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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
عَلَّمَ الْإِنْسَانَ مَا كَمْ يَعْلَمُ
TAUGHT MAN THAT WHICH HE KNEW NOT

ISSRA PAPERS

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ISSUES IN GOVERNANCE: REVISITING THE ROOT CAUSES AND IMPACTS OF CORRUPTION AND MISMANAGEMENT

Saeed ur Rahman

Introduction

Governance is generally conceived of as the exercise of economic, political and administrative authority in the public and private spheres to manage a country's affair at all levels to improve the quality of life of the people. It is a process where divergent opinions and desires are satisfied through compromise and tolerance in a spirit of cooperative action for the mutual benefit of the larger whole. "It has three dimensions: one, the political regime; two, the systems and procedures for exercising authority; and three, the capacity of governments."¹

The foundations of 'good governance' rest on the principles of freedom - of thought, of speech, from persecution and from hunger; equality – non-discrimination; justice; honesty; transparency; and accountability. Philosophical areas and religious texts are sated with the definitions and examples of both good and bad governance. The concept of 'governance' is based on lessons from history which records both the downfall of nations resulting from bad governance, and also lessons of how nations have risen to great heights as a consequence of 'good Governance'.

In recent years, the concept of governance has been evolving from, considered by some, the narrow definition used by the World Bank as "the manner in which power is exercised in the

management of a country's economic and social resources"² to the broader definition adopted by the Commission on Global Governance as "the sum of the many ways in which individuals and institutions, public and private, manage their common affairs."³

There is general consensus among think tanks that the best mechanism to sustain growth in the future is to ensure effective governance. This may be realized through reforms in civil services, improving the capacity of institutions to frame coherent policies and ensure their consistent implementation over time, developing suitable measures for legal recourse, improving resource mobilization at all tiers of government and controlling unproductive public expenditures. This paper is an attempt to discuss the implications of corruption and corrupt practices as an impediment to good governance and as a cause of the failure of institutional structures and the social and economic costs of mal-governance.

ISSUES IN GOVERNANCE

Economic Management

The proper allocation of resources to ensure wide spread and equitable economic and social development of a nation is the basic responsibility of any government and this can only be achieved through good governance. Unfortunately, this has been a dream for not only the policy makers of Pakistan, but also of its people. The rising poverty and the unequal distribution of the benefits of economic growth bear indication to the ineffectiveness in social and economic development exhibited by various governments in Pakistan since its inception.

Governments in Pakistan have included, and continue to do so, all economic, social and cultural activities through a variety of agencies, government, quasi-government, and public sector corporations. They are the single largest employers. They consume disproportionate amounts of credit and generate the largest amounts of rents. However, their contribution to equitable and sustainable economic and social development is dwarfed by the quantum of resources they pre-empt and the inefficient manner in which these are allocated, which have generated inefficiencies, corruption and rents accruing only to vested interest groups.

While governments in Pakistan have been spending and consuming more, their expenditure on the development of infrastructure and social services has been declining. The bulk of investment is into high profile low yield projects, support for inefficient organizations, and inefficient subsidies to the loss of social sector expenditures. “Other significant claims on government resources are for payment of subsidies (which are inefficiently distributed and are misdirected), welfare (which also are misdirected, centrally controlled, politically motivated, have high unit costs, and often exclude the disadvantaged segments of society - women, the poor - for whom they are meant) and public enterprise losses”⁴. And last but not least “increasing democratization has claimed a good deal of public resources.... cabinets have been expanding, demand for both public services and public employment has been rising, development resources have increasingly been

sought after by politicians for personal use, and public money has more often been spent on politically motivated projects”

Expenditure Management

In Pakistani society there is lack of transparency and accountability in the process of allocation and expenditure. Consultation in matters of taxation with vested interest groups has always existed. This has, however, improved over time as the composition of the legislatures is changed in favour of the urban areas. In making the budget, however, there is little external input. Expenditure requests are not scrutinized by legislators. Budgets are framed without a consistent macroeconomic framework.

Medium to long-term expenditure plans are not prepared, neither are such frameworks established. There is, therefore, no link between the composition of expenditures and the financing of the deficit to major economic parameters, such as growth and prices. This, therefore, erodes efficient allocation and effective management of the macro-economy. “Expenditure evaluation is minimal. Policy evaluation is largely absent. Audits focus on inputs. Impact assessments are rare. Service delivery evaluations are rarer still”⁵.

Corruption

Poor governance leads to, nay encourages and breeds corruption in a number of ways, like bribery and extortion, nepotism, and fraud and embezzlement. It reduces the efficiency on which an economy depends, and by increasing the cost of investment, lowers the potential return. It also reduces the government’s resources and hence its capacity for investment.

Corruption in Pakistan is unique because it occurs up stream, it has wings which encourage flight of capital rather than wheels which encourage reinvestment and it often rewards rather than punishes as the legal processes to fight corruption are weak in themselves and the lower judiciary is amenable to letting off the accused if the *'price is right'*.

Corruption remains a substantial obstacle for Pakistan where it is still perceived to be widespread and systemic. Petty corruption in the form of bribery is prevalent in law enforcement, procurement and the provision of public services. The governments' political institutions are seen as the most corrupt. Various efforts over the past years have tried to develop institutional mechanisms to address these problems. A National Anti-Corruption Strategy, which was developed in 2002, offers a comprehensive plan for tackling corruption. The executing agency, the National Accountability Bureau (NAB), is endowed with comprehensive powers to investigate and prosecute cases. However, a lack of political will, coupled with the perceived co-option of the judiciary and the arbitrariness of many anti-corruption proceedings, are major obstacles in the fight against corruption.

