

# Ideas for Improving Governance in Pakistan

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## Overview

The costs of corruption are less and more than the amounts of money stolen. The money stolen isn't burned, and much of it remains in Pakistan. But incentives are distorted, services are weaker, inefficient industries are maintained, and trust is undermined. Disasters are more pronounced. Unrest is amplified.<sup>1</sup> And a country with people who are as smart and entrepreneurial as any people in the so-called developed world ends up in a low-level equilibrium of poverty and exploitation.

The fact that corruption is an equilibrium, a widespread system, means that more and better of the same is not sufficient. For example, one cannot just say that leaner government, better public administration, and a focus on the positive will solve the corruption problem. Attempts to drop in an anti-corruption agency will likely make little difference (as the example of NAB a decade ago reveals). Corrupt systems must be upset, indeed subverted.

What can Pakistan build upon?

- Corruption is anti-Islamic.<sup>2</sup>
- People hate it (even if because of its systemic quality, they have to go along).
- Some signs of life: e.g., use of cell phones to thwart absenteeism, provide feedback by citizens. Public-private-citizen partnerships in local health clinics in Sindh.
- One may be able to identify priority areas for the economy where programs, projects, and whole infrastructures can be walled off.
- The private sector can help diagnose corrupt systems and build better ones.

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<sup>1</sup> The PCNA asserts that corruption and poor delivery of public services aggravate conflict in western parts of the country. Government of Khyber Pakhtunkhwa (2010), *Post Crisis Needs Assessment*, [http://www.pdma.gov.pk/PaRRSA/PCNA\\_Report.php](http://www.pdma.gov.pk/PaRRSA/PCNA_Report.php).

<sup>2</sup> And against the teachings of the Quaid-e-Azam. In his first address to the Constituent Assembly on 11 August 1947, Mohammad Ali Jinnah declared "One of the biggest curses from which India is suffering—I do not say that other countries are free from it, but, I think our condition is much worse—is bribery and corruption. That really is a poison. We must put that down with an iron hand and I hope that you will take adequate measures as soon as it is possible for this Assembly to do so. However, the perception of Pakistan as a highly corrupt polity and society persists amongst Pakistanis as well as outsiders even after 62 years of the country's existence." Cited by Sayeed, Asad (2010) "The Nature of Corruption and Anti-corruption Strategies in Pakistan," *Article 2 9:1* (March), p. 33. <http://www.article2.org/pdf/v09n01.pdf>

The new government must build confidence through feasible steps: big fish must be fried, and publicized endeavors must show how ground-level corruption can be reduced and services improved. But the task is not just government's; indeed, successful government efforts mobilize business and civil society, with relentless leadership. Donors can help.

In the longer term, the government and its international partners need to consider incentive reforms. And yes, it will also be necessary to improve institutional capacity in the more-of-the-same fashion: training, computers and software, management information systems, support for social media against corruption, etc.

What roles now for the Bank and donors? Pull together a menu of current donor endeavors, including goals and plans over the next few years. Use convening power to get stakeholders together to think about corrupt systems and what to do about them. Consider solutions from other countries, which of course have to be thought of as inspirations and prods, rather than blueprints. Identify champions and partners among Pakistan's elites. And seize this moment of democratic transition as an opportunity for big things.

## **It's Not Hopeless**

*An Imaginary News Story from 2018*

### **Governance Reforms Enabled Pakistan's Economic Success**

**Al Jazeera, March 2018** – Only five years ago, Pakistan's people welcomed a new government amidst conflict and corruption.

"Some people said we couldn't tackle either one," explains prime minister Mohammed Khan Saeed. "They said our culture was dictatorial and that our new government would simply slip into the corrupt ways of the past. But look at the results now, how we've expanded political and civil rights and greatly improved the disease of corruption."

Political scientist Raymond Gastil recalls, "In 2013, Pakistan was one of the most dangerous countries in the world. It also was one of the least transparent governments. What a change."

From 2013 to 2018, Gastil's political rights and civil liberties measures for Pakistan have risen from "partly free" and below the world average, to "free" and well above the world average. In 2013 the World Economic Forum's global competitiveness index ranked Pakistan 124<sup>th</sup> of 144 countries, below Uganda, Libya, and Paraguay. Now, in 2018, Pakistan ranks above the world average. Pakistan's score on the corruption perceptions index has improved by twenty points, the second largest positive swing of any country in the world.

