



Governance for Human Development: Trends in Asia and Challenges in Pakistan

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Contents

Part I: Governance Concept and Components

Part II: The Concept of Human Development

**Part III: Relationship Between Governance
and Human Development**

Part IV: Decentralizing Governance

Contents

Part V: Engaging Civil Society

**Part VI: Good Practices and Innovations in
the Public Sector**

Part VII: Pakistan's Governance Challenges

Part VIII: Summation



Part I: Governance Concept and Components

Evolution of the Concept of Governance

The concept of governance has undergone inter-related but distinct phases:

- (1) Traditional public administration**
- (2) Development administration/ New Public Management**
- (3) Governance**
- (4) Democratic governance**

Evolution of the Concept of Governance

(1) Traditional public administration

Focused on the maintenance of law and order, the provision of basic infrastructure and services

Centralized, legal-rational, and hierarchical bureaucratic systems with a separation of the “political” from the “administrative”

Evolution of the Concept of Governance

- (2) Development administration blurred the administrative and the political as well as the public and private as governments took joint ownership and management of certain public services**

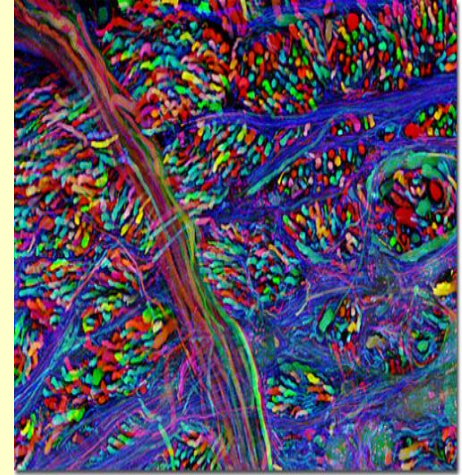
New Public Management responded to top-down forms by making management, accounting, and reporting approaches of public sector bodies closer to business methods. Centralized bureaucracies became smaller decentralized units with citizens and consumers

Evolution of the Concept of Governance

- (3) From government to governance**
entailed a recognition that governance is more than government: governance is co-produced by three sets of actors, which are civil society, the state, and the private Sector

