Pakistan faces serious governance challenges that affect the state’s ability to deliver services to its citizens. These challenges are a combination of weaknesses in the state’s effectiveness, efficiency, and accountability. Effectiveness is hampered by the patronage-prone political system, frail administrative capacity, weak provincial and local governments, and shortcomings in the justice system. Efficiency is constrained by the state’s inability to mobilize revenue and manage resources well. And accountability is undermined by fragmented and feeble governance institutions and lack of transparency, allowing for corruption and manipulation of rules. Hence a broad and long agenda of reform is needed, focusing on improving management of service delivery, bringing in a broad, simple, and equitable tax system, improving budget management and public procurement, and ensuring right to information regimes at the federal and provincial levels. Further, given that corruption is often institutionalized, Pakistan needs to prepare a new broad-based anticorruption strategy and ensure that it is implemented well.

How Does Pakistan Perform on Governance?

The findings from numerous international and local studies point to serious failings in governance and to institutionalized corruption in Pakistan. Consider Legatum Institute’s in Prosperity Index, which defines the concept of national prosperity not just in terms of wealth but also well-being, covering some 90 indicators to benchmark 142 countries.\(^1\) On this index, Pakistan ranks 132 of 142 countries (Indonesia 63, India 101, Bangladesh 102, Cambodia 107, and Nepal 108). Among the eight categories of the index, Pakistan ranks 121 in governance (Legatum Institute 2012).

Similarly, Global Integrity’s Global Integrity Report assigned Pakistan an overall rating of 68 out of 100 in 2010, due mainly to weak implementation of laws (Global Integrity 2010). The Bertelsmann Stiftung’s Transformation Index ranks Pakistan 110 of 128 countries due to weak democracy, a poorly functioning market economy, and weak political management (Bertelsmann Stiftung 2012). The World Bank’s World Governance Indicators 2011 also ranks Pakistan very low on quality of governance –1.14 (average), lower than the average rankings of South Asia (–0.69) and Sub-Saharan Africa (–0.64; World Bank 2013).

These findings are echoed by the governance indicators of the Global Competitiveness Report 2012–2013, which looks at 111 indicators in 144 countries across the world. On this, Pakistan ranks 109 in transparency of government, 116 in property rights, 119 in irregular payments and bribes, 127 in reliability of police, 129 in favoritism in decisions of public officials, 136 in organized crime, and 143 in business costs of terrorism (only Colombia is worse). Perhaps because of this last score, Pakistan ranks 132 in the business costs of crime. The most problematic factors for doing business were corruption, inefficient government bureaucracy, policy instability, and government instability and coups (World Economic Forum 2012).

In a recent analysis of the binding constraints to Pakistan’s economy, bad governance and a poor civil
service appear to be undermining economic growth. Without improving governance, other efforts in realizing the country’s growth potential are destined to be less effective than they would be otherwise (Lopez-Calix and Touqeer forthcoming). The government also shares these findings in its recent Framework for Economic Growth (Government of Pakistan 2011).

And Pakistanis agree. A new large-scale survey asked Pakistanis, “What is the most important obstacle to economic progress?” The most prevalent answer was corruption (The Herald and SDPI 2013). Running second and third were incompetent leadership and poor governance. Young entrepreneurs in Pakistan consider corruption a major constraint to industrial and economic development” (ICCI 2012).

While it is difficult to give precise figures for the level of corruption in public sectors, available data show that perceptions of corruption have increased. In 2012, Pakistan ranked 139 of 183 countries on this indicator, compared with 79 of 91 countries in 2001 (Transparency International 2001, 2012a). About 42 percent of Pakistani businessmen reported losing new business because a competitor paid a bribe to win the contract. They see corruption as a widely accepted fact of life, because prosecution for such crimes is lacking (Transparency International 2011).

