PIDE SLUDGE SERIES

SETTING-UP A PRIVATE SCHOOL IN ISLAMABAD

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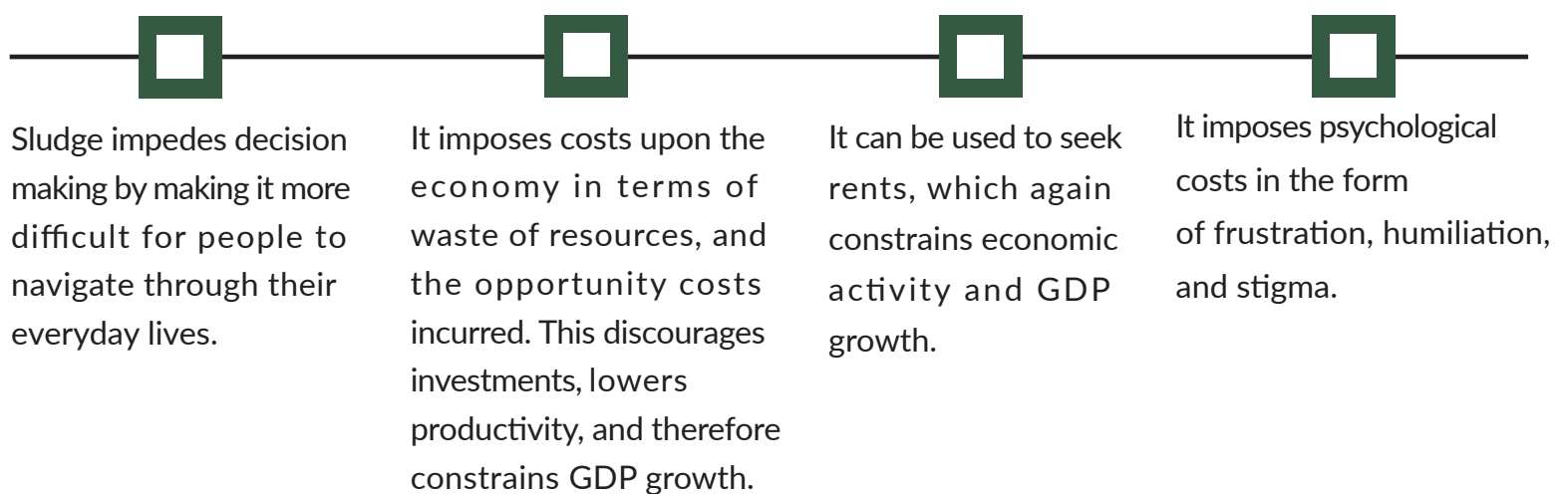PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS

WHAT IS SLUDGE IN THE ECONOMY?

Sunstein (2020) defines sludge as;

- Excessive or unjustified frictions make it difficult for people to get what they want or to do as they wish.
- Frictions that make processes difficult to navigate, such as paperwork burdens that cost time and money, and which may end up frustrating people by depriving them of access to goods, opportunities, and services.

Most of the sludge consists of work not required at all (permissions etc.), duplicative paperwork and wait-time – waiting in a queue or waiting for a public official to decide.

WHY SLUDGE MATTERS?

Sludge impedes decision making by making it more difficult for people to navigate through their everyday lives.

It imposes costs upon the economy in terms of waste of resources, and the opportunity costs incurred. This discourages investments, lowers productivity, and therefore constrains GDP growth.

It can be used to seek rents, which again constrains economic activity and GDP growth.