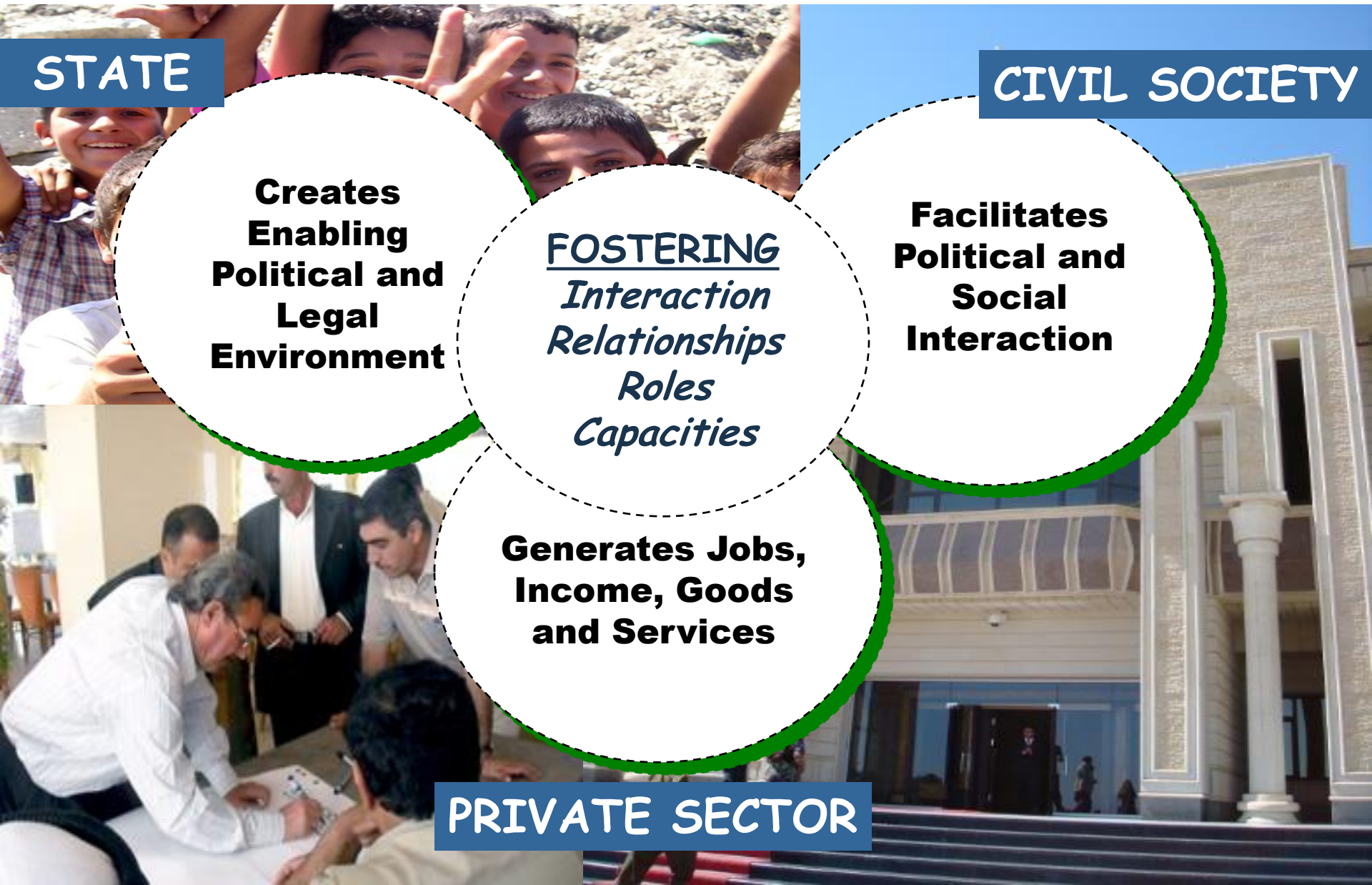


Governance



Governance comprises the complex mechanisms, processes, relationships, and institutions through which citizens and groups