Combined, these data and analyses paint a bleak picture of governance in Pakistan. But it is not all bad news. The Global Competitiveness Report 2012–2013 found that on some measures like judicial independence and strength of investor protection Pakistan actually performs much better than some far more developed countries, like Australia, Brazil, Finland, the Republic of Korea, Spain, and Turkey (World Economic Forum 2012).

The challenge is reversing the governance slippage and enabling Pakistan to realize its full potential.

Key Issues

A useful way to categorize and understand the governance challenges is through their impact on effectiveness, efficiency, and accountability of service delivery.

Effectiveness refers to performance: the ability of the state to deliver services and meet the needs of citizens. Efficiency refers to the manner in which the state functions, specifically to its ability to mobilize revenue and its ability to use that money in a way that minimizes waste and corruption—and that maximizes results. And accountability refers to the degree of openness and transparency with which government operates, and the ability of citizens to hold those in public office accountable. The factors that hamper these three elements are now discussed.

What hampers state effectiveness? Four issues stand out.

A patronage-prone political system

Pakistan’s political life is characterized by the predominance of “patronage” politics over “issues-based” politics. While the latter differentiates parties and their support largely along policy lines (for example, on the economy, defense, and international relations), the former is characterized by client-patron relationships—politicians are elected based on pledges to specific groups. Once in office they have to deliver on those pledges, meaning that, rather than working for the interests of the population as a whole, they disproportionately favor the groups that supported them. At the same time, politicians must also “recoup” their own investment in campaigning, buying support, and distributing largesse. They do so through corruption, kickbacks, and rent seeking. This system makes it very hard for politicians to focus on policy issues, economic growth, and development, or even to have a long-term vision for the country—their focus is on short-term, personal gains.

Weak administrative capacity

An important determinant of weak administrative capacity is the quality of people in the civil service, yet Pakistan has seen a steep decline in the service’s ability to attract and retain qualified, talented personnel. Part of this relates to low incentives and generally opaque selection and promotion processes, which favor less qualified people with connections over trained, educated, and hardworking men and women. The drop in overall service...
quality is reflected in rising inefficiency, poor performance, and corruption (Husain 2009; NCGR 2008).

Weak provincial and local governments

The 18th Constitutional Amendment transferred most state functions and responsibilities from the federal to provincial governments. But the provincial governments do not seem to have complete control over the functions assigned to them for several reasons. First, they lack capacity to exercise all the functions assigned to them: some require skills that may not currently exist at the provincial level. Second, there is confusion over accountability roles. Although the 18th Amendment has brought greater clarity in government accountability (public service accountability now starts and ends with provincial governments, which is a strong incentive for them to improve the quality of services), a large number of functions of three main federal ministries—agriculture, health, and education—are retained by the federal government (Mukhtar 2013).

After elections in 2008, the provincial governments embarked on rolling back 2001’s devolution, reassuming many of the functions and powers previously delegated to local governments. Despite pledges, new local government systems have still not been fully defined or established, resulting in overlapping responsibilities between provincial and local governments and diminishing ability of local governments to deliver services. The incomplete administrative decentralization has created dual accountabilities of local government officials (to both provincial and local governments) that undermine incentives to perform (Husain 2009). Conversely, there are asymmetric responsibilities between provincial and district governments. After establishment of the local government system in 2001, health and education employees continued to function as provincial employees, with the district nazim having little authority over the hiring, firing, evaluation, or placement of these employees. Similarly, the salary budget was transferred to the districts but nonsalary recurrent and development budgets were inadequately transferred, which affected the ability of district governments to improve service delivery (Mukhtar 2013).

Shortcomings in the justice sector

As part of good governance, the police and the courts are the two principal entities charged with upholding the rule of law. The police, responsible for investigating crimes and protecting citizens, is widely seen as corrupt, oppressive, and manipulative—an agency to be feared and avoided rather than sought out for help and protection (Figure 1). The failings of the police can, in turn, be attributed to lack of resources, training, and proper systems, as well as a tendency of governments and politicians to use the police to further their personal interests.

