The Pakistan Development Review
40 : 4 Part II (Winter 2001) pp. 831–844

Growth and Poverty in Pakistan: Implications for Governance

ARSHED H. BHATTI

I. INTRODUCTION

According to the *Economic Surveys*, Pakistan's real GDP has grown at an average annual rate of 6.8 percent in the 1960s, 4.8 percent in the 1970s, 6.5 percent in the 1980s and 4.7 percent in the 1990s. However, that did not seem to have mitigated poverty as parallel to this growth the number of poor also kept swelling. Although different estimates put number of poor in Pakistan around 50 million, the actual could be more [Ahmad (2001)]. The average growth rates in the first half-century of Pakistan have been around 2 percent [Hasan (1997)].

It is pertinent to state that this discussion paper is not an attempt to challenge the figures either of the growth rates or the numbers of the poor in Pakistan. This is rather an attempt to understand the correlation of governance with growth on one hand and poverty on the other. It offers conceptual analysis of the concepts and their respective interpretation, explanation, application and ensuing misunderstandings.

This paper has also attempted to challenge certain (usual) assumptions and perceptions regarding the role and relationship of growth and governance in reducing poverty in Pakistan. One has pointed out that most of the studies on the subject focus on symptoms and not the causes of poverty. This leads to on one hand *growth of poverty*, as poverty does not seem to halt despite certain evidence of relatively high growth particularly in 1960s. On the other hand we witness *poverty of growth* as whatever growth we have had it has hitherto failed either translating into corresponding mitigation of poverty or equitable collective prosperity. This is because there have not been efforts at governance level to ensure equity of impact of growth through adequate distribution mechanisms, sufficient social and human investments leading to education and skill development of women and men, who in turn could benefit from opportunities arising by way of process of economic growth.

Arshed H. Bhatti is Research Fellow at the Taxila Institute of Asian Civilisations, Quaid-i-Azam University, Islamabad.

Neither there have been much efforts in encouraging the participation of the private enterprise in contributing to growth, or citizens in the political and social governance.

The paper introduces a new concept of *appropriate governance* and suggests that poverty is negative externality as well as symptom of inappropriate governance, which actually is a major cause behind the growth of poverty as well as poverty of growth. *Appropriate governance* functionally hinges on sharing of governance responsibilities, through devolution and delegation, at various levels and between various stakeholders. Structurally, it proposes the notion of *light government*, that is, a certain level of government should focus on fewer areas with deeper role. Conceptually, it promises optimal participation of citizens on one hand and of various relevant institutions (public, private, and business) on the other. As its intended outcome *vis-à-vis* poverty elimination the *appropriate governance* alludes to *human centred social growth* (HCSG)—and economic growth is one sub-set of that. This HCSG pivots around social, political and economic opportunities for comprehensive engagement of women and men to cope with their poverty—as they define it—through internal and indigenous mechanisms. One caution here is that these mechanisms are neither agency dependent nor promote exploitative social or gender hierarchies, not tend to exclude marginalised people, politically or socially.

The paper also attempts to incisively look at certain usual assumptions such as:

- Growth leads to poverty reduction.
- Good governance is necessary for higher growth rates.
- Income distribution can be regulated/enforced by central governments.
- Only formal policies and mechanisms help poverty reduction.
- Institutions only flow out of government policies and actions.
- (An implied assumption in Pakistani context is) good growth is always state-led (which entails stultification of the role of the private sector/enterprise in contributing to growth as well as reducing poverty).
- Another assumption (in poverty and growth perspective) feeds on selective recall, i.e., if regionally you are doing better, you are going good: its like counting injuries that bleed less.

The paper points out that all these assumptions do not fully take into account the non-economic forces, factors and realities that have major implications for governance, growth and poverty elimination.

In conclusion, by way of policy implications, the paper proposes the need to review, revise and reorient our concepts *vis-à-vis* poverty, its relationship with growth and governance, arguing that *appropriate governance* is the recipe for poverty elimination.

The paper has four sections: Section one has introduced the paper. Section two surveys three major concepts viz. growth, poverty and governance and how they are seen to relate. Section three discusses the concept of *appropriate governance*, and Section four outlines several policy implications.

II. DEFINITIONS

Growth

One would tend to agree with most of the presenters in this conference on the broader meanings of growth. However, one would like to assert that it is an economic concept attempting to deal with a socio-political actuality (poverty).