One result: more private investment. "Our studies had shown that governance was the key obstacle to investment," notes Mustapha Nabli, the World Bank's former chief economist for the Middle East and Northern Africa. "We showed that in the long term, private investment could increase tremendously, with the right climate. Already in Pakistan, private investment as a percentage of GDP has grown by 5 percentage points."

#### *How They Did It*

"We did three key things," recalls minister of finance Farook Ahmed. "We looked at the big picture together, with lots of idealism. We created a practical, strategic roadmap together, based on a diagnosis of our situation and examples from other countries of things that worked. And we started with a few concrete things that could be seen to work quickly."

Breaking down change into discrete steps made the goal of good governance less daunting. "In addition to a new freedom of information act, look at the specific things they did to increase transparency," notes

Kirstin Sørensen of Transparency International. “On the Internet they published usable information about all laws, regulations, and directives. About all tax incentives and other benefits granted to firms. About privatizations, public land transfers, subsidies, and procurement tenders. And about court decisions on commercial litigation.”

Michael Hershman of the Fairfax Group adds, “Any MP who recommends a particular firm to a ministry is required to do so in writing—and all such recommendations are published.”

The new flows of information go two ways. “Citizens use a variety of feedback mechanisms,” observes Iman Siddiqui, a noted academic and activist. “Cell phones provide a useful tool. With private-sector help, the government developed scorecards on the performance of government agencies. There are Facebook pages where you can ‘like’ good performance and give a thumbs-down to bad performance. And with new citizens’ oversight councils for each ministry and big city, we follow up to see that these data were actually used.”

The business community helped with innovative “diagnostics” of corrupt systems. Salim Shahid of the Chamber of Industry describes one success story. “Each major road-building company was asked one-on-one to diagnose shortcomings in the procurement system, from prequalification to the renegotiation of contracts. From about fifteen of these interviews, a diagnostic of the parallel system emerged. We used this to work with the ministry and craft specific measures for reform. We have repeated the diagnostic each year, to gauge our progress and rethink the reforms.” The result: less corruption, lower costs per kilometer of construction, and higher measures of road quality.

### *Systemic Corruption*

It was important to go after the ill-gotten assets of the corrupt. “This process can be overwhelming for even the most experienced of practitioners,” notes Jean-Pierre Brun, co-author of *Asset Recovery Handbook: A Guide for Practitioners*. “In Pakistan, the process was alleviated by the freezing of assets by Switzerland, the EU, and the USA. The new government, of course, wanted to get that money back, and what was heartening was the collaboration of many of the officials in the old government who had knowledge of the illicit transfers—even clerical staff helped.”

Big fish had to be fried, meaning the prosecution of a few of the most abusive members of the old order, both government officials and corrupt business people. This demonstrated to angry citizens that things were indeed changing.

“But we didn’t become fixated on the past,” notes prosecutor Noor Yousef. “Our focus was preventing corruption. We started improving our systems of oversight and auditing, and of course the administration of justice, including better incentives. We developed new ways to get information from citizens, business people, and government officials.”

It was more difficult, and more dangerous, to address some inbred systems of organized corruption. “We knew the military was involved in some corrupt systems,” says Mustapha Iqbal of the Citizens Council for Change. “But we also knew that the military had to be an ally for change. We couldn’t attack the military directly or quickly. Instead, learning from other countries, we developed a longer-term strategy to wean the military from its many economic activities and to improve military procurement. We coupled this with reforms in pay and incentives.”

### *The Key Role of International Institutions*

The new Pakistani government, and the citizens, were adamant about “doing things themselves.” They distrusted foreign aid. But as change proceeded in governance reforms, international donors turned out to be key partners.

“The donors were important to us because of their ideas and examples even more than their financial support,” notes prime minister Saeed. “Let me cite just a few instances for you.”

**Continued on p. A-16**

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The imaginary news story makes welcome reading. Five years from now, we learn, Pakistan will be a surprising success. How this success will happen is only hinted at. But note this big idea: Pakistan will take on corruption and greatly reduce it.

