflects a deeper malaise of weakness in a number of areas. Political institutions are frail, the state is ineffective, and there is no consensus in the society about the hard choices that the country must make nor are there leaders to guide them.

Box 1

Government loses writ in Swat

The Taliban takeover of Pakistan's Swat valley in 2009 should not have come as a surprise. Even by the standards of a country that lags in most human well-being indices, Swat was an especially poor district. In the UNDP Human Development Index 2011, Pakistan's rank is 145 out of 180 countries⁴. Swat is one of the most underserved districts among the country's 140 or so districts. Swat's public education system is a travesty. Its health services are scanty. It has been difficult for the local administration to enforce law and order. Its residents find ordinary services hard to get. A 2011 CSIS report cites access to justice as the most important factor in the rise of militancy there⁵. Land disputes take 'eight to twelve years to resolve'⁶. Inevitably, older residents recalled the days of the 'Wali', Swat's former ruling prince, and his people friendly working style. Legend had him show deep concern for his citizen's welfare. With little need to refer decisions to the provincial or the federal capitals, he dealt with issues promptly and effectively. Swat's merger in to the country's administration, in 1969, meant reduction in its autonomy. Run now by civil servants instead of the 'Wali', plans, and programs required approvals from Peshawar or Islamabad. Administration became distant and removed, policy making insensitive to local needs. Positions in government became a source of profit. The germs of militancy in Swat were sown in the early 1990s when neglect led to disaffection and a demand for 'Sharia' law. Noah Feldman suggests that a call for 'Sharia' is a call for rule of law and a way to resist states that are "plainly unjust"⁷.

Preferring form to substance, government responded by shuffling civil servants rather than to invest in their capacity. It made no effort to create a caring and responsive administration or to reach out to the people. By 2009, Swat had the right mix of unmet grievances, ill will, and resentment for its residents to look for alternative governance. The militants were ready to oblige. There are a number of causes for militancy in Pakistan. It is clear that poor governance is one of them.

What the people see in their daily lives is a disinterested government and state institutions that compete to assert authority. The people feel left out of decisions that affect them. Ministers and officials misuse power. Civil servants have little capacity to meet responsibilities. Rather than view the state as a source of comfort, the people consider it a burden. The present distrust of government has never been greater. The Pakistan government has yet to come to terms with this challenge. Its response has been nominal at best.

Compare this to how political institutions have evolved in the West since the nineteenth century and in the recent past in East Asia. Rule of law and an effective state have brought about social stability, high levels of prosperity and indeed the expectation of its continued increase. A note in Box 2 elaborates.

The role of government is especially evident in a comparison of quality of life indicators between Nigeria and the Republic of Korea (South Korea). In 1954, Nigeria had a higher GDP/Capita than South Korea. Despite all of the hundreds of billions of dollars in oil revenue since then, Nigeria's social and economic indicators are way below that of South Korea today⁸. The Korean government's role in this has been paramount. The people of Pakistan, similarly, expect the state to provide a better quality of life, stability, and rule of law. The Pakistan state ignores this demand at its own peril.

In its present form, Pakistan's legal and executive structure came into existence during the days of British India. The state structures put in place by the British did not have an organic link with the society. It gradually declined and failed to respond to felt needs of the people and provide enabling environment to the state institutions, civil society and private sector to work in unison for accelerated, inclusive and sustainable growth.

The title of this report is adapted from a quote by Sun Tzu, 'tactics without strategy are merely the noise before defeat'⁹. Given the extent of the challenge, the country needs a national strategy, not tactics, to improve governance. This strategy must rely on a consensus of all political players.

Pakistan has been on the brink for some years. Today, it stares into an abyss. It appears that the state structure, leadership, and the civil service do not have the motivation or ability to recognize the dangers that confront the country and to develop the right response. In addition, there is yet minimal consensus in the country on good governance or minimum accepted norms of conduct. Interest groups and political parties try to achieve their ends by any way possible. Though improving, there is yet little shared consensus on political conduct in Pakistan. It is clear that good governance does not depend on bureaucratic solutions, but requires addressing deeper issues in the polity and indeed in the society.

The objective of this Report is to address these questions and examine issues that would help determine a path to improved governance in Pakistan. Accordingly, the report is organized as follows. Section 2, that follows, reviews indicators of state performance in Pakistan. Section 3 studies key issues that affect governance in Pakistan. Based on this analysis, Section 4 identifies causes of weak governance and develops a conceptual framework for its improvement. Section 5 presents recommendations to improve governance and restore stability in the country while Section 6 provides conclusion.

Box 2

How the state affects the lives of people

Since the middle of the last century, the world has seen momentous changes. Industrial economies have reached unprecedented levels of prosperity. Changes in technology and productivity have created the expectation of continued affluence and increase in wealth. In particular, the miracle of East Asia is impressive, where, one country after another achieved high growth, reduced poverty, and increased living standards¹⁰. Political freedom spread to all parts of the world. In 1972, Freedom House rated forty-four countries as free and another sixty-seven as 'not free'¹¹. Forty years later, in 2012, Freedom House rated eighty-seven countries as free and forty-seven as not free. Communism all but disappeared from the world. In general, overall quality of life and living standards in many countries improved.

Most of the changes took place imperceptibly. What has brought them about? While political awareness, individual effort, and ingenuity account for a large part of these changes, it is important too to note that they result from improved governance and the way state institutions have evolved.

These include institution of fair laws and their uniform application. Day to day, they are put into effect by the civil service, the courts, a parliament and by markets¹². Citizens and interested groups keep watch on government performance and hold them accountable. Efficient markets for goods, services, and capital have helped businesses prosper. (The recent financial crisis, however, shows also their limits and brings home once again the need for governments to keep watch over them). Much of the differences we see in the quality of lives of people in different parts of the world, depend on how well institutions work there. The police, overseen by elected officials, maintain law and order. Citizens rely on elected officials and the civil servants to make good policies and to implement these effectively and impartially. The courts ensure access to speedy and fair justice. Citizens expect the state to facilitate prosperity through, political stability, support for technology and scientific research, and a legal framework that protects property rights and contracts. Today, we take such institutions for granted¹³. Until recently, it was quiet the fashion to question the role of the government. There is increased recognition though that behind quality of life and efficiency and freedom of markets lay the well-oiled machine of an effective state and rule of law.

It has taken the world many centuries to develop these institutions. Even so, states are endowed unevenly with them. Evolution of institutions is a painstaking process. It does not take place on the quick and without effort. In essence, it is unlikely for a developing country to become a Denmark or Norway in a short period. However, rapid growth in East Asia shows that it is possible to catalyze progress with leadership, commitment and a sense of purpose.

2 Indicators of Governance Performance

There is no agreed definition of good governance. In the last century, the term arose from development study. Since then, its definition has evolved from the specific to the broad. This report considers it to include citizen participation, transparency, rule of law, relations between the state, on the one hand and citizens, markets, and civil society on the other. The UN, World Bank, IMF, and the OECD¹⁴, each lays different emphases, but each of their definition, in essence, includes most of above areas.

The scope of the report is aligned with the definition of governance that a World Bank project considers in its annual governance index (WGI). Its criteria include: voice and accountability, political stability and absence of violence, effectiveness of government and its quality as well as rule of law and control of corruption¹⁵.

With the above as guide, it is possible to assess Pakistan's governance performance. Accordingly, a number of indices that quantify and measure state of governance in Pakistan are given in Table 1.

Table 1: Pakistan and World Governance Indices			
Index	Rank 2011	Indicators	Pakistan Trend
World Governance Indicator¹⁶	168 of 179 countries	<ul style="list-style-type: none"> • Level of citizen participation • political stability/violence • state effectiveness • regulatory capacity • rule of law • corruption 	Declined in three of six dimensions of Political Stability, Government Effectiveness and Control over corruption (App. 2)
Failed State¹⁷	13 of 177 countries	State effectiveness and writ	Fragile, Stable at low equilibrium
Transparency International¹⁸	143 of 178 countries	Corruption	Decline
Human Development Index¹⁹	145 of 187 Countries	Human well-being in the areas of income, education and health	Stable at low equilibrium
Freedom House²⁰	Partly Free	Political and civil rights	Improved political rights, decline in civil rights
Doing Business²¹	105 of 183 countries	Ease of doing business based on start time, transfer of property title, contract enforcement and others	Declining
Competitiveness²²	118 of 142 countries	Competitiveness based on institutions, infrastructure, efficiency enhancers and innovation	Declining

Pakistan's score in each of the index in Table 1 above is low. It consistently ranks in the bottom quartile. This leaves little doubt that governance in Pakistan needs improvement. An ineffective state feeds instability and allows all manner of ideas to germinate. This makes it an urgent problem for Pakistan to address. Life for the ordinary citizen is difficult to say the least. To those left on the margin, the state appears uncaring and unjust.

In order to understand better governance issues and to formulate a framework for its improvement, this report makes a detailed assessment of Pakistan's performance in the three areas of effective government, rule of law, and accountability²³. Each of these has a set of indicators to assess performance. Table 2 assigns a value of high, moderate, and low to each indicator.

Table 2: Indicators of Governance		
Indicator	Score	Comments
Effective Government		
Writ of state on entire territory	Low	Some parts of country assert autonomy. Cities have 'no go' areas. Because of a culture of resistance to abiding by the law and selective application, government finds it hard to enforce the law.
Centralized control	High	The constitution of the federation gives considerable power to provinces. Federal government has control over its assigned functions and coordinates well on others.
State has monopoly over military force	Moderate	Of late, extremists and non-state actors have independent militia.
Civil government controls the Army	Low	Evolving equilibrium Need to guard against politicization of Army
Merit based and impersonal bureaucracy	Moderate	A merit-based system exists. It embraces most Weberian ideas. Yet, merit is often compromised through patronage. The bureaucracy is theoretically impersonal, but often the office is used for individual profit. Increased politicization has reduced effectiveness of bureaucracy.
Competent and professional bureaucracy	Low	Large gaps in capacity exist. Too much emphasis on generalists Informal incentives invoke wrong behavior and demoralize bureaucracy. In face of political influence, bureaucrats delay decision-making. No pressure on them to perform well
Uniformly enforced law	Low	Patronage is widespread. Influence peddling is common.
Legitimacy	Low	Constitutional rule stalled often. Legitimacy of even elected governments questioned because of personalized and uncaring governance style.

Continued

Rule of Law		
Existence of constitution and laws	Low	For about thirty years, the country has had its constitution suspended. This has permitted interim laws and diktat.
Institutions to enable rule of law	Low	A network and hierarchy of courts exist in the country staffed by judges. Extensive legal services are available as are active bar associations. Understaffing is endemic, infrastructure inadequate with endless delay in disposal.
Courts apply the law uniformly and without personal interests. Judges are able and fair.	Low	Lengthy procedures and delayed case handling distort dispensation of justice. Influence peddling and corruption in lower courts is common.
All citizens are treated equal and that no one is above the law.	Low	In the past, judiciary validated extra constitutional dispensation. Usually, parts of the state are above the law. Citizens do not receive equal treatment.
Independence of judiciary	Moderate	Traditionally, governments have influenced courts. It appears to be evolving and judiciary now asserts independence.
Accountability		
Ensure that people in power work for the interest of people	Low	Historically, there has been no check on rulers to misuse power and to serve particularistic interests.
Parliamentary oversight	Low	Members of parliament have little information, knowledge and (sometimes) motivation to oversee executive action.
Peoples' say in decision making and ability to remove governments	Low	Often, elections have been postponed. During democratic periods, little regard paid to electorate's views.
Political parties as the medium to translate wishes of electorates	Moderate	A key component of democratic dispensation, political parties is an evolving institution. Their structure does not allow formulation of party wide strategies based on political and economic beliefs. Education and health could not find priority.
Organized and informed civil society	Low	The civil society is increasingly active. It does not have the organization or research base to keep meaningful watch on government.

Of the eighteen criteria of governance in the three parts of Table 2, Pakistan scores high in one. Four criteria get a moderate score and thirteen have low score. (The assessment criteria in the

tables have been drawn from established sources²⁴. These comprise accepted standards and practices.).

As a measure of government performance, law and order in Pakistan need special mention. The country faces an extraordinary challenge in this area from a mix of terrorist and criminal activities as well as from the tendency on the part of political parties to settle scores through covert violence. The website PakistanBodyCount²⁵ keeps tab of terrorist violence. In the last five and a half years, Pakistanis have suffered about five thousand dead with three times as many injured from 326 attacks by suicide bombers alone. Political violence is another issue that seems not to end. For the first five months of 2012, death from ethnic violence totaled 740 in Karachi. The Pakistani newspaper Dawn quoted the chairperson Human Rights Commission of Pakistan “People are being killed with impunity by various ethnic groups while the government, it seems, has little control to put an end to it”²⁶.

Violence is on an increase for reasons other than terrorism and politics. HRCP reports that in 2010, there were 12,580 murders and about 600 cases of abduction for ransom showing an increase from the previous year.²⁷ A US think tank report states that, in Pakistan, ‘violence is driven by a mix of ideology, religion, politics, governance, economics, and demographics’²⁸. It further says, “The drivers of conflict are shaped by a systemic malaise that includes weak and underdeveloped governance institutions.

Overall, it becomes clear that Pakistan has a weak foundation on which to build the edifice of good governance. Many experts in Pakistan hold frequent breaks in constitutional rule to be responsible for the state of affairs in the country. They also feel that during periods of democracy too military retains the levers of power and limits the civil government’s space. In a general sense, this may be true. Without a constitution, the state meanders with no direction. From a review of each criterion though, it is clear that the damage to institutions takes place equally during civilian rule. A review of those of the above criteria that the civil government controls completely is evidence. Elected governments have had scarce concern for welfare of citizens.

This is evident in Appendix 1 where HDI improved considerably during the years that a military government was in place and reached a plateau in the last three years with an elected government in charge. In fact, Freedom House has found that civil rights in Pakistan declined in the last three years. Likewise, elected governments are far more likely to compromise the impersonal and merit-based nature of the civil service than military governments. Again, with respect to the courts, apart from some constitutional cases in the past, the military left the courts to do as they wished with litigation. Their performance has been especially weak.

3 Key Governance Issues in Pakistan

The review of the governance indicators in the preceding section shows deep fault lines in government ability and performance. For deeper understanding of the causes of poor performance, which would help formulate a conceptual framework to improve governance, some critical governance issues facing the country are analyzed below.

Building a national consensus

Each ‘successful’ country has a higher ideal, which, as an objective takes precedence above all others²⁹. These would vary for each based as it is on a consensus among its citizens. Some countries hold the ideal of democracy and a secular constitution as their goal. For others, order and stability are the most important and yet another country may consider equity with growth, and continued improvement in living standards of the people as its main objective. As things stand, it would be difficult to find an agreement on the matter, among Pakistanis, because no one has tried to define and build a national consensus on a higher purpose for the country. It is important that Pakistan make unequivocal choice of national objectives that the country pursues as its path for the future and to which all parts of the state contribute.

One of the basis of East Asia’s progress, as it has been for the West, coming out of the war years, is an abiding concern for social stability and order. Nothing sets back a country more than violence and instability within its borders. It creates uncertainty about the future, feelings of insecurity about life and property and loss of confidence for individuals and businesses.

One would have thought that the small elite that govern Pakistan would create a cooperative social order among them that avoids violence and instability³⁰. This is how one expects the elite to protect property rights and extract rent, which, with violence, it stands to miss.

In Pakistan, violence has become the tool to settle all manners of tension. Differences of ethnicity, religion, religious sects, and competition among political actors soon end up in a fray often with loss of lives. It appears that as political power equals economic prowess and privilege, each group attempts to expand its space to the extent possible. With the state no longer having the monopoly over violence, everyone loses. The state’s monopoly on power alone can account for major gains in a nation’s prosperity.³¹

There may be another possible reason. Despite colonial rule, South Asia has not had centuries of turmoil and warfare, as have Europe and East Asia. Few in South Asia have suffered the prolonged tragedy and the accompanying trauma of disturbed lives such as those caused by the world wars. The turmoil and killings at the time of the country’s birth in 1947, tragic as they were, lasted a couple of months with the return to order and another couple of years for rehabilitation of refugees, even if tenuous. Possibly, countries learn from merely their own mistakes not those made by others³².

The country faces many challenges though clearly at the top of the list are terrorism and instability. These undermine the basis of the state. Rather than develop consensus on addressing this single challenge, institutions may have added to the already complex situation by competing for power. Resultantly, the state dissipates energy as each part tries to guard group interests rather than address the larger threat. The natural and expected solution to violence is for powerful members of society to embed in to a coalition of elites to safeguard their interests³³. This has not happened in Pakistan.

Other challenges exist. There is discord among political actors, citizens who receive no service from the government distrust it, and the state has low capacity to enforce the law. Political discourse prefers passion to reason and does little to clarify issues for citizens. Even on an issue as clear-cut as terrorism, there is no unanimity of view and a fair bit of fudging by some political parties and the media. A lack of clear national purpose along with the level of violence that exists in society precludes the country's growth in any sector, societal or economic. The result is that Pakistan is a weak state with limited ability to tax, regulate, and protect citizens.

Competing Institutions

As in most countries, in Pakistan there is competition for power among the elite. The competition is for elite privileges and emanates from the fear that one group may dominate completely the power landscape.

The way such competition affects governance is not salutary. For one, it preempts the policy space that belongs to another group. It is not a question of fairness, but that the group whose function it is in the first place is able to meet best the responsibility. For many years, the practice of politics was restricted in Pakistan. In such a case, definition of the national agenda becomes the preserve of a few and is decided behind closed doors. With regards day-to-day working of the government too, the primary group takes up all of the space. Thus, civil servants lost their status and in the process lost the ability to play their role in governance. Perhaps the most serious effect of competition among institutions is that one group undermines the other. Inevitably, this leads to a huge loss for all and trends the country in to a downward spiral.