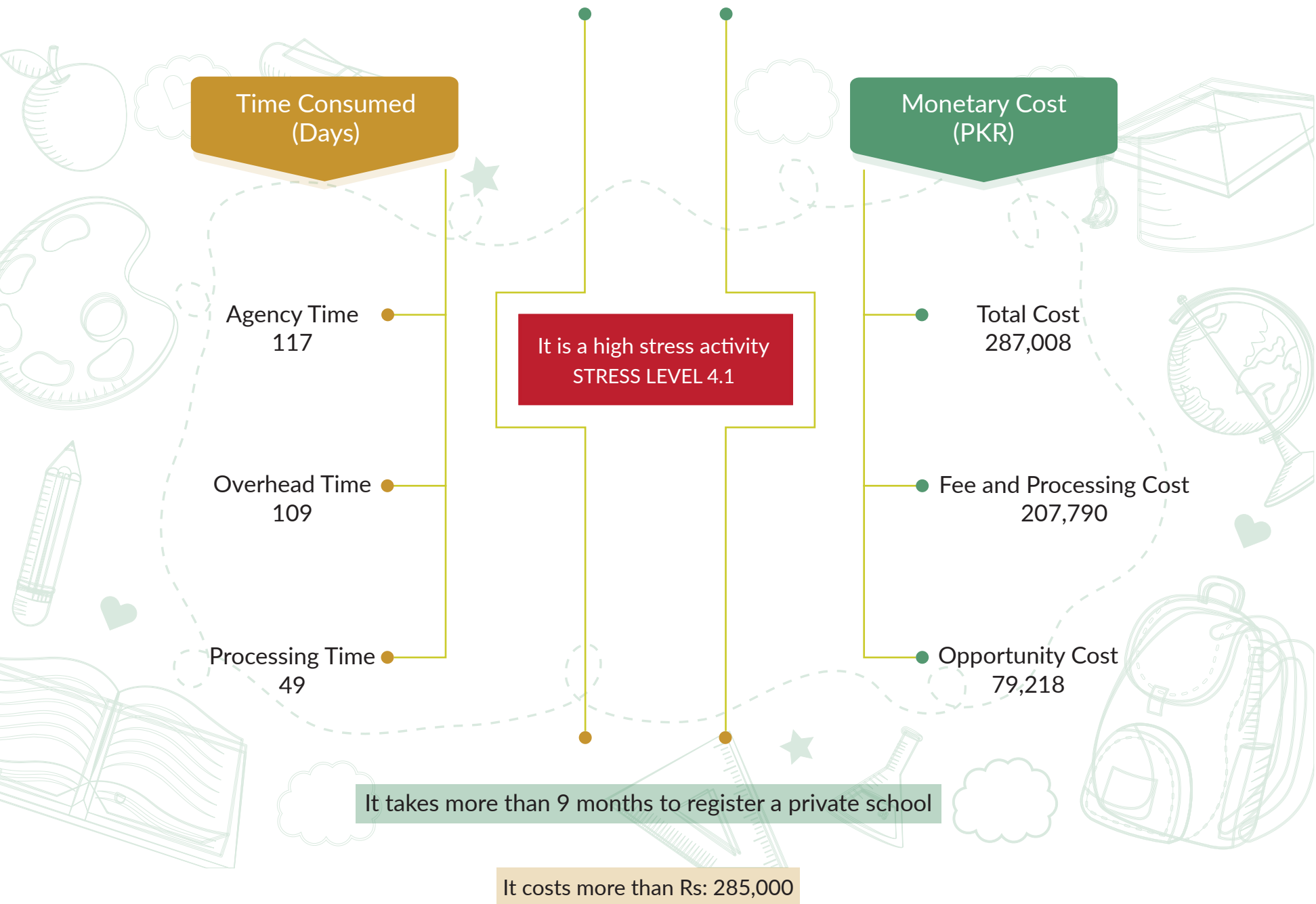It imposes psychological costs in the form of frustration, humiliation, and stigma.

Examples of sludge include: seeking permissions absence of which affects no one, waiting for approvals (bureaucratic red tape), waiting in queues to get a task done, doing manually what is possible digitally at little cost to stakeholders, waiting for court-hearings involving cases that land in courts and securing attestations/verifications and fulfilling legal requirements (agreements on stamp papers, securing persons to sign as witness on agreements, notarize the legal documents).