Impossible, many say. “The biggest obstacle to development in Pakistan is corruption,” they shrug. “But what can be done about that, especially here?”

The feeling of futility is part of the challenge. To overcome it, we must begin with Pakistani reality; “we” of course means Pakistanis first and foremost. Then we must learn from experience in other countries. Fortunately, systemic improvements have been made, even in very difficult settings.

## **Where We Stand: Pakistan’s Governance**

This section uses a few of the many available data about governance and competitiveness to help locate Pakistan internationally.<sup>3</sup>

Consider a new report by the Legatum Institute in London. Its “Prosperity Index” benchmarks 142 countries around the world along 89 indicators, which it then groups into eight categories:

1. Economy.
2. Education.
3. Health.
4. Entrepreneurship and Opportunity.
5. Governance.
6. Personal Freedom.
7. Safety and Security
8. Social Capital.

For each category, the indicators are statistically combined into a single score. Then the category scores are equally weighted to create an omnibus prosperity score for each country.

The Legatum Institute asserts: “The Prosperity Index is the only global index that measures national prosperity based on both wealth and wellbeing. The Index seeks to redefine the concept of national prosperity to include, as a matter of fundamental importance, factors such as democratic governance, entrepreneurial opportunity, and social cohesion.”<sup>4</sup>

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<sup>3</sup> Many other development and governance indicators are, of course, available. These are chosen for their relevance and possible unfamiliarity to many in Pakistan.

<sup>4</sup> *The 2012 Legatum Prosperity Index*. London: Legatum Institute, 2012, p. 6.  
[http://www.prosperity.com/Content/Download/PI2012\\_Brochure\\_Final\\_Web.pdf](http://www.prosperity.com/Content/Download/PI2012_Brochure_Final_Web.pdf). An online tool enables readers to explore, and reweight, the indicators and composites. A summary for Pakistan appears here: <http://www.prosperity.com/CountryProfile.aspx?id=586>.

On the Prosperity Index, Pakistan ranks 132 of 142 countries. As a comparison, Indonesia ranks 63, India 101, Bangladesh 102, Cambodia 107, and Nepal 108. Among the eight categories, it is notable that Pakistan ranks 121 in governance, 132 in personal freedom, 137 in social capital and 139 in safety and security.

These disappointing results occur in a country where the people are intelligent and, when given a chance, hardworking (as demonstrated by the excellent results of Pakistani students studying abroad and Pakistani citizens working abroad). Other positive features of the Pakistani setting are economic reforms undertaken (even if incomplete), agricultural potential, mineral resources including coal in the Thar region, trade possibilities given Pakistan's geographical location and Karachi's emergence as a mega-city, the relatively quick and deep spread of telecommunications (including cell phones), and eventually the potential for Pakistan to become an innovation economy.

Another source of relevant information is the Global Competitiveness Report 2012-2013.<sup>5</sup> This respected annual report surveys local and international people about 111 variables in each of 144 countries around the world.

In some of these measures, Pakistan does relatively well. For example:

- In terms of the labor market (hiring/firing), Pakistan ranks 21 of 144 countries, which is better than many countries, including the United Kingdom, New Zealand, Malaysia, and Ireland.
- In capacity for innovation, Pakistan ranks 60, which is higher than Colombia, Philippines, and Thailand.
- In judicial independence, Pakistan ranks 57, which is better than Brazil, Korea, and Spain.
- In company R&D, Pakistan ranks 51, ahead of Russia, Turkey, Mexico, and Chile
- In strength of investor protection, Pakistan ranks 29, which is better than Australia, Iceland, Finland, and Turkey.
- In terms of the monetary size of the domestic market, Pakistan ranks 26, ahead of such countries as Austria, Belgium, Singapore, and Sweden.

Putting these together, in one or another of these variables Pakistan does better than countries which much higher GDP per capita (see Table 1).

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<sup>5</sup> World Economic Forum, *Global Competitiveness Report 2012-2013: Full Data Edition*. Geneva: World Economic Forum, 2012. [http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2012-13.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf)

Table 1  
Some Comparisons of GDP Per Capita (2011)

Country	GDP p.c.
Australia	\$65,477
Belgium	46,878
Brazil	12,789
Colombia	7,132
Ireland	47,513
New Zealand	36,648
Russia	12,993
Singapore	49,271
Spain	32,360
Sweden	56,956
Turkey	10,522
United Kingdom	38,592
Pakistan	1,201

Source: Global Competitiveness Report 2012-2013, which uses 2011 data for GDP p.c. not adjusted for purchasing power parity.