In recent years, the usual state of dominance of one group over all others in Pakistan has given way to a contest for power among a number of groups. As a group, business, which has to make Pakistan a true open society, is not yet part of the tension. Individual businesses or their associations seek accommodation with each power center to pursue their interests.

This is an evolving situation. Whether the current tussle leads to an open society or merely a re-adjustment of the power matrix is something to be seen. So far, it seems that the battle is for turf, power, and privilege. Its purpose does not seem to be to improve government performance though it may well be stated as such.

Reversal of Institutions³⁴

This report treats the term ‘reversal of institutions’ in the specific context where, upon gaining independence, developing countries weakened those institutions that they inherited from colonial administration. This section will focus largely on the civil service, and the courts as Pakistan’s political and academic institutions remain formative and government controlled the media until recently.

“It is safe to say that the Chinese invented the modern bureaucracy”³⁵ in the form that Weber considers necessary for a modern state. China introduced the idea of a permanent and professional cadre of civil servants. China made merit, rather than kinship, the criterion for entry in to civil service. Civil servants relied on learning and knowledge to meet their responsibilities. A professional class came to exist that was able, educated, and professional. Thus was born the Mandarin class³⁶. A term used more as derision today, Mandarins helped the Emperor run a well-functioning government. They provided able support to empire building and development. For centuries, in India, no such class emerged until the arrival of the British³⁷.

Except for brief periods, India did not invest in institutions of governance in quite the manner in which China and later the Ottomans and Europe did. It did not quite develop an impersonal and professional corps of civil servants, at least not to the extent that some other regions had. There are several reasons for their success, though Mandarins in China and the janissaries or ‘slaves’ in the Ottoman empire played a key role in building effective states.

As this Report mentions earlier, the British built a civil structure tailored to the needs of running a colony. In doing so though, they introduced also modern administrative practices and values. “In many respects modern India is the result of a foreign nation-building project”³⁸.

Institutions are fragile, and being new to the region, they needed to be preserved. Pakistan’s leadership thought differently. Impersonal civil service became a hindrance to personalized rule that was to become the norm in the new country. It is ironic, though true, that foreign rulers created an able and a fair civil administration, which the leadership of a free country considered a hurdle. Evidence of this is replete.

This turn of events must not surprise anyone, as that is how rulers in Pakistan and India viewed governance historically. The British interregnum was an aberration. Once over, things began to return to the norm. (Why India seems to do better than Pakistan today needs explanation. The short and perhaps incomplete answer is that in terms of governance, the difference is not that large. India has had some other priorities right, including investment in technical education and centers of excellence.).

It is ironic that in Pakistan, the civil servants themselves cast the first stone to dismantle the structure that the British had created. A number of them, not satisfied with their Mandarin status, tried to become political leaders. In doing so, they harmed the institutions that had given

them so much in the first place. They also placed the country on a precarious path of preferring individual and group interests above that of the nation. Civil servants dealt a blow not only to the executive, but also to the rule of law as they influenced court decisions in constitutional matters³⁹.

States often break the law and they purport to do so for humane purposes. Later, political leaders labeled the civil service 'a remnant of colonial rule'. The mantra was that a democratic and independent state needed a new civil service structure. Thus, the civil service structure came under severe criticism. In reality, their continued functioning in the manner of the past came in the way of personal rule. The charge of colonial heritage stuck, it made it easy to mold the institution to serve personal ends. To this day, the civil service is critiqued for its colonial mind set. The civil service is the means to achieve objectives of the state. The objectives of a colonial and free state are expected to differ though the means of execution may not be too different. It is what the leadership wishes the civil service to achieve.

The civil service was not the only institution affected. The police and the courts became objects of patronage also. All manner of elites, the landed class, political leaders (often the two are the same) and civil servants captured the state. The state structure weakened and governance has become the product of group interest.

This is not to say, that the civil service of the new country did not need reforming. After all, the structure was set up as a colonial enterprise. The kind of change required was to build greater links with the community, ensure wide benefits from government policy, and to increase professionalism. Civil servants needed to be accessible to citizens. A more flexible structure that could access expertise, reward performance, and rationalize the scope of government was needed as well. In the more than a hundred years of civil service, technology and the demands of public policy had changed a great deal. The generalist civil servant trained in the classics was no longer relevant to meet specialized needs. In addition, it was perhaps appropriate that civil servants progress through specialized career paths. Health policy experts are not the same as those with expertise of national budget or international trade. To this day though, it is quiet appropriate to have such shifts in career. In fact, a civil servant's rise to higher level is contingent on her variety of experience. Prospects of promotion for the single expertise civil servant are poor.

Civil service reforms introduced in Pakistan had a different set of objectives altogether. The basic compact of the structure changed. Of note is the fact that the most significant effect of civil service reforms was to make it dependent on patronage. How this came about requires detailed review. Suffice it to say, that, imperceptibly, the incentive structure changed. Propriety brought with it punishment, or at the very least unimportant positions, while 'delivery' brought favors and promotion. Politicos base the measure of civil servant performance on personal judgment. In many cases, one sees that they reward bad behavior and penalize good conduct.

Civil servants too are not mere bystanders in the game. As stated earlier, they began the slide. Today, some of them contribute equally to poor governance.

Political Economy

Pakistan is not the only country where the political elite govern largely for its own good. In some ways, most states function on the basis of a compromise among the elite. In Pakistan, the extent to which this arrangement excludes the public is important. On the other hand, mature democracies show great concern for citizen welfare.

The political economy is most visible in the way the tax system works. Let's look at the numbers. In Pakistan, the ratio of tax to GDP is usually below ten percent. In most countries, this number is much higher. What makes it especially iniquitous is that indirect taxes far exceed the contribution made by direct tax. The former is a regressive tax that burdens the poor far more than the wealthy. In Pakistan, indirect taxes contribute one and a half time more than direct taxes. When the government talks of tax reform, it refers always to increasing indirect taxes. For example, the tax reform it proposed recently was to increase sales tax revenue. There is no serious proposal to increase the direct tax base, removing exemptions (not all income gets equal treatment), or strengthening enforcement.

Compare Pakistan to countries that are at the top of all governance indices. Denmark has a tax/GDP ratio of 48, Sweden 46, Finland, 43 and France and Austria 42. South Asia in general does poorly though somewhat better than Pakistan. The ratios for India is 17 and for Sri Lanka 13⁴⁰. There is a fair bit of statistical correlation between governance and tax to GDP ratio.

In Pakistan, direct taxes contribute thirty seven percent of total tax. The rest is income from indirect tax such as sales tax and customs. Among OECD members, direct taxes contribute seventy percent and in USA and Japan, about eighty percent of total public revenue. In India, whose tax policy was no different from that of Pakistan, the ratio stands corrected. Direct taxes now contribute more than indirect tax. In deciding the matter, governments look at the issues of equity over efficiency. Direct taxes affect economic behavior while indirect taxes are economically efficient though iniquitous⁴¹.

Pakistan's inability to raise revenues to meet the essential needs of the state is a major reason for its poor state of governance. Government would rather lose grip on a state going adrift in terms of law and order and economic well-being, than to annoy the elite that refuses to meet its essential responsibility of paying taxes. The short-term trumps the long term and everyone suffers. On the surface, the status quo benefits the elite and they do not wish to change it. In the end though, their own ability to govern weakens. Inability to raise taxes results in high fiscal deficits as it is essential to meet state expenditure. The resultant high inflation acts as a tax on everyone again with high incidence on the poor.

Apart from taxes, another source of inequality is absence of property rights for a majority of citizens. This is visible especially in real estate holdings. Property rights for the elite exist in the shape of stable rules enforced with rigor in the affluent parts of cities. In the more distant reaches, these are subject to influence peddling, which means that property rights there exist for the wealthy and those with access to power. Whether in cities or rural communities, the poor have no such rights. It is not that the poor do not pay for their dwellings. In the absence of laws and rules for private builders to acquire land easily, the poor must submit to the 'land mafia'. Conspiring with the local politicians or officials, the mafia has carte blanche to use land for building without formal transfer of title. This is the only type of dwelling available to the less affluent. Without transfer of title, possession is everything. For their purchase, they have the right to occupy the dwellings, but without title, it does not allow them to pledge it as security or for them to move temporarily to look for jobs elsewhere. Preventing someone from leveraging savings or from mobility in the job market reduces potential economic benefits for the individual as well as the economy.

The case of enterprises in the informal economy is similar. Government rules and state practices make it difficult for citizens to enter business. People do so anyway, but visible to all, their businesses do not exist legally. This is so in all major cities and along highways in Pakistan. According to informal estimates, more than half of its largest city, Karachi has firms that have no title. Boundless energy of its people ends up with large parts of the city center and hinterland to have businesses that do not exist on paper, but provide jobs and living to millions. The Pakistan constitution gives equal rights to all citizens to own and manage property. Officials take them away. Citizens 'have houses, but no titles, crops, but no deeds, and businesses, but not statutes of incorporation'⁴². Such an arrangement comes at a huge cost for the country. It makes access to wealth the prerogative of a few and prevents the people from increasing income levels.

The political economy also shows itself in the way government spends public money. The largest claim on the budget is that of interest on borrowing followed by expenditure on security. Subsidies to public sector organizations, mostly epitomes of bad governance and political meddling, as well as subsidy to farmers take up much of the rest. Development spending, insufficient as it is, is in line with the country's patronage pattern. It centers on civil construction that has a powerful lobby behind it. Money spent on construction helps build irrigation systems, motorways, and public buildings. As farmers now earn market prices for their produce, and sometimes more, because of support prices, the irrigation subsidy no longer helps the poor through low priced food items. Yet, the practice continues as farmers enjoy a majority in parliament and in the cabinet. Motorways have become a sign of progress in the mind of Pakistani political leaders though those built so far are grossly under-utilized.

Overall, development spending from public money remains low. In particular, expenditure on education and health is notoriously inadequate. In a number of ways, this contributes to alienation and creates a polarized society. A Wilson Centre study argues that susceptibility to the message of militants "comes from the socializing process" of the youth and that "education and

the larger social narrative lie at the heart of this process”⁴³. The study explains that a deteriorated public system has created a three-tier education system with different curricula, divergent worldviews, and economic opportunity. As a source of economic opportunity, education is the great leveler, as it allows people to move between income groups. Its absence prolongs inequality.

Apart from its philosophy of public finance, government frequently makes specific policy changes in favor of particular interest groups. These include, for example, changes in rates of import duty, or fiscal incentives and subsidy for specific industry. The Pakistan elite are in a zero sum game. They prefer to profit by rent seeking rather than wealth creation from investment in productive capacity. Government policies benefit a small part of the population who then become a barrier to change. A large part of the country has no say on how it is run⁴⁴.

Though it needs further research, it may not be too extravagant to say that government policies in Pakistan result in a net transfer of resources from the poor to the rich.

Even if that is not conclusive, inequality has increased the perception of an unfair and unjust state among the poor. Discussing the Arab Spring and Occupy Wall Street, an article states that protesters show “serious concerns about their prospects in the face of the growing concentration of power among economic, financial, and political elites”.⁴⁵ Discussing possible socio-economic reasons for radicalization of youth in Pakistan, the above Wilson Center report states, “High levels of inequality—where a privileged few are able to attain employment and land lucrative income-earning opportunities, while the socioeconomically disadvantaged (usually a large segment) remain completely marginalized—is often singled out as a key push factor”⁴⁶. For a country with an overwhelmingly young population, this is a danger it can ill afford.

An improved balance between direct and indirect taxes is not a moral argument. It will help government sustain its public finances. Removing the large number of exemptions on direct taxes and by treating all incomes equally, will increase revenue and help bring stability through reduced fiscal deficit. Likewise, bringing a larger part of small and medium enterprises in to the formal economy, by ensuring property rights, will add to the number of taxpayers. It will also generate economic activity by allowing them access to capital. Property rights for dwellings will increase labor mobility, and help build sustainable communities.

Pakistan’s politicians forever decry the breaks in constitutional rule in the country. In effect, they do little to create barriers to such interventions. Reduction in inequality strengthens democracy. For example, education increases earning capacity of the poor and land reforms re-distribute assets. In protecting entrenched interests, political leaders fail to build a larger constituency in support of democracy⁴⁷.

Devolution

Local government in Pakistan has been the special preserve of civil servants. In British India, this was governance ‘on a grand scale’. The district officer represented the crown and was the potentate herself within the limits of the district. The two names, district magistrate and deputy commissioner, for the same job define its varied nature, one of dispensing justice and the other of managing the affairs of the district. At least, in the days of the British, the office holder was the chief executive of the district, and pretty much is still one. The district officer “exercised every function of the state except that of the public executioner”⁴⁸. The office was, and mostly is, responsible for law and order, justice, maintaining land records, and development of the area. In practice, this was administration on a patron-client pattern. Administration of the district became possible by taking care of the interests of the local elite. It helped centralize authority to enable tight control over a sprawling empire entirely in keeping with the interests of a colonial power.

Let us not take anything away from this job and its level of complexity. The system has produced some of the best civil servants in both British India and in Pakistan. Before and for some years after creation of Pakistan, they served in the best tradition of the civil service, upright and with great dignity and ability. Since then a number of developments compromised and trimmed the stature of the office. This report already refers to the apparently deliberate efforts to reverse institutions. Moreover, law and order became a far more complex issue than it was before. Local politics and tensions coupled with a weakened institution made it a task beyond any officer to handle. Development needs increased along with expectations and called for involvement of the community. Overall, it is a job that cannot fully deliver, no matter who is in charge. Having said so, some of the best officers staff it and they have done the best to manage its ever-increasing complexity, with few resources and often little support.

Democracy at the local level seems to have been the favorite of most military rulers in Pakistan. In varied forms, the three military heads who ran the country for a decade each, led the creation of elected institution of local governments in the country. Their aim was perhaps to seek legitimacy by restoring representative politics to the local level something that they had taken away at the national level. Of these, the local government system introduced by the last of them, President Musharraf, was perhaps the most complete. Ironically, the democratic system that military rulers introduced, the elected politicians removed. Politicians do not mind having a weak non-representative institution that falls in their line of command. Locally elected leaders are far more difficult to control and to force to carry out orders than civil servants are. The latter resist and delay orders that they consider improper, but remain in the chain of command of the provincial chief executive. Elected officials have their own plans and political ambitions. They may even be members of another political party.

There is no denying the importance of national level politics and representation. In some ways though, local government is the essence of democracy. All politics is local because it is at that level that the issues that concern citizens most receive attention. Health, sanitation, education,

title transfer, and police protection are the mundane affairs that engage daily the interest of each individual. Much of these take place in local governments. The local government reforms of 2001 resulted in an elected mayor with a council running cities, towns, and districts. The previous position of head of the district became chief of staff of the Mayor's office.

Whether the effort was a success or not depends on who is consulted. Its proponents insist that many service delivery indicators improved⁴⁹. They have data to back the claims. Before and after review based on Government and World Bank data show visible improvement in number of education providers, enrollment and the facilities they offered. Health indicators also increased though somewhat gradually. Access to drinking water, sanitation, and paved paths improved also. A study of nine districts in the Punjab province shows that, pre and post, self-sourced revenue increased between 37% and 148%. The effort's most significant achievement, despite cited flaws, lies in creation of an elaborate legal and institutional structure that enabled participatory governance⁵⁰. One third of the representatives were women.

Independent social audit sponsored by donors validate some of these findings though satisfaction with private service providers exceeded that from the public sector⁵¹. Another study states, "it can be suggested that there were material advantages to development spending being allocated by local governments over provincial governments. Service delivery certainly appears to have been more equitable"⁵².

Its detractors paint a different picture. They, specially, point to devolution as a source of worsening law and order in the country. They also refer to personalized rule at the local levels with emerging local elite that captured decision-making. Most critics also point to flaws in design of the system.

Critics have been harsh. The system did not last long enough to allow anyone to make a final call on its fitness or workability. The flaws attributed to it with respect to local elite power are not specific to local government only. This exists at the national and provincial levels too and a governance challenge to be overcome. In itself, this does not suggest that representative government at the local level cannot work. With respect to flaws in design, a mitigating factor is that this was an ambitious new program not one that evolved naturally. Allowed to continue, improvements would have occurred. Regarding worsening of law and order, the reasons are far more complex and cannot be linked to independence of the police from district officers that came with this system. Law and order has continued to worsen even after an end to the local government system.

Elected local representation is a tried and tested system of government worldwide. It is unfair to deny the people of Pakistan representation in matters that affect their lives on a daily basis. The benefits of improved and equitable service delivery cited in the above studies must prevail over other considerations. The ability of local governments to raise revenue and use these to meet the needs of the people is another reason for the system to continue.

In the end the decision to revert to the old order had little to do with its success or otherwise. Elected politicians have little patience for sharing space at the local level with other elected officials. At least one writer on the subject feels that it ought to have been continued along with attending to some of its shortcomings⁵³.

That it took away from the people their ability to participate in decisions that affect them is evident from the numbers. “Today, there are seven popularly elected assemblies (six, if you count out the Senate). In 2007, there were 6,628 more (102 district councils, eight city district councils, 332 tehsil councils, 62 town councils, and 6,125 union councils — minus the Gilgit-Baltistan Legislative Assembly, which did not exist earlier). In 2012, there are 1,207 members of the Senate and the National and the Provincial Assemblies. In 2007, there were 85,210 more people representing Pakistanis in elected assemblies”⁵⁴. In one swoop, a democratic dispensation has taken away democracy from the people.

That local government is important is easy to see from some of the numbers with respect to its share in public spending. A study based on a number of sources, shows that as a country’s income rises, its total public sector outlay increases as well. What is more, it finds that much of the spending takes place at the sub national levels of government (albeit this includes both provincial/state and local governments). For countries whose per capita GDP was over 20,000 US dollars, based on 2000-dollar value, total public spending was 53% of GDP. The countries spent thirty percent of GDP at the sub national level⁵⁵. By contrast, countries with per capita GDP of up to two thousand USD spend four percent of GDP at below national level.