The courts, too, lack resources, trained staff, and facilities. Weaknesses in the court system are manifested in huge caseloads and backlogs with long delays in hearing cases. It is common for property disputes, for example, to drag on for years and even decades. The problems in the court system create space for corruption—those with connections and money can influence judgments. For the ordinary citizen, the time, effort, and expense involved effectively mean that “access to justice” does not exist, whereas for firms it affects their investment decisions. The Investment Climate Assessment finds that more than a third of Pakistani firms perceive the low quality of courts as an obstacle, compared with about a fifth of firms in comparator countries (such as Bangladesh and Chile; Figure 2, left panel). The World Bank’s Enterprise Survey finds courts system as a major for about 38 percent of the firms in Pakistan (Figure 2, right panel).

What hampers state efficiency?

Revenue mobilization is one of the major challenges. Pakistan has declining tax revenues and one of the world’s lowest tax to GDP ratios, stemming from five main tax policy and administration weaknesses: complexity, a narrow tax base, low compliance, inefficient tax administration, and low and declining provincial tax revenues. Complexity provides scope for discretion and corruption. A narrow tax base and low compliance are outcomes of inequitable exemptions and preferential treatments, low tax registration, and massive tax evasion by
potential taxpayers who prefer to stay informal. Poor management, weak human resources, and a lack of effective key supporting information technology (IT) systems are constraining the tax administration. These issues are also pronounced among provinces, as provincial tax collection efforts fall short of their expenditure responsibilities under the 18th Amendment, affecting their ability to deliver services (Lopez-Calix and Touqeer 2013).

Weak public financial management also hurts Pakistan, as available resources are not used as efficiently or effectively as they should be. There are underlying problems with planning and budgeting systems and procurement, all of which provide scope for corruption through weak monitoring and accountability.³

What hampers state accountability?
Two main issues are apparent.

Fragmented and weak institutions of accountability

Pakistan possesses an extensive institutional setup for accountability (Box 1). However, the functioning of many of these institutions is hindered by the following constraints.

- **Lack of financial and functional autonomy.** Direct government control or involvement in the day-to-day affairs of accountability institutions affects their autonomy. The National Accountability Bureau faces political interference, which affects its authority to conduct unbiased investigations.⁴ The financial dependence of these institutions on other departments or ministries
is another constraint. For example, expenditure by the Federal Services Tribunal depends on approvals from the Ministry of Law. The authority of some accountability institutions is limited, restricting implementation of rules and regulations. For instance, the ability of the Auditor General of Pakistan to conduct the full range of audits of all government entities is restrained due to resistance from government entities. Similarly, provincial anticorruption establishments lack the authority to initiate cases. Moreover, some legal provisions, such as the provision for appeal against the decisions of the Federal Ombudsman to the President, and provisions for term appointment of senior and management positions (as in the case of the Competition Commission of Pakistan) provide scope for political capture.\(^5\)

- Some overlapping and duplication of mandates, leading to turf issues. This is seen, for example, in the reversal of the earlier decision to merge the Economic Crimes Wing of the Federal Investigation Agency with the National Accountability Bureau to avoid overlap. This reversal has strained the relationship between the two institutions and weakened the process of holding those in public office accountable.

- Low levels of implementation or enforcement. This may be explained by outdated laws, opaque rules, and cumbersome procedures. Some of the laws need to be updated and procedures streamlined. The general public (or even senior officers) are unaware of these rules as they are not widely disseminated, which works to the advantage of those who store this knowledge and interpret the rules (generally, patwari and thanedar\(^6\)) and provides scope for corruption. All of this has conferred enormous discretionary powers on officials.

- Weak human and physical capacity and internal accountability mechanisms. The relevant institutions generally fail to carry out regular performance monitoring, reporting, and auditing. In most cases, there are no set performance indicators and related data to assess institutional performance against those indicators. Further, the institutions lack physical (especially IT) infrastructure and human capacity.