The median income per capita of the twelve other countries in Table 1 is over \$35,000. Pakistan's is \$1201.

Why this enormous gap? Hints come from other variables in the Global Competitiveness Index for 2012-2013. For example:

- Pakistan ranks 116 in property rights. This is a lower ranking than countries such as Cambodia, Suriname, and Sierra Leone.
- In terms of irregular payments and bribes, Pakistan ranks 119, worse than Burkina Faso, Zambia, and Mongolia.
- The variable called "favoritism in decisions of public officials" has Pakistan in 129<sup>th</sup> place, behind Nigeria, Ukraine, and Zimbabwe.
- In terms of transparency of government, Pakistan rank 109, which is worse than Benin, Ecuador, and Cambodia.
- In "business costs of terrorism," Pakistan is second from the bottom. (Only Colombia is worse.)
- In organized crime, Pakistan is 136 of the 144 countries, worse than Albania, Nigeria, and Russia.
- Reliability of police: Pakistan ranks 127, which falls below Bolivia, Nigeria, and Zimbabwe. Perhaps because of this, Pakistan is 132<sup>nd</sup> in the business costs of crime, worse than Nigeria, the Dominican Republic, and Uganda.

And so, in one or another of these variables, Pakistan is rated worse than Albania, Burkina Faso, Cambodia, Colombia, the Dominican Republic, Ecuador, Mongolia, Nigeria, Russia, Sierra Leone, Suriname, Uganda, Ukraine, Zambia, and Zimbabwe.

Those surveyed for the Global Competitiveness Report were asked, “What are the most problematic factors for doing business in this country?” For Pakistan, the most important problem is corruption. The next three categories are also related to governance: inefficient government bureaucracy, policy instability, and government instability/coups.<sup>6</sup> Various potential economic discouragements to business, such as tax rates and various kinds of regulations, fall at or near the bottom of the list.

Pakistanis agree. A new large-scale survey by the Sustainable Policy Research Institute and The Herald (Dawn) asked Pakistanis, “What is the most important obstacle to economic progress?” The most prevalent answer is corruption. Running second and third are incompetent leadership and poor governance.<sup>7</sup>

Young entrepreneurs in Pakistan consider corruption “a major constraint in the way of industrial and economic development.”<sup>8</sup>

A few years ago, three Pakistani economists analyzed the Pakistani economy using the methodology of growth diagnostics developed by Ricardo Hausmann and Dani Rodrik at Harvard. Here is their conclusion:

We argue that governance failure and institutional shortcomings are at the heart of the matter. Corruption is rampant, judicial independence is low, educational institutes do not furnish the right kind of labor force, legal institutes do not protect the lenders against loan defaults, ambiguous land titles constrain mortgage financing and construction activity, labour market institutions restrict hiring/firing... We identify three binding constraints to growth in Pakistan. These are: (i) poor state of governance (ii) poor state of institutions and (iii) lack of competitive environment (that constrains innovation and hence growth). Without improving the state of governance and that of institutions sustainable growth cannot occur even if other factors, like a reasonable savings rate, are in place.<sup>9</sup>

The recently issued 2011-12 Annual Report of the Auditor General of Pakistan stated, “The ministries and divisions did not prepare and execute their budgets effectively.” The Auditor General audited only 1.4% of the budget. Financial irregularities formed 41.5% of the audited government expenditures. “Federal ministries were the naughtiest. Of their Rs654.6 million checked, the auditors put a question mark over a higher number: Rs700 million—which is 107% of the audited accounts.” About a third of audited defense

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<sup>6</sup> Global Competitiveness Report 2012-2013, p. 284.

<sup>7</sup> *Political Barometer*, a special publication of *The Herald* and the Sustainable Development Policy Institute, Islamabad, February 2013, p. 54. This volume is not available online; some of the material is available at <http://herald.dawn.com/2013/03/17/strength-in-numbers.html> (see esp. p. 21).