From the point of view of the main theme of this Report, which is to restore stability, and law and order in Pakistan, the idea of devolution is important. It takes government to the doorstep of the people and helps focus on the issues that concern them most. It helps with participation. At the least, by involving people in decisions, it helps explain to them why it is not possible to meet some of their expectations. In many countries, it supplies future leaders at the national level.

Capacity Issues: Courts and Civil Services

Courts

If rule of law is essential to governance, the way the courts work in Pakistan hardly helps. It limits access to justice leading to disaffection among the people. Courts are understaffed and judges inadequately trained. Infrastructure is poor. Lack of training of judges and alleged corruption among some of them create endless delays in settlement of cases. According to the Judicial Policy 2009, a judge of the Punjab province must hear 1668 cases a day to dispose them in time⁵⁶. The issue of backlog is huge. In 2009, there were more than 1.7 million cases pending in courts. Of these, about 18,000 cases were in the seventeen benches Supreme Court alone. A year later, in 2010, the outstanding cases were 1.4 million⁵⁷. The average age of a pending criminal case was five years⁵⁸. One estimate considers that the courts in the province of Sindh

alone needed an additional 250 judges to meet the backlog⁵⁹. Funding for the courts is abysmally low at about 1% of the national budget⁶⁰. Of late, the courts have shown newfound autonomy much to the acclaim of the people, but a lack of resources acts as a major limit on it. Administration in the lower courts and the quality of prosecution is inexcusably weak. All these add to difficulties for litigants. If the situation is bad in cities, they are worse in remote areas of the country.

Prosecution of cases of terrorist suspects is especially flawed. Both out of fear or inability, prosecutors prepare weak cases and judges let suspects go. All of the above add up to lack of faith and trust in the judicial system. The judges have little or no security and fear reprisal from terrorists were they to decide cases on merit.

Independence of the judiciary has been an issue in Pakistan. Frequently, the executive attempts to influence its decisions. At least in part, the judiciary lately has removed this legacy. They have asserted considerable independence in the face of executive orders. They have passed major judgments, including one that in effect removed a Prime Minister from office. Media coverage of high profile cases, such as those involving the President and Prime Minister of Pakistan, may give the illusion of progress. Yet, there is much work left to do, especially with respect to corruption in courts, appearance of partisanship, as well as reducing delays and backlog. While high profile cases receive visibility, it is important that the normal work of the courts proceed in a way that fulfills the requirements of justice. Lower courts remain a particular concern.

Government announced a National Judicial Policy in 2009 with a plan to redress the flaws. The courts have expressed satisfaction with its implementation. There is no independent review, yet. In terms of reducing backlog of cases there seems to be progress as the balance of total outstanding cases in all courts have dropped, though the number increased for the Supreme Court.

What makes rule of law a special concern is police high handedness. Police behavior infringes on citizens' fundamental rights. Images of harsh police action in June 2014 in Lahore will stay for long in the public mind. The difficulties faced by the poor and disempowered are particularly glaring. In cities, safety commissions and citizen-police liaison action committees have helped, but the people in small towns and in rural communities continue to suffer. Rule of law has created distrust and anger against government among a large part of Pakistan's population. Echoing the views of the CSIS Report quoted earlier, an Asia Society Report states, "For instance, the lack of access to justice and public frustration over the existing legal system in Swat Valley contributed to an increase in support for the (extremists') brand of brutal but decisive law"⁶¹.

In dispensing justice to a large population, the rule of law protects the rights of citizens and creates an inclusive state. Without it, it is otherwise. Absence of rule of law affects governance

in other ways too. For example, by acting as a check on executive power, rule of law creates legitimacy for the state and helps to strengthen it.

Civil Service

Bureaucracy is that part of the state that everyone loves to hate. When things go well, say with service provision, no one notices because that is how they are supposed to be. When things do not work, they receive a lot of the blame, which is also as it should be.

What do civil servants do? They are the instrument for exercise of political power. In this way, the civil service is as important as the military because of the effect its working has on internal stability and economic growth. Civil servants must help keep law and order, give continuity when governments change, and help develop the country. In short, they are the people that make the state work. They are also the ones to ensure that they work in a fair manner and treat everyone equally. How can civil servants do all of these tasks? They do so pretty much as Max Weber says they must. There is one problem though. Max Weber's state is a product of a specific kind of social development and norms. His state owes a lot to the evolution of work ethics and the norms of the enlightenment in Europe.

For some decades, the institution of civil service all over has come under considerable criticism. Many thinkers are of the view that perhaps the institution is dated and now passé. For them, it makes little sense to continue with it. The bureaucracy though has considerable staying power and in any case, some form of organization must do the essential work of the state. Views on the subject are in no way uniform. There is the example of Japan, where bureaucrats became icons of change and created its economic miracle⁶².

That is not to say that countries that have not had the political and social history of Europe or East Asia cannot work effectively. What is stressed here is that society and the way institutions develop have a lot to do with the way the bureaucracy works. In the end, the civil servants are responsible and they must perform in the interest of the people. They cannot rely on excuses alone.

The Swat example cited in the beginning of the Report describes some of the capacity issues with the civil service. The Pakistani civil servant is distant and authoritarian. While that was true also of the British Indian counterpart, the present day civil servant does not have quite the dedication and sense of fair play as her predecessors. In the section on reversal of institution, this Report recounts the way the values of the civil service stand compromised.

To make the civil servant contribute to the state as she did in the past, it is important to address both the issue of the institution's culture as well as its ability to deliver. Currently, there are large gaps on both counts.

Incentive will change culture. Where the leadership prefers personal rule, the civil servant will respond to their whims and fancies. In Pakistan, for some years civil servants resisted personalized style of governance. They did so both because of a sense of propriety as well as because they feared their power slip away if they allowed too much space to political leaders. They discovered though that it did not pay to resist because it often resulted in loss of job or at best relegation to a position of less prestige. Even today, trying to do the right thing has caused considerable pain. The quick changes by the previous government in the Federal Investigation Agency are testimony and one of many such examples.

For decades, now the services have been politicized. “Every regime change is invariably accompanied by broad transfers and postings of officials at the policy-making levels in the secretariats as well as at the operational level in the districts. This politicization of the bureaucracy contributes to its dysfunction, with promotions increasingly dependent on officers’ proximity to those in power.” The above refers to the practice seen in Pakistan from the 1950s until the present. Another article states that the real reason of withdrawal of guarantees from civil servants was a deliberate attempt to reduce its independence. It adds, “This politicization is vividly demonstrated before and after elections when thousands of civil servants are posted or transferred”⁶³.

The way the leadership provides incentives to the civil servant has changed. Firm rules guide the civil service pay and promotion structure. Civil service compensation and promotion are the main formal system of incentives available. These depend on civil servant’s performance, though this appears to be so only in theory. For one, the measure of performance is amorphous and unclear. This is because there is no system in place to set objectives and performance indicators. It is difficult to measure performance if a yardstick for it does not exist. This gives a great deal of space to senior civil servants and political leaders to reward or punish civil servants by their own judgment. Such subjective considerations guide civil servants conduct. In theory, the Pakistan civil service is merit based. In practice, though it works differently. Selection is based on merit. This is true, largely, for promotion too. Day to day work and the position that the civil servant occupies depends on how well the officer follows the wishes of the leaders. For example, it is not known if a police officer has had to account to her bosses for increase in crime in her jurisdiction. Yet, in 2011, the Federal Investigation Agency saw a number of changes at the top levels, as it investigated into allegations against important people.

As pay and promotion are bound by rules, the main incentive is the position to which the civil servant is assigned. Positions for civil servants are important as they vary in prestige and the power that come with them. For the civil servant this is as important as the formal compensation system. Yet the position of civil servant relies entirely on the subjective judgment of the leadership. This is where patronage and personalized management is most visible.

Moving on to other aspects, while the Pakistani state receives just criticism for the way it works, or fails to, the scope of government continues to increase. For good reasons, new management

practices locate a number of services with the private sector. This makes government's regulation function key.

Below is a list of functions that a state normally performs⁶⁴:

1. Minimal Functions of the State:

- Provide pure public goods: defense, law and order, property rights, stable macro economy, health, protecting the poor

2. Intermediate Functions:

- Overcome externalities (education, environment), regulate monopoly, financial regulation, social insurance

3. Active Functions: Industrial policy, wealth redistribution

As states move to perform other than minimal functions, it is easy to see that capacity needs become ever more complex and specialized, requiring high levels of technical ability. Without going into deep analysis, it is plain to all that the Pakistan state is deficient in even its minimalist role. Law and order is precarious and property rights exist for the rich, as do health and education. Regardless, the state has embraced the extended role. With nothing to show by way of capacity for the extended scope of government, some of the roles receive token importance only.

The generalist career path of the elite cadres poses another problem. In the main, important civil posts belong to generalist officers where the career path of an officer is not defined though this is the route to staffing highest administrative positions. In such a case, it becomes difficult to match training with the officers' current or future assignment. How does an officer receive training for an unknown position? Apart from the issue of training quality, training itself becomes generalist in nature. It is no longer possible for an officer to take decisions on a matter about which she knows little. Fumbling and status quo becomes the norm⁶⁵.

It is possible to be harsh in judging performance of the civil servant. The Pakistan state provides fewer resources to the government, than many other countries, to address citizen welfare. Added to the constraint of political interference the paucity of resources leaves little space to the civil servant to deliver. As the visible arm of the state, it is easy to blame the civil servant for the lack of services that citizens receive. For example, the Polyclinic, one of the government's main free or low priced health service provider in Islamabad, was set up to cater to five hundred patients a day. With little addition to resources, the clinic receives today several thousand visitors daily. A majority of them must leave extremely dissatisfied. The staff attending to them appears either harassed or demoralized, as it is in no way possible for them to accommodate and treat properly the large number of patients.

One way to study this is to review how much government spends on state activities. A Report shows that outlay on government as a ratio to the GDP, in each OECD member state, increased

considerably between the years 1960 and 1996⁶⁶. States considered the best governed, such as the Nordic countries as well as Germany and France, spent more than half their GDP on public goods. United States is one of the smaller spenders, yet commits over 40% of its large GDP to the public sector. For Pakistan, this number stands at fewer than twenty percent⁶⁷. (Tables 3 and 6). Most developing countries are in the same ballpark. An extreme comparison is evident from data about USA and Afghanistan where per capita spending on all government services equals 17,000 USD and 19 USD respectively⁶⁸. It is unfair to compare two vastly different countries though it does help show the potential for relations between the state and individuals.

This is not to say that Pakistan must drastically increase its spending. It does a poor job with even the small sum that it spends. It is important to know though that the impact on state's ability to look after its citizens will vary a great deal, depending on how much it spends. Spending sixty percent of GDP or a third of that amount is very different. There is no point in increasing scope of government if the funds needed to do so do not exist.

Table 3	
Public Expenditure as a Ratio of GDP for Selected Countries	
Country	Public Expenditure/GDP
Pakistan	20
United States	42
Denmark	56
France	56
South Korea	33
Malaysia	30
India	29
Sri Lanka	25

Source: Heritage Foundation

This Report will dilate further on the subject. In a later section, Table 6 relates public spending with quality of life indices. For now, it is important to stress that this is a selected sample. A complete list of countries with outlays is available on the website of the Heritage Foundation. The idea needs deeper research and analysis. Along with the macro number, the breakdown of expenditure too is important. For example, in the US budget the largest single expense item is social security, while for Pakistan it is interest on loans. USA spends more of its public outlay at the sub-national levels, where expenditure addresses citizen quality of life directly. In Pakistan, bulk of the expense is by the federal government. How well money is spent depends on the capacity of citizens to keep watch and the civil servants ability to spend it. The example of Cuba is instructive. Cuba is the second largest spender of public money with respect to GDP. Its

seventy-five percent ratio of expenditure on public goods does not translate to a high quality of life for its citizens. In fact, in most governance indicators it ranks far below OECD member countries whose expenditure ratio is high, but well below that of Cuba. Having the right goals, accountability, and expenditure effectiveness are as important as the total amount of money spent.

In addition, it is important to keep an eye on the fiscal deficit so that increased public spending does not affect economic stability. In the section on ‘political economy’, this report has discussed the need to remove distortions in tax policy in order to make it equitable and efficient. Targeted increase in rates will help enhance revenue and allow more public spending in support of growth as well as to reduce social deficit.

One myth about the Pakistan civil service is important because it has a direct bearing on governance quality. It is that Pakistan has a bloated bureaucracy. Nothing can be further from the truth. In fact, given the serious nature of business that takes place there, most ministries and agencies appear to be understaffed. The numbers say it all. Figures for the year 2006 are available for Pakistan⁶⁹. In that year, the federal government had 358,130 active posts of which the federal ministries had 17,998. Of these, workers of officer grades were 15,382 and 3,002 respectively. These are excessively small number of officers for government to function effectively and for it to improve quality of service for its citizens. In terms of federal workers to the population, Pakistan has two civil servants for every one thousand people, taking the country’s population to be one hundred and eighty million. India is no different as it has about 2.6 federal workers for the same number of citizens. At 8.5, the United States, by contrast, has more than four times as many federal workers per capita as Pakistan. Again, a direct relationship with output and quality of service is hard to make. That depends on the capacity of workers and some of the other determinants of good conduct such as autonomy of civil servants and their accountability. Regardless, it is hard to see how government can increase service to people with such few employees.

It is not the purpose of this Report to side with one or the other ideology on the role of government. Both sides feel passionately about their points of view and lose no opportunity to state them. Yet, in this case, it is worth referring to an Indian economist who felt that, “One of the most important lessons of the economic history of modern nations is that the most crucial requirements of social transformation can only be delivered by the public authority. A government that does not pay for skilled personnel to deliver education, health, and land reform is one that condemns its people to under-development.”⁷⁰

Corruption

In 1898, while leaving office, a Chief Justice of a High Court in India remarked that during his years he had received over a thousand complaints against ICS officers. Not one of the thousand or so reports he had received alleged any form of malfeasance⁷¹.

The present situation is very different. In 2010, US Congress approved a large economic assistance program for Pakistan. There were understandable fears if the money would be put to the best possible use. This was especially so given Pakistan's poor governance record. A report on the subject, expressed justifiable concern at Pakistan's capacity to absorb the large amount. It said that "The rapid increase in foreign aid, combined with the decreasing capacity of Pakistan's state institutions to spend these funds in an effective and accountable manner, are likely to result in much of this aid simply fueling the very corruption that is eating away the legitimacy of state institutions"⁷². It is hard to disagree with this assessment. Is it possible to know what has brought about the transformation between 1898 and 2010?

A paradox confronts anyone writing on corruption in Pakistan. Talk on the subject is replete. The media fills its airwaves and print with stories of the most egregious conduct. While these stories must have substance, they make unlikely citation, as facts are sketchy and are based on hearsay. Apart from an exception or two, most such stories have the habit of dying out. That in itself is a comment on how society views corruption. Either it is the inability of the media to pursue stories factually or it is so because while these serve as source of juicy news content there is no will to pursue them all the way. The website of the National Accountability Bureau is of little help. On the other hand, Google the word in the context of Pakistan, and results spew out in droves. A few things are easily established.

- Corruption has many forms and affects all economic sectors, public, non-governmental, and private. All parts of the public sector misuse authority, the executive, legislature, and the judiciary.
- It takes the form of bribery, misuse of power and 'clientelism' that influence government decisions and policies. It is also found in political contributions though not to the extent that exists in some industrial economies.
- Pakistan has remained in the bottom quartile of the corruption index. Its position in 2011 was 134th out of 187 countries. Just forty-two countries of the world do worse than Pakistan on this account. Pakistan's response is to dismiss the report rather than do anything about it
- The index also shows that it affects all sectors of the government and parts of civil society. Politicians, civil servants, judiciary (especially at the lower levels), and other state institutions all commit malfeasance. Police seems to do the worst. Equally though perceptions of politicians, the courts and non-governmental agencies is not much better.
- While civil servants run departments are the main offenders, in as much as their conduct affects the lives of citizens and businesses on a daily basis, political leaders in power are known to lead lives of extreme luxury. These are very different from the standards they enjoyed before accessing positions of power. Sportsmen and media are not unaffected.
- The poor bear a greater cost for corruption than the wealthy and the influential. The patron-client relationship between the politicians and civil servants, on the one hand, and the local elite is part of the governance culture⁷³.

“Corruption is widespread, and public confidence in government agencies such as the police, the state-owned power sector, and the revenue services is particularly low⁷⁴” is how International Crisis Group describes the situation. Despite considerable circumstantial evidence, facts are hard to come by. There is very little research on its effect on business and on the burden that it places on citizens

Pakistan is not unique in this respect. What is of concern is the extent of the malaise and its effect on the daily lives of the people as well as the fact that nobody wishes to do anything about it. Disrupted power supply, unreliable rail service, and lack of police protection test the patience of citizens on a daily basis. As a result few other issues so provoke the passion of the people. A direct link exists for them between the rigors of their lives and the bribery they see around them.

Corruption is endemic in totalitarian states and in weak democracies. Pakistan has been governed in both situations. ‘Young democracies lack transparency, have few checks and balances and provide ample opportunity for rent-seekers to access public officials’⁷⁵. Competing institutions contribute as embattled parties create war chests to protect their interests.

What is disturbing is the lack of accountability in even the most glaring of cases. An equal concern is its visibility because of the high levels at which it takes place in the government. Each measure the government takes itself creates new doubts. The accountability law of the year 2000, for example, considers corruption a dire offence for which it lays down major punishments. Yet, it exempts certain parts of the state from its purview. In the 1990s, the two political parties elected to power during the decade earned a great deal of infamy for their conduct. While both were to blame, each party blamed the other for the country’s troubles. The changes in government, meant to correct past wrongs, became an excuse to settle scores and weaken the other politically. Thus each, successive government pursued members of the other party and its crony civil servants, but never against members of its own party or those loyal to it. In the process, their efforts lost all legitimacy. Institutions that play a key role in accountability are mired with allegations themselves.