### Lack of transparency

The lack of transparency restricts external accountability—for example, in the budget process. Transparency in the budget process serves as a mechanism for external accountability to ensure sound budget decisions—geared to delivering services and growth—and proper implementation of them. Yet Pakistan scores just 58 on the Open Budget Index 2012, the same as Bangladesh and Columbia, but lower than Indonesia (62), India (68), and Brazil (73), pointing to a lack of fiscal transparency (International Budget Partnership 2012).

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**Box 1. The accountability framework**

The accountability framework consists of different institutions that cater to the supply and demand sides of accountability and support different accountability mechanisms.

On the supply side are public institutions established under the constitution, laws, regulations, cabinet resolutions, notifications, and orders of the government. The main public institutions in Pakistan are the Public Accounts Committee, Judicial Commission, Election Commission of Pakistan, Ombudsman institutions, Federal Investigation Agency, National Accountability Bureau, provincial anticorruption establishments, Auditor General of Pakistan, Procurement Regulatory Agencies, and institutions of market governance (State Bank of Pakistan, Competition Commission of Pakistan, and Securities and Exchange Commission of Pakistan).

Demand for accountability comes from the media, nongovernmental institutions, professional organizations, and private sector bodies (such as Transparency International). Freedom of the press, proliferation of electronic media, and increasing assertiveness and activism of the judiciary in recent years show strengthening demand and some supply response of accountability (enforcement) in Pakistan. Stories and investigative reports compiled by the media have been picked up in many cases by the judiciary. Suo moto cases have been initiated based on these reports against those alleged to have been corrupt or to have misused their public offices. The Annual Corruption Perception Index has also stirred up action on the part of the Public Accounts Committee and the executive branch.

Source: Husain, Rana, and Touqeer forthcoming.
Over the past two decades, the number of countries with right to information (RTI) or freedom of information (FOI) laws has expanded. Pakistan was the first country in South Asia to pass such legislation, in the form of the FOI Ordinance 2002. However, its introduction by a military ruler (President Musharraf) undermined its legitimacy and credibility. Various other factors have also impeded its effectiveness, including shortcomings in the law itself and bureaucratic resistance to RTI. As a result, public bodies have poorly implemented FOI laws, such as requirements for proactive disclosure, designation of FOI officers, awareness raising among the public, and so on. At the provincial level, Balochistan and Sindh have “copycat” FOI legislation to the federal law, which suffers from the same shortcomings and has been equally ineffective, while Punjab seems closer to having one than the Khyber Pakhtunkhwa.

The demand for RTI has been equally weak due to insufficient support from civil society and lack of public awareness of RTI and its relevance to their needs. As a result, the total number of FOI requests in Pakistan is only a few hundred.

Policy Recommendations

The governance reform agenda for Pakistan is substantial. The country needs to further strengthen its democratic governance by strengthening the Election Commission of Pakistan to help carry out its mandate, introducing more transparency in political-party functioning, and building capacity of new legislators. Pakistan also needs to enhance revenue mobilization and address key public financial management issues, nationally and subnationally, to enhance state efficiency. Strengthening the rule of law through legislative reforms that focus on police service and the justice system is also important. Other areas need to be addressed to improve service delivery, but everything cannot be done at once. So where should Pakistan start? Based on available opportunities and drawing on lessons from international experience, priority areas are identified in which reforms are feasible and results are achievable, thus strengthening Pakistan’s overall governance.

Improve management of service delivery

Four key reforms can improve the delivery of basic services.

Strengthen provincial administration

To properly execute the assigned functions and responsibilities, subnational governments should have complete control over their functions. This can be achieved with the help of the following:

- Adequate staffing, training, and technical resources, which would entail, for example, capacity building at the provincial level for public financial management functions.
- Clearly defined accountability roles with complete control of subnational governments over their staff (and less or no interference from federal government).
- Clearly defined roles and functions of each tier of government to avoid overlapping functions.
- Adequate financial resources based on sufficient subnational tax powers to raise budgetary flexibility, with fiscal transfers from higher levels of government mainly for fiscal equalization and national and provincial objectives.