Michael P. Todaro in the glossary of his famous book "Economics for a Developing World" explains growth under the rubric of "economic growth" (sic) as "the steady process by which the productive capacity of the economy is increased over time to bring about rising levels of national income".

There are convincing arguments based on evidence [see Ahmad (2001); Gazdar (1999) and Hasan (1997)] that growth in Pakistan did not adequately translate into poverty reduction. *One simple reason is that growth per se is not supposed to reduce poverty as its direct outcome. The primary output and outcome of growth is accumulation of national capital, and then raising the standards of living of those who participate in the process of economic growth*. The poor are expected to benefit from the process of growth through various positive externalities of the process like employment generation, increased formal and informal economic activity, etc. Within the poor those who are slightly better positioned, advantageous placed and have information and access are more likely to benefit from the process of economic growth. However, those—either within the poor or beside them—who are marginalised, socially excluded, and or do not have information and access, are further pushed down the so-called poverty line.

This brings home the point that we need to admit the limitations of economic growth in reducing poverty directly, calling for broadening the ambit of the concept of growth by taking it beyond economics and rooting it in the discipline of sociology. After all, economics is a sub-discipline of sociology, as the latter is sum total of all human interactions and relations, whereas the former is primarily about economic transactions.

Poverty

The problem with poverty is that there are so many definitions and interpretations which instead of helping clarify the concept add to the confusion and take away the sting from its meaning. *Definition of any concept is a mature articulation of facts and factors that are based on interpretation and understanding, which are informed by research, analysis and perceptions of that process, reality or phenomenon*. There are several problems with the way the concept and reality of poverty is articulated, which in combination not only limit the scope of its definition but also leave out more than they capture because of methodological and conceptualisation issues [for detailed discussion see Gazdar (1999) and Rahnema (1993)].

In methodological issues, six key hidden problems are:

(i) the way poverty lines are formulated and adjusted;
(ii) the way household surveys are conducted;
(iii) the way heads are counted;
(iv) the way essential commodities baskets are twisted;
(v) the way needs are articulated; and
(vi) the way income-consumption parameters tend to overshadow all other indicators of empowerment.

In conceptualisation of poverty, six key factors that limit the meanings and taint the understanding are:

(i) larger-than-life influence and role of economics (and economists) on the way poverty is defined and interventions are proposed; thus the concept mainly pivots around absence or lack of materialities;
(ii) subjects' own perception of their conditions;
(iii) how the others view the poor;
(iv) Spimes (socio-cultural space-times) affecting various perceptions and interpretations of poverty;
(v) role of assumptions (that poor are essentially underdeveloped and economic growth is the only way out); and
(vi) exclusion of the role of political factors and processes in increasing/ decreasing poverty.

In my view, while understanding poverty one needs to distinguish between more vastly having (material aspiration) and more thoroughly living (socio-cultural inspiration).

One would argue that most definitions of poverty mostly tend to take into account the economic indicators and ignore political, social and cultural indicators. The major economic indicators that affect the way poverty is presented are:

(a) Income;
(b) consumption; and
(c) purchasing power.

Whereas, the political indicators that ought to be considered but ignored are related to power, whose opposite is powerlessness, viz. Power to articulate, assert, negotiate, organise and fight for rights whose denial is causing poverty.

The social indicators are:

(a) The absence or presence of horizontal and vertical relationships in the sense of bridging and bonding social engagements between people of various economic brackets;
(b) non-political alternative engagements (e.g. voluntary social activism for individual, group or collective benefit);
(c) the number of *politically aware, socially active* agents of change and reform; and
(d) the presence of absence of informal social safety nets.

The cultural indicators that contain poverty in Pakistani and South Asian context are the presence of traditions and informal mechanisms of sharing the burden of 'have-nots' through direct transfers as charity, alms or others.

Keeping in view the above, one would submit that poverty is powerlessness that exhibits itself in the absence of power to (i) *be*, (ii) *become*, (iii) *choose*, (iv) *have* (v) *assert*, and (vi) *creatively participate*.

Governance

There is variety of definitions of Governance. Mostly the financial institutions like the World Bank, the Asian Development Bank, the UNDP, the Inter-American Bank, and the African Development Bank etc., have taken lead in defining the concept of governance and promoting it [see Ives (1999); *Building Peace Through Good Governance* (1997), pp. 60–63)]. Besides these, the DfID and various academic institutions in the UK, Canada, Australia and USA have also considerable research enriching the concept. All these agencies have one (any one) core concern around which the other components of governance are woven, however all of them seem to agree that governance is not just the government but much more than that.