There is a wider societal issue. While the people at large express dismay and great disapproval, they elect as their leaders the people they accuse of misconduct. It seems to be an accepted conduct. In recent days, open and shut cases against government leaders and functionaries go on interminably in courts. The accused pose as victim and continue without much care. It is as if people in power do not care that they are suspect. It has seriously compromised the state’s ability to govern, has done extreme harm to government programs and created disaffection among all.

A number of experts consider government pay scale as the reason for such extensive misuse of powers by people in office. That may be true, though equally a lack of accountability also accounts for widespread misuse. More people commit crime if they can get away with it. There are many cases where public servants or ministers receive punishments. Regrettably, though their number is small compared to what allegedly takes place in offices. Few persons are prosecuted

and even fewer punished. Lack of evidence, difficulty to prove the crime and a general apathy make it difficult to prove cases in courts.

The pervasiveness of the problem is, perhaps, one reason why accountability is scarce. If each state institution, including the watch guards, suffers from it, there are few left to hold others to account. No part of the state is exempt and the problem affects every level and reach of the state.

In Pakistan, corruption has created a gap between de jure and de facto power, i.e. those who have the formal power and are mandated to work in the interest of the people, in fact serve the objectives of those with the money and power to lobby. In this way, it undermines not just decision making in Pakistan, but the power structure.

Studies show that as democracy takes root and institutions strengthen, societies abandon kinship and move towards a merit based choice. It depends on the process of building social trust. Free press and rule of law are important, but inherently it is a societal effort. The issue of corruption, which consumes so much media time in Pakistan, is linked also to other governance issues i.e. rule of law, reversal of institutions, role of civil society and competing groups.

Political parties and civil society

For a country where politicians have struggled heroically for democracy and against dictatorial rule and have often won, there is surprisingly little pluralism within political parties. Successful democracies do not rely on elections alone. Political parties play a great part in what makes democracies work effectively. At the minimum, the role of political parties is to translate the views of the people. Yet there is little debate on issues within political parties. On many issues, it is difficult to see between one party and the other. Political parties have very little access to research. There is little discussion through the ranks of the parties.

Without such a process, political campaigns become slinging matches with no discussion on specific ways that each party would conduct state business. Each party poses the savior and campaigns become a self-righteous screed. That is the unpleasant face of politics. Worse still, in reality, democracy becomes an oligarchy. Political parties do not rely on broad appeal and acceptance of policies. Party heads build alliances, which dictates policy that usually serves a narrow group of interests. As power equals privilege in Pakistan, they do not wish to share power within the parties. They prefer to consolidate power rather than build constituencies. This is one reason why the parliament does not serve as a check on executive power.

Another role of parties is to nurture leaders for the future. At present, some parties are dynasties where leadership does not rely on strength of character or knowledge of issues. Leadership of parties goes to the next of the party head. Pakistan is not alone in having such dynastic political parties, but that in itself does not mitigate the damage it causes.

When political parties do not play their role as a forum for formulating and refining citizen views, democracy loses its power. Silent lobbyists and shadowy deals take over the policy making process. It may be an exaggeration to say so, but not too far from the truth, that the constitution enfranchises each citizen of the country, but the political parties take it away through their conduct. Some political parties claim they are not dynastic. They are too new to be tested. Even there the spirit of free and open discussion on national issues does not seem to exist.

A review of politics in Pakistan by GlobalSecurity states, “‘Pakistan's political system is broken: its political parties are ineffective, functioning for decades as instruments of two families’⁷⁶. It further says “‘Pakistan's established political parties have failed to successfully reform on their own accord. Political parties are seen as personality driven and disconnected from the electorate, with little public awareness of party platforms and little faith that the parties can help solve the most pressing problems facing the country’, The Pakistani newspaper, The Express Tribune reports that ‘Under the Political Parties Order 2002, registering a new political party is very easy. Under the election laws, it is mandatory for every party to hold intra-party elections before it is allocated an election symbol – but this provision is flouted. Usually they submit a certificate claiming that this process has been adhered to’⁷⁷. The process of democratic elections begins with a canard.

Pakistan’s active civil society gives the impression of keeping watch on the executive to ensure accountability. The civil society has come a long way from the days when governments could pretty much decide major issues among a few individuals. It is important to recognize the long journey made by them in less than helpful conditions. This includes the media who have boldly asserted their right free speech. Their analysis rely mostly on inside information. They do not have much research support At times though they appear loud, shrill, and their views usually tilt in favor of conservative ideas.

It takes more than boldness by a few for the elite to share power. Dispersal of power takes place when a group of entities wrest it from the elite. This happens entirely to serve the interests of the group not for the general good. Such groups are better organized and have greater motivation to seek control. The lawyer’s movement explains this. The lawyer’s movement could not have succeeded without the media. However, media alone could not have brought about the change that the lawyers did. With arguments that used the language of liberals, the lawyers acted entirely in the interest of the legal community. That it served the general interest of the country is a matter of coincidence and allowed the media and many activists to give it wide coverage. On its own, the civil society acting for the general good could not have made the difference. The lawyers brought the judicial system to a halt for about a year. That is something that no other group of people could have done for them.

This is not to paint the lawyers in a sinister hew, but merely to bring to light a fact about power sharing. Through history, power proliferated because one interest group sought to wrest it from another⁷⁸. King John signed the Magna Carta not because he or the barons who forced him to do

so had the interest of the larger population close to their hearts. It was a way for the local feudal to retain their privilege in the areas that they controlled. This act of pure self-interest inspired the future of constitutional rule.

Experts⁷⁹ consider proliferation of organizations in a country as necessary for good governance. This in turn depends on the extent of a country's openness i.e. one that places fewer restrictions on forming of organizations. There is a view that the number of organizations in a state correlates directly with its prosperity. This happens for two reasons. The large numbers act as check on state activities and promote tolerance, participation, and civic virtue. They ensure, also, greater inclusion as policies and decisions must take care of the interests of a wider number of people and groups. There is research to back the claim.

In general, low per capita income countries have fewer organizations than those with high per capita income. The correlation is almost perfect. Taking data for trade and business organizations alone, countries with per capita GDP of under 2000 USD have an average of 30 such organizations each, or 2.8 organizations per million residents. By contrast, countries whose income per capita exceeds 20,000 USD have over eleven hundred trade organizations each or sixty-three organizations for every million residents. According to research, this relationship between GDP and number of organizations is valid universally⁸⁰.

Research does not solve the issue of chicken or egg. Economic growth results in a more organized civil society, as people demand an open political system. Yet, an active civil society is important for growth as it keeps watch on misuse of power. Regardless, civil society in Pakistan is active though not organized enough. It has some ways to go in that respect.

One caution about proliferation of civil society organizations is necessary. While most organizations bring positive forces to bear on policy, they may also, at times, be unhelpful. Clearly, forces that stimulate ethnicity or violence in society will have a negative effect on its development.

4 A Conceptual Framework for Improvement of Governance in Pakistan

Based on analysis of the major governance issues attempted in the preceding section Causes of weak performance of governance in Pakistan have been identified and are given in table 4, along with possible resolutions.

Some lessons from the above table are:

- a) those in power and the people, must make essential choices on what shape they wish the country to have in the future. This may require, for example, that the country optimize between its regional role, on the one hand, and development, on the other;
- b) Pakistan is weak in all three areas of governance and must: build an effective state, strengthen rule of law; and ensure accountability. Admittedly, this may appear too ambitious though many countries perform very well on all three counts;
- c) weak governance is the outcome of deep fissures in Pakistan's polity caused by competition among power centers, weak institutions, lack of effective leadership and inability of the people to keep watch on those in power;
- d) in order for governance to improve, all parts of the state may re-orient conduct and strengthen their contribution to build the state. The need is for a common effort by political leaders, civil servants and, indeed, the whole society. All state institutions should play an effective role and allow space to the interests of the people;
- e) to strengthen democratic institutions, elected governments must take a long-term view. Keeping citizens' interests paramount;
- f) found missing in Pakistan is the middle ground of governance. This comprises timely justice, uniform and fair application of law. This, in turn, requires a trained cadre of civil servants, judges, and lawyers and physical assets to conduct business.

The most cited example of rapid growth in history is East Asia. Starting with Japan, after its loss in the Second World War, a wave of reforms began in that region that has seen it improve all quality of life indicators. Was this a spontaneous response to losing the war? If so, how did that response echo throughout the region? In fact, many states in the region may have celebrated Japan's loss.

Japan could not have rebuilt and become the export powerhouse without a prior base and some wise decisions by its leaders. The recovery based itself on a simple wisdom. The emperor urged the people of Japan to accept the military loss and to move on as a nation. Japan's brilliant Prime Minister Yoshida in turn proclaimed a doctrine under which Japan focused on rebuilding and economic development.⁸¹

Table 4: Causes of Weak Governance and Fixing Actions

Index	Probable Causes ⁸²	The Fix	Location of Responsibility
WGI	<ul style="list-style-type: none"> • Constitutional crisis • Institution reversal • Capacity of civil servants • Low priority for transparency 	<ul style="list-style-type: none"> • Rule of law & Accountability • Build awareness that aligns good governance with political survival • Capacity building 	<ul style="list-style-type: none"> • Political and military leadership • Civil servants • Civil society
HDI	<ul style="list-style-type: none"> • Leadership's low priority • Low investment • Low civil service capacity: <ul style="list-style-type: none"> ➢ Weak program designing ➢ Weak implementation • Little political and community involvement 	<ul style="list-style-type: none"> • Accountability through election • Pressure by electorate and civil society • Civil servants' capacity building • Involve community and NGOs in service delivery and oversight 	<ul style="list-style-type: none"> • Leadership, • Civil servants • Civil society/Media • Local politics • Electorate
Transparency International	<ul style="list-style-type: none"> • Low priority for transparency by leadership • Leadership transgressions • Delayed and targeted accountability • No standards of service delivery • Checks and balances 	<ul style="list-style-type: none"> • Accountability of leaders • Timely disposal of cases • Delivery standards • Performance based rewards • Parliament and community oversight • Beneficiary and users organizations oversight • Western economies 'stolen assets initiative' 	<ul style="list-style-type: none"> • Political leadership • Civil servants • Electorate
Failed States	<ul style="list-style-type: none"> • Leadership playing power game in region • Competing institutions within country • Low concern for citizen welfare 	<ul style="list-style-type: none"> • Strengthen democracy • Paramount institutions over individual • Election • Civil society check 	<ul style="list-style-type: none"> • Political and military leadership • Civil society • Civil servants
Doing Business and Competitiveness	<ul style="list-style-type: none"> • Lack of awareness about impact of government policy and actions • Lack of Capacity • Identify issues • Solve problem • Fragmented decision making across departments, levels of government • Particular over general approach 	<ul style="list-style-type: none"> • Active chambers and trade organizations • Civil servant capacity • Transparency about location of decisions • Change in attitude and approach • Regulatory Impact Analysis 	<ul style="list-style-type: none"> • Trade organizations • Civil servants • Leadership

Such a national consensus is a key to a country's future direction. It is uncertain though if that wisdom in itself was enough to put Japan on the kind of growth that it achieved in the next half century. Perhaps, Japan's recovery was not possible without the efforts at state building that began with the Meiji restoration. Of course, its downside was Japanese militarism, but the Meiji period reformed many institutions and made efforts to modernize the state.

Why did a particular incident, the bombing of Tokyo Bay in 1858, generate a response that brought down centuries of discord among Shoguns⁸³? It is instructive too that Japan's miracle transferred to other states in the region.

The best possible course then is to surmise:

- East Asia has a history of institution building. Its origin lies in the teachings of Confucius and the legalists.
- To modernize, the Japanese emulated and borrowed extensively from European state practices as well as learning.
- A national consensus is necessary on the future direction of the state; a consensus that prioritizes stability and order, and protects the country from crises. This allows the space to work for welfare of citizens.
- Leadership is important. The example of Japan is evidence, as the first in a chain to embark on improving quality of life for its people. Likewise, Lee Kuan Yew, Mahathir Mohammad, Park Chung-hee and Deng Xiaoping played equally critical roles.
- Often society follows leadership, and plays an important role in demanding governance.
- An able, trained, and upright civil service is critical to state building. Good governance is not possible without the ability to make and execute good policy. Their accountability is equally important. In turn, civil servant's reward is a combination of secure jobs, good pay, and prestige. East Asia uniformly follows this course.

Impersonal institutions, laws, and absence of patrimony personify good governance. These societies built sound administrative institutions though their political development lagged. East Asia had the leaders to ensure primacy of institutions and rule of law. No icons of democracy, all these leaders have detractors. For the future, the institutions they built allow the possibility for rule of law and an open society.

5 Recommendations

This section is in two parts. The first is a plan to improve governance. The plan lays the scope and framework for reforms, proposes objectives, and suggests a broad strategy for its successful implementation. It reviews also, why past reforms have not worked in Pakistan. The second part gives actual recommendations to improve government systems and processes, build capacity of civil servants to enhance skills for service delivery, law enforcement, policymaking, and project execution. The second part deals with the minutia of reforms. Those not interested in these details may proceed to Table 5.

1. A Plan to Improve Governance

Review of the causes of weak governance and of who is responsible (Table 4) shows that it results from under-performance by a host of stakeholders. Ideally, therefore, everyone must play a role to improve performance of the public sector: politicians, civil servants, civil society, and citizens. Weak governance exists in all parts of the state. It is visible in an executive that does not deliver, in uneven access to justice, and a lack of accountability.

The discussion in the preceding chapters of this paper, illustrates the constraints that the environment imposes on public sector performance. It leads one to conclude that it is not just a question of reforming the civil service. Political interference, competing institutions, a system of patronage, and a political economy that serves the elite, all affect its working. The question then is where a workable plan for reform may begin.

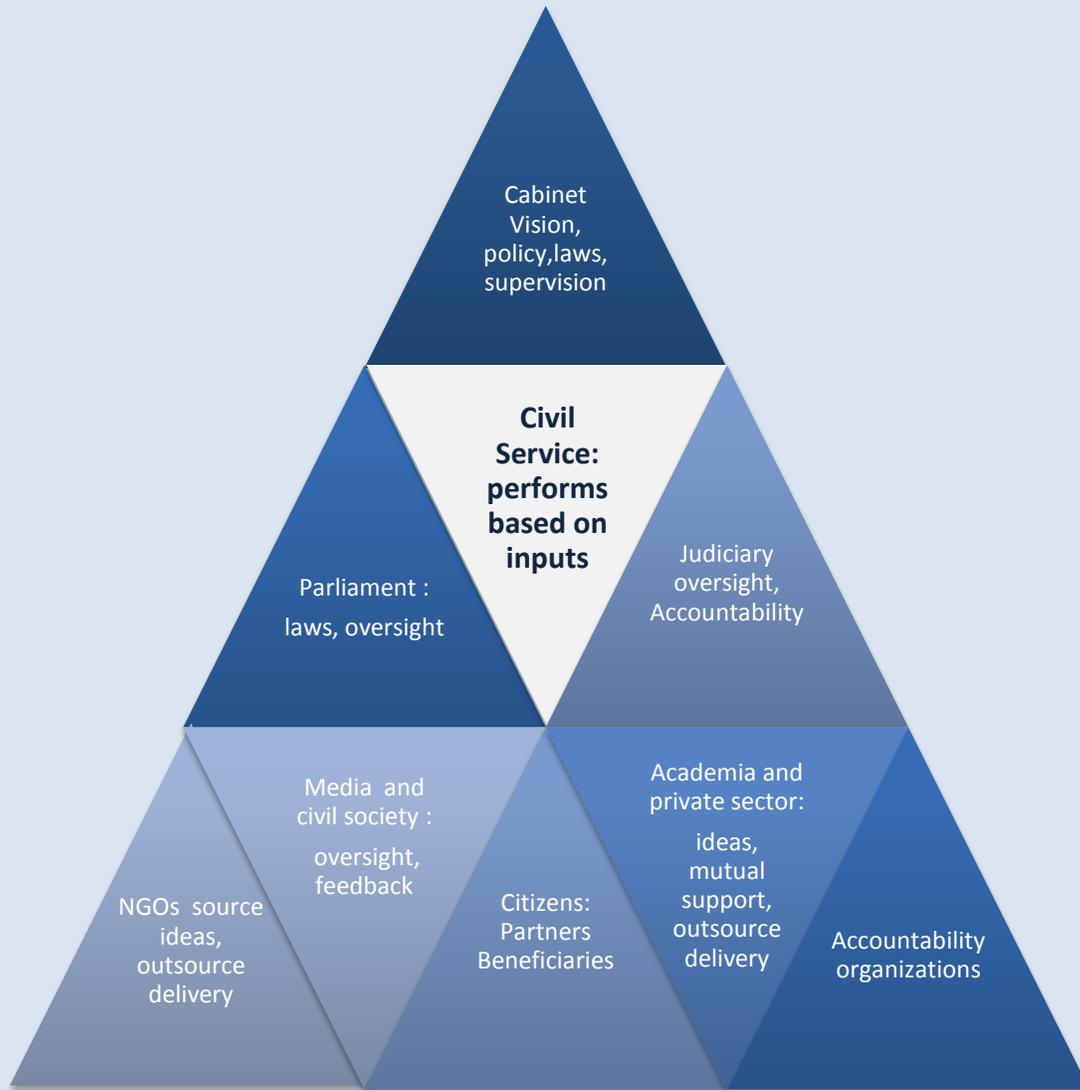
The civil service, however, is crucial to any meaningful improvement in governance and in economic development. For the citizen, the face of the state is the official that she meets daily, and whose task is either to police the community or to deliver services. The citizen considers her welfare tied entirely to the performance of such officials. The civil servant also inputs in to policy and legislation. Although the performance of officials, in turn, depends on a number of players, including especially of elected officials, the recommendations in this paper will focus on actions that will improve the performance of the civil service while taking in to account the environment in which it works (Box 3).