OBJECTIVES OF THE SLUDGE SERIES
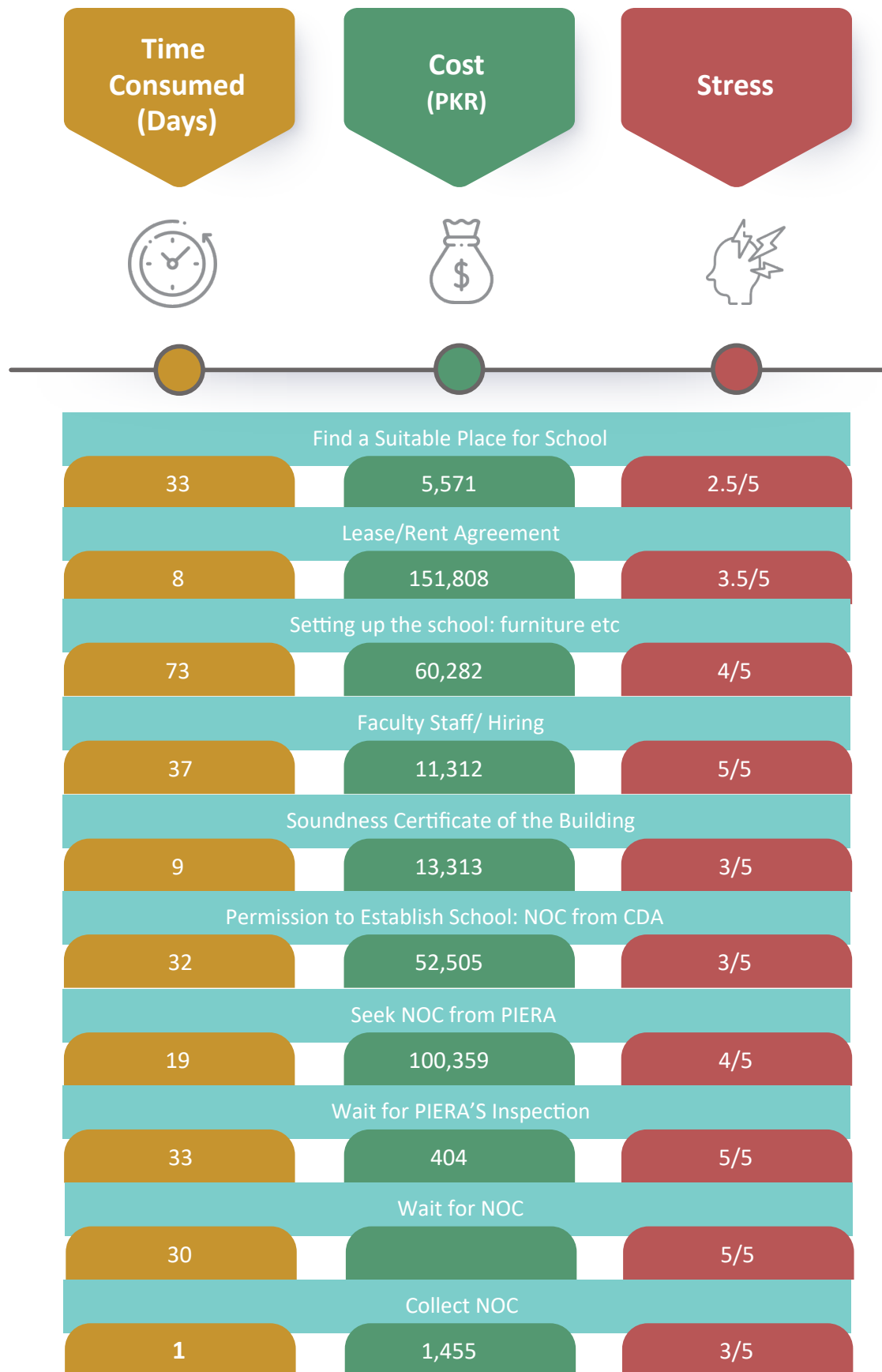
1 To highlight the sludge involved in different activities