Let us have a glance over several shades of explanation, interpretation and understanding.

Generic Definition

In simple terms, Governance is usually taken to mean the way in which socio-economic power is exercised in managing affairs within a community; there can be wide range of affairs and related aspects of the decision-making and action processes in a given community. The given community may vary from national to regional or to a local community [Ives (1999)].

The American Heritage Dictionary defines governance as “the act, process or power of governing; government;” the Oxford Dictionary defines it as “the act or manner of governing, of exercising control or authority over the actions of subjects; a system of regulations”. The Commission on Global Governance in its report “Our Global Neighbourhood” [see Streeten (1999)] delineate as “Governance is the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and co-operative actions may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest”.

The World Bank defines governance as management of state power but it emphasises the economic aspects (with social repercussions) of the process.

The Asian Development Bank considers four essential components of Governance viz. (i) Accountability (ii) Transparency, (iii) Predictability, and (iv) Participation. Whereas *accountability* means capacity to call public officials to task for their actions; *transparency* entails low-cost access to relevant information that ensures reality check for government actions; *predictability* results from law and regulations that are clear, known in advance, and uniformly and effectively enforced; and participation refers to democratic participation in the decision-making processes that have collective repercussions.

The African Development Bank has introduced the notion of macro-, meso-, and micro-governance, suggesting that authoritarian regimes committed to development might exhibit good governance at middle and lower levels.

The Inter-American Development Bank places special emphasis on the modernisation of the public sector and the participation of civil society in public issues.

The UNDP perceives governance in a more comprehensive way (than the WB), stating “Governance is defined as the exercise of political, economic and administrative authority to manage a nation’s affairs”. UNDP identifies four types of governance viz. (i) Economic, (ii) Political, (iii) Administrative, and (iv) Systemic i.e., bringing the first three together coherently [Ives (1999)].

The Development Assistance Committee (DAC) of OECD is probably the most-forth-right on political aspects of governance in the International development co-operation community, and links its discussion on governance to democratisation and human rights. The Mahbub ul Haq Human Development Centre Pakistan [The Crisis of Governance (1999)], inter alia, adds Responsiveness as one core component of governance. Responsiveness is the ability of the institutions to meet the expectations of citizens.

The British Council maintains that governance is about the process of governing and the way in which political, legal, administrative, cultural and economic institutions interact with the interests and demands of citizens to frame the society in which we live.

Institute of Governance, Ottawa states that governance comprises the institutions, processes and conventions in a society which determine how power is exercised, how important decisions are made and how various interests are accorded a place in such decisions. On types of power, it lists (a) state power; (b) political power; (c) money power (TNC, MFI, local business); (d) criminal power (mafias, narcotics, terrorists); (e) family power; and (f) male power.

Comparison of Essential Elements of 'Good Governance'

World Bank/ADB	Int-Am DB	UNDP	Consensus
Transparency: Open Policy-making by Legislature **Accountability:** Of the Executive for its Actions **Predictability of Policy:** Professional Ethos in Bureaucracy **Rule of Law:** For the Behaviour of all Different Institutions **ADB** **Accountability** **Transparency** **Predictability** **Participation**	**Comprehensiveness:** Inclusion of Political and Judicial Institutions **Transparency:** Dialogue about the Oversight of Public Policy **Competition:** Free Market **Social Equity:** Social Reform and Income Distribution **Efficiency:** Cost Effectiveness of Government Actions **Effectiveness:** Consistency between the Purposes and Results of Public Policies **Participation:** (Citizens' Participation in Framing and Evaluating Policies) **Subsidiarity:** (Exclusion of the Government where other Institutions have an Advantage) **Gender Equity:** Equality of Participation on Gender Basis	**Effectiveness:** Cost Effectiveness of Government Actions **Responsiveness:** Sensitive Attitude to all Stakeholders **Consensus:** Mediation of Particular Interests to Reach Broad Consensus **Long-term Vision:** Development of a Long-term Vision on Human Development	**Righteousness** **Accountability** **Transparency** **Fairness** **Participation** **Individual Rights and Dignity** **Effectiveness**

Governance in Pakistan

The thinking, articulation and practices of governance in Pakistan are symptom-centred. The good governance group [see Pakistan (1999)] outlines six issues that are believed to have marred good governance in Pakistan viz. (i) Corruption, (ii) Inefficiency, (iii) Ineffectiveness, (iv) Inaccessibility, (v) Intractability, and (vi) Lack of Motivation and Incentives.