Changes in political culture and social values are slow to take place. Yet, recommendations that do not take the environment in to account may not help. This paper does not rely on the unachievable, but suggests what is realistically possible as well as ways to reduce external influences.

Before making the proposals, it is worth taking time to look at past efforts to reform government working and why have these not worked. There is no shortage of reform proposals in Pakistan. It is necessary to study the reasons for the failure of past such efforts.

Figure 1

Stake Holders Influencing Civil Service Performance



Performance of civil service depends on internal and external inputs and resources. Internally, it must have the right capacity, systems, and culture. It depends also on guidance and leadership from the Cabinet and a host of inputs and responses from other parts of the state as well as citizens. Externally, citizens are the most important as beneficiary of its performance and as the source for identifying needs and solutions. They are the final and real judge of government performance. Parliament approves budget, laws, to be implemented by civil servants, and oversees performance. Judiciary, and state accountability organizations ensure formal accountability. Media and civil society also hold the civil service accountable, provide feedback, as well as new ideas. Additionally, the private sector, NGOs, and academia are partners in service delivery as well provide policy research support. The capacity and attitude of all these players enable them to meet their responsibilities effectively. Influential players such as the Cabinet and parliamentarians affect performance considerably.

The history of reforms in Pakistan is long. The Egger and Gladieux Reports came out in 1953 and 1955, respectively. The Pay and Services Commission issued a report in 1962. A major administrative reform agenda was introduced in 1973. All experts agree that despite the gusto and bluster with which it was executed, civil service performance declined. In addition, there are a number of reform proposals from international institutions and a large number of reports of many Commissions and Committees formed by the government. The last such effort was in the years 2006-2008 only for it to remain a reference document. No known study exists to indicate the reasons why reforms have failed. It cannot be put to a lack of political will alone, as the 1973 reforms formed a core part of the then government's party manifesto and most other initiatives came with the approval of the country's top leadership.

This paper attributes lack of success to the following causes:

- Preoccupation with process not with results: Most reform proposals deal with issues of organization structure, procedures, and formation of new accountability institutions (sometimes when the ones that exist do not work). Not one focuses on achieving results. There is also a tendency to give textbook solutions with little discussion of the country's political and social condition.
- Lack of clearly defined goals: truisms such as 'improvement in performance' or 'increasing public sector efficiency' do not define the objectives for reforms rigorously. If the objectives for reforms are not defined precisely, it will not be possible to make practical proposals. They have to be defined honestly too. The 1973 reforms had a set of laudable broad goals, but soon experts felt that they ended up with increased political control of state institutions in ways that are not helpful.
- No implementation mechanism: Most past reforms did not include a plan for implementation. They did not sufficiently lay down actions, timetables, or provide for an organization with a budget that would coordinate implementation.
- Lack of consultation and buy-in: Failure to obtain stakeholder buy-in have affected past plans in a number of ways. It results in weak definition of needs, uneven rigour in making recommendations, and an inability to set realistic targets. It also results in failure to anticipate implementation issues, and to invoke ownership for consistent support. (This is true for some though not all past efforts).
- No importance given to social and political environment: The discussion of governance issues and of development in earlier parts of this paper shows the effect of political and social factors on official performance. These factors affect equally provision of operational services, project execution, or policy work. For example, hiring of staff without merit affects performance in every area. It is the same with a lack of capacity among officials. The real issues here are political interference and a lack of high-level commitment to improving performance.

Enabling success of the reform plan.: What guides the recommendations below?

Review of the reasons why past efforts did not work helps in developing a framework to guide recommendations that this paper considers important. These are:

- The need to prioritize: given the array of issues and widespread evidence of poor state performance, reforms are needed all around. Taking the enormity of the challenge at once may mean that nothing is done. Prioritizing and sequencing of reforms is of essence.
- Build consensus and political support: Though most reform efforts began with top-level approval, they were unsuccessful because of lack of support during implementation. If successful, a reformed civil service constrains political power and discretion. Societies where misuse of power is common, do not allow limits on the exercise of power. Building political consensus for reforms is important and especially with ‘in advance’ clarity about the reduced space for discretion at the political level. It is possible to develop consensus on reforms even when they may lead to loss of authority. Public opinion and media pressure are hard to resist for long. There is realization too that poor governance eventually results in instability, which affect the interests of the elite as well as of the rest of the country.
- Implementation should be part of plan: Preferably led at the Cabinet level and with multiparty participation, it is necessary that an implementation plan with actions, timetables, an organization, and a budget is part of the plan.
- Define clear objectives for reforms: In a country that lacks the fundamentals of state effectiveness, it is important to build a hierarchy of objectives:
 1. The first objective of the reforms should be to strengthen the minimal functions of the state (see discussion on page 22). These include security and revenue collection in that order. Without security no other improvement is possible in any area be it economic growth, provision of services or regulation.
 2. Improvement in delivery of essential services follows. These include provision of education, health, and sanitation. (Energy shortage has become an especially volatile issue and a symbol of a failing state and a similar water emergency is not far off).
 3. Key regulatory work and enforcement of laws that pertain to safety in work places, and of food and medicine follow next.
 4. Other regulatory functions such as anti-monopoly or regulating private providers of services are the next in line.
 5. Other objectives would include timely and adequate provision of service, predictability of outcome, and uniform application of rules. Some others would ensure merit, build capacity, and hold accountability.

Box 3

A Strategy for Reforms

The existing large governance deficit will not improve quickly. It is inherently a gradual process. Governance improvement relies on:

- Phased implementation to prioritize urgent issues, starting with the most essential state functions
- Increased knowledge and training of public officials
- Effective courts to ensure rule of law for all,
- A system of checks and balance among arms of the state, but without unhealthy competition,
- Increased participation of the people in decision making and monitoring performance, especially at the local levels,
- The people making improved choice and decisions based on increased awareness and information,
- An aware and informed media and civil society that would actively help build consensus on fundamental national objectives and hold public officials to account,

It is important for the elite to gain an understanding that lack of stability and breakdown of order will hurt their own interests.

- Target the plan to the roles performed by civil service: this paper breaks civil service roles in to four areas: enforcement of laws, delivery of services (though law enforcement is also a service), project execution, and policymaking. The largest part of the civil service works in service delivery and law enforcement. The proposals must target this segment most⁸⁴.
- Define the role of state: reforms must take in to account the political leadership's vision of the role of the state. This is along two dimensions:
 1. Distribute state functions at the three levels of the state: federal, provincial, and the local levels⁸⁵.
 2. Define the extent of the state's role in the economy and its involvement in commercial activities.
- Open and decentralize: Wherever possible, this plan suggests to consult stakeholders widely. Likewise, it suggests resort to decentralization whenever possible.
- Address environmental issues: the system of patronage and political interference compromises the best of efforts to reform. It is important for the proposals to keep the political environment in mind. The need is to either find ways to limit such influence, form rules to prevent them, or to temper expectation with the reality of what is politically possible
- Start with preliminary reforms: A proposal for results based management will not work if government does not have a system for job descriptions, objectives for each job and the organization, or performance standards. These are the building blocks of an organization upon which to build other proposals.

Figure 2

Framework for Reforms: Factors affecting state performance



The Plan Framework

Objectives:

The country should have civil institutions that help it to move towards the following objectives:

- Effective enforcement of laws and rules that are applied uniformly, fairly, and in predictable ways
- Provision of essential services and improvement of quality: It is important to provide all citizens a secure environment and those services that enable them to participate meaningfully in the economic life of the country and to exit from poverty.
- Provide an environment for all citizens to realize their potential, and to capture their entrepreneurial skills as well as to enhance factor productivity

The reform plan must focus on improving performance of all civil servants in their various roles, i.e. service delivery, law enforcement, and policy formulation. It must focus on improving ability to deliver services to the people including and especially security, supported by sound policies with projects that would enable implementation of policies.

Many service delivery tasks take place at the local and provincial, and few happen at the federal levels. Most policies are made at the federal and the provincial levels, while major projects are implemented also at these levels. The federal government has a number of key organizations for project implementation, especially in the highways and water sectors. The recommendations below will focus on these broad roles. It will not distinguish among the three levels of government: the federal, provincial, and local.

Some caveats are in order. Most plans in Pakistan recommend application of textbook solutions and practices. For the civil service reform plan to succeed, it is important to study what works and what does not work. For example, an undiscerning belief in induction of private sector expertise in government often is recommended. In Pakistan, much evidence is to the contrary. This is for two reasons. First, the Pakistan private sector lacks top class expertise as much as the public sector. Also, suitable candidates from the private sector are hard to come by. Second, where private sector expertise is decidedly better, it must deal with a culture that is very different. Unlike the private sector, government performance strives to be optimal not maximalist. Government must consider the interests of all stakeholders, while a private company justifiably holds its own interest paramount. In addition, procedures and inter-ministry consultations take up a lot of time and a lot of energy. Induction of private expertise is of benefit in some cases and not in others. It may be relied upon thoughtfully.

Some other such practices and beliefs do not hold true in Pakistan. Outsourcing services, especially project planning is suggested as a no brainer. Again, this works well when private expertise is much better and has the experience to deal with issues that need government attention. It also requires that government have the capacity, technical and institutional, to

manage outsourced services up to the required standards. Else, it may result in a waste of taxpayer money. The belief that the Pakistan public sector is bloated does not hold true either. As seen in Table 3 and 6, the Pakistan public sector is understaffed on a per capita basis. Of course, it lacks capacity to deliver and does not have the systems that enable performance. This requires emphasis on capacity building and setting performance standards not an a priori, effort to right size. Clearly, there is bloat in some public sector corporations, PIA and WAPDA among them. The bigger issue though is to create ability among public servants to deliver. The people of Pakistan deserve the same services from government, as do those in other countries.

2. Recommendations

The recommendations below focus on the following areas:

- Improvement of government systems
- Building capacity of public servants and change of work culture
- Enhancement of policy making skills and process
- Strengthen project planning and execution including a framework for PPP
- Improve working of the judiciary
- Support environment for improved governance
- Sector specific reforms

1. Government Systems: Corporatize government working

1.1 Manage by Results

- Focus on results: It is critical to re-orient government activities towards achievement of results rather than merely concern with process. The most important way to do so is to set annual and longer period goals for each organization and to measure its performance against these. To the extent possible, these goals must be measurable and supported by processes and resources for their achievement. In order to do so, ministries and organizations must institute the following:
 1. Set annual objectives for each ministry or organization, which will determine desired outcomes.
 - Each ministry may set up a team comprising senior officials to lay down annual work plans. The team would serve as the equivalent of company boards. The UK government, for example, has Departmental Boards with executive and non-executive members, that lays down such plans and how to achieve them⁸⁶. Subsequently, include other stakeholders in setting up goals, to assess and receive feedback
 - As a corollary, have objectives for each job in the organization, where possible broken down in to tasks and with standards for delivery.

- It is necessary too to prepare job descriptions for each position in the organization, with criteria for assigning staff to jobs. These are essential building blocks for any organization.
2. Approval of annual goals and review of performance by Cabinet: Each year the cabinet must approve the goals for each ministry and major organization. It must also conduct end of year reviews if the goals were achieved. The end product, service, or outcome for each Ministry/Department must be known to the public (For example, safety standards, number of serious and minor crimes, miles of canals, tax collected, days to deliver NIC or passports)

1.2 Incentivize behavior

1. Protect officials from arbitrary treatment: Introduce procedures to decrease political intervention in administration. It is important to protect civil servants from arbitrary transfers, especially when this is because of resistance to personal instructions. Introduction of criteria for postings and transfer of civil servants and stipulation of tenure will reduce intrusion. In the section on civil service, this paper recounts that presently there is little flexibility in rewarding or punishing behavior. A strong motivator for most civil servants is the 'quality' of assignment. Civil servants consider important assignments as incentive. Laying down rules for posting of civil servants with provision for minimum and maximum tenure would enable government to make sound job assignment decisions as well as protect civil servants.
2. Link incentives, promotions, and appointments with achievement of objectives as well as delivery according to performance standards.
3. Develop guidelines for performance: Lay down service delivery standards. The political leadership as well as the citizen must know the cost, time, and, where possible, the quality of service delivery due to them. Standards also help guide and measure performance of officials. Standards will have many shapes. (In a law enforcement organization, these could include reduction in number of crimes by a given percentage measured on a weekly or a monthly basis. In a hospital, the number of patients treated. For the health ministry, the measure would include reduction in percentage of infected persons from communicable disease). Based on these, each job may be assigned standards of performance. This will be measured against actual performance of the staff at the end of the year.
4. Ongoing accountability: Accountability of civil servant performance is possible against objectives and performance guidelines. It is important to heed officers' financial discipline and reputation. Accountability requires a set of approved steps to be taken where conduct deviates from accepted norms.

1.3 Prioritize Major Objectives:

1. It is necessary for each ministry and organization to focus on what is essential and of priority. Of the twenty or so ministries in the federal government, each year, one or two ministries and their affiliates may conduct zero-based budgeting. Starting anew and to remain within the resource envelop, would help each ministry to do away with low priority activities and focus on the important.

1.4 Devolve and decentralize

1. Devolution of service delivery to the local level is critical to improving governance. Of late, most political parties agree upon its need and early implementation. Devolution helps identify local needs, moving away from 'one size fits all' solution. It allows local community to own service delivery decision and invokes responsiveness from local officials. It includes local oversight of service delivery. It also enables government to find service delivery partners from within the community. In short, devolution allows full participation of the community and builds trust between the state and the people.

2. Building Capacity

Much of the deficit in civil service performance can be put to lack of ability to the assigned job. Training and capacity building is key to improving governance. There are structural challenges though. Most civil servants belong to operational service delivery and follow a predictable career path within a functional stream. A medical service provider would hardly ever move out of her functional stream nor would a law enforcer do so. Workers in many of these functional streams receive limited training and that too mostly at the entry level. At the management or policy level, though the civil servant has no known career path. It is difficult to train a worker whose future assignment is unknown. Though there are a number of training institutions to address the needs of managerial positions, these remain general in nature also. Identifying training needs by jobs is the first important step to training in absence of which the training becomes a waste of effort. Despite past efforts, government has not moved towards specialization and it appears unlikely to doing so now. The two structural challenges are:

- For staff in the area of service delivery, inadequate training with questions about quality
- For management and policy making levels, difficulty in identifying needs and in linking training with career path

- For staff engaged in service delivery, this paper recommends the following:

2.1 Prioritize key service delivery areas for training (with the enormous task at hand, some phasing is essential). For example, prioritize law enforcement, health, and education services, basic regulatory tasks, such as food and medicine safety.

2.2 Identify skills deficit, at different career levels, as well as existing public sector training institutions or private partners that can meet requirements. In most cases, there would be need for training of trainers by foreign experts.

- For management and policy making levels, where the career path of officers is unknown, this paper recommends:

2.3 Job Specific Training

- Identify skills and development needs for each position in each ministry or organization. Again, given the size of the task, it is important to prioritize and phase the programme.
- Training institution to provide intensive one-week training in the specialized area for senior management positions (Secretary, Additional Secretary, heads of organizations)
- Prepare training modules for each job identified above. These should be prepared in a way that allows self-tutoring. Make learning of the modules mandatory.
- Make modules available online to allow officials to pace their training and to do so at a time of their choice. Online logs would ensure that each officer completes her training and the built-in exercises.

2.4 Person specific training: It is important to supplement job specific training with those that meet individual employee needs. For example, officers on track for leadership positions will require executive competencies such as strategic planning or leadership skills regardless of functional assignments.

2.5 All training must specify objectives and outcomes. Ensure evaluation of all training against these.

2.6 Survey and select public and private training service providers

2.7 Stipulate that each employee must receive training for a minimum number of days each year. Phase out long duration training such as the currently mandated national management and policy courses that run for four to six months each.

- 2.8 For promotion to next grade the official must complete a minimum number of a combination of functional and development training. All outsourced training, except those for specific professional skills, must be customized to the country's needs and governance environment.
- 2.9 Build in change in culture in to all training. These must emphasize that all government activities must benefit target client or citizens.

3. Changing Culture

- 3.1 Satisfaction of service recipient: Emphasize service delivery and quick and efficient response. It is possible to achieve it by a. managing for results, especially by b. setting performance standards c. building users and citizens needs in to everyday working led by top management, and d. make positive feedback from recipients part of performance standard
- 3.2 Innovation and ownership: It is possible to achieve these through incentives for performance, building build work ethics, and by training
- 3.3 Move officers between private sector, academia, and public sector. It is important to know and identify with the needs of beneficiaries, engage in tasks with different sets of objectives, work culture and environment, and study and research policy choices. Ensure that high level officials have at least two years of experience in commercial or operational roles or have worked for two years in academia
- 3.4 Access to information: Freedom of information legislation exists in Pakistan, but lack of knowledge and weak systems limit access for most people. Each ministry may post on its website the information available and the process for making them available. Access to information increases transparency and enforces discipline on the conduct of public servant.
- 3.5 Each ministry and organization may post on its website goals, targets, outcomes, and services. For each service provided by the organization, the website may give information about the services available and the process to access these. It may provide downloadable forms, with instructions to fill, and the timeline for approval.
- 3.6 Support parliamentary oversight: At present, what passes for parliament oversight is casual at best. There is no system in place to support parliament's oversight capacity, including its ability to ensure that civil servants remain responsive to citizen needs. Research by academia, surveys, and work by policy think tanks would provide good support.
- 3.7 Move from service delivery exclusively by government departments to involve private delivery partners. This is especially possible in education services where some

credible NGOs have exemplary record and the government has performed poorly. Include PPP for infrastructure development.

