Governance Issues in Pakistan: Suggested Action Strategy

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Abstract

Pakistan has been concerned for the improvement of its institutional and human capacity to improve the livelihoods of its citizens since its inception. This surge for improvement in the lifestyle of its citizens is assessed by the level of good governance in the country. Pakistan lags far behind in the field of governance, as the same is evident from the world reports on governance. Pakistan needs to review and revise its policies to earn effective and efficient governance practices. Law and order, energy, economy, political stability and national harmony are the key governance issues in Pakistan, which need comprehensive policy response. Pakistan has to overcome its shortcomings in the corruption control, accountability and mal-administration through legal frameworks in support, to ensure the good governance. Pakistan can achieve the good governance by introducing integrity, coordination, cooperation among individuals as well as institutions, besides the economic sustainability and proper policy process implementation.

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Introduction

A recent research suggests that at the current rate of progress, it would take Zimbabwe 184 years to reach the institutional quality of Singapore as measured on the Kaufmann, Kraay, and Mastruzzi governance effectiveness index.¹

Pakistan is confronted, at present, with a variety of governance issues, which have become a hindrance in the smooth and sustainable development of the country. World Economic Forum report ranks Pakistan at 124 among 144 countries on the index of competitiveness which is based on 12 pillars as follows: institutions (115), infrastructure (116), macroeconomic environment (139), health and primary education (117), higher education and training (124), goods market efficiency (97), labour market efficiency (130), financial market development (73), technological readiness (118), market size (30), business sophistication (78) and innovation (77).² This portrays a pathetic picture of governance at national and international level. Pakistan needs to review its policies regarding the efficiency and effectiveness of governance at all levels with a serious concern for development and growth in the short term and long term. It is an established fact that poor governance leads to corruption in a number of ways.³

The concept ‘Governance’ needs to be defined first as there are numerous descriptions of the term governance. In the next step, it can be evaluated in achieving the desired goals at national level. This process involves these three actors in making political, administrative, economic, and social decisions that affect the public. Governance determines the lifestyle of a society, as how it will organizes itself to make and implement decisions (politics), mediate
differences (public goods), and exercise legal rights and obligations (public administration). As a whole, governance encompasses the rules, institutions, and practices that set limits and provide incentives. It operates at every level of human enterprise in a country and its impact is also for all segments of society. It is the responsibility of the state that it creates an enabling political and legal environment whereas civil society facilitates political and social interaction.

It is commonly perceived in Pakistan that the concept governance revolves around law and order situation in the country, whereas, it is a more comprehensive concept which involves managing the affairs of the state i.e. political, economic and social.

This paper discusses governance issues in Pakistan. These issues are dependent on a few underlying legislative and administrative factors, which have contributed to mis-governance or mal-governance in Pakistan. Then, this paper attempts to identify the action strategy to rectify the governance issues in Pakistan. This paper also explains the minimum action strategy needed for improvement of governance level in Pakistan as it lags far behind in world ranking of governance.

According to a study, there are three basic elements of governance in Pakistan, which need core attention of the government, mentioned as decentralization, corruption and the social and economic costs of mal-governance.4 The governance issue is not restricted to these three broad areas only. Other than these three core segments, governance reforms are inevitable particularly in the areas of fiscal (taxation) and monetary policy (money demand and supply), financial management (budget deficits), energy (circular debt management), law and order (ethnic and terrorist
conflicts) and devolution of power to local governments which are some of the major challenges for Pakistan.

Despite the maximum number of legislative reforms by the last government, governance still poses a big challenge for both the bureaucracy and politicians. There are number of studies which indicate the weaknesses in tax policy and administration, as Pakistan’s most serious challenges. After the 18th Amendment in the Constitution of Pakistan, provinces are given more autonomy, devolving the main responsibility for the delivery of education, health, water and sanitation, roads and transport, and agriculture services. This functional devolution naturally accompanied by remarkable political, fiscal and administrative changes at provincial and national levels. Despite all this, administrative decentralization remains the most contentious area, which still follows the path of pre-partition era. Provinces are more autonomous in recruiting junior level staff, whereas, federal (central) services still remain under the umbrella of Central Superior Services (CSS).