<sup>8</sup> Islamabad Chamber of Commerce and Industry, *Unpacking Corruption*. Islamabad: ICCI, Nov. 2012. This central finding from the report is discussed here: <http://www.sdpi.org/mediagallery/showvideo.php?id=436>

<sup>9</sup> Qayyum, Abdul, Idress Khawaja, and Asma Hyder (2008) “Growth Diagnostics in Pakistan,” *European Journal of Scientific Research* 24:3 (2008), pp. 433-450; the quote is from the abstract. <http://www.hks.harvard.edu/fs/drodrik/Growth%20diagnostics%20papers/Growth%20Diagnostic%20in%20Pakistan.pdf>

expenditures were questionable. “In state-owned corporations, 87% of the audited amount was placed under observation.”<sup>10</sup>

Finally, consider a recent review by Ishrat Husain, former head of the State Bank of Pakistan. What, he asks, is the evidence that corruption exists in Pakistan? His answer:

Inflated contracts, understated or unpaid customs duty, evaded income tax, exaggerated prices paid for land acquisition by public agencies, lower rents for leasing mining, oil and gas rights, illegal connections of electricity and natural gas, apprehension of wrong persons in criminal cases and their release after accepting bribes, weak prosecution of cases, granting of licenses and permits in returns for favors, acquittal of criminals by the lower judiciary, grant of loans by nationalized commercial banks to un-creditworthy persons are some blatant manifestations of the widespread institutionalized corruption in the society.<sup>11</sup>

Combined, these data and analyses powerfully suggest that corruption and more generally poor governance constrain Pakistan’s economic progress.

### **Ideas for Next Steps**

Especially as Pakistan prepares for elections May 11, 2013, politicians of all parties declare their opposition to corruption.

The People’s Party of Pakistan lauds its anti-corruption achievements and promises more:

In its next term the Party will introduce further governance and transparency reforms in the areas of taxation and public management including civil services, government procurements and decentralization. It will introduce a culture of accountability in the delivery of public services by setting metrics for performance, and it will strengthen the Ombudsman’s office.<sup>12</sup>

Governance reforms are emphasized by the Muslim League of Pakistan (N). Its manifesto declares:

“Sustainable and inclusive economic growth requires ... Democratic governance which requires supremacy of the constitution and the rule of law in order to reduce corruption, tax evasion, wasteful expenditure, misuse of power, and meets the aspirations of the people.”<sup>13</sup>

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<sup>10</sup> Shahbaz Rana, “Watchdog Gets Through Only 1% of Govt’s Rs3tr Budget,” *Express Tribune*, 22 March, 2013, p. 12.

<sup>11</sup> *Pakistan’s Institutions of Accountability*, Islamabad: World Bank, Aug. 2012, p. 22.

<sup>12</sup> Pakistan People’s Party Parliamentarians, *Manifesto 2013*. 74 pp. No publication information in document. Quote is from p. 59. In addition: “Establish a new system of accountability based on outcomes. Existing accountability methods through the audit change report (ACR) do not measure performance in terms of guidelines followed or implementation outcomes achieved. The procedure and hierarchy of the process of accountability [?] will also be rationalized and made transparent.” (60) “Put in place credible sanctioning mechanisms based on the new system of accountability.” (60)

<sup>13</sup> Pakistan Muslim League (N), *National Agenda for Real Change: Manifesto 2013. Strong Economy – Strong Pakistan*. 104 pp. No publication information. Quote from p. 8. The agenda promises “a larger



Imran Khan has famously said that if elected, he would end corruption in 90 days.

In Pakistan as in many other countries, political campaigns are increasingly fought on issues of governance and corruption. For example, in 2010, President Benigno Aquino III of the Philippines campaigned on the slogan “If there is no corruption, there will be no poverty.”

Aquino won handily, and he has followed through. Working with business and civil society, his cabinet created a frank diagnosis of corrupt systems, a powerful strategy, and realistic sequenced steps for implementation. They learned from, although never copied, success stories around the world. Already Filipinos see remarkable progress in governance and, as a result, in economic activity. In 2012, the Philippines was the fastest growing middle-income country in Southeast Asia.