4. Policymaking and implementation

- 4.1 Build competence: Civil servants must have the ability and knowledge of the field in which the policy is being formed. This does not always hold true in Pakistan because of the generalist nature of their careers. This paper suggests job specific training modules in the capacity building section of these recommendations. Theoretical familiarity will help, coupled with institutional memory of experience in the field of the specialist workers in the ministry. Open policy formulation helps also.
- 4.2 Consult and receive feedback for an open policy environment: Policymaking must be open to wide consultation with other experts, beneficiaries, and those who have experience of policy formation in the area. It must also involve officials who will execute the policy. The civil servant must have the ability to sift between ideas and to give shape to consultations. e.g. PC planning commission
- 4.3 Base policy on ‘what works’: Though it is desirable to follow best practices, policy cannot be translated ‘as is’ from another environment. Behaviour of recipients and attitude and ability of officials matter. Involvement of officials with responsibility to execute policy or deliver services is important during policymaking stage. Ability and the will to change and reform are important too so that the policy does not find too much resistance during implementation (See Box for Pakistan’s power policy 1994). Population control programmes must be discreet in some countries because of a concern with propriety of even those who wish to practice it. Where the parent does not have the capacity to oversee teacher skills level, her involvement in school administration will give a different result than in societies with high literacy. Changes in environment matter also. Mobile telephony has assumed a large role in Pakistan. Where information to be disseminated is not detailed, mobile messages are more practical than websites in a country with limited internet access.
- 4.4 Implementation of policy: Policy must have a plan for implementation, with projects, timeline for execution with responsibilities, and designated organizations with budget. No policy works without an execution plan.
- 4.5 The policy document must also give cost of each policy and assess risks. It may state clearly, what may go wrong and the risk of failure. For example, if a city government involves private service provider for municipal work, it would require a different set

of expertise in the department concerned (to manage contracts and monitor performance). Private service provision may increase cost for the consumer or require fiscal incentives. It risks failure if the private sector lacks delivery capacity and experience with the result that in a programme to provide private sanitation, refuse will pile up in the municipal area. The political leadership must know the costs and risks of a new policy. In 2009, the Karachi city government announced such a programme with much flourish only to find that the overseas company was no longer interested.

4.6 Policy document must clearly provide outcomes with measurable indicators and quality standards. The results of its implementation must be open to the public.

4.7 Cabinet must approve all policies, extent of government support, cost to taxpayer or the consumer, and review periodically their implementation.

Box 4**Pakistan's Power Policy: Did it reform or hurt the power sector?**

A review of Pakistan's 1994 policy for independent (private) power production provides an apt lesson in what may go wrong despite the best of intentions. On the positive side, the policy brought in large private investments and created considerable increase in the country's generation capacity. On the other hand, the cost of government support to investors was so high that it was inherently unsustainable to pursue the policy over any length of time. In their enthusiasm to make the policy work quickly, some of the steps by officials taken to implement the policy made it even more unworkable. This included offering bulk tariff to investors rather than calling for competitive bidding and forced assumption of guarantee by WAPDA, the state owned power utility, for power purchase for all projects.

The policy did not distinguish among cost of fuel leading investors to rely on imported fossil fuel, which was a pass through item. In the event, from a profit making organization, WAPDA slid in to deficit and now needs annual government subsidies to survive. It has abandoned its important programme to extend power supply to 'rural' areas that it financed from its profits.

Because of the inability by government to continue with the liberal incentives of the policy, private power investment has dried in the country. Independent power supply also increased cost to consumer. At present, the Pakistani consumer pays a high price for power, which broadly is at par with many industrial economies. Yet the government must additionally subsidize power utilities, as they are unable to recover total cost of electricity (another major deterrent to private investment). Admittedly, the utilities' inability to recover cost is because of a number of factors related to poor governance and not to the policy itself.

Any sound policy though must take in to account the environment for implementation. The World Bank, which supported policy formulation and its execution, holds GOP responsible for its lack of commitment to WAPDA restructuring and its inability to manage private power contracts. This charge is self-incriminating for the Bank. The government's capacity to restructure, manage contracts, or to regulate private infrastructure was well known before policy formulation. The bank has held GOP responsible with a lack of will to reform and a lack of capacity in a number of projects for which it has provided 'assistance' over many years.

It is invidious to discover this well-known fact after the event. This charge is a good example of why textbook recommendations do not always work and that major 'reform' programmes must be pilot tested for gradual roll out.

5. Project planning, Execution, and Problem Solving

Projects are what give shape to government policy and programmes. A new highway, water storage dam, power plants are the means to implement government infrastructure development programmes. These will generate economic growth through industrial and agriculture development. They may also meet the objective of inclusive growth through regional connectivity. Training of teachers, woman health visitors, and court officials would result in improved quality of learning, better mother and child health, and timely justice. Project planning needs to be rigorous and in a way, that ensures successful delivery in the country:

5.1 Ensure competence: Project head and officials must have managerial and technical knowledge of the projects under execution. As projects are time bound, it is appropriate to find the most suitable team from within government or outside. Relying on career officers may not be the best course in the case of projects. Experience, especially of past in-country projects, and professional knowledge are necessary.

5.2 Avoid quick staff turnover, especially of senior project staff

5.3 Political commitment for large projects: It is key to planning and execution of large projects that are executed over several years with likely change in party in power. The political consensus must be broad and at the very least include major political parties. Policymakers and project planners must also seek NGO and media support for the project. In the 1960s and 1970s, Pakistan executed some of the largest water storage projects in the world. Similarly, it had a successful agriculture research programme as well as one for population control. Together, the first two converted the country from a net importer to net exporter of food grains. Since then, most large projects have suffered for want of political consensus. The Kalabagh dam has been a visible victim of a lack of political agreement, setting back Pakistan's irrigation programme by decades. With political rhetoric passing for analysis, the project's advocates and its foes have painted themselves in a corner. They have made it difficult to hold rational discussion. The Lahore Islamabad Motorway project saw long delay in execution because of changes in government. One political party did not wish to execute the project. In Sindh province, a number of projects do not find traction, as they are not of interest to one or the other political party (even when they formed a coalition government).

5.4 Broad consultation: In planning a project, it is very necessary to consult a broad range of people. Intended beneficiaries will help identify needs and project goals and deliverables. External experts would share knowledge and experience. Bringing in finance ministry officials and those responsible for land acquisition would ensure

adequate resource envelope and timely availability of land for the project. Officers who would execute the project could identify possible pitfalls on the way. Political consensus will ensure completion of project even when governments change midstream.

5.5 Rigorous planning with detailed execution plans: Murphy's Law holds in project execution as it may in many other places. 'Anything that can go wrong will'. Delay in many projects result from inadequate preparation for land acquisition. The much-trumpeted Raising of Mangla Dam project was to restore storage capacity close to the dam's original pre-silted level. The project's initial estimate was fifteen billion rupees for enhancing the height of the dam walls to store more water. The construction completed with not much delay and at seventeen billion rupees at not much higher a cost than original estimates. The planners and the executing agency, however, did not provide for timely acquisition of land needed for the enhanced catchment area. The dam storage has not increased by even a single drop several years after completion of civil works. The more government pays for land the more its many owners increase demand. Since then government has revised the cost to about one hundred billion of which so far it has spent ninety-three. Of this, more than seventy billion rupees have gone for land purchase. Yet, land acquisition is not complete and no more water can be stored than what the dam did before the project began. Complex laws and involvement of a number of governments have meant inordinate delays. Poor governance and lack of transparency in price of land has been a major concern. Other projects run in to engineering challenges, lack of community support and financial difficulties. There is no such thing as the perfect plan, but professional and experienced preparation would avoid hurdles during implementation. Consultation with all stakeholders and especially the intended beneficiaries will help.

5.6 State clearly, what the project hopes to achieve and what may go wrong, as well as the risks of failure: The project must have clearly stated goals, measurable indicators of delivery, and a direct link with a stated government policy. It must have also quality indicators. The project document may contain PERT/CPM charts and list all activities and who is to perform them. It may also state the risks that could likely cause delay or make the project sub-optimal as well as the loss to the economy or to a group from lack of delivery.

5.7 Ranking of projects: The approving and funding agency of the government (Planning and Development Ministry/Department) must rank projects by importance. They may have stated and approved criteria for doing so. Fund allocation for the projects must follow project ranking. This will reduce allocation for politically driven projects.

- 5.8 Pilot or gradual roll out of projects: For complex projects, especially some in the social sector that call for involved delivery mechanisms, it is best to test out during implementation. This requires starting with a pilot and gradual roll out.
- 5.9 Strengthen the present project management information system, by ensuring regular updates, providing details of deliverables, dates by which achieved (with quality indicators), and the office responsible for achieving of task. For major projects, the MIS will be the basis for Cabinet/PM review. For other projects, projects may be reviewed by Cabinet committee and below cabinet level.
- 5.10 Planning Commission may prepare and update industry standards for procurement of engineering and consulting services for major equipment for projects.
- 5.11 No project may begin without approval.

6. Public Private Partnership

It is desirable to build infrastructure projects through PPP. The current scale of public investment is wholly inadequate for Pakistan's needs. Even more alarming is the political influence that guides project selection. The limited funds available for infrastructure are not put to the best use. Given the amount of funds available for development, there is no certainty how long it would take to complete projects for which they are assigned. PPP too is not without risks, especially in an economy with a small private sector. It is especially risky where the government's capacity to manage PPP contracts is limited. Regardless, Pakistan cannot grow with the present pace and method of infrastructure development. Our private sector will remain at a competitive disadvantage compared to those from other countries. This paper recommends:

- 6.1 A plan for PPP: Pakistan may promulgate a PPP law and declare an initiative with an apt slogan or title (say 21st century infrastructure for Pakistan) with a cross section of participants to advocate PPP development, build knowledge, legal framework and motivate public and private parties.
- 6.2 Identify selected sectors for PPP: Reorient government organizations to work on the PPP model and build their capacity. In addition to traditional skills, the organizations would need experts and ability for contract management, financial and commercial analyses, legal expertise, and a robust mechanism for supervision and monitoring private performance. Introduce a culture, which accepts and encourages the private sector to become credible development partner.

- 6.3 Announce a policy framework that would support PPP, which provide incentives, a support fund for financial closure of projects, and the criteria for providing incentives and support. It is important to avoid the pitfalls of the Independent Private Power policy, which went too far in providing government support. The government must learn lessons from implementation of the private power production policy.
- 6.4 Set up a high-level committee under the Prime Minister: this committee will approve policy framework, incentives for PPP and the criteria for allowing incentives. It will also approve PPP projects, review progress, and where needed for early trouble shooting of issues that impede implementation.
- 6.5 Establish processes and systems: Government must establish a robust mechanism to ensure a reliable and predictable process for sourcing bids and for approving PPP proposals. The process must include all agencies engaged in approvals, especially those in the provincial and local governments who allot land title. It must track the paper trail and review where delays may occur. The above noted Prime Minister's committee may monitor this process.
- 6.6 Set aside public sector funds to support financial close: Divert part of government project allocations for use as viability gap fund as well as to help with financial close of PPP projects. Private sector will take up only profitable projects. It is important to provide a fund to meet the gap in viability for projects not profitable on their own. This will help with financial close. This fiscal year government has allocated more than one hundred billion rupees for road development. It spends about fifty billion rupees annually on irrigation. It can divert part of these sums in support of PPP projects in the sector.

7. Rule of Law

It is critical to provide timely justice and ensure uniform and fair application of the law:

7.1 Reduce delay and backlog:

1. Increase budget for courts to help with more judges
2. Revisit procedures for trial of cases. Loopholes allow delaying cases by seeking adjournments
3. Small claims courts and informal dispute resolution mechanism for minor disputes
4. Specify deadlines for different type of cases

7.2 Begin a fast track program of training of judges: Judicial structure needs to be strengthened through de-centralization and to cope with the rising demands of knowledge economy and the new challenges of the corporate sector. Modernize the working of the Federal Investigation Agency.

7.3 Accountability: Six month review of court performance by an independent agency to be made public (especially information about backlog of cases)

Role of Election Commission

7.4 Election Commission must ensure that political parties hold internal elections according to accepted practices. Election Commission must monitor the elections.

7.5 Election Commission of Pakistan may ensure strict application of provision in law and constitution for not granting permission to contest elections to people guilty of misconduct.

7.6 Reform structure of Election Commission, ensure application of selection criteria for senior level positions

7.7 Strengthen rules and procedures for conduct of general elections and invoke support of the military.

7.8 Strengthening of Election Tribunals is necessary for early dispute resolution and settlement of complaints.

7.9 EC may study use of technology and IT support to reduce complaints and election disputes

7.10 EC may study also phasing of elections

8. Support environment

8.1 Policy research and academia to strengthen role of parliament, media, and civil society:

1. A robust and active academia involved in meaningful policy research will help government develop strong and successful programmes.
2. Such work will assist parliament oversight of executive as well as inform media and the civil society to serve as check

Civil society has an important role in improving governance. For example, it can reduce the negative effect of the political economy. As the civil society is still evolving in Pakistan, they must have research and information to support their work. Perhaps it is for the academia to play the role. Experts and academia must raise awareness through fact based research and policy papers. For example, academia may research and make public issues of government finance or of subsidy for specific sectors. These include the inequity of the tax and spending policies. They may also cover issues that governments find difficult to manage, despite their intention to do so. For example, they may prepare reports on how to improve performance of public sector organizations or how to make the energy and transport sector sustainable. The research may be widely available for use by all including the government. It may call for making endowments and grants available to academic institutions.

Disseminating information: Despite a freedom of information law in the country, it is hard for an individual, affected government misuse of power, to obtain information to pursue redress.

Government may designate an organization to help such parties obtain information: The media is often quick to cite instances of misuse of power. It is unclear if this has had an effect. Usually, people in power misuse their position knowing that they can get away with it. This has occurred often enough and is clearly a systemic issue. Usually also, some transgressions are not pursued and become old news. This is so because there is not enough evidence in support for the party affected by the misuse to pursue it in courts. A government department such as the federal Ombudsman designate officials (reporting to an independent board of trustees) to help the affected party obtain information from government records and research further in order to collect evidence and seek redress. This organization must have a budget managed by the independent board. This way the aggrieved party may seek to redress a wrong. Although this is complex to manage and most governments will resist measures that will be used against them, it has the potential to affect governance significantly.

Table of Recommendations

1. Government Systems: Corporatize Management

		Major Activity	Responsibility	Minor Activity	Requirements
1.1	Manage by Results	5. Set one year goals and targets for each ministry	By a specially constituted senior level team in each ministry with stakeholder consultation	Set targets for individual wings and sections	4. Job objectives 5. Job descriptions 6. Performance Standards (Prioritize and phase implementation)
		6. Approval of ministry goals at start of new year and review achievement at year end	Ministry will initiate for Cabinet approval	Provide resources	
1.2	Incentivize Behavior	3. Protect officials against arbitrary treatment	Central rule- making authority	Build procedures and criteria for posting and transfer	
		4. Link incentives, promotions and appointment to performance	Central authority, administrative head, and consultant	Revise performance appraisal forms (ACRs) and link with targets	
		7. Develop guidelines for performance	Central authority (with consultant and administrative head)	Prepare position specific guidelines	
		8. Ongoing accountability	Administrative head with central authority	Review of performance and observance of financial discipline	
1.3	Prioritize major objectives	Link budgets with major targets	Ministry planning team and MoF, enforce MTBF		
1.4	Devolve and Decentralize	3. Service delivery at local levels 4. Involve communities and NGOs in needs assessment and delivery	4. Top level decision based on 18 th constitutional amendment and international practice of local governments 5. Create a financing dispensation for local governments 6. Guidelines at federal level, implementation at all levels		

2. Build Capacity (for all civil servants: service delivery officials, project managers, and policy makers)

Service delivery staff (their career path is known and they move within functional stream)

2.1	Prioritize key areas because of institutional constraints (E.G. law enforcement, health services, financial management, and development planning)	Trg administrators and specialists
2.2	Identify skills deficit based on job needs	---do---

Management and Policy making levels (generalists whose career path is not known)

2.3	Job specific training	<ol style="list-style-type: none"> 5. Needs assessment for each position (prioritize and phase because of enormity of task) 6. Training institution to provide intensive one-week training in the specialized area for senior management positions (Secretary, Additional Secretary, heads of organizations) 7. Prepare training modules for specific prioritized positions 8. Make modules available online to enable officer to pace herself within a mandatory period. Logs and self-tests may be built in the online course
2.4	Person specific training	Meet individual needs E.G. for officers on track for leadership positions courses in executive competencies (strategic planning, leadership skills)
2.5	Set objectives and outcomes for all training	
2.6	Use private and public training service providers. Think tanks, business schools	
2.7	Enhance capacity of training institutions, especially NSPP and develop links with IBA, LUMs	
2.8	Stipulate minimum number of days of training each year (in a training institution)	
2.9	Stipulate a minimum set of training for promotion to next higher levels	
2.10	Build culture re-orientation into all training (such as achievement of results, concern for service recipient, uniform enforcement)	

3. Culture Change

3.1	Satisfaction of service recipient	<ol style="list-style-type: none"> 5. Manage by results, emphasis by senior l'ship 6. Set outcomes and performance standards 7. Build user needs into all plans 8. Make positive feedback from recipients part of performance standards (consumer surveys)
3.2	Innovation and ownership to maximize delivery	<ol style="list-style-type: none"> 4. Incentives 5. Training 6. Best practices
3.3	Move officers among government, academia, private sector (if possible)	<ol style="list-style-type: none"> 3. Spend two years in a public training institution or university 4. Complete a study or project
3.4	Access to information	Each ministry may post on website list of available documents and the process of accessing documents not posted, but permitted to be made public under the Right to Information Act/s
3.5	Each ministry and organization may post on its website goals, targets outcomes, and service	List all services and how to access these. Strengthen PILDAT, and Pakistan Institute for Parliamentary Services
3.6	Support parliamentary oversight	Parliament committees must receive support from academia, policy think tanks, and surveys
3.7	Move from service delivery exclusively by government to involve NGOs and private service providers (with regulatory oversight)	<ol style="list-style-type: none"> 5. Involve NGOs in service delivery 6. PPP service delivery (See 6 below) 7. Support with public funds 8. Regulatory oversight