**Conceptual Framework**

There is a gap theoretically between the interpretation and practice of the concept ‘Governance’. Explaining the very concept of governance, a scholar explained that the term had been derived from a Greek word, ‘kubernao’ which meant to steer, noting that the process of decision-making and the process by which decisions were implemented was part and parcel of the term governance. In simple words, governance was supposed to be regarding the public institutions that would perform public affairs, manage public resources, and guarantee the realization of human rights and delivery to public goods on merit.
An approach to public goods and their free and fair availability for common public will mean good governance that would be accomplished in a manner, if corruption does not exist besides due regard to the rule of law. In this backdrop, public policy scope and the use of institutional resources to manage society’s problems and affairs matters a lot as knowing the problem is meant to have half the solution in the form of policy response.7

A study under the World Bank has identified six key governance indicators, by researchers namely Kaufmann-Kraay-Mastruzzi which appraised the governance in the world; voice and accountability, political stability and lack of violence/terrorism, government’s effectiveness, regulatory quality, rule of law, and control of corruption.8

**Basic Elements of Governance**

Governance is divided into five basic elements which help to evaluate the overall governance level.

- Accountability (Building Government Capacity)
- Participation (Participatory Development Process)
- Predictability (Legal Framework)
- Transparency (Information Openness)

Governance is very commonly used term among the politicians and bureaucracy in Pakistan. It is necessary to elucidate this concept. A World Bank report mentions that there is no strong consensus around a single definition of governance or institutional quality. Some definitions are so broad that they cover almost anything, such as the definition of rules, enforcement mechanisms, and organizations, whereas, some narrowly focus on public sector management issues, including the definition proposed by the World Bank in 1992, as “the manner in which power is exercised in the
management of a country's economic and social resources for development".9

This study by World Bank further unfolds the governance ingredients, which are mentioned as (a) the process by which governments are selected, monitored and replaced; (b) the capacity of the government to effectively formulate and implement sound policies; and (c) the respect of citizens and the state for the institutions that govern economic and social interactions among them." This study calculates the world governance index which provides the world ranking of governance on six indicators. There are six indicators as shown in the figure below for Pakistan, taken from World Bank data set.10

![Graph showing governance indicators for Pakistan](image)

The above figure shows six broad dimensions on which governance is ranked in the world. These dimensions had been identified by the World Bank researchers as helpful in determining the state of affairs in a country with regard to governance and good governance. The results of the governance index rate the countries, where top countries fall in the bracket of good governance and last ones in the bracket of bad-governance countries.
The foundations of ‘good governance’ rest on the principles of freedom of thought and speech, and from persecution and from hunger; equality - all persons have the same rights; equity - no person is discriminated against; justice; honesty and transparency; and accountability.¹¹

Global trends have also indicated that a blizzard of management oriented reforms which had swept through other countries as well in the 1980s have changed the contours of administrative practices. Thatcherism in the UK (1979) and Reaganomics in the USA (1981) had pushed a series of reform drives in other countries such as New Zealand (1984), Malaysia (1989), Canada (1989) and Australia (1989) towards optimizing manpower, reducing paperwork and outsourcing public functions. This was done to reduce overload and help capacity development of government organizations in ways that increased citizen’s access to governance”.¹²

**Governance Issues in Pakistan**

There exists a general consensus among policy-makers, planners and economists that the best mechanism to sustain growth in future is to ensure effective governance in the system. For the sake of effective governance, there can be many strategies like reforms in civil services (gross-root level), improving and enhancing the capacity of institutions involved in policy-making to frame coherent policies (middle level), developing and advocating for policy reforms.

Pakistan’s governance problems start with the archaic induction system, which has been functioning for decades as a matter of status quo policy. Either it is the Federal Public Service Commission or Provincial Service Commission, both needs to re-visit the selection criteria, according to the terms of reference for the job. These
institutions are recruiting misfit individuals for the important jobs in the country.