Establish a local government system

It is important to define and establish a viable and effective system of local government in each province. While the ground realities will determine the extent and form of devolution to the third tier, to be effective, local governments should be given significant service delivery functions, commensurate finances, and a fair degree of autonomy. The decentralized system should also allow for citizen voice and participation in local planning and development and should build subnational and local capacity to ensure effective implementation.

The passage of local government legislation by all provinces (based on consultation with all stakeholders) will be an immediate measure for this. Again, the roles and functions of each government should be further defined with clear accountability roles. Local governments should have complete financial autonomy for making and executing their budgets according to their
priorities, irrespective of whether the funds are transferred by provincial government or raised by local government. At the same time, the provincial government should be responsible for building fiscal and financial management capacity at the local level. Further, to strengthen the financial autonomy of local government, some buoyant revenue bases should be considered for devolving to larger local governments (for example, urban immovable property tax, calling tax, and entertainment tax).11

Promote information and communications technology

The third reform is to build on the innovative uses of information and communications technology (ICT) being pioneered in Punjab to improve governance. The rapid spread of mobile phone use and even Internet access across Pakistan, and the declining costs of this technology, means that ICT can be an extremely rapid and cost-effective mechanism to bring about tangible improvements in basic services for citizens (Box 2).

Implement a multipronged strategy for providing citizens’ right to services

Following other countries, Pakistan could establish citizens’ right to public services in law. Such legislation would raise awareness among citizens of their entitlements and—more important—put pressure on service providers to deliver. Karnataka’s Right to Service Act 2011 guarantees time-bound delivery of public services to citizens and provides mechanisms to punish the public servants deficient in providing those services. This has greatly helped control corruption among government officials and increase transparency and accountability.

But such legislation on its own will not work. What is needed is a transformation of the entire service delivery chain for effectiveness. So Pakistan should implement a multipronged strategy, focusing not only on improving frontline access to service delivery but also on developing a monitoring mechanism, standardizing and simplifying back-end processes, addressing capacity constraints, and generating awareness among citizens. The innovative use of ICT-based performance management and grievance redressal systems will be beneficial. ICT-based management improves performance and service delivery with a focus on quality, productivity, and evidence-based planning.

Enhance transparency

There is a need to prioritize RTI reform to promote transparency. There is already momentum for this in Pakistan, particularly with the approval of a strong Punjab FOI Bill by the last Punjab cabinet on March 12, 2013.12 The new federal and provincial governments should build on this momentum to establish effective RTI regimes. This will require measures on the supply side (reforming or passing RTI legislation, and properly implementing and enforcing such legislation) and on the demand side (raising awareness, making RTI relevant to the needs of ordinary citizens, and helping them use it; Box 3). Four key reforms are put forward.

Reform or pass FOI and RTI legislation

The federal FOI Ordinance 2002, Balochistan FOI Act 2005, and Sindh FOI Act 2006 need to be reformed to bring them into line with accepted best practices.
practice on RTI legislation. The Punjab FOI Act should be passed into law by the newly elected Punjab Assembly. The government of Khyber Pakhtunkhwa should introduce RTI legislation based on accepted best practice.

Promote FOI and RTI implementation by public bodies

Implementation of FOI and RTI legislation requires several measures. They include raising awareness among public officials, appointing and training designated information officers, developing systems and procedures to handle FOI and RTI requests, ensuring that public bodies disclose information, improving records management (ideally, automating records management systems), and engaging citizens to help them access information. All of this requires heavy resource allocations as well as time and effort.