4. Policy making and Implementation

4.1	Build competence	(See recommendations for training modules and specialized crash courses above)
4.2	Consultation and feedback	Consult and involve: experts, service recipients, implementation officials, parliamentary committees (not necessarily accept all advice)
4.3	Base policy on ‘what works’	Relate ‘best practices’ to delivery officials’ capacity and recipients’ behavior and practices
4.4	Implementation of policy	Each policy must have accompanying implementation plan, projects, timeline, budget
4.5	Policy document must give possible options, costs involved, basis of selected option, cost to beneficiary, risks of failure and what to guard against	
4.6	Policy must set achievable objectives, outcomes, measurable performance indicators	
4.7	All policies must have ministerial/ECC/Cabinet approval	

5. Project Planning, Execution, and Problem Solving

5.1	Ensure technical and managerial competence	Project head and officials to have technical and management knowledge in the field of the project								
5.2	Avoid quick staff turnover	Dedicate staff preferably for the duration of project for continuity and accountability								
5.3	Political commitment for major national/projects	The political commitment must be across party divide lines to ensure continuity. Involve opposition parties in NEC meetings.								
5.4	Broad consultation to plan projects	<table border="1"> <tr> <td>Purpose</td> <td>Stakeholder</td> </tr> <tr> <td>Knowledge and experience</td> <td>Internal and external experts</td> </tr> <tr> <td>Identify needs and deliverables</td> <td>Beneficiaries</td> </tr> <tr> <td>Ensure seamless delivery</td> <td> Officials: 1.Finance Ministry 2.Land acquisition 3.Environment experts 4.Implementation officials </td> </tr> </table>	Purpose	Stakeholder	Knowledge and experience	Internal and external experts	Identify needs and deliverables	Beneficiaries	Ensure seamless delivery	Officials: 1.Finance Ministry 2.Land acquisition 3.Environment experts 4.Implementation officials
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5.5	Rigorous Planning with Detailed Execution Plan	PC 1 must list implementation steps, PERT/CPM, quality and quantity indicators								
5.6	Project document may state goals, outcomes, and performance indicators									
5.7	Ranking of projects	Consultative between ministry and approving agency								
5.8	Pilot or gradual roll out of projects	Especially in complex delivery projects in social sector								
5.9	Strong project MIS	4. Base on PERT/CPM 5. Regular updates regarding timeline of delivery 6. Form the bases for high level review								
5.10	Planning Commission should prepare industry standards for procurement of equipment and services	5. Have standards and specs for products and services 6. Have cost standards 7. Allow flexibility for new entrants and substitutes 8. Consistent with PPRA								
5.11	Project approval	No unapproved project, PDWP/ DDWP/CDWP/ /ECNEC approval								

6. Public Private Partnerships

6.1	Develop a plan for PPP	<ol style="list-style-type: none"> 6. Promulgate PPP law 7. Begin advocacy, motivate officials and private players 8. Declare an initiative with an attractive sound bite 9. Build knowledge about implementation of PPP 10. Develop legal framework
6.2	Identify selected sectors for PPP	<p>Build capacity in addition to traditional project skills:</p> <ol style="list-style-type: none"> 5. PPP contract management 6. Financial and commercial analyses 7. Legal mechanism 8. Mechanism for supervision and monitoring of projects
6.3	Announce policy framework consistent with PPP law	<ol style="list-style-type: none"> 5. Give incentives, comfort and guarantees 6. Establish viability fund 7. Draw lessons from extravagant IPPs policy 8. Criteria for government guarantees for financial close
6.4	Set-up a high level PPP committee under PM	<p>Committee will:</p> <ol style="list-style-type: none"> 5. Approve policy framework and enabling environment 6. Ensure incentives are accorded by criteria 7. Approve projects 8. Review progress and ensure cooperation of other ministries and provincial and local governments
6.5	Establish processes and systems	<p>Need for predictable and reliable process to:</p> <ol style="list-style-type: none"> 5. Invitation of bids 6. Their criteria for selection 7. Timeline for all agencies to approve or decline 8. Special guidelines to invoke cooperation among various government levels federal, provincial, and local
6.6	Set aside public sector funds to support financial close	<p>Viability Gap Fund may be funded partly from PSDP/ADPs or newly constituted PDF</p>

7. Rule of Law: Uniform and Fair Application of Law

7.1	Reduce backlog and delays	<ol style="list-style-type: none"> 6. Increase budget to increase number of judges, especially in lower courts 7. Revisit procedures for trials 8. Small claims courts and informal dispute resolution 9. Specify maximum period for different types of cases 10. High Court benches at divisional levels, lower courts at Tehsil level
7.2	Fast track programme of training of judges	Special emphasis on commercial disputes, IT based transactions, and emerging corporate practices
7.3	Strengthen commercial courts and update domestic arbitration law	
7.3	Accountability	Six month review of court performance by an independent agency to be made public (especially on backlog of cases)
Role of Election Commission in General Elections		
7.4	Political parties should hold internal elections, monitored by EC	Election Commission may ensure that all parties hold internal party elections as per procedures
7.5	Granting permission to individuals to contest elections	Election Commission may ensure strict application of misconduct rules no violation of constitutional provisions
7.6	Reform structure of Election Commission	Ensure application of selection criteria for senior level positions
7.7	Conduct of general elections	Strengthen rules and procedures for conduct of general elections, prudence in appointment and guidance of ROs, invoke military support
7.8	Strengthen Election Tribulations and set timelines	
7.9	Use modern IT based technology	
7.10	Phase the elections	

8. Support Environment

8.1	Role of academia and policy research institutions	<ol style="list-style-type: none">3. Provide information and ideas support to parliament, civil society and media4. Planning Commission funding for think tanks for economic development research
8.2	Role of civil society, media, and NGOs	<ol style="list-style-type: none">3. Raising public awareness, disseminating information, and providing oversight of executive action4. Set up mechanism for Citizens Score Card, governance surveys
8.3	Role of political parties in raising public awareness	<ol style="list-style-type: none">2. Some political parties have increasingly emphasized need for cleaner and responsive government and raised public awareness on the issue

9. Structural Reforms: Rightsizing of Government

9.1	Ensure full transfer of functions according to constitution
9.2	Undertake 'Zero Based Budgeting' of prioritized ministries and organizations
9.3	Development of remuneration policy and move towards monetized compensation

10. Restructuring of PSEs and their privatization

11. Improvement of tax administration

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6 Conclusions

From the point of view of governance ability, it will do well to see in one image where Pakistan stands when compared to a select group of developed and developing countries. Table 6 helps in drawing some general lessons:

- In general, countries with a higher public outlay have better quality of life indicators.
- They also perform better on a number of other governance criteria.
- An important part of high public spending is the amount of money spent at below national level. Typically, such expenditure helps with the creation of those public goods that directly improve citizen living standards.

Caution though is necessary. The level and quality of public expenditure is an outcome rather than the cause. It is easier for wealthy countries to set aside higher proportion of their national income to public spending, even though the matrix takes percentage of GDP and not absolute values in to account. In turn, wealth is the result of higher productivity, which comes from the quality of human resource and the quality of institutions in the country as well as their accountability. These are not circular conditions, but it is clear that one reinforces the other.

The purpose of this Report is to find how best to improve governance in the country. It does not assume a priori that good governance is necessary for a stable society, but determines that there is a direct link between governance and quality of life indicators. These indicators measure economic and social performance as well as that of security and stability. Most rich countries score high on all indices validating what we know already that these societies enjoy a high level of well-being and stability. Such countries are at the top of all governance and well being indicators.

The Report covers the role of institutions in governance and thus in maintaining a high quality of life and social stability. Institutions set the rules of conduct and enable cooperation for societies to reach higher goals. In turn, strength of institutions, among other things, depends on the faith put in to them by those in power as well as by the society. Conversely, countries that do not do as well have weak institutions and governance and thus are weak states.

Table 6: How Much do Governments Spend and with What Results

Country	Government Expenditure*		WGI Rank 2011	HDI Rank 2011		Failed States 2011	TI Rank 2011	GDP per Capita
	% GDP	Ranking						
Denmark	58	5	5	16	Very High HD	173	2	36,450
Finland	56	7	3	22	do	177	2	34,585
France	56	8	15	20	do	161	25	34,077
Sweden	55	9	2	10	do	175	4	38,031
Uruguay	32	99	24	48	High HD	154	25	14,296
Romania	39	66	59	50	do	126	75	11,860
Cuba	75	2	97	51	do	86	61	9,855
Jordan	33	92	109	95	Medium	96	56	5,644
Sri Lanka	25	134	130	97	do	29	86	5,220
China	23	143	140	101	do	72	75	7,519
India	29	114	152	134	do	76	95	3,339
Pakistan	20	156	166	145	Low	13	134	2,791

Source: Heritage Foundation, 2012 Index of Economic Freedom, Explore the Data, Macro-economic data, ranking of countries by indices from the website and Reports of each of the organization issuing the index.

Note: Country selection is based on HDI categorization of Very High, High, Medium, and Low human development countries. Countries selected from very high HDI category also have high scores on other indices as well as on OECD's well-being and satisfaction index, which this Report does not cover. Pakistan is the only selection from the 'Low' category. The assumption here is that, of all indicators, high public spending and human development have the best linkage.

Legend:

Very high human development	High	Medium	Low
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The Report identifies a number of key issues in Pakistan that weaken governance in the country. At the top is a lack of awareness and consensus on the country's overarching goals. In addition, it includes the tendency to place personal or group interests above institutional or state interests. It includes also unhealthy competition among institutions in a way that often leads the groups to undermine each other. Competition for power among institutions of the state results in the state moving from one crisis to another. In fact, Pakistan remains in continuous crisis. There is no end

to the crises just temporary ebbs after which another one is sure to follow. In the process, each part of the state loses legitimacy.

Likewise, the political economy works against the interest of the majority. The lack of capacity of civil servants and a culture of patronage too is a barrier, as is a lack of participation in government at the local levels. From the way they operate, political parties cannot input in to policies or articulate views of their electorate. Lastly, lack of capacity of the civil society and of other interest groups does not allow them to hold the people in power accountable. It prevents a check on corruption.

Pakistan finds itself at the centre of vast changes. It is not an authoritarian state. In form, it is a functioning democracy based on a representative government, a parliament, and a free press. The people have the freedom to assemble and create organizations. At the same time, it is a state run by small elite.

On the one hand, the executive needs adequate powers for effective governance. It must have the ability also to enforce the law, and, make and implement policies. Remaining in perpetual firefighting mode, the state loses its ability to do so. On the other hand, lack of ability and ineptness has become the hallmark of the executive. It also overtly misuses power to serve self and family interests. Its lack of competence and conduct takes away its legitimacy. It cannot count on the support of the people to succeed in the power struggle. Rule of law and accountability too are weak.

The people best placed to reform are those whose interest these would affect the most. A committed leadership must bring about reforms. Yet, at present, they are the main beneficiary of the status quo. Why would they reform? Either the people come out to the street (which creates further instability and is something to be avoided at all cost) or the civil society gains enough strength to force reforms. Both conditions are missing in Pakistan. Any recommendation this Report makes must recognize such limitations. Empowering civil society and political parties is important for the future of Pakistan.

Identification of issues does not mean that a menu of solutions is available and which with one touch will solve the problems. Such deep fissures and issues are too complex and deep set for easy resolution. The situation calls for commitment and high level of ability by the leadership, and consistent collective will of all.

The analysis above makes one thing clear. Instead of looking for bureaucratic solutions a deeper approach and understanding of governance is necessary. The literature recognizes the conundrum faced by poorly governed states though it is at a loss to give solutions. What is it that moves societies to rise up to the challenges that it faces. For example, why did Japan respond with what is known as the Meiji restoration when attacked by the US navy? Another nation may respond passively. What accounts for such differences in national response? Literature is no guide.

It is difficult to say which part of the state or society could be the agent of change in Pakistan. There are many possible entry points for change to occur. Industrial policy in Japan and South Korea, well designed and equally well implemented, brought economic growth and created wealth in the country. In turn, growth strengthened civil society that ensured that the state pursue policies to serve general over particular interests. Later, these forces called for democracy in the country. In this way, in Japan and South Korea, the state was the agent of change⁸⁷.

Not to be ruled out entirely, for now it seems unlikely that the executive will suddenly embark on a route to reform. It does not have the ability and has consistently shown a lack of will to do so. Perhaps, the courts that have asserted autonomy and resolve will bring the change.

It is possible for the rule of law to force the Pakistan government away, at least, from the more severe levels of misconduct that has become its attribute. This was the stimulus for change in some countries of Europe. There is the beginning of such a move taking hold in Pakistan. Though to what extent this will change executive behavior is not clear and, in any case, at all levels, the courts may have to demonstrate that their own propriety is beyond doubt. On occasions, they too show that they care as much for their power as they do about dispensing timely justice.

Pakistan's business sector may become a force for modernity and change, though for now, that too appears unlikely. The business sector does not yet have a critical mass and relies too heavily on state patronage. There may emerge a new class of entrepreneurs who find the present environment not conducive to their growth. They may organize into a force to demand change, though so far there is no sign of any such movement.

Education seems to hold the biggest promise for change. Education creates economic opportunity and helps people access higher standards of living. Prosperity will create the demand for improved governance. Education will also make people receptive to ideas and one that will lead to an informed and organized civil society, aware of rights and on how to achieve them. Given the extent of education deficit in the country, this requires carefully designed institutional mechanism and delivery and funding as well as a curriculum prepared with rigor. Mostly though, it requires leadership and commitment. Yet, that does not seem to be evident.

One option is off the table. It is not possible to 'engineer prosperity'⁸⁸, especially by outside experts. A laundry list of 'things to do' does not help because indeed wishes are not horses. Nor would a much trumpeted 'growth strategy' that is currently pushed by the government as a panacea for all the country's troubles help. They may have logic --- all recommendations do--- but without relating such ideas to the working of institutions and incentives in the country there is little to hope from these efforts. Their only economic benefit is that they help some people remain employed. Such efforts do more harm than good. They give the impression of a concerned government and allow it to avoid reforms. In fact, examples of engineering policies have sometimes had the opposite effect in Pakistan.

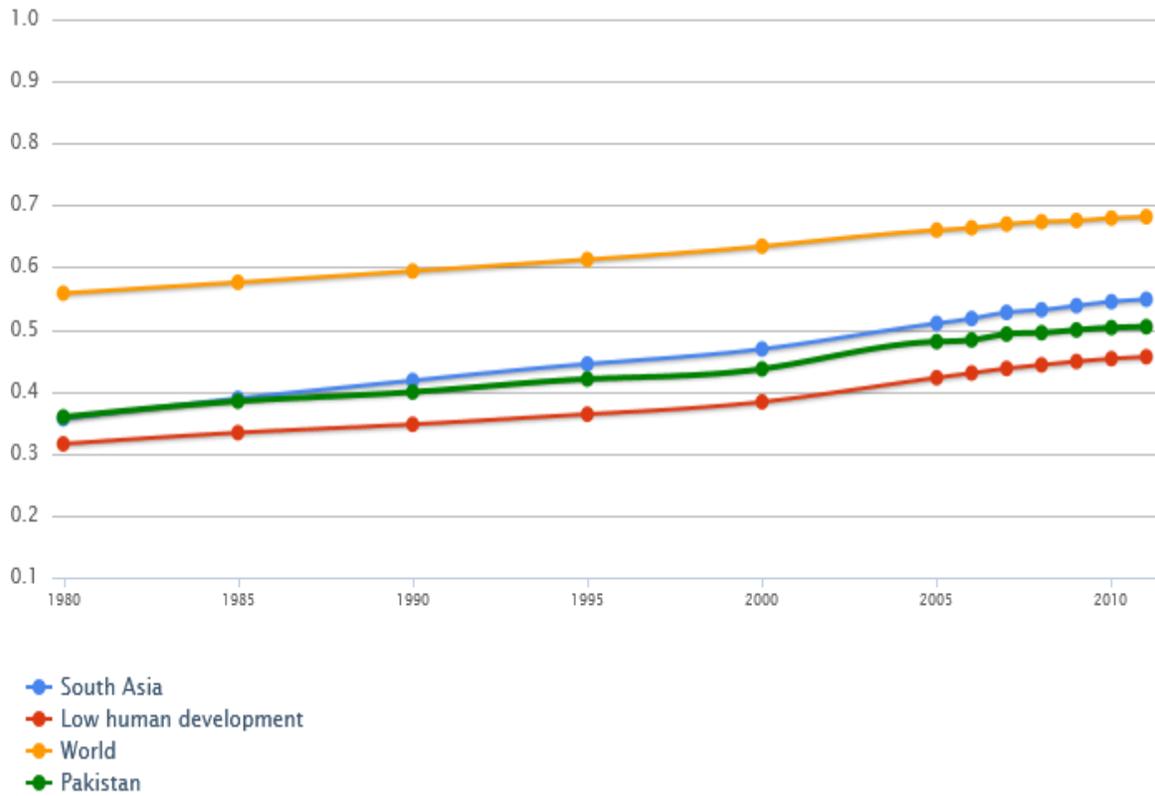
Some reasons for optimism exist. Calls for reform in the country have gained in intensity. Increasingly too, they come from a broad base of groups with diverse and a plurality of interests. This means that the pressure for change may likely come from them with the possibility that one will act as a check on the other. The country also has, in form, basic institutions in place that can help implement a reform agenda. Pakistan has a sound structure of civil service, the courts, a legal framework, with emerging democratic institutions. It has a robust constitution. These institutions do not work well at present, but they hold promise.

It is important to be realistic too about change and to temper ambitions. Pakistan cannot become a Denmark or a Finland overnight. Its best bet is to move forward incrementally and to prioritize objectives. From a fragile state, that cannot even perform minimal functions, such as law and order and tax collection, it must try to become a stable state. At a minimum, that requires government to have a monopoly on violence. It would help too if parts of the state stop the turf wars and work to strengthen the country.

Once Pakistan achieves the above basic objectives it may move to become an inclusive state with policies to benefit a larger part of the population. It is important that at all times the country may strengthen the institutions of democracy and empower the civil society.

