

Linchpin reform

We need to emphasise need for comprehensive reform in governance and capacity building

Nadeem Ul Haque | August 31, 2024



People look at handbags on display outside shops in a market, ahead of Eid al-Fitr celebrations in Karachi, Pakistan April 19, 2023. — Reuters

In most conferences, there is a chorus on key concerns such as human capital, water, sanitation, and energy. Despite significant investments and long-standing efforts in these areas, progress remains alarmingly limited.

While the development world is involved in thinking that development happens in sectors and investment and efforts need to be made in these key sectors, research has shown that the economy is a complex system beyond sectors.

Development is more a system of incentives and processes that allow individual initiative and innovation than the usual quest for funding

and the spot-fixing of technical assistance.

The Pakistan Institute of Development Economics (PIDE) has provided a detailed analysis that highlights fundamental flaws in the country's policy and governance processes that undermine the development of processes and markets that foster growth, investment and development.

Human capital development, water and sanitation, and energy have been prioritised on the national agenda for years. However, as PIDE points out, these goals, though laudable, end up as mere wishes as little is done to analyse the repeated failure of the achievement of these objectives. My view is that the failure is the result of the lack of effective instruments or governance structures.

The prevalent policy process in Pakistan is deeply flawed, lacking adequate research, debate, and involvement from parliament and civil society. Instead, the focus has been on securing financing through projects, leading to a ballooning debt burden with minimal development impact. Financing alone cannot yield the desired results. My view is that we need to emphasise the need for comprehensive reform in governance and capacity building, with a focus on creating a more transparent and accountable system.

There is an urgent need for a thorough overhaul of both policy and human resource management required for the development of implementation and development of policy. The current system is plagued by a lack of technical skills, inadequate performance incentives, and a tendency to reward non-performance and political allegiance.

Despite substantial investments in education, the outcomes have been disappointing. PIDE's analysis reveals that most investments have been in infrastructure rather than professional development. Many universities, for example, are understaffed and lack qualified professors. Research is widely known to be less than useful and often

of questionable quality.

The trend of building more campuses without ensuring the quality of faculty is particularly concerning. This has led to a system where education quality is compromised, and the potential for true human capital development remains unrealised.

In addition, universities are either run for profit or as government departments with public universities being subject to bureaucratic control. Currently, there are 25 universities in Punjab and 24 in Khyber Pakhtunkhwa that the deputy secretary in charge is going to hire through an advertisement and one interview with some luminary. Such is the respect we give a vice-chancellor.

Then we maintain the myth of a chancellor to look over the administration of the university, not knowing that the chancellor in England is only a titular position. When they give it to someone like Imran Khan, it is not expected that he will interfere in the university.

Treating educational institutions without respect or autonomy does nothing for education but makes it appear as a simple assembly line. Throwing more money into education also will not help. The system is run by the bureaucracy.

Pakistan's energy sector is plagued by circular debt, a problem that stems from mismanagement rather than a lack of funds. The problem has persisted for over 25 years. Despite the shock and awe over circular debt, little has been done to fix it. Each government has tried to finance it

The intended decentralisation of the energy sector was never fully realised, leading to a fragmented and inefficient system. Regulation remains weak, and energy entities lack the independence and professional management needed to operate effectively. Energy professionals are never given the opportunity to develop and configure the energy system. Instead, staffing is largely political, and

the system is run by the bureaucracy.

Similarly, despite having adequate water resources, poor management has led to significant waste and inefficiency. There is a pressing need for a comprehensive water management strategy that addresses pricing, conservation, and local water policies. The commodification of water, though controversial, is already a reality in the form of bottled water. The water system too is run by the bureaucracy without professionals

Pakistan's pollution issues are closely tied to its urban sprawl and lifestyle choices. PIDE has long advocated for addressing the problems associated with urban sprawl, which contributes to the wastage of water and energy and exacerbates social issues. The unchecked growth of cities, coupled with a lack of effective traffic and parking management policies, has led to severe congestion and pollution.

The demand for infrastructure such as flyovers, underpasses, and highways has subsidised car use, further worsening the situation. PIDE has recommended a plan for Islamabad that includes paid parking and improved public transportation, emphasising the need for cities to be dense, walkable, and well-managed.

However, all attempts at developing serious modern city management have been thwarted and the 19th-century system of rural management remains intact.

The above examples show that at the core of Pakistan's development challenges is a crisis in governance and management capacity. The existing system is characterised by arbitrary decision-making, paper-based record-keeping, and a lack of research and monitoring. Financing has often been used to postpone necessary reforms, leading to a cycle of inefficiency and underperformance.

To address these issues, there is an urgent need for comprehensive

management and professionalisation reforms across all sectors. Such reforms must focus on market-making, competent regulation, and linking financing to genuine progress.

If they want Pakistan to stabilise and grow, international organisations and development partners must stop providing financing and technical assistance to keep a crippled system alive. Instead, they should provide space to facilitate this governance and management system.

The writer is the former deputy chairman of the Planning Commission of Pakistan and currently serves as the vice-chancellor of the Pakistan Institute of Development Economics (PIDE). He shares his insights on X (formerly Twitter) @nadeemhaque_

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