Strengthen FOI and RTI enforcement

Enforcement of FOI and RTI legislation is critical. Without strong enforcement mechanisms, it will be all too easy for public officials to deny information to citizens—a particular danger in Pakistan with its bureaucratic culture of secrecy. Current FOI legislation in Pakistan designates the Ombudsman as responsible for hearing appeals and enforcing FOI provisions. The Ombudsman offices need to be supported to carry out this role. International best practice recommends a dedicated independent information commission to deal with RTI appeals (and to support oversight and improvements in RTI implementation). Such a body should have the required specialist skills to handle RTI cases, as well as time and resources to focus on RTI (something the already overburdened Ombudsman offices cannot do). If independent information commissions are
set up in Pakistan (through reform of federal, Balochistan, and Sindh laws and passage of the Punjab FOI Act, which already provides for such a commission), adequate resources, staff, and infrastructure need to be allocated to them.

**Strengthen demand for RTI**

Supply-side measures alone will not bring about strong RTI regimes. These measures have to be complemented by strong demand for RTI, which is very weak in Pakistan. Raising awareness among civil society groups, the media, and the general public is needed to change this, with special focus on highlighting how FOI and RTI legislation can empower ordinary citizens and help them secure their rights.

**Strengthen accountability**

The following measures can strengthen accountability.

**Prioritize reforms of accountability institutions**

A selective approach is recommended. It should start with a few priority institutions—that is, those that not only have important individual roles but also have accountability links with other institutions, citizens, and local communities that, if functioning well, can affect service delivery and outcomes. Possibilities include the Auditor General of Pakistan, Public Procurement Agencies, Ombudsman offices, the three institutions of market governance, the National Accountability Bureau, and subnational anti-corruption establishments. In the medium to long term, attention should be given to the Election Commission of Pakistan, Federal Public Service Commission, and some important sectoral authorities and commissions, such as the Oil and Gas Regulatory Authority and the National Electric Power Regulatory Authority.

**Strengthen autonomy, authority, and accountability of institutions**

The functioning and financing of accountability institutions should be freed from excessive government control or interference. For example, the Auditor General of Pakistan should be strengthened to extend its jurisdictions to all government controlled or owned entities. Institutions like the Securities and Exchange Commission of Pakistan, the Ombudsman, and the Competition Commission of Pakistan should be empowered for decision making and implementation.

**Implement an appropriate system for the selection and appointment of institution heads**

Senior management positions should be filled by qualified professionals, and security of tenure should be ensured. One option could be for the selection process of heads of institutions such as the Auditor General of Pakistan, the National Accountability Bureau, and the Ombudsman to follow the recent example of the appointment of the caretaker Prime Minister of Pakistan in March 2013, which entailed consultative decision making with a defined timeline and courses of action in the event of a decision not being reached.

**Build up human and physical capacity to improve the functioning of institutions**

The accountability institutions should hire staff professionally and transparently. There should be structured capacity-building programs, including focused training and learning opportunities from international experience, customized to the needs of each institution. The institutions should also invest in physical infrastructure, especially business process automation (Box 4).

**Prepare a broad-based anticorruption strategy**

Pakistan should consider preparing a new broad-based and pragmatic anticorruption strategy led by the government and supported by other political parties, civil society, and the international community (Box 5). The main steps in this new anticorruption approach include undertaking a thorough diagnosis of corrupt systems, devising carefully deliberated strategies, ensuring proper implementation of the strategies, and reaching out to the international community to make the progress visible and widely appreciated.
### International examples of strengthened accountability institutions

**Hong Kong SAR, China**

One of the top anticorruption institutions is the Independent Commission Against Corruption (ICAC) of Hong Kong SAR, China. Backed by the strict Prevention of Bribery Ordinance, the ICAC was established as an independent multidisciplinary body with the mandates of pursuing the corrupt through effective detection and investigation; eliminating opportunities for corruption by introducing corruption-resistant practices; and educating the public on the harms of corruption and fostering their support in fighting corruption. The ICAC reports directly to the head of the government. It has strong legal powers. And it employs professional staff to fulfill its mandate. Further, it provides a favorable working environment, including appropriate salaries for civil servants, a high degree of professionalism and pride among officials, and an environment in which people caught offering bribes or manipulating the system find it hard to obtain business. Thus the commission makes corruption a high-risk activity.