Anti-corruption proceedings have long been suspected of being skewed. They are mainly directed against members of the political opposition and minor civil servants while leaving the conduct of military officials and civilian ruling elites outside scrutiny. Moreover, the National Reconciliation Ordinance of October 2007 has granted blanket immunity for past corrupt actions,

shielding many public officials and members of the government from prosecution. If the current judicial system (which is considered partially in dependent) carries out action against the corrupt persons, the executive branch does not take get agree to obey the orders of the court.

The Transparency International Pakistan (TIP) launched the National Corruption Perception Survey 2010, according to which “corruption worth Rs 223 billion occurred in the country this year compared to Rs 195 billion in 2009”⁶. The report said during 2010, police and bureaucracy maintained their ranking as the two most corrupt public sector institutions, while land administration institutions ranked third in corrupt practices.

Corruption in the judiciary, education and local government sectors increased as compared to 2009, however, customs and taxation departments ranked lower in the list this year. TIP Chairman Syed Adil Gilani said, “In terms of bribery, land administration was the most corrupt sector, where average bribe paid in each incident was Rs 46, 414.”⁷ He said according to the survey, “about 70 percent of Pakistanis thought that the present government was more corrupt than the previous one”⁸. Among the four provincial governments, “Punjab government was the only one rated better than its predecessor, while the Khyber Pakhtunkhwa government was rated the most corrupt of the four”⁹,

The massive corruption was carried out “while issuing tenders for development projects, with at least 40 percent of the budget of a tender ending up in misappropriations”¹⁰. “Corruption is

the root cause of all problems in the country and owing to the lack of governance in Pakistan, the credibility of the country has fell internationally. This can be observed from the fact that the Friends of Pakistan Trust Fund, being managed by the World Bank, has not issued any funds to the country in the last two years. “The government of Pakistan needs to address corruption, as the judiciary did by announcing a judicial policy with a zero tolerance for corruption and the Pakistan Army did by removing its senior officers from civilian postings.

Causes of Corruption

The following have been major causes of corruption in Pakistan:

- Abuse of power by the public office holders.
- Political leaders’ incompetence.
- Poorly paid salary structure in the public sector.
- Lack of transparency.
- Absence of adequate internal/external controls to prevent Bribery.
- Poor legislative accountability is consistently a problem and runs the risk of hindering prospects for enacting long-term Anti-corruption reforms.
- Weaknesses in the judicial system.
- Illiterate and ignorant populace with inadequate public discernment of political choices
- Power of influential people.

- Lack of serious programme of combating corruption in the country.

Recommendations

- Head of the institutions and other leaders should be selected on the basis of merit and honesty and they should also be equally held accountable like anyone else.
- Reduction of corruption from the highest levels by setting up national anti-corruption commissions and independent watchdogs.
- Set up exclusive corruption courts, end unnecessary or archaic discretionary laws, enact legislation to improve accountability, ensure transparency and punish the corrupt severely and ensure time bound action.
- Require public officials to declare their assets.
- Provide immunity to informers and pass a Right to Information Bill.
- Educating the people to play an active role in the fight against corruption at all levels, and creating awareness of ill effects of corruption, in this way we can mobilize public support in the fight against corruption.
- Provide adequate salaries.
- Mass media can be used as an effective tool to fight against corruption.

- The democratic system and freedom of speech are real mechanisms that allow to effectively struggle against corruption.

Conclusion

The state to ensure sustainable and equitable development- it must realize that while the government has a role to play in economic development this can only be achieved best through a realization that such a positive role requires not an expansion in the scale of government activity, but an increase in its effectiveness and a major reallocation of its resources. Poor governance is now recognizable. There is a failure to establish a framework of law and government behavior conduces to development, with a tendency to divert public resources for private gain. No arbitrariness in the application of rules and laws with excessively narrowly based decision making mechanisms only exacerbate the problem.

Government must ensure equity and social justice. Moreover, the state needs to provide a major stimulus to economic growth, involving an equitable fiscal policy that emphasizes progressive taxation and 'pro poor' expenditures. There is the need for revitalizing existing state institutions. Political systems need no longer to have representation based on oligarchic interests. The civil service needs to be made more efficient. Similarly, judiciary needs to be more independent as well as accessible to people.

Ultimately, none of these reforms will take place without political will. Pakistan's crisis of governance stems from systemic political, economic and social challenges embedded in the country's

colonial and feudal past. Pakistan, as a former colony, inherited systems of financial accountability, an independent civil service, and a legal framework. However, because they were 'imported' from outside, they have not always taken root. Colonial rule implied accountability to the colonial power, rather than to citizens; it thus sometimes destroyed indigenous systems of accountability. A new vision of governance built on the principles of ownership, accountability and even decency, are only too increasingly becoming imperative for its citizens. It could be argued that till recently, 'governance' had not been established as a major buzz word among policy makers. Yet, what is crucial to grasp is that the concept of effective governance has always been firmly embedded in the popular imagination. In sum, governance is a continuum; it does not automatically improve over time. Citizens need to demand good governance. Their ability to do so is only enhanced by awareness, education, and employment opportunities. The Government needs to be responsive to those demands. For change to be effective it must be embedded in the societies concerned and cannot be imposed from the outside.

End Notes

¹ World Bank 1994, UNDP 1997, OECD 1995, and Commission on Global Governance 1995

² Ibid

³ World Bank, 1994 and the Commission on Global Governance, 1995

⁴ Zafar H. Ismael, Sehar Rizvi, “Some Issues of Governance in Pakistan” May 2010.

⁵ Ibid

⁶ Amar, Guriro, “Corruption thrived in country this year: TI report” Daily times, June 02, 2010

⁷ Ibid

⁸ Syed Ali, Gilani, “ Corruption in Pakistan” TIP National Corruption Survey, Karachi Press Club

⁹ Ibid

¹⁰ Opt Cited. 6