articulate their interests, exercise their rights and obligations, and mediate their differences.

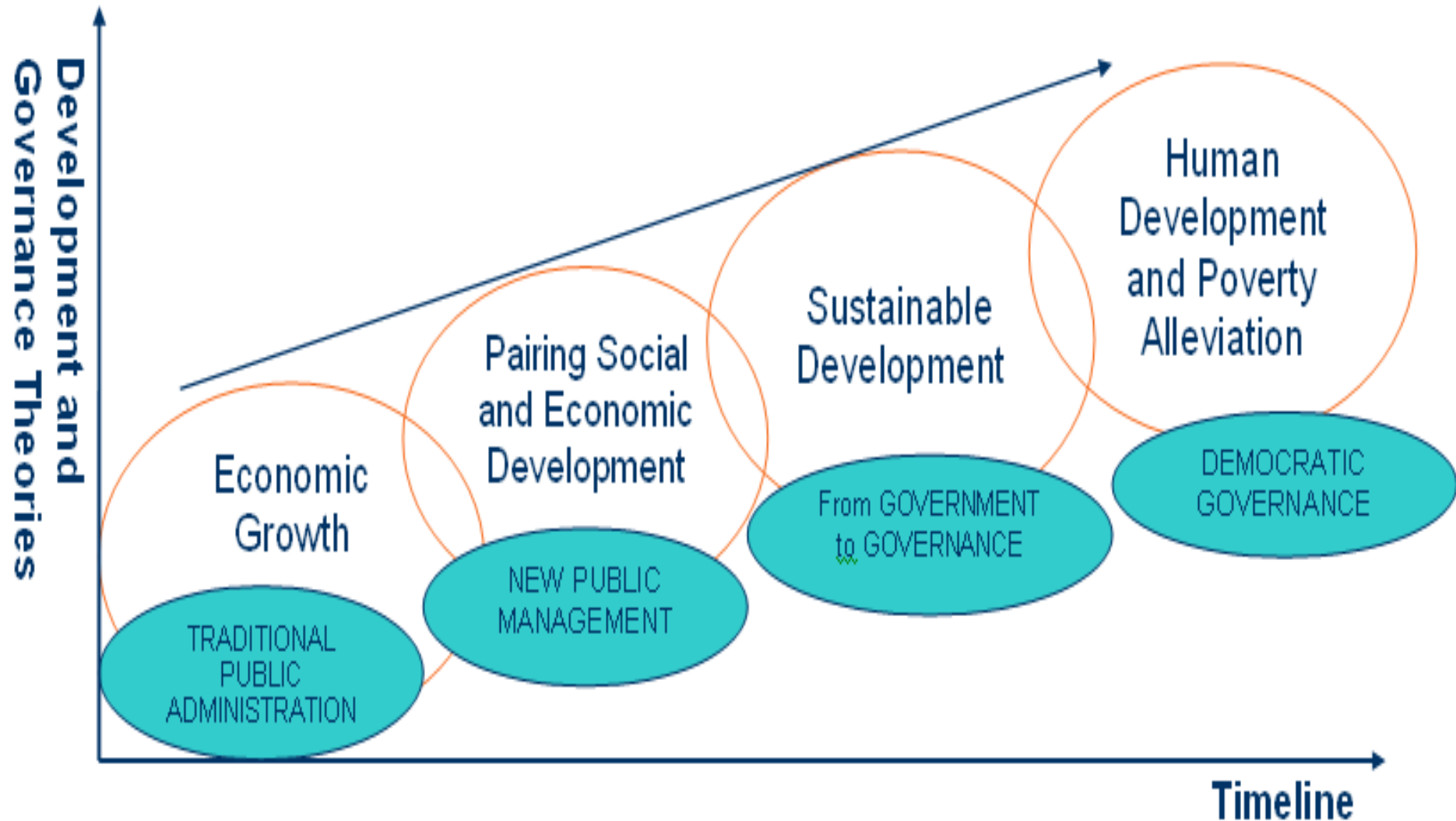
Governance: A Broader Concept than Government