Based on its multidisciplinary institutional setup, the ICAC has been pivotal to the success of transparent public procurement and effective completion and implementation of public projects in Hong Kong SAR, China. One of the most noted ICAC projects was the construction of the new airport. The Airport Core Programme was designed involving substantial reclamation of land and construction of the airport itself, associated bridges and railway systems, a cross-harbor tunnel, expressways, and a new town. The ICAC adopted a proactive approach to preventing corruption in this mega-size public development project. ICAC involvement started early, at the legislation stage, to ensure that corruption prevention safeguards were incorporated in the systems. And ICAC staff maintained close liaison with the senior management of the implementing agencies to provide advice during the procedure-formulation stages as well as during project implementation.

**Malaysia**

The Malaysian Anti-Corruption Act 1997 introduces preventive measures against corruption in the civil service and statutory boards and authorizes investigation of complaints meriting disciplinary actions against civil servants. The chief public prosecutor, the Attorney General, is the final decision-making authority. The Attorney General and the Director General of Anti-Corruption Agencies are appointed by the King on the advice of the Prime Minister. A parliamentary select committee represented by all major political parties maintains a check on anticorruption agencies. The Attorney General enjoys certain tenure of service, and removal requires following a prescribed and open procedure. The Public Accounts Committee of Malaysia ensures that accounts of federation and states be examined by the Auditor General.

The National Integrity Plan and Integrity Institute of Malaysia strives to stamp out corruption and patronize good governance and ethical values. The Malaysian government has established a 17-member Royal Commission to enhance the operations and management of the Royal Malaysia Police. The Public Complaints Bureau lodges complaints against government officials to hold them accountable. All this institutional setup is supported by a courageous Malaysian media that pinpoints corrupt practices.

The Securities Commission in Malaysia is a statutory body established under the Securities Commission Act 1993 to regulate and develop the Malaysian capital market. The commission’s functions, powers, and various governance arrangements are set out in the Act. The Minister of Finance appoints commission members. The commission members comprise an Executive Chairman together with seven other members, of whom four represent the government and the remaining three represent the private sector.


### A new approach to fighting corruption

Pakistan should consider preparing a new broad-based anticorruption strategy. The usual approaches to fighting corruption are insufficient, though they pass new laws, dictate codes of conduct, train public administrators, and build capacity. These approaches do not, however, guarantee the implementation of laws, which is Pakistan’s dilemma. The new approach should be based on right leadership from government, support from civil society, and the right help from the international community. It should recognize that:

- Corruption is a problem of political cultures as well as bad laws and poor policies.
- Corruption involves informal systems that work parallel to the ostensibly legal systems.
- Reformers have to build credibility and momentum by “frying big fish” and achieving some quick, highly visible successes.
- The business community and civil society must participate in diagnosing and healing corrupt systems.

The main steps include undertaking a thorough diagnosis, devising carefully deliberated strategies, ensuring proper implementation of the strategies, and reaching out to the international community to make the progress visible and widely appreciated.

Diagnosis. This should use a variety of country-level indicators of governance and competitiveness to analyze corruption, see where the country stands against other nations, and estimate the impact of governance improvements on investment, job creation, and
growth. The diagnosis should cover the profiling of anticorruption apparatus and corrupt systems (not people) and consider citizens’ views and experience at all levels (local, provincial, and national). The diagnosis will raise interest if it also identifies “big leaks” through a frank assessment of the sources, amounts, and destinations of outflows and the chances of getting them back.

**Strategy for transformation.** Using findings of the diagnosis, the next step is to convene leaders to devise practical ideas (including local solutions) for fighting corruption. This will require an understanding of the economics and weaknesses of corrupt systems. The economic calculations of the corrupt can be changed by using the formula: corruption = monopoly + discretion - accountability. Thus reducing scope for discretion, or strengthening accountability, will help curb corruption.