Aquino is one of many new leaders around the world who have prioritized the fight against corruption. They are not just moralists. They have declared war on corruption because their citizens demand it and because the goal of inclusive growth requires it.

But as in Pakistan, there is often a gap between fine words and effective action. Immediately, a question arises: “If government leaders and business people and citizens are participating in corrupt partnerships, who will undertake needed changes?” Reformers are likely to emerge in three groups: new governments (especially those who ran against corruption, although sometimes alas they quickly have their heads turned), competitors to the collusive businesses, and citizens whom corruption harms. In my experience, there is no shortage of sincere opponents of corruption from the public, private, and nonprofit sectors, even in highly corrupt countries. But they are stuck in a kind of corrupt equilibrium. I believe that when leaders see how corruption can be reduced (though never alas eliminated) without committing political suicide, they are often willing to move forward.

But there is another problem: in the fight for good government, many of these leaders are not getting the analysis and help they need.

The usual approaches to fighting corruption are insufficient. These approaches pass new laws, dictate codes of conduct, train public administrators, and build “capacity.” They often propose reorganization and new commissions. With regard to civil society and the business community, the usual approaches include many meetings and conferences to “raise consciousness,” as well as surveys that measure how many citizens and companies are paying bribes.

These steps are not wrong; they are incomplete. Having state-of-the-art laws does not guarantee their implementation. Codes of conduct are often only ornaments. Knowing that X% of citizens pay bribes ministry A and Y% in ministry B doesn’t mean that the social costs

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attempt to fundamentally restructure the country’s state apparatus for democratic governance. The basic thrust of the plan will be both a major Public Sector Government Transformation Program as well as a major overhaul of the federal civil service.” The first “main purpose and objective” is “Ensuring open government through transparency, accountability, and participation to fight corruption and improve citizen engagement.” (49) “Create and implement performance monitoring dashboards for all major ministries, provincial, district and city governments, and major national projects.” (53)

of corruption A are greater than in B. Nor of course do such data say what corrective actions are cost-effective in A or B.

In Pakistan and elsewhere, we need a new approach. It must recognize that:

- Corruption is a problem of political cultures as well as bad laws and poor policies.
- Corruption involves informal systems that work in parallel to the ostensible, 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.

Fortunately, we can base a new approach on real examples of reducing corruption. These examples cannot simply be copied from one setting to another, because local politics, institutional arrangements, and economics vary greatly. But lessons can be discerned, which local people will of course need to adapt to their local realities.

The sum of these lessons is a different approach to tackling corruption. With the right leadership and the right help from the international community, this new approach can achieve a turning point in the fight against corruption.

## Step 1: Diagnosis

The first steps are diagnostic.

**Analyze where we stand.** Using a variety of country-level indicators of governance and competitiveness, a country can quickly learn where it stands compared with other nations. It is important to compare the laws as they stand with the implementation of the laws. Also, it may be useful, as in the work of Mary Hallward-Driemeier of the Bank, to contrast summary data about ease of doing business with firm-level reports.<sup>14</sup> A variety of techniques, such as Ricardo Hausmann’s diagnostic of constraints in the economy,<sup>15</sup> can be used to roughly gauge the importance of governance and corruption.

Combining these various sources of information can help Pakistanis estimate how much governance improvements are likely to improve investment, job creation, and growth.

**Profile the anti-corruption apparatus.** Governments need an action-oriented analysis of the strengths, weaknesses, and risk profiles of the key institutions needed for effective governance. In addition, they need an assessment of the status of collaboration across

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<sup>14</sup> For example, Hallward-Driemeier, Mary, and Lant Pritchett (2011), “How Business is Done and the ‘Doing Business’ Indicators: The Investment Climate when Firms have Climate Control,” Policy Research Working Paper. Washington DC, World Bank.

<sup>15</sup> Hausmann, Ricardo, Bailey Klinger, and Rodrigo Wagner (2008) “Doing Growth Diagnostics in Practice: A ‘Mindbook,’” draft CID Working Paper 177. Center for International Development, Harvard University, September 8.