In my view all these are not causes of bad governance but symptoms of inappropriate governance.

The Group lists 12 areas/issues needing attention/intervention viz. (i) Financial Governance, (ii) Civil Service Reform, (iii) Accountability and Integrity in the Public Sector, (iv) Decentralisation and Devolution, (v) Reform of the Legal and Judicial System, (vi) Police Reform, (vii) Governance of Big Cities and Urban Renewal Programme, (viii) Human Rights, (ix) Role of NGOs, (x) Gender Issues, (xi) Environment, (xii) Public-Private Citizens Partnership. This however offers a mix of symptoms and causes.

Growth-Governance-Poverty Nexus

There are several comprehensive studies [Social Development in Pakistan (2001); Ahmad (2001); Ranis and Steward (1997)] that convincingly establish how economic, growth can help eliminate poverty. However, my two points of dissent are that (i) in the case of Pakistan in particular and in South Asia in general this has not happened; and (ii) growth primarily tends to benefit those who participate in the process and ensuing activities.

III. WHAT IS APPROPRIATE GOVERNANCE?

Why Appropriate Governance?

Before answering 'what', I would like to share 'why' *appropriate governance*! In my view, *first* "Good" in "good governance" is value-laden, and is subjectively used to promote respective agency's peculiar angle to governance. *Secondly*, like the dichotomy of "developed" vs. "underdeveloped" the good governance leads one to believe that any governance systems and mechanisms that are unlike the ones the developed economies have governance systems and mechanisms that are unlike the ones the developed economies have are inherently "not-good". The implied assumption here is that the developed economies (i.e., rapid capital formation) are perhaps developed because of certain assumed traditions of "good governance". *Thirdly*, the vehement promotion and aggressive selling of the concept of "good governance" tends to bulldoze the alternative and diversified ways of governance several communities in Asia, Africa and Latin America have lived with for centuries. *Fourthly*, "good governance" is primarily concerned with better and effective economic management for increased output of GDP and GNP; and social management either is a tertiary concern or it does not figure prominently. *Lastly*, as the table in the previous section has shown, there are so many shades of definition, understanding and interpretation of "good governance" that one is rather confused about the concept.

What is Appropriate Governance?

This concept of appropriate governance is inspired by the work of various academic, research and charity institutions who tend to look at the process of governance from a more dispassionate standpoint and who do not essentially have certain agenda linked to a certain government's foreign policy thinking.

"Appropriate" in *appropriate governance* may be understood in the sense of 'suitable'. Therefore, *functionally appropriate governance* hinges on sharing of governance responsibilities through devolution and delegation, at various levels and between various stakeholders. It proposes the adoption of governance mechanisms, processes, practices, and ways that are *suitable to* (i) a community, (ii) a locality, (iii) an administrative level (district, province, state, country, region, global), and or (iv) a certain set of issues (local tax collection, education, health services, terrorism, money laundering, narcotics trade, human traffic, environment, natural resource management, preservation and conservation of bio-diversity, etc.).

I would like to mention here that there is no great divide between four sets; there is rather a supportive overlap and organic linkage between these sets. Like, for instance, there can be several communities in a certain administrative level, and from the list of issues there are some issues that can be absolutely the domain of a local government (local tax collection, education, etc.), of a community (natural resource management, conservation, etc.) and there are other issues which needing global handling like terrorism.

Structurally, it proposes the notion of *light government*, that is, a certain level of government should focus on fewer areas with deeper role and involvement.

Conceptually, *appropriate governance* is *inward looking*; that is, its main focus and concern are the people (women, men and children) it deals with, not to win certain imagined GNP race. It therefore promises optimal participation of citizens on one hand and of various relevant institutions (public, private, and business) on the other. As its intended outcome *vis-à-vis* poverty elimination the *appropriate governance* alludes to *human centred social growth* (HCSG)—and economic growth is one sub-set of that. This HCSG pivots around social, political and economic opportunities for comprehensive engagement of women and men to cope with their poverty, as they define it, through internal and indigenous mechanisms. One caution here is that these mechanisms are neither agency dependent nor promote exploitative social or gender hierarchies, nor tend to exclude marginalised people politically or socially.