2 Induce the concerned agencies to work for reducing sludge

3 To pin down areas where sludge can be reduced; by shortening the process or through digitization

SETTING-UP A PRIVATE SCHOOL

Time Consumed (Days)

Monetary Cost (PKR)

Agency Time
117

**It is a high stress activity
STRESS LEVEL 4.1**

Total Cost
287,008

Overhead Time
109

Fee and Processing Cost
207,790

Processing Time
49

Opportunity Cost
79,218

It takes more than 9 months to register a private school

It costs more than Rs: 285,000

SETTING-UP A PRIVATE SCHOOL

Time Consumed (Days)	Cost (PKR)	Stress
Find a Suitable Place for School		
33	5,571	2.5/5
Lease/Rent Agreement		
8	151,808	3.5/5
Setting up the school: furniture etc		
73	60,282	4/5
Faculty Staff/ Hiring		
37	11,312	5/5
Soundness Certificate of the Building		
9	13,313	3/5
Permission to Establish School: NOC from CDA		
32	52,505	3/5
Seek NOC from PIERA		
19	100,359	4/5
Wait for PIERA'S Inspection		
33	404	5/5
Wait for NOC		
30		5/5
Collect NOC		
1	1,455	3/5

Sources of Sludge

Seeking soundness certificate of the building in which the school is to operate from PIERA

Seeking the overall permission to run a school from PIERA, which involves a visit to the school by the PIERA's officials and a final grant of the permission after reviewing the documents and inspecting the situation on the ground

Together, fulfilling the two requirements (i.e., NOC from PIERA and NOC from CDA), can take up to 3 months and that too if the sponsors of the school are sufficiently networked with the concerned bureaucrats. Some sponsors told us that in such a situation the bribes can speed up the process.

STEPS TO BE DIGITIZED

Establishing a school in Islamabad requires seeking NOCs from PIERA and the CDA. Presently applications at both the agencies have to be submitted in a hard form. The fees in this regard are to be deposited physically in banks and a copy of the paid Challan is to be submitted along with the applications for NOCs. All this is possible electronically. Payments can be made online into bank accounts and applications can be submitted electronically to the concerned agencies

Table-1: Steps and Time Consumed in Setting-up a Private School

No	Step	Description		Time (minutes)				Overhead Time	Agency Time
				Travel	Waiting	Transaction /Process	Total		
1	Find an Appropriate Place for School	Visit the realtor		45			45	14,400 (30 days)	3,360 (7 days)
		Indicate preferences			15	60	75		
		Finish the day		45			45		
		Visit-2: the realtor		45			45		
		Site visit			15	120	135		
		Finish the day		45			45		
		Visit-3 the realtor		45			45		
		Meet owner of the Site			15	120	135		
		Finish the day		45			45		
2	Lease Agreement	Collect the stamp paper		45	20	10	75	3,360 (7 days)	
		Print lease agreement				10	10		
		Obtain signature s of witnesses		90		10	100		
		Pay advance money				10	10		
		Finish the day		45			45		
3	Setting Up School	Visit the site		45			45	14,400 (30 days)	3,360 (7 days)
		Clean up the premises				480	480		
		Visit the market		45			45		
		Purchase furniture & fixtures				480	480		
		Finish the day		45			45		
		Set up classrooms		45		1,440	1,485		
		Hire teachers				3,360	3,360	14,400 (30 days)	
		Enroll Students				14,400	14,400		
		School ready to start				480	480		
4	Gather Information	Visit PEIRA		45			45	480 (1 day)	
		Meet the official			30	30	60		
		Finish the day		45			45		
5	NOC from CDA	Visit to CDA		45			45	960 (2 days)	14,400 (30 days)
		Collect information			30	30	60		
		Apply for NOC			30	120	150		
		Finish the day		45			45		
		Visit-2 CDA		45			45		
		Collect NOC			30	15	45		
		Finish the day		45			45		
6	Soundness Certificate	Visit CDA: Structure engineer		45			45	960 (2 days)	2,880 (6 days)
		Collect information			30	60	90		
		Finish the day		45			45		
		Engineer's inspection				60	60		
		Visit-2 engineer		45			45		
		Collect certificate			30	30	60		
		Finish the day		45			45		
7	Prepare Documents	Registration form of school				60	60	3,360 (7 days)	
		Copy of rent agreement				10	10		
		Building map		90	60	10	160		
		General information	Students enrolled			30	30		
			library			30	30		