**Implementation.** Step three is to create confidence and momentum by giving priority to highly visible examples of improvement and learning from international experience. The analysis of big leaks should be continuously followed up with programs of plugging leaks and retrieving the stolen assets. Besides other things, this will depend largely on improving coordination among government entities. Also, building partnership across the public-private divide and enhancing the scope of social networks to add further infusions of transparency (and thus commitment) will be helpful. For effective implementation of strategies, there is a need to strengthen capabilities by providing hands-on training in ethics, leadership, and management and to build better systems in such vital areas as internal audit, procurement, tax bureaus, and public works. Success stories at implementation should be recorded in a checklist at the level of individual government offices, which should help spread effective practices.

**Outreach.** The above steps will have a broader impact on pride and professionalism of the civil service, on citizens’ confidence in government, and on international perceptions of Pakistan. Donors can help the country share its success stories internationally with opinion leaders and investors. Donors and others can also help the government learn from international experience in teaching ethics and civics in schools. A promising example is Indonesia, where student-run “honesty stores” in middle and high schools give students a chance to practice what they learn in their civics curriculum, which explicitly includes anticorruption education.

Unlike the usual approaches to anticorruption, the approach recommended here takes seriously the economic and political forces that reinforce corrupt practices. It emphasizes implementation and outreach. And it recognizes the central importance of participatory processes that encourage local problem solving abetted by the best of international experience and knowledge, as most of the above steps involve participation of government, civil society (citizens at large, the business community), and donors.

### The four steps of a new anticorruption approach for Pakistan

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Source: Klitgaard 2013.
Notes
The paper benefited immensely from informal discussions with Robert Klitgaard as well as from the overall guidance of Rachid Benmessoud and Antonius Verheijen and individual contributions from Ishrat Hussain, Zubair Bhatti, Sher Shah Khan, Grace Morgan, Ana Bellver Vazquez-Dodero, and Roland Lomme.


2. This also determines their attitudes toward new, efficient and open systems, such as transparency and business automation.

3. For details, see Rashid (2013), identifying key public financial management issues: excessive centralization of budget management, which limits the flexibility of provinces in executing their budget; weak cash management due to weak internal controls, which affects accuracy, completeness, and timeliness of the information; and lack of implementation capacity in procurement regulatory bodies.

4. A recent example of trying to restrict the functioning and authority of the National Accountability Bureau was the introduction of a new Accountability Commission Bill (which did not pass).

5. The Recent Federal Ombudsman Institutional Reform Ordinance (passed on March 1, 2013) will help strengthen enforcement and other reforms. It has the potential to significantly improve the effectiveness of the Ombudsman institution in Pakistan. Key improvements include response standard of 15 days, improved organizational structure, better enforcement, and greater consistency. This ordinance has opened an opportunity to establish an Ombudsman institution in Pakistan that can become an international best practice.

6. *Patwari* is an administrative government position of a village accountant. *Thanedar* is a police officer.

7. Two decades ago only 13 countries had RTI legislation; today 93 countries have some form of it. While the implementation record and effectiveness vary, in a number of countries RTI has indeed brought about open government and empowered citizens. Mexico and India are examples: in both, people have used it in poorer and rural communities as a tool to access basic services (Idris 2010, 2013).

8. See Lopez-Calix and Touqeer (2013), Rashid (2013), and Mukhtar (2013) for specific recommendations on these issues.

9. Some development partners (such as the United Nations Development Programme and the U.S. Agency for International Development) have or had engagements with the Election Commission of Pakistan, police department, and the justice sector.


11. See Mukhtar (2013) for detailed discussion on decentralization reforms in Pakistan for accountability and service delivery.


13. The current anticorruption strategy (see Government of Pakistan 2002) needs to be renewed, taking into consideration political ownership and using an innovative and problem-solving approach.

References