Evolution of the Concept of Governance

- (4) Democratic governance brings two dimensions of managing public affairs together: process of interaction among actors (governance) and universally recognized core values (democracy). Based on participation, rule of law, transparency and accountability, representation, and a system of checks and balances.**

Shifts in the Paradigms of Development and Governance

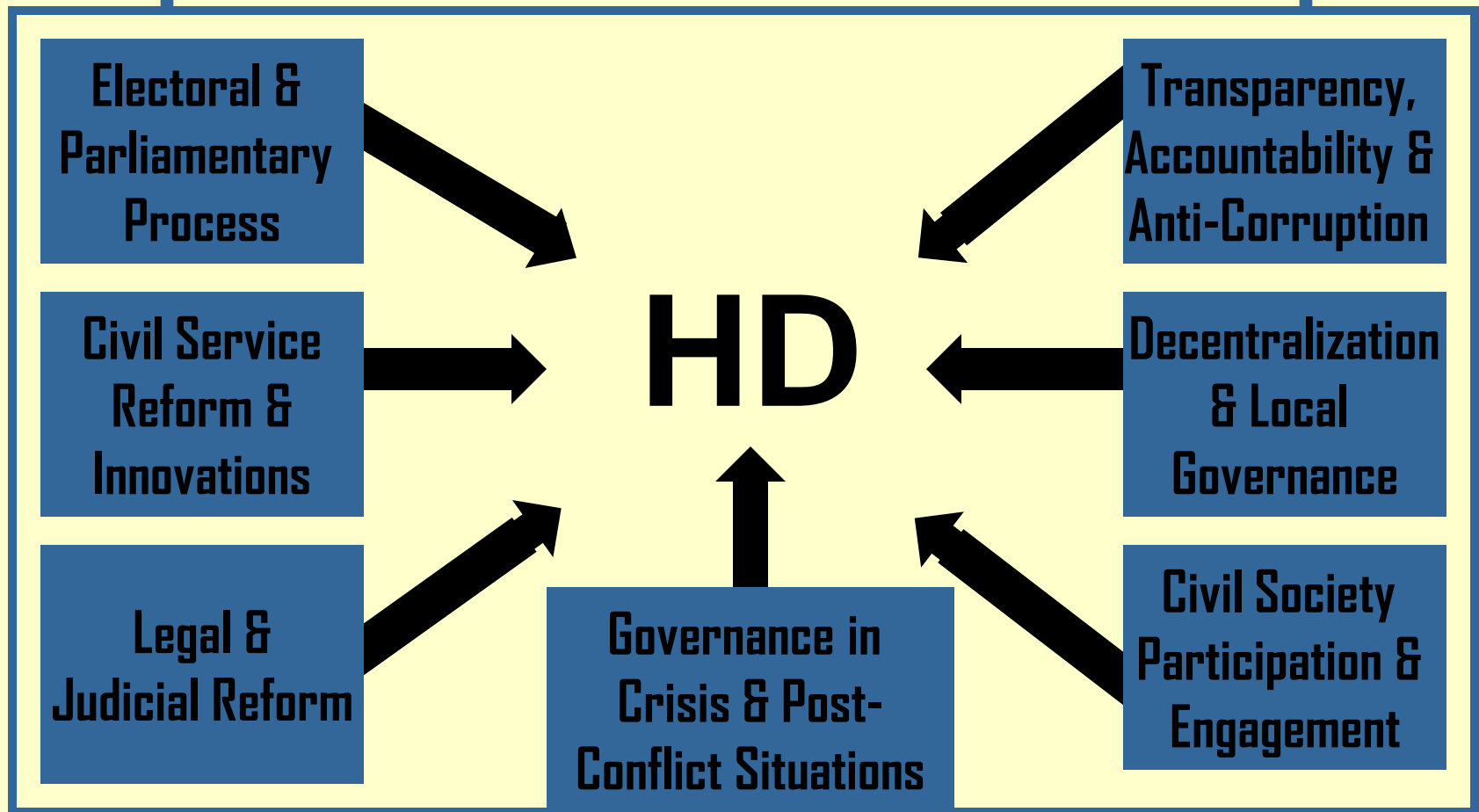




Components of Governance



Which areas can we focus on to improve HD?





Components of Governance



World Bank Approach

Worldwide Governance Indicators:

Process Dimensions

1. **Voice and Accountability:** the extent to which citizens can participate in selecting their government
2. **Political Stability and Absence of Violence:** perception of likelihood the government will be destabilized or overthrown



Components of Governance



World Bank Conception of Governance

Worldwide Governance Indicators:

Capacity Dimensions

3. **Government Effectiveness:** quality of public and civil services, and credibility of government policy
4. **Regulatory Quality:** ability of the government to formulate and implement sound policies that permit and promote private sector development



Components of Governance



World Bank Conception of Governance

Worldwide Governance Indicators:

Respect of the Citizens and State for Institutions

- 5. **Rule of Law:** quality of contract enforcement, police, and courts that support the functioning of society
- 6. **Control of Corruption:** extent to which public power is exercised for public good and not personal gain



Part II: The Concept of Human Development

Origins of the Human Development Approach

Not long ago, development practitioners focused on economic growth as the primary indicator for development.

Even in the 1980s, many people still assumed a close link between national economic growth and the expansion of individual human choices (trickle down effect)



Criticism of the Focus



- Unequal income distribution
- Widening gap between rich & poor
- Trickle down effect not working
- Social costs of structural adjustment
- Crime, conflict, disease, pollution spreading, even where consistent economic growth



Amartya Sen

Criticism of the Focus on Growth



Mahbub ul Haq

Many people came to recognize the need
for an alternative development model...

A notable proponent of human development theory
is Amartya Sen who asked:

**“What is the relationship between our wealth
and our ability to live as we would like?”**

Development as Freedom, 1999



Human Development

Some UNDP Indicators



HDI Index:

Life expectancy;
Literacy rate;
Education enroll;
GDP per capita

Human Poverty Index

Probability of not
surviving to age 40;
Adult illiteracy rate;
% of pop not using an
improved water source;
Children underweight;
% of pop below pov.
line.

Gender related development index

Life expectancy
at birth
Adult literacy
Enrollment in
education
Est. Earned
Income

Gender

Empowerment Measure

Parliament seats;
Female legislators;
Senior officials
and managers;
Female
professional and
technical workers;
Ratio of male to
fem earned income



Part III: Relationship Between Governance and Human Development





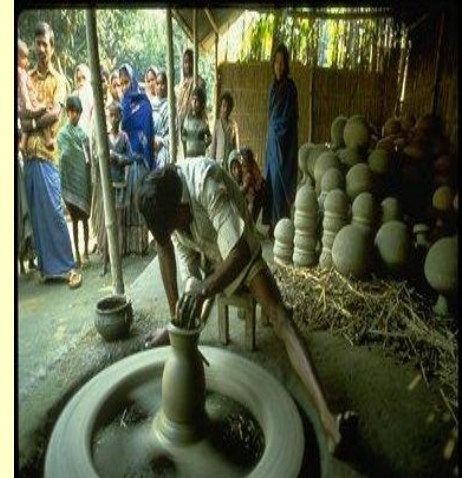
“Why is governance so important in achieving human development goals?”

It will explain:

- **HD and governance approaches**
 - **How governance impacts HD**
 - **Examples of governance-oriented interventions that improve HD**
 - **Governance challenges in Pakistan**
- ...and provide recommendations**



Human Development



So, how do we promote Human Development?

Promoting HD is not just a social, economic, and technical challenge. It is also an institutional and political challenge. In other words, governance matters.