#	Category	Sub-item	Detail						
		staff list				30	30		
		NOC copy				10	10		
		Soundness certificate's copy				10	10		
7		CNIC copy				10	10		
		Documents of teaching staff	Appointment letter			10	10		
			Degree copy			10	10		
			CNIC copy			10	10		
		Documents of non-teaching staff	Appointment letter			10	10		
			Degree copy			10	10		
			CNIC copy			10	10		
		Affidavit (Three stamp papers)	Collect stamp paper		10	20	30		
			Print affidavit			10	10		
			witnesses sign		90	15	105		
			Notarize affidavit			10	10		
		Fee Deposit	Visit bank	45			45		
			Pay fee		30	15	45		
			Finish the day	45			45		
8	Document Submission	Visit PIERA office		45			45		
		Submit application			30	60	90		
		Finish the day		45			45		
9	Wait for Inspection					120	120		14,400 (30 days)
10	Report submitted to the PIERA by the field inspector						0		3,360 (7 days)
11	Wait for NOC								14,400 (30 days)
12	Get NOC	Visit PEIRA		45			45		
		Get NOC			30	15	45		
		Finish the day		45			45		
Total Time (Days)							50	109	117

Table–2: Monetary and Opportunity Cost involved in setting up a school

No	Step	Description		Cost			Opportunity Cost
				Travel	Fee	Total	
1	Find an Appropriate Place for School	Visit the realtor		500		500	152
		Indicate preferences				0	253
		Finish the day		500		500	152
		Visit-2: the realtor		500		500	152
		Site visit		500		500	455
		Finish the day		500		500	152
		Visit-3 the realtor		500		500	152
		Meet owner of the Site				0	455
		Finish the day		500		500	152
2	Lease Agreement	Collect the stamp paper		500		500	253
		Print lease agreement				0	34
		Obtain signature s of witnesses				0	337
		Pay advance money			150,000	150,000	34
		Finish the day		500		500	152
3	Setting Up School	Visit the site		500		500	152
		Clean up the premises				0	1616
		Visit the market		500		500	152
		Purchase furniture & fixtures				0	1616
		Finish the day		500		500	152
		Set up classrooms				0	5,000
		Hire teachers				0	11,312
		Enroll Students				0	48,480
		School ready to start				0	1,616
4	Gather Information	Visit PEIRA				500	152
		Meet the official				0	202
		Finish the day		500		500	152
5	NOC from CDA	Visit to CDA		500		500	152
		Collect information				0	202
		Apply for NOC				0	0
		Finish the day		500		500	0
		Visit-2 CDA		500		500	0
		Collect NOC				0	0
		Finish the day		500		500	152
6	Soundness Certificate	Visit CDA: Structure engineer		500		500	152
		Collect information				0	303
		Finish the day		500		500	152
		Engineer's inspection				0	202
		Visit-2 engineer		500		500	152
		Collect certificate				0	202
		Finish the day		500		500	152
7	Prepare Documents	Registration form of school			1,000	1,000	202
		Copy of rent agreement			10	10	34
		Building map				0	539
		General information	Students enrolled			0	101
			library			0	101
			laboratories			0	101
			staff list			0	101
		NOC copy			10	10	34