Key Ingredients of *Appropriate Governance*

- Local Roots – strengthened by optimal participation of local citizenry in the local governments and institutions. This will provide basis for the *appropriate governance* pyramid.
- National Focus – with fewer areas needing deeper focus and involvement; these areas could vary from country to country but there can be a broad consensus on four or five key areas that should be in the domain of national governments like national security and defense (redefined!), international trade, currency and communications.
- Regional Sharing and Cooperation – on issues which have regional implications like trade, pollution, human traffic, money laundering, etc.
- Global Understanding – that certain areas need global governance mechanisms like WTO, MNCs, terrorism, narcotics trade, development, etc.

Indicators of Appropriate Governance

I propose six broad (and tentative) indicators, which can have certain relevant sub-indicators; they are:

(1) Participation (in the sense of social inclusion, ensured equal participation of disadvantaged and marginalised groups and assured equity of impact of that participation. Ownership of the government by the people will be an outcome of effective participation).

(2) Equity and equality in their broader sense (social equity, gender equity, equity in public investments—e.g., defense vs. education—and equality of citizenship rights, and of opportunities, etc.)

(3) Institutional balance (that is three types of balance: (i) between formal and informational institutions, (ii) between foreign and home-grown institutions; and (iii) within the formal institutions, a balance between bureaucracy, military, police, parliament and judiciary).

(4) Transparent and effective Economic Management (with emphasis on subsidiarity, that is, exclusion of the government institutions where other institutions have an advantage; and no rent seeking).

(5) Responsiveness (of institutions).

(6) Universal Application of Rule of Law (with known balanced mechanisms of incentives vs. sanctions, and ensured certainty of sanctions—or incentives—not mere severity, which becomes negotiable and is compromised. Accountability will therefore be an intrinsic component of this.)

IV. POLICY IMPLICATIONS

The conclusion will although be articulated after taking input of the ensuing discussions, however I would submit several concluding observations.

First, poverty is negative externality as well as symptom of inappropriate governance, which actually is a major cause behind the growth of poverty as well as poverty of growth.

Secondly, if state is a set of institutions a society gives to itself, governance is the manner and way in which this set attempts to handle the political, economic and social affairs of the society. However, governance necessarily involves relations with market, civil society, family and community. Also, governance is maintaining an amicable union of difference, diversity and divergence. Therefore there ought to be a balance of roles and responsibilities of various interest groups in the state and society viz. the government, the private business (for-profit) and voluntary (not-for-profit) sector (civil society), and various other institutions and agencies.

Thirdly, the concepts of planning and development need to be embedded in sociology, not merely economics.

Fourthly, *appropriate governance* suggests we need to revise parameters of performance by a certain government. For instance, if a government is not doing great on BNP ladder, but is investing adequately in education and people's welfare and if there is social harmony, that must be a credit to the government. This also suggests that like human development index, we may devise *social harmony index* indicating the safety, security and respect people get under that governance.

REFERENCES

Ahmad, Sadiq (2001) Poverty Reduction and Governance in South Asia. *Mahbub ul Haq Human Development Review* 1:1, June.

Building Peace Through Good Governance (1997) *Peace Initiatives* 3:2, March-April 1997, New Delhi, International Centre for Peace Initiatives, India.

Gazdar, Haris (1999) Review of Pakistan Poverty Data. A Monograph Published by the Sustainable Development Policy Institute, Islamabad.

Hasan, Pervez (1997) Learning from the Past: A Fifty-year Perspective on Pakistan's Development. *The Pakistan Development Review* 36:4, 355–402.

Ives, Denis (1999) Some Background Notes on Governance: Definitions, Coverage and Issues. National Institute of Governance, University of Canberra, ACT.

Pakistan, Government of (1999) *Strategy for Improving Governance*. Islamabad: The Planning Commission, April.

Rahnema, Majid (1992) Poverty. In W. Sachs (ed.) *The Development Dictionary: A Guide to Knowledge as Power*. Sixth Impression, Zed Books.

Ranis, Gustav, and Frances Stewart (1997) Growth and Human Perspective: Pakistan in Comparative Perspective. *The Pakistan Development Review* 36:4, 333–350.

Social Development in Pakistan (2001) Towards Poverty Reduction. *Annual Review 2000*. Social Policy Development Centre and Oxford University Press.

Streeten, Paul P. (1999) Governance. *The Pakistan Development Review* 38:3, 355–384.

The Crisis of Governance (1999) A Report on Human Development in South Asia by the Mahabub ul Haq Human Development Centre, Islamabad.