In broad spectrum, a study deliberates on governance issues within four broad areas, namely, Legislative Framework, Institutional Capacity, Efficiency and Management. These are briefly discussed, as the first one focuses on the constitution, which defines the boundaries within which state organs, institutions, agencies and agents can operate and, therefore, addresses issues related to the state and its people. The other one is the institutional capacity, which identifies the ability of state actors like institutions, agencies and agents to identify policies, ensure coherence and coordination and ensures compliance and their evaluation.

Recruitment plays very vital role in the functioning of the system as the entire system hinges upon recruitment of eligible and competent. It does not mean that the bureaucracy is ineligible but majority of them are misfit in their respective institutes, as per their academic backgrounds. This has impacts on the system in long run as well. As a consequence, the systems collapse or could not deliver efficiently and the rest of the segments also decline in their performance.

It is obvious that the economic growth alone does not ensure the availability of public goods to all the people. Education, health, water sanitation and dispensation of justice are good examples of public goods, but whose consumption by one group of individuals does not diminish their availability to others. “Governance relates to the management of all such processes that, in any society, define the environment which permits and enables individuals to raise their capability levels, on one hand, and provide opportunities to realize
their potential and enlarge the set of available choices, on the other.”

Governments have been concerned for quite some time about institutional and human capacity to improve the livelihoods of citizens, the competitiveness or viability of business, the delivery of basic public services, and trust in regulatory institutions. As part of broad reform and change agendas, Pakistan has also been developing and revising its institutions, frameworks and tools.

Pakistan is currently facing financial, economic, social and energy challenges, which indicate the crucial role of government in serving the public interest regarding the service delivery and public goods. The state structure demands renewed attention by the government towards the institutions, policies and tools that help government to deliver what the ordinary citizens and businesses need and expect. It also highlights the core areas, where the government attention is inevitable and changes may be needed. Good governance is not a thing which could be handled in isolation. In particular, Pakistan needs to realize and assess its capability that how it can improve its capacity to anticipate and manage risks, and react quickly to complex problems in changing environments in the region and in the world as well. Due to the global nature of these challenges, it is no longer feasible to act at the national level in a solitary manner, as Pakistan holds important geo-strategic position.

There are four major governance issues in Pakistan, whose importance has been highlighted by the recent crises: evidence-based policy-making, integrity in the public sector, co-ordination of policies and programs at all levels of government and fiscal sustainability. These areas can pave the way for the strategy to deal
with the growing problem of governance, as it has been mentioned in many studies as well.

**Achieving Evidence-Based Policy-Making**

It is learnt that evidence-based policy making can help Pakistan to charter its journey to a sustainable growth path. In the first step, Pakistan lacks proper policy making practices. Meta analysis explores that since the pre-requisites of policy-making are missing from the practice in the country, its further essentials like policy analysis, evaluation and advocacy are also missing at state level. Coherent and more effective policies require government to take account of all pertinent policy processes for more comprehensive and fruitful decisions.

Government assesses the benefits of policy proposals in relation to the future monetary costs, whereas, there exist multiple intangible costs and effects for the society. A well formulated policy design can maximize the benefits for all of the stakeholders. A good policy needs to be implemented with same level of dedication with which it was drafted. Similarly, an effective policy implementation requires effective governance: the capability to manage risks, manage procurement and contracts, obtain and allocate the right type and quantity of resources, provide oversight of processes and procedures, and review the impact and effectiveness of decisions and actions, once undertaken. Developed nations have adopted this pattern of evidence-based policy making much earlier which has resulted in growth and development.

**Fostering Integrity**

Integrity of an individual, either an ordinary citizen or a public servant, is the key to the good governance. This integrity needs proper protection as well. Insufficient safeguards for integrity,
particularly those that govern the intersection of the public and private sectors, is a contributing factor to the bad governance in the country. It is very important that integrity of an individual compels one to respond at the earliest to a public crisis. A timely policy response can hamper the time, size, scale and speed of issue. In the contemporary world, strong integrity systems are more important than ever as governments act to bolster the economy. It is learnt that the effectiveness of government actions also depends on its credibility and on the public’s trust in government. Credibility stems from integrity – the ability of government to act in the public interest and to minimize waste, fraud and corruption.