		Soundness certificate's copy				10	10	34
		CNIC copy				10	10	34
		Documents of teaching staff	Appointment letter				0	34
			Degree copy			100	100	34
			CNIC copy			100	100	34
		Documents of non-teaching staff	Appointment letter				0	34
			Degree copy			100	100	34
			CNIC copy			100	100	34
		Affidavit (Three stamp papers)	Collect stamp paper			450	450	101
			Print affidavit			300	300	34
			witnesses sign		1,000		1,000	354
			Notarize affidavit			600	600	34
		Fee Deposit	Visit bank		500		500	152
			Pay fee			40,000	40,000	152
			Finish the day		500		500	152
8	Document Submission	Visit PIERA office			500		500	152
		Submit application					0	303
		Finish the day			500		500	152
9	Wait for Inspection						0	404
10	Report submitted to the PIERA by the field inspector						0	0
11	Wait for NOC						0	0
12	Get NOC	Visit PEIRA			500		500	152
		Get NOC					500	152
		Finish the day			500			
Total Cost							207,790	80,177

The distribution of stress across steps has been calculated by multiplying the total process time (including travel, waiting, and transaction time) of each step with the stress level. The Stress % column in the table contains a percentage representation of stress distribution

Low Stress — 1
Mild Stress — 2
Moderate Stress — 3
High Stress — 4
Severe Stress — 5
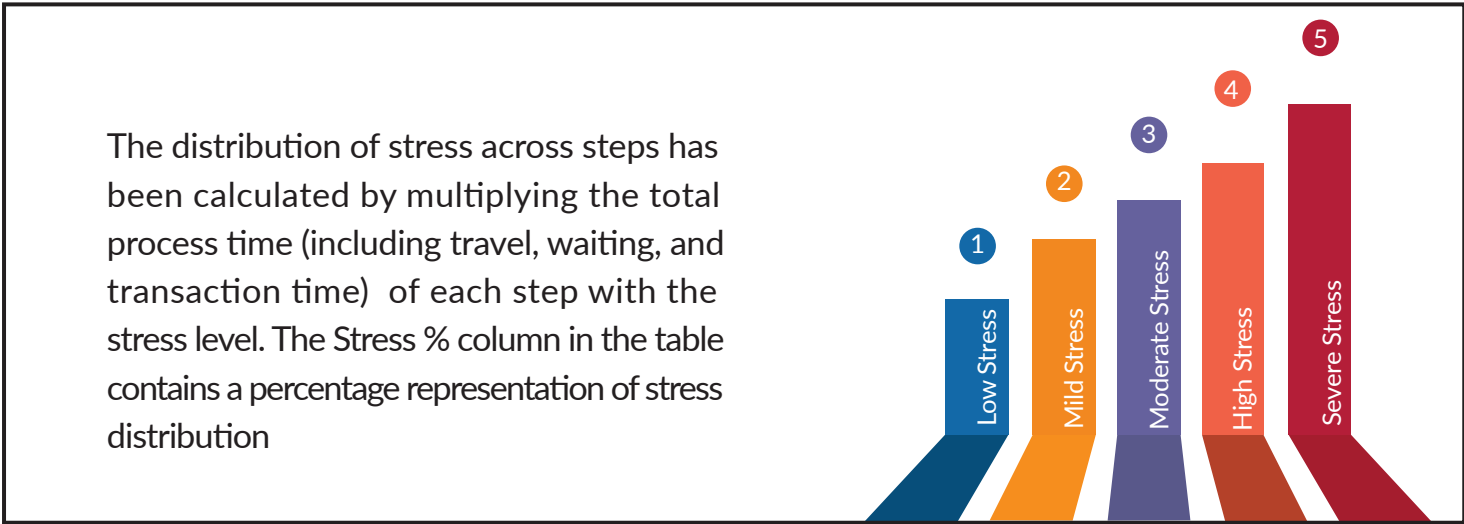
Table 3: Stress Level in setting–up a Private School.