HD & Governance



- **Studies in a wide range of countries hold weak governance responsible for persistent poverty and lagging development.**
- **The governance crisis is evident in widespread corruption, inefficient public services, and a host of other failures.**
- **These studies have also shown what poor governance means for ordinary citizens – schools without teachers, courts without justice, local bureaucrats demanding bribes at every turn..**

Human Development Report 2002



Human Development Asia 2011



World Human Development Ranking	Country	HDI Score
12	 Japan	0.901
13	 Hong Kong	0.898
15	 South Korea	0.897
26	 Singapore	0.866
61	 Malaysia	0.761
97	 Sri Lanka	0.691
101	 China	0.687
103	 Thailand	0.682



Human Development Asia 2011 (cont.)



World Human Development Ranking	Country	HDI Score
112	 Philippines	0.644
124	 Indonesia	0.617
128	 Viet Nam	0.593
134	 India	0.547
139	 Cambodia	0.523
145	 Pakistan	0.504
146	 Bangladesh	0.500

Governance and Human Development Intersection

World Governance Indicators (WB)	Human Development Index (UNDP)
Voice & Accountability	● Life expectancy at birth , as an index of population health and longevity
Government Effectiveness	● Knowledge and education , as measured by the adult literacy rate and the combined primary, secondary, and tertiary gross enrollment ratio
Political Stability and Lack of Violence	Standard of living , as indicated by gross domestic product per capita at purchasing power parity
Regulatory Quality	
Control of Corruption	
Rule of Law	

Governance and HD Intersection

Asia

Country	WGI Percentile	HDI Global Ranking (out of 182)
Singapore	85.95	23
South Korea	72.16	26
Malaysia	56.86	66
China	36.78	92
Philippines	36.86	105
Indonesia	37.41	111
India	45.73	134
Pakistan	17.71	141
Nepal	20.16	144
Bangladesh	21.18	146

Contents

Part IV: Decentralizing Governance

IV: Forms of Decentralization

Decentralization practices can be categorized into at least four forms:

- 1. Administrative decentralization –**
including deconcentration of central government structures and bureaucracies, delegation of central government authority and responsibility to semi-autonomous agents of the state

IV: Forms of Decentralization

- 2. Political decentralization** – including organizations and procedures for increasing citizen participation in the selection of political representatives and in public policy making, changes in the structure of the government through devolution of powers and authority to local units of government, power-sharing institutions within the State through federalism, or autonomous regions.

IV: Forms of Decentralization

- 3. Fiscal decentralization** – including means and mechanisms for fiscal cooperation in sharing public revenues among all levels of government, fiscal delegation in public revenue raising and expenditure allocation, and fiscal autonomy for state, regional or local governments.

IV: Forms of Decentralization

- 4. Economic decentralization** – including market liberalization, deregulation, privatization of state enterprises, and public-private partnerships.

IV. Successful Decentralization Practices: Indonesia

In Indonesia, following months of political protest and turmoil in 1998 a comprehensive new decentralization Law was introduced.

Indonesia is divided into provincial regions, district regions, and municipal regions, all of which are autonomous. Under this law, the central government administrative authorities are all transferred to provinces, districts and municipality except for foreign affairs, defense and security, the judiciary, monetary and fiscal policy and religious affairs.

IV. Successful Decentralization Practices: Indonesia

- The decentralization policy aims at improving public service delivery, increasing community participation and ensuring the accountability of local governments.
- Decentralization has three key elements –
 - ✓ Greater weight to devolution than de-concentration;
 - ✓ Shift from vertical to horizontal responsibility, and
 - ✓ Clear provisions for the allocation of funds from central to local governments.