In the end, it is not possible to ignore the rules of contingency. Could Singapore have accomplished what it has without the leadership of Lee Kuan Yew? There are many examples in history to give hope or otherwise.

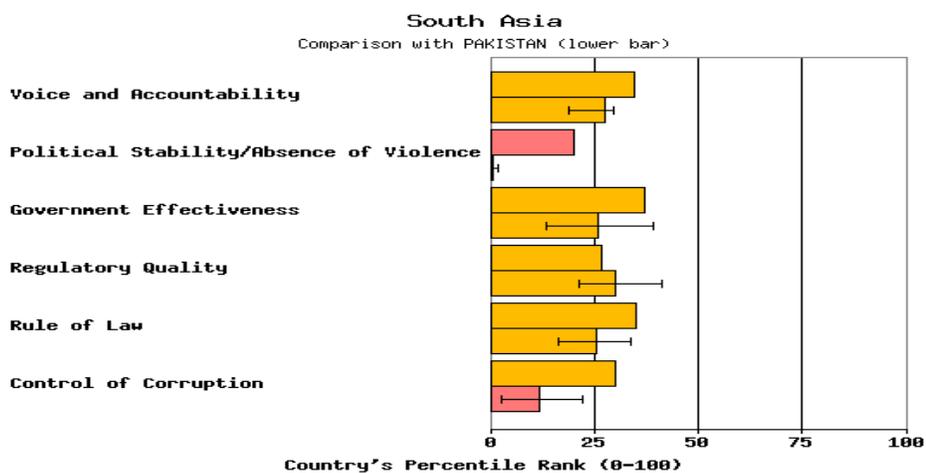
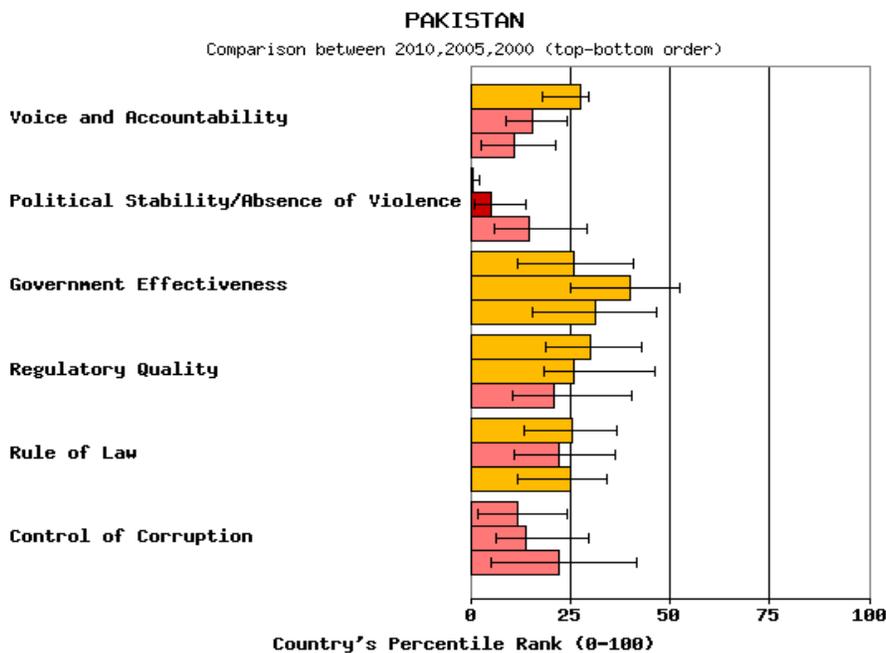
Pakistan's HDI Score VS World, Low HDI Countries, & South Asia



Source: UNDP Human Development Index 2011

World Governance Indicators

Not only does Pakistan score low on the overall index, its score has declined in the three key dimensions of stability/violence, government effectiveness, and corruption (first chart). Pakistan lags behind in five of six dimensions when compared to the average of South Asian countries (Chart 2).



Source: Kaufmann D, A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicator, The World Bank

Notes

¹There is no agreement on a definition for terrorism. The United Nations has not been able to conclude the Comprehensive Convention on International Terrorism. Academia has many explanations about the causes including personal ones (Mohammad Atta, supposed leader of 9/11 was ‘depressed, enraged and suicidal’). Most Afghan ‘terrorists’ may have lost a limb or may be terminally ill. Robert Pape of the Chicago Project of Security and Terrorism, University of Chicago gives a number of possible causes, among them, poverty, and poor education. One research suggests that political environment with ‘intermediate levels of freedom’ when governments are weak and unstable provide conditions that are favorable for terrorism.

² Justine Fleischner, Governance and Militancy in Pakistan’s Swat Valley, CSIS October 2011, Program on Crisis, Conflict and Cooperation.

³ Noah Feldman, The Fall and the Rise of the Islamic State, A Council on Foreign Relations Book, 2008 Princeton University Press, 41 William street, Princeton, New Jersey, pp. 19-20.

⁴ Human Development Report 2011, Sustainability and Equity: A better future for all, United Nations Development Program, Palgrave Macmillan, Houndmills, Basingstoke, Hampshire RG21 6XS and 175 Fifth Avenue, New York

⁵ Governance and Militancy in Pakistan’s Swat Valley, Justine Fleischner, CSIS October 2011, Program on Crisis, Conflict and Cooperation

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⁷ The Fall and the Rise of the Islamic State, Noah Feldman, pages 19-20, A Council on Foreign Relations Book, 2008 Princeton University Press, 41 William street, Princeton, New Jersey

⁸ Francis Fukuyama, et al., The Origins of Political Order, From Prehuman Times to the French Revolution, New York 2011 p. 470.

⁹ Sun Tzu Circa, Art of War, 2000 BCE

¹⁰ Richard Gilpin, The Challenges of Globalization,

¹¹ Freedom Status, 1972–2011, www.freedomhouse.org

¹² Francis Fukuyama, et al., op.cit. ch. 1.

¹³ Ibid.

¹⁴ Based on information in the website of each of the mentioned organization

¹⁵ Increasingly, definition of governance includes the corporate sector though it is not clear if there is a measure for it. Weak regulation and firm level misconduct were behind the 2008 financial crisis. Its effect on the world economy was profound and is felt even today. Yet, one does not see much mention of it in the above indices. (The 2011 World Governance Index has Iceland at the top, an economy whose banks exposed themselves and the country to undue risks). One must assume that good governance relates in essence to government performance and the ability of the state to provide an environment for quality living and for pursuit of economic activity. It must also reflect in the state’s ability to protect itself militarily and in its economic prowess.

¹⁶ Daniel Kaufmann et al., The Worldwide Governance Indicators: Methodology and Analytical Issues, Brookings Institution, World Bank, September, 2010

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- ¹⁷ The Failed State Index 2012, Fund for Peace, 1720 I Street NW, Washington DC, www.fundforpeace.org
- ¹⁸ Corruption Perception Index 2011, Transparency International
- ¹⁹ Human Development Report 2011, Sustainability and Equity: A Better Future for All, United Nations Development Program, Palgrave Macmillan, Houndmills, Basingstoke, Hampshire RG21 6XS and 175 Fifth Avenue, New York
- ²⁰ Freedom in the World, Freedom House, 2012, www.freedomhouse.org
- ²¹ Doing Business, 2012, Doing business in a more transparent world, a co-publication of the World Bank and the IFC, Washington, DC, Internet www.worldbank.org
- ²² The Global Competitiveness Report 2011-2012, The Global Competitiveness Report 2011–2012 is published by the World Economic Forum within the framework of the Centre for Global Competitiveness and Performance
- ²³ Francis Fukuyama, et al. Op cit. (Based on discussion in the book and its structure),
- ²⁴ Criteria largely drawn from the writings of Francis Fukuyama in ‘State Building: Governance and World Order in the Twenty First Century, Cornell University Press, Sage House, 512 East State Street, Ithaca, New York 2004 and The Origins of Political Order, From Prehuman Times to The French Revolution, Francis Fukuyama, et al. New York 2011
- ²⁵ <http://pakistanbodycount.org/analytics>
- ²⁶ Dawn June 6, 2012, ‘Over 740 People Killed in Five Months’
- ²⁷ State of Human Rights in 2010, Human Rights Commission of Pakistan, Lahore, April 2011
- ²⁸ Anthony H. Cordesman and Varun Veera, Pakistan - Violence Versus Stability, A National Net Assessment, 2010, A Report of the CSIS Burke Chair in Strategy, p. XIII.
- ²⁹ Successful is admittedly a vague term. Here it refers to countries with a stable society, largely fair and just laws administered effectively, and progressively moving to better the lives of its citizens
- ³⁰ Douglas C. North, lecture on Violence and Social Order, Annual Proceedings of Wealth and Well-being of Nations Forum, Beloit College, Beloit, Wisconsin
- ³¹ Daron Acemoglu and James A Robinson, Why Nations Fail, The origins of Power, Prosperity and Poverty, Crown Business, March 2012
- ³² There has been simmering conflict for over three decades in Afghanistan, but one that is not felt too acutely in Pakistan. Its own experience of violence of recent years from terrorism and a gradual breakdown of order is yet sporadic.
- ³³ Douglas C. North, op cit.
- ³⁴ This title is taken from the term often used by Fukuyama in the book The Origins of political Order From Prehuman Times to the French Revolution, Francis Fukuyama, Farrar, Straus and Giroux, New York 2011
- ³⁵ Francis Fukuyama, et al., Ibid. p. 113
- ³⁶ Ibid.

³⁷ Discussion in this and the preceding paragraphs are drawn from the excellent and well researched analysis in chs. 6 through 12 of the book *The Origins of Political Order, From Prehuman Times to the French Revolution*, Francis Fukuyama, Farrar, Straus and Giroux, New York, 2011. My summary in no way does justice to Mr. Fukuyama's brilliance.

³⁸ Francis Fukuyama, *ibid.*, p. 185.

³⁹ http://en.wikipedia.org/wiki/Maulvi_Tamizuddin_Khan citing sources: (1) *The Test of Time: My Life and Days* by Maulvi Tamizuddin Khan, ch. 6, (2) 'For the Love of Cricket' by Omar Kureishi . In the Maulvi Tamizuddin case the Supreme Court decided in favor of unjustified dissolution of parliament by the then President (Governor General) of Pakistan, a former civil servant. It is commonly thought that the executive influenced the court in making the decision

⁴⁰ All data on tax to GDP ratio taken from Index of Economic Freedom data, Heritage Foundation, Washington DC, <http://www.heritage.org/index/>

⁴¹ The ratios have been calculated from information available on websites of national revenue collection agencies or of macro-economic information database.

⁴² Hernando de Soto, Quote from *The Other Path, The Economic Answer to Terrorism*, Basic Books, 2002

⁴³ Moeed Yusuf, *A Society on the Precipice? Examining the Prospects of Youth Radicalization in Pakistan*, 'Reaping the Dividend Overcoming Pakistan's Demographic Challenges, 2011 Woodrow Wilson International Center for Scholars, Washington, D.C., p. 80.

⁴⁴ Douglas C. North, *op. cit.*

⁴⁵ Nouriel Roubini, 'The Instability of Inequality', *The Project Syndicate*, June 18, 2012

⁴⁶ Moeed Yusuf, *op. cit.* p. 79.

⁴⁷ Daron Acemoglu and James A. Robinson, This thought is adapted from the article 'Persistence of Power, Elites, and Institutions', *American Economic Review* 2008, pp. 267-293.

⁴⁸ David Gilmour, et al., *The Ruling Caste, Imperial Lives in the Victorian Raj*, New York, 2006. First published in 2005 by John Murray, Great Britain, p. 91.

⁴⁹ Refer presentation entitled 'Impact of Devolution on Service Delivery' on the website of the National Reconstruction Bureau <http://www.nrb.gov.pk/pdf/index.html>

⁵⁰ *Ibid* pages 4, 5, 8, 10, 12, 15

⁵¹ *An Assessment of Devolution Reforms in Pakistan*, Centre for Public Policy Research, Institute of Management Sciences, Peshawar, 2010 with financial assistance by British High Commission

⁵² *When Tiers Clash: Devolution vs. Democracy in Pakistan*, Fred Carver, *e-International Relations*, August 2, 2012

⁵³ Ishrat Husain, "Retooling Institutions" in *Pakistan: Beyond the Crisis State*, C. Hurst & Co. (Publishers) Limited, 41 Great Russell Street, London WC1, pp. 149 - 168.

⁵⁴ Feisal Naqvi, *Making our Democracy 'Antifragile'*, *The Express Tribune*, July 2, 2012

⁵⁵ Douglas C. North, et al., *Violence and Social Order, A Conceptual Framework for Interpreting Recorded Human History*, John Cambridge University Press, New York, 2009.

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- ⁵⁶ National Judicial Policy 2009, National Judicial Policy Making Committee, Law and Justice Commission of Pakistan, pg. 5
- ⁵⁷ State of Human Rights in Pakistan in 2010, Human Rights Commission of Pakistan
- ⁵⁸ Pakistan 2020, A Vision for Building a Better Future, Asia Society Pakistan 2020 Study Group Report, p. 22.
- ⁵⁹ Pakistan 2020, A Vision for Building a Better Future, Asia Society Pakistan 2020 Study Group Report, quoting an ICG Report, p. 22.
- ⁶⁰ Law and Justice Commission of Pakistan, National Judicial Policy 2009, National Judicial Policy Making Committee, p. 5.
- ⁶¹ Pakistan 2020, A Vision for Building a Better Future, Asia Society Pakistan 2020 Study Group Report, p. 22.
- ⁶² Peter Drucker, Citing the example of Japan, he was of the view that not only was bureaucracy necessary, it must retain its special status and prestige. He expected it to lead and change the society quoted in Reforming Pakistan's Civil Service, Asia Report No 185, 16 February 2010, International Crisis Group.
- ⁶³ Andrew Wilder, Politics of civil service reform in Pakistan', Journal of International Affairs, Fall/Winter 2009, Vol. 63, No. 1, The Trustees of Columbia University in the City of New York
- ⁶⁴ Francis Fukuyama, State-Building, Governance and World Order in the 21st Century, Cornell University Press, Ithaca, New York, 2004
- ⁶⁵ Charles H. Kennedy, 'Technocrats and the Generalist Mystique: Physicians, Engineers and the Administrative System of Pakistan', Journal of Asian and African Studies, XVII (1-2), 1982
- ⁶⁶ James Gwartney, et al., The Scope of Government and the Wealth of Nations, Cato Journal.
- ⁶⁷ Index of Economic Freedom data, Heritage Foundation, Washington DC, <http://www.heritage.org>
- ⁶⁸ Francis Fukuyama, et al., op. cit., p. 470.
- ⁶⁹ Pakistan Public Administration Research Centre, Annual Statistical Bulletin of Federal Government Employees, 2005-2006, Management Services Wing, Establishment Division, Islamabad
- ⁷⁰ PRAVEEN SWAMI, 'FIGURES BUST MYTH INDIA'S BUREAUCRACY IS "BLOATED"', INDIAN NEWSPAPER, THE HINDU, NEW DELHI, JANUARY 30, 2012 QUOTING ECONOMIST V.K. RAMACHANDRAN
- ⁷¹ David Gilmour, et al. op. cit, p. 148.
- ⁷² Andrew Wilder, Politics of civil service reform in Pakistan', Journal of International Affairs, Fall/Winter 2009, Vol. 63, No. 1, The Trustees of Columbia University in the City of New York.
- ⁷³ Ibid.
- ⁷⁴ Reforming Pakistan's Civil Service, Asia Report No. 185 – 16 February 2010, International Crisis Group
- ⁷⁵ 'What it Means for Democracy', Huma Yusuf, daily Dawn, Karachi, 17 December 2012
- ⁷⁶ GlobalSecurity.org <http://www.globalsecurity.org/military/world/pakistan/political-parties.htm>

⁷⁷Irfan Ghuari, 'With 182 registered parties, Pakistan has one for every million', Express Tribune, Karachi, Pakistan, March 14, 2012.

⁷⁸Francis Fukuyama, et al., *ibid.* and Douglas C. North, et al., *ibid.*

⁷⁹ Douglas C. North, et al., *ibid.* p. 7.

⁸⁰*Ibid.*, p. 8, table 1.3.

⁸¹Rodan, Garry, Hewison, Kevin and Robison, Richard. (1997). *The Political Economy of South-East Asia: An Introduction*. Melbourne: [Oxford University Press](#), McGrew, Anthony and Christopher Book. (1998) *Asia-Pacific in the New World Order*. London: [Routledge](#), Shigeru Yoshida and Hiroshi Nara. (2007). *Shigeru: Last Meiji Man*. Lanham, Maryland: Rowman& Littlefield, wikipedia citation.

⁸² Causality and remedies are writer's interpretation, as these are not based on surveys or research.

⁸³Hunt, Lynn, Thomas R. Martin, Barbara H. Rosenwein, R. Po-chia Hsia et al *The Making of the West, Peoples and Cultures*. Vol. C. 3rd ed. Boston: Bedford/ St. Martin's, 2009.712-13, Bestor, Theodore C. "Japan." *Countries and Their Cultures*.Eds. Melvin Ember and Carol Ember.Vol. 2. New York: Macmillan Reference USA, 2001. 1140-1158. 4 vols. Gale Virtual Reference Library. Gale. Pepperdine University SCEL.23 November 2009, wikipedia citation.

⁸⁴ The Civil Service Reform Plan, HM Government, June 2012

⁸⁵Pakistan: A Frameworkfor Civil ServiceReform in Pakistan, December 15, 1998, Poverty Reduction and Economic Management, South Asia Region, Document of the World Bank

⁸⁶ The Civil Service Reform Plan, HM Government, June 2012, page

⁸⁷ Francis Fukuyama, et al., *Op. cit.*

⁸⁸Daron Acemoglu and James A Robinson, *op. cit.*p. 446.