Pakistan needs to review its integrity frameworks. An integrity framework includes the instruments (e.g. ethics, moral codes, justice, whistle-blowing arrangements, and watch dogs), processes and structures for fostering integrity and preventing corruption in public organizations, while considering the contextual factors and conditions that influence their efficacy.

**Better Co-ordination at Levels of Government**

Governance can be improved by managing the relations at levels of government efficiently. It is a key issue in public governance, since almost all countries are decentralized to one degree or another, same is the case with Pakistan. Pakistan maintains three tiers of management hierarchies as federal, provincial and local government.

Central (federal) government depends on the co-operation of sub-central levels to achieve many of its policy objectives. At the same time, in order to carry out its responsibilities, the sub central levels are often dependent on the collaboration or consent of higher levels. The system operates vertically from federal to local
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government level. The political, fiscal and energy crisis reinforces the search for public spending efficiency at all levels of government in Pakistan, which has necessitated improved co-ordination between central and sub-central government. This improved cooperation and collaboration can improve the governance practices in the country.

It is evident that effective management of government relationships horizontally (across federal ministries) and vertically (across provincial and local levels) requires narrowing a series of gaps. These gaps result from the fact that one level of government will depend on another for information, skills or resources. Information asymmetry has proved to be a very big challenge in the policy making process. Different tiers of government possess different type of information on the same issue. For example, intelligence sharing among the law enforcing agencies and institutes is not centralized or shared symmetrically. This drawback leads towards the lack of coordination among the agencies, resulting in bad governance in law enforcing institutes and agencies. Mending these gaps presents one of the primary challenges of multilevel governance. A brief explanation of existing gaps is given as under:

- **Information Gap:** It is characterized by information asymmetries at various levels of government, while designing, implementing and delivering public policy. Policy process is affected adversely with the information gap, leading towards the bad policy decisions, which ultimately result in bad governance.

- **Capacity Gap:** Lack of human resource and infrastructure lead towards the capacity gap. It arises when there is insufficient human, knowledge (skill-based and “know-
how”) or infrastructural resources available to carry out tasks, regardless of the level of government. Pakistan needs to take serious capacity building measures to enhance its human and fiscal capital to meet the modern world challenges. In the absence of sufficient capacity of both human and capital, it is impossible to deliver the public goods on merit.

➢ **Fiscal Gap:** Fiscal gap is the difference between revenue and expenditure. It reflects the difference between revenues and the expenditures at all levels of government, needed to meet their responsibilities. As the fiscal gap widens, sub-central structures look towards the central structure to get bail-outs and funding, which indicates a direct dependence on higher levels of government for funding, in order to meet obligations.

➢ **Administrative Gap:** Administrative gap arises, when public administration is governed by non-technical or non-professional officers in comparison to their job description. An inappropriate candidate for the post cannot produce results; rather he will be a misfit in the system. Institution will keep suffering until this individual retires.

➢ **Policy Gap:** Policy gap is one of the most vital gaps which causes bad governance. It results when policies are made by such people (politicians/bureaucrats) who do not understand the public sentiments (the demands and needs of those who will be directly affected by these policies). For example, health policy will be made by such politicians who did not get their treatment from local medical institutes. Likewise, lower tiers of government structure like provincial
and local government feel deprived of policy process as the center dictates policies from top to bottom. This creates a gap among the policy stakeholders, which ultimately damages the good governance.

**Bridging the Gaps for Good Governance**

It has been observed that countries all over the world are developing and using a broad set of mechanisms to help bridge these gaps, improve the coherence of multi-level policy making, and smoother the disparities that can arise from the allocation of tasks and resources. Experts and analysts are dealing the public administration as a side role discipline whereas, public policy has emerged as a mainstream discipline with better solutions to deal with public goods and their delivery to the public.

**Fiscal Sustainability**

Fiscal sustainability is the basic premise for the good governance. Fiscal indicators depict the country’s growth and potential for further development. Economic policies like fiscal policy and monetary policy are considered to be the two main pillars of the national economy which regulate and pave the way for investments and trade both inside and outside the country. Pakistan needs fiscal sustainability desperately to compete with global markets. Energy crisis has damaged the fiscal sustainability the most in the recent years and, if this issue is not addressed seriously, it will keep damaging the economy in future as well.