IV. Successful Decentralization Practices: Indonesia

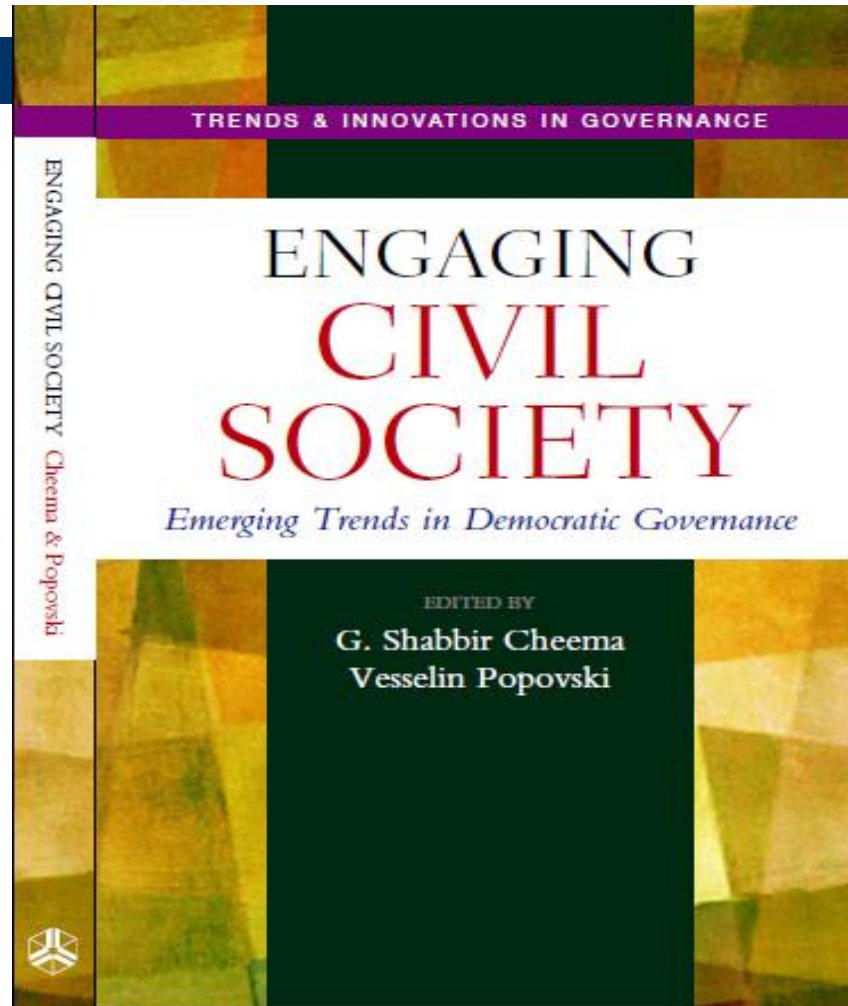
Assessments of the Indonesian experience show four positive impacts:

- 1. Downsized central government and strengthened local administration.** During the first three years of implementation, 2.2 million central government employees were reassigned to regional governments, along with control over 16,000 service facilities. Majority of public servants are under local governments management and supervision.
- 2. Increased budget for regions.** In the past budget for development controlled by central government was around 36% of state budget, while transfers to regions were about 23% (in 1994). In 2002, budget for development controlled by central ministries was only about 14%, while transfers to regions were about 27% of state budget.

IV. Successful Decentralization Practices: Indonesia

3. **Political participation and democratization.** Until 2007 two-third of provinces have popularly elected the governors and three-quarter of district and cities have elected the mayors.
4. **Creative and good leadership produce some local innovations:** a district mayor in Bali can offer free health care despite limited budget for health sector; a district mayor in Central Java reduce bureaucracy to get business permits by introducing one-stop service station and timed application process; a district mayor in Sulawesi introduced mobile government concept to increase agricultural productivity

Part V: Engaging Civil Society



Part V: Engaging Civil Society

- Four inter-related transformations: urbanization, globalization, democratization and Information and communication technology
- CSOs an integral part of democratization: they are both the determinant and consequence of democratic governance
- To understand the impact of CSOs poses a conceptual challenge because (1) CSOs operate at multiple levels with diverse objectives and concerns and (2) they perform multi-faceted functions ranging from advocacy for global public goods to democracy promotion and service delivery

Part V: Engaging Civil Society

CSOs play vital roles in democracy promotion and inclusive governance:

- Identifying and publicizing critical socioeconomic and political issues
- Challenging the abuse of powers
- Monitoring the government performance
- Service delivery and access
- Promoting norms at global, regional and national levels

Part V: Key Messages

- I. The space for CSOs at the global level has expanded but accountability challenges exist**
 - Recognition of CSOs as full partners because civil society helped establish the UN; constraints during the Cold War period
 - ECOSOC Accreditation process of 1996 at the United Nations and the 2004 SG's Panel of Eminent Persons on the UN-civil society relations

Part V: Key Messages

- **CSO's roles in the accountability and transparency of global institutions**
- **CSO's roles in development process, including their interface with development entities such as WB, ADB UNDP and UNICEF programs**

Part V: Key Messages

- II. International NGOs are active in global norm-setting and global public goods such as debt relief, advocacy for the environment and protection of human rights, and development**

Need to enhance accountability and credibility of international NGOs through:

- Complying with legal requirements including annual reports and audited financial statements

Part V: Key Messages

- Using improved accountability systems: the Action Aid International and the role of local communities
- Global accountability mechanisms such as OECD anti-corruption treaty, and Charter of Accountability of the International NGOs (recently initiated by the Alliance of IANGOs)
- Global and local CSOs have diverse stakeholders with diverse concerns and priorities