[http://www.hks.harvard.edu/var/ezp\\_site/storage/fckeditor/file/pdfs/centers-programs/centers/cid/publications/faculty/wp/177.pdf](http://www.hks.harvard.edu/var/ezp_site/storage/fckeditor/file/pdfs/centers-programs/centers/cid/publications/faculty/wp/177.pdf)

government agencies in fighting corruption. The World Bank's existing work on these institutions (such as *Pakistan's Institutions of Accountability*, August 2012) is an excellent start. It could be made even more useful by analyzing the vulnerability of these very institutions to corruption.<sup>16</sup> (One way to do this is described in "Analyze corrupt systems," below.)

**Hear the people.** Next come surveys of citizens. In Peru, for example, the remarkable NGO Ciudadanos al Día has implemented a tool for measuring satisfaction with government agencies at the national and local levels. This custom-designed survey is administered through a private agency rather than the government. The findings help diagnose where in local, regional, and national government citizens are least satisfied. From the beginning the press can be involved in learning about the surveys and sharing the results. The media can become an ally in pursuing good government and in publicizing progress that can help citizens and civil servants avoid cynicism. Pakistan already has a variety of surveys. These have not been linked to highly publicized rankings of city governments, government agencies, or the like.

**Analyze corrupt systems.** In areas ranging from procurement to the courts, from tax collection to election financing, things are supposed to work in thus-and-so a fashion. In practice, how do they really work? Where are the weaknesses in the ostensible, legal system, which allow the parallel system to arise? Equally important, what are the weaknesses in the corrupt parallel system? How can these weaknesses be exploited to bring the corrupt system down?

I have witnessed and employed powerful methods for answering these questions. The surprise: the methods to analyze corrupt systems enlist the very people who are participating in the corrupt systems.

The key is to *focus on systems and not individuals*. First, conduct one-on-one interviews with leaders of companies active in these parallel systems. Ask them not to name names but to analyze how the parallel systems work. Do the same thing with some key government officials. It is a remarkable truth that people speaking confidentially and one-on-one can through careful questioning reveal how the parallel systems work—and suggest ways to make the preventive measures work better.

On the basis of many such interviews, a preliminary diagnosis of the parallel system is created. It is shared with the interviewees and the government and revised. The next step is to organize workshops in which the relevant government agencies and private sector are induced to *design together practical corrective measures*. Annual replications of this

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<sup>16</sup> An impressive critique and contribution to anti-corruption strategy by Daniyal Aziz and Usama Bakhtiar points out that these accountability institutions are themselves corrupted. "Another critical feature of this category of administrative corruption is that the institutions mandated with the task of curbing corruption have themselves evolved mechanisms to generate illicit rents. Thus, there is an institutional bulwark ensuring that the corruption system can function with impunity." More on this work below. Aziz, Daniyal, and Usama Bakhtiar (2012), "Anticorruption and its Discontents: Anticorruption in Post Independence Colonial Bureaucracies." Presented at the International Public Management Network conference, Honolulu, June 2012, p. 25 PDF available at <http://www.ipmn.net/index.php/conferences-a-workshops/133-draft-conference-agenda> under June 29.

methodology can help the government and the business community to gauge progress in reforming the corrupt systems.

**Identify big leaks.** Many countries have suffered from large outflows of stolen assets through embezzlement, fraud, and kickbacks. They need a frank assessment of the sources, amounts, and destinations. They also need a realistic appraisal of the prospects of recapturing lost assets that have been transferred abroad.

## Step 2: Strategies

Taking the information and analyses of Step 1, the next step is to forge effective strategies.

**Convene leaders to focus on fighting corruption.** The imaginary news story above described the process this way:

We looked at the big picture together, with lots of idealism. We created a practical, strategic roadmap together, based on a diagnosis of our situation and examples from other countries of things that worked. And we started with a few concrete things that could be seen to work quickly.

It is possible to organize “convenings” in which leaders together (1) consider examples of proven success from other countries, (2) adapt frameworks for policymaking, and (3) engage in practical exercises to develop distinctive local solutions to distinctive local problems. From these events, participants can turn a set of disparate anti-corruption activities into a powerful, feasible strategy. The result is a politically realistic roadmap for transformation, which separates immediate actions, medium-term steps, and long-term initiatives—all with measurable outcomes.

The examples of the Philippines and the Republic of Georgia<sup>17</sup> are inspiring in this regard. In Malaysia, citizen consultation helped the