No	Step	Description	Stress Level	Stress %
1	Find an Appropriate Place for school	Visit the realtor	2	0.6
		Indicate preferences	3	1.5
		Finish the day	2	0.6
		Visit-2: the realtor	2	0.6
		Site visit	3	2.6
		Finish the day	2	0.6
		Visit-3 the realtor	2	0.6
		Meet owner of the Site	5	4.4
		Finish the day	2	0.6
2	Lease Agreement	Collect the stamp paper	2	1.0
		Print lease agreement	4	0.3
		Obtain signature s of witnesses	5	3.3
		Pay advance money	5	0.3
		Finish the day	2	0.6
3	Setting Up School	Visit the site	2	0.6
		Clean up the premises	5	15.7
		Visit the market	5	1.5
		Purchase furniture & fixtures	5	15.7
		Finish the day	2	0.6
		Set up classrooms	5	0.0
		Hire teachers	5	0.0
		Enroll Students	5	0.0
		School ready to start	3	9.4
4	Gather Information	Visit PEIRA	2	0.6
		Meet the official	3	1.2
		Finish the day	2	0.6

5	NOC from CDA	Visit to CDA			2	0.6
		Collect information			3	1.2
		Apply for NOC			5	0.0
		Finish the day			2	0.0
		Visit-2 CDA			2	0.0
		Collect NOC			4	0.0
		Finish the day			2	0.6
6	Soundness Certificate	Visit CDA: Structure engineer			2	0.6
		Collect information			4	2.4
		Finish the day			2	0.6
		Engineer's inspection			5	2.0
		Visti-2 engineer			2	0.6
		Collect certificate			4	1.6
		Finish the day			2	0.6
7	Prepare Documents	Registration form of school			5	2.0
		Copy of rent agreement			2	0.1
		Building map			3	3.1
		General information	Students enrolled		3	0.6
			library		3	0.6
			laboratories		3	0.6
			staff list		3	0.6
		NOC copy			3	0.2
		Soundness certificate's copy			3	0.2
		CNIC copy			3	0.2
		Documents of teaching staff	Appointment letter		3	0.2
			Degree copy		3	0.2
			CNIC copy		3	0.2
		Documents of non-t	Appointment letter		3	0.2
			Degree copy		3	0.2
			CNIC copy		3	0.2
		Affidavit	Collect stamp paper		2	0.4
		(Three stamp papers	Print affidavit		4	0.3
			witnesses sign		5	3.4
			Notarize affidavit		5	0.3
		Fee Deposit	Visit bank		2	0.6
			Pay fee		4	1.2
			Finish the day		2	0.6

8	Document Submission	Visit PIERA office		2		0.6
		Submit application		5		2.9
		Finish the day		2		0.6
9	Wait for Inspection			5		3.9
10	Report submitted to the PIERA by the field inspector			5		0.0
11	Wait for NOC			2		0.6
12	Get NOC	Visit PEIRA		3		0.9
		Get NOC		2		0.6
		Finish the day				

NOTES:

The information used in the report has been collected through multiple interactions and in-depth interviews with stakeholders including concerned government agencies and private entities. Applicants were key informants and were also interviewed in-depth.

ASSUMPTIONS:

1. Average travel time to any office within Islamabad/Rawalpindi is 45 minutes. Roundtrip takes 90 minutes.
2. The cost for one way trip is Rs.500/-. This is average fare of Uber/Careem
3. Applicant visiting a government agency to meet an official manages to meet the person during the said visit.
4. Stress level included in the report has been assessed based on:

> (i) effort-level of the applicant for performing a task
>
> (ii) time involved in completion of the step and
>
> (iii) how crucial the step is for completion of the activity and
>
> (iv) the probability that the task may not be allowed/approved by the authority
>
> concerned.
>
> The entire foregoing assessment is based on in-depth interviews of applicants.