Part V: Key Messages

III. Patterns of growth and legal frameworks at national levels

- Patterns of growth ranging from China to Indonesia: In China the NGOs to fill part of the vacuum (safety net) from the liquidation of state owned enterprises; in Indonesia, transition from authoritarianism to democracy and proliferation of CSOs; in Malaysia, Bangladesh and Pakistan different patterns
- Legal frameworks – key to dynamic between state and civil society; state can dictate the rate of CSO formation directly through harsh standards and indirectly through financial support, tax benefits

Part V: Key Messages

IV. Capacity and accountability at national level

- Capacity of civil society – capacity for fund raising, financial management, information gathering, coordinated advocacy etc; yet, gaps between stated missions and capacity of many CSOs
- Upward and downward accountability

Part V: Key Messages

V. Civil society and democratic change

- engaging in voter education, voter registration, election monitoring etc: the case of Bangladesh and Indonesia
- monitoring the performance and accountability of parliaments: the role of PILDAT in Pakistan
- monitoring the performance of human rights institutions
- access to justice through paralegal support to the disadvantaged groups
- holding local government officials accountable for access to services: India



Part VI: Good Practices and Innovations in the Public Sector



Centrality of Governance



Example: Public Sector Reform

Public sector reforms can have a tremendous impact on HD by:

- Lowering costs
- Speeding up response times
- Increasing efficiency
- Improving service quality
- Improving the type, breadth, and reach of services



Public Sector Innovations



Innovation Means...

Having a good idea and realizing how to put the idea into practice.

Discovering new ways to create value.

Knowing what works well currently within the organization,
and figuring out what little changes could be added
to improve the organization even more.

It does not have to mean changing everything –
but implementing a little change that can have a big impact.



Public Sector Innovations



**To have innovations,
there must be empowerment:
managers, staff, and citizens
must know that the organization
wants them to make improvements.**



Public Sector Innovations



Obstacles to Innovation:

"It has always been done this way before"

"We don't do it that way here"

"I don't want to get in trouble"

"The rules don't talk about that"

"Nothing is going to change anyway"

(Excessive rule-orientation → should shift to → A focus on organizational goals)

Different Types of Innovations

- *Institutional innovations*, which focus on the renewal of established institutions and/or the creation of new institutions;
- *Organizational innovation*, including the introduction of new working procedures or management techniques;
- *Process innovation*, which focuses on the improvement of the quality of public service delivery; and
- *Conceptual innovation*, which focuses on the introduction of new forms of governance (e.g., interactive policy-making, engaged governance, people's budget)



Public Sector Innovations

Example: Republic of Korea



Context: Government innovation was embraced as the highest priority.

Government efforts to encourage innovation had multiple components and were implemented in three stages in the 2003-2006 period.


The larger vision was to build a leading innovative country and make ROK one of the top ten countries in terms of national competitiveness. Transparency and productivity were prioritized, while secondary goals included efficiency, improving service quality, decentralization, and participation.

Notably, the Republic of Korea had two advantages: a high degree of technological capacity and widespread use of e-government.



Public Sector Innovations

Example: Republic of Korea



Government Innovation Index (GII)

The GII was introduced in 2005 as an online program to mathematically measure the level of innovation achieved in public organizations and evaluate their level of services.

It measures public organizations by three categories:

- (i) organizational readiness for innovation, (ii) consistent use of innovation strategies and activities, and (iii) strategic results. The GII survey is carried out online, through question and answer sessions with a randomly selected group of employees at public organizations.

Organizations now use GII to diagnose current levels of innovation, identify weaknesses, and develop action plans to fortify their innovation capacities. The overall results of the index are then used as reference for national innovation strategies.



Public Service Reform

Example: Malaysia



As a second example, Malaysia also has a broad vision of public sector reforms to be achieved by 2020:

- Develop a mission-oriented administrative service to provide high quality public service.
- Strengthen institutional capacity to promote and sustain innovation.
- Enhance the ability of public servants to respond effectively to change.
- Develop the quality of human resources.



Public Service Reform

Example: Malaysia



Key factors for the success of reforms:

- ✓ Continuity of multi-partisan political leadership for over 40 years.
- ✓ Proactive steps by the government to reduce interregional and inter-ethnic disparities, reduce the scope of government intervention in the economy, and build a stable partnership with the local private sector to generate new jobs.
- ✓ Heavy investment in education, health and infrastructural development.
- ✓ Rapid expansion of the economy fueled by high local resource base & local entrepreneurship.
- ✓ Increased foreign investment led to transfer of new skills & technologies, which improved productivity.
- ✓ Emphasis in the 1960s and 1970s on rural and agricultural development.