Comments

This manuscript reviews and analyses the concepts presented in "Growth and Poverty in Pakistan: Implications for Governance", a paper by Mr Arshed Bhatti. Although the original paper looked at poverty *vis-à-vis* growth and governance, little attention has been paid to the nature of the state in affecting poverty. This critique primarily focuses on the 'nature of the state' as the mediating variable between growth and poverty alleviation. It also highlights the need for clearly stated and understood rules for 'appropriate governance' and comments on the concept of 'lightness of governance'. This critique that proposes that aligning the interests of stakeholders with the governing system will strengthen and lighten governance.

In his paper, Mr Arshed Bhatti contends that the relationship between poverty and growth is mediated through governance. In my opinion, it is the 'nature of the state' that affects governance, growth and poverty. The extend to which growth affects poverty is determined by the magnitude and nature of revenues collected by the state as well as the quality of state expenditures. States can be classified into two general categories:

(i) Colonial/Authoritarian.
(ii) Democratic or Representative.

In colonial states, people are largely by-passed with the ultimate goal to consolidate power. Consolidation of power is achieved through consolidation of resources including political, social and economical. Access to colonial structures, by design, is limited to few élite actors, who operate to maintain this limited access. Selective access leads to sub-optimal allocation of resources and lop-sided distribution of power and wealth favouring the élite. Therefore, in a colonial state, growth feeds the existing disparity of power and wealth amongst the masses. Hence no level of growth will help to alleviate poverty.

On the other hand, representative and democratic states tend not to by-pass people primarily because of the process of electoral accountability. Democratic states are challenged to redistribute power and wealth in a relatively just and equitable manner. Growth, if structured appropriately, will lead to an increasing number of people having the opportunity to access political, social and economic resources. Such equitable growth can be effectively translated into poverty reduction.

The nature of governance is also closely related to and determined by the nature of the state. Governance is more local, indigenous and context driven in democratic states as opposed to colonial states.

The author comments on 'appropriate governance' and local governance structures. The ways in which appropriate governance is defined in Mr Bhatti's paper makes it a dynamic process which requires continuous engagement with the local context. Due to rapid shifts in context, it is paramount that the 'rules' of appropriate governance are clearly stated for and understood by all stakeholders at the grass roots level. It is equally important that these rules are grounded in a shared sense of justice.

In the absence of clear rules and an independent arbitrator, such as independent judiciary, appropriate governance could become as oppressive as the traditional governance structures. For example, what is to stop the local élites from using the concept of appropriate governance as a tool of oppression? I would like to impress that appropriate traditional governance institutions, such as judicial courts, local representatives and executive infrastructure, should be leveraged for the effective implementation of appropriate governance.

As far as the 'lightness of government' is concerned, I concur, that government structures should be lean, effective and purposeful. The government should focus on a few core competencies and should strategically intervene in a limited number of areas. These interventions should be adequately resourced, fully implemented and continuously evaluated for outcomes and effectiveness. The not-for-profit and for-profit private sectors should be invited to participate aggressively in the non-core sectors of the government.

Mr Bhatti has focused on the lightness of government rather than that of governance. Governance can be made light, in part, by decreasing the societal burden of policing and monitoring. The traditional approach of a priori setting up of transparent, equitable and responsive systems is absolutely essential to decrease retrospective monitoring. However, unless a system is aligned with the needs of its stakeholders, no level of monitoring will produce the desired results. A system that would lead to the fulfilment of the needs of its stakeholders creates an incentive for the stakeholders to make it successful.

As colonial states are often not democratic or representative, there is a tendency to divide and rule. Institutions are designed to be in inherent conflict with each other, as well as with people at large. Conflict between various stakeholders leads to misalignment and the system is unable to leverage synergies across these stakeholders. This misalignment can not be resolved without honest mediation. It is difficult to carry out just arbitration in the absence of ground rules for appropriate governance. In Pakistan, for example, the elected district representatives are forced to share their developmental budgets with the participatory organisations, such as NGOs and CCBs, leading to a deep rooted conflict. Their misalignment can cause gird-locks and suspend meaningful development.

In summary, it is critical for us to understand the nature of our state structures. Organisations, systems and processes with the tendency to bypass people should be reorganised. Quality and nature of growth should be critically appraised in addition to the rates of growth. Fair and just distribution of growing wealth can have an impact on poverty. To the extent possible, inherent misalignments that can create an unstable system should be resolved, and state activities should be made people-focused and poor-centred.

Musadik M. Malik

The National Commission for Human Development,
Islamabad.