**Challenges for Governance**

Pakistan needs to review and re-think the role of government and its capacities to govern the current law and order, demographic, financial and energy challenges, which have direct impact on governance practices in Pakistan. The quality, flexibility and
effectiveness of public governance system are mandatory minimum to Pakistan’s capability to address future issues and problems.

In particular, it is emphasized that Government of Pakistan needs to draft new policy guidelines and instruments or re-shape old ones radically in new ways, with the efforts to revive and sustain economic activity, spur new growth in the system and strengthen the framework for well-functioning trade markets in the country. Moreover, both law and order situation (terrorism) and the financial crisis (energy crisis) have illustrated the importance of governance system.

In the contemporary world, governments need to be quick in response to policy issues regarding the national interests, as world is so competitive and challenging. Public media has brought more and more awareness in the masses. As a result, citizens seek quick response and immediate solutions to problems along with high-quality public services to meet their needs. In addition, technological advancement (media) has raised citizens’ expectations from government for new ways to communicate and ensure public services.

People have access to more information, which stimulates them in judging their government’s performance both on “democratic performance” and “policy performance”. Democratic performance refers to the degree to which government decision-making processes living up to democratic principles, whereas, policy performance refers to their ability to deliver positive outcomes for society through public policy. At the same time, society’s expectations are increasing, despite the fact that the resources available to meet these needs are becoming more limited. As evident from current budget for Fiscal Year 2013-14, Pakistan’s
budget deficit is widening, which means serious repercussions for the economy and society. In such circumstances, the efficiency and effectiveness of public sector have become need of the hour and the success of government depends on it.

**What Governance Capacities or Competencies are Needed for Dealing with National and Global Challenges?**

The variety of challenges facing Pakistan government brings into sharper focus the requirements for government to think and act in the long-term, to co-ordinate internationally as well as within central government, and to analyze diverse information due to their complex nature. To address these challenges, government will need competent staff with the right skills. Pakistan will also need to foster collaboration and ensure that high quality information is available and used in decision-making. Government needs to develop new competencies, but also to continue to reflect upon current reforms: what has been effective? How do we foster the appropriate conditions for success?

**Ability to Anticipate Future Challenges: Strategic Planning and Forecasting**

Terrorism, climate change, energy shortage, political stability and pandemics are just several of the known challenges facing government, which will require co-ordination and long-term planning to address. These challenges underscore the importance and continued need for improved risk assessment and management in the formulation, pursuit and evaluation of policies designed to serve the public interest. Due to short-term political and electoral imperatives, government often find it difficult to appropriately predict and anticipate emerging areas of risk, or to adequately assess and anticipate governance challenges and opportunities. In
addition, these same pressures can make it difficult to effectively develop and implement long-term responses that span multiple terms of office. Policy planning and forecasting within public administration has tended to focus more on short to medium, rather than long-term, with high level programs of work or strategy statements largely linked to the electoral cycle. One exception has been in budgeting, where Pakistan has tried to some extent in adopting tools to incorporate a long- and medium-term perspective, including fiscal rules and projections and medium-term expenditure estimates and ceilings.

Collaboration and Coordination

Governance challenges are often horizontal in nature, affecting multiple aspects of government activity. Consequently, addressing these challenges often requires coordination across ministries.

There are drawbacks, however, in that overly large organizations may make it difficult for managers to pay sufficient attention to all key issues. Traditional inter-ministerial or cross-departmental structures can be useful, but their effectiveness can be limited, if actual front-line staff, service delivery agents and those involved in regulatory oversight or control are excluded from deliberations. However, increasing co-operation may not just require structural adjustments, but also cultural changes to create an environment and incentives conducive to collaboration. High-level public service leadership may be integral to facilitating these changes, and some countries have taken steps to cultivate a separate group of senior managers.
Building the Right Skills: Attracting and Retaining the Right Staff

Under normal circumstances, government is concerned with attracting and retaining a high caliber staff, and many countries have implemented reforms designed to improve their ability to do so, including delegating HRM decisions to line ministries, opening recruitment to external candidates, introducing performance assessments and performance-related pay, and cultivating a separate senior management group. Likewise, governments are addressing demographic shifts both internally (within the administration) and externally, which can affect their capacity to provide goods and services. For example, central government workforces are ageing more rapidly than the wider labor market in many OECD member countries (Indicator 12) and women are increasingly participating in government employment, often at higher rates than in the wider labor force.

Supporting Evidence-based Policy-making: Data Collection and Assessment

The challenges facing governments have long-term implications and solutions will impact a large part of the economy. As a result, there are many vested interests arguing for one policy option over another. To better provide empirical advice to governments, the public service must be able to readily access and analyze relevant, neutral information. Lobbyists/high-profile stakeholders often have access to alternative data and information sources, which may or may not be impartial. On one hand, information has become easier to collect and store as it has become digitized, on the other, decentralization and fragmentation (including the use of different, incompatible ICT systems) within government have often made it
difficult to ensure data coherence, hindering comparisons. To improve the breadth and quality of the data available, it will be important to build the capacity of national statistical offices. Likewise, staff involved in policy formulation may need training in how to analyze and critically evaluate data sources. Greater linkages may need to be made between the policy cycle and the breadth and quality of information that is available to administrations. When possible, identification of data needs must be developed in tandem with the planning of service delivery so as to maximize the ability to use operational data. The costs and benefits of requests for additional reporting and/or information from ministries and the public need to be weighed to ensure that unnecessary burdens are not being created. Finally, governments could consider putting more data in the public realm to encourage analysis by think-tanks, academics and non-profits.

**Integrating Policy Making and Implementation**

The separation of policy-making from policy implementation was a common reform in many OECD member countries. However, policy-making and implementation are two sides of the same coin and both are necessary for a policy or programme to be successful at attaining its goals. Unfortunately, the separation of policy making and implementation has often broken the information flow, sometimes resulting in both poorly planned policies (which can make effective implementation difficult) and incomplete or partial implementation. The policy cycle is such that challenges enforcement, implementation and compliance of both existing and proposed policy changes, which need to be considered as early in the policy-making process as possible. As the stakes rise with the size and seriousness of many of the global challenges, it could be
important to re-establish the link between planning and implementation.¹⁵

As a matter of fact, Pakistan needs to take certain bold steps in the form of policies, which could provide a roadmap to good governance practices in the country. Pakistan needs to eliminate nepotism, corruption and violation of merit for recruitment of persons and use of capital. In this backdrop, government has to develop strategies to ensure the job security, secrecy and self-respect of the individual.

There prevails ‘sifarish’ culture in Pakistan, which is the gross root cause of merit violations, as people would go to their elected representatives, asking for favors, reminding the representative that they had elected him for such tasks and that they would not have come to his door, had their concern been addressed.¹⁶

**Conclusion**

Good governance is supposed to allocate the national resources among the public efficiently, augmented with equitable opportunities for economic and social development of a nation. This is assumed the basic responsibility of any government, which is dependent on good governance. Unfortunately, good governance has been a dream for both the policy-makers of Pakistan and its people. As a matter of fact, defects in economic governance results from the failure of government to table a comprehensive tax policy. In the absence of a good tax policy, people feel burdened whereas corporate tycoons enjoy the tax evasions.

There are certain other examples, which lead towards the bad governance in the country. Pakistan lacks far behind in planning and budgeting, which results in mal-practices like corruption and exploitation of resources.
In brief, Pakistan has to re-visit its policies regarding the governance and management of public affairs to achieve economic growth and development in the country. It has become inevitable to improve the quality of life of people of Pakistan, which will not be possible without reforming the basic structure of governance. Main areas of concern should be macro and micro-economic management, political stability, improvement of public policy, public administration and institutional capacity.

In sum, governance is very well analyzed in a study that it 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 of Pakistan needs to be responsive to those demands.

End Notes

4. SOME ISSUES OF GOVERNANCE IN PAKISTAN by Zafar H. Ismail and Sehar Rizvi.


11 SOME ISSUES OF GOVERNANCE IN PAKISTAN by Zafar H. Ismail and Sehar Rizvi.