Part VII: Pakistan's Governance Challenges

Part VII: Pakistan's Governance Challenges

Weak governance in Pakistan currently is constraining its ability to cope with core social and development issues:

- **Sustainable economic growth**
- **Poverty eradication**
- **Education, health, water**
- **Radicalization of the society/ security**
- **Energy shortages**

Part VII: Pakistan's Governance Challenges

There are six primary governance challenges:

- **Weak political institutions;**
- **Ad hoc economic management;**
- **Federal-state relations;**
- **Radicalization and lack of security; and**
- **Public sector capacity and service delivery mechanisms;**
- **Civil-Military Relations**

Civil-Military Relations

- ❑ Due to Pakistan's history, civil-military relations are still evolving
- ❑ Military influence on some civilian government decisions
- ❑ Exacerbated by the past two decades of conflict in Afghanistan

Civil-Military Relations

- ❑ These factors have sometimes led to disarray in policymaking
- ❑ This is not to suggest the military and political leadership cannot or will not cooperate
- ❑ Examples include the Most Favored Nation status of India for the sake of trade, and discussion with the U.S. on new terms of engagement

Weak Political Institutions

- ❑ State institutions have not really forged effective modalities to work within their own domains
- ❑ Judicial activism of the Supreme Court, extreme levels of partisanship in the Parliament, weak systems of checks and balances between executive and legislative branch, and high levels of corruption which undermine political legitimacy

Weak Political Institutions

- ❑ Due to these factors, citizens have low confidence in their elected representatives and the executive branch of the government
- ❑ One positive aspect is that actors from all state institutions want democratic processes to continue, and for the first time in its history an elected government has completed its term

Ad Hoc Economic Management

- ❑ Symptoms include extremely low domestic resource mobilization, budgetary deficits require IMF support, increased inflation , lower employment, and declining investments
- ❑ Civilian government has limited space to make viable economic decisions; too much dependence on external resources that limit policy options; vested interests

Federal-State Relations and the Need for Devolution

- ❑ Country has been run with strong central control which impedes both political legitimacy and effective governance at lower levels
- ❑ Civilian government has, however, taken two actions which will have long term positive impacts for the country

Federal-State Relations and the Need for Devolution

- ❑ First is a new set of criteria by the National Financial Commission for allocation of revenue that benefits poorer regions and states
- ❑ Second is 18th Amendment to the constitution which devolved powers and resources to the States. Provinces lack resource mobilization and implementation capacity, but the Amendment will contribute to inclusive governance

Radicalization and Lack of Security

- ❑ These are both the causes and consequences of governance deficits
- ❑ Pakistani society is becoming radicalized at an alarming rate and groups promoting tolerance are becoming increasingly weak
- ❑ Lack of security constrains domestic and international investment and shifts funding from infrastructure and services to combating insurgencies

Public Sector Capacity and Service Delivery and Access Mechanisms

- ❑ Daily reminders of declining standard of living through erosion of infrastructure and basic services
- ❑ High levels of corruption, lack of merit in government recruitment, weak local coordination mechanisms, and shrinking resources for services all impede effective government service delivery

Public Sector Capacity and Service Delivery and Access Mechanisms

- ❑ These constitute serious governance challenges
- ❑ For perspective, Pakistani economy grew from 1984 to 2004, and the decline started in 2005.
- ❑ However, economy is still grew by 3.6% in 2012

Opportunities for Change

- ❑ Pakistani society has the resilience to cope with crisis after crisis
- ❑ A vibrant civil society, open and free media, the rise of an independent judiciary, national consensus on democracy and individual entrepreneurship

Opportunities for Change

- ❑ However, full utilization of individual capacities for public goods require national and local institutions for political and economic management
- ❑ Thus, the gap between the country's potential and its performance

Part VIII: Summation



Part VI: Summation

- Paradigm shifts have taken place in the ways we view development and governance concepts and practice and the centrality of governance
- Decentralization of governance with capacity at regional and local levels is essential for the success of federation and political and economic sustainability
- Public sector capacity and innovations are key to service delivery and access

Part VI: Summation

- Space for civil society has expanded both in Asia and globally, yet CSO accountability and government-CSO partnerships are continuing challenges
- Building governance institutions at multi-levels and improving public sector capacity to improve service delivery and access, are the core challenges to bridge the gap between Pakistan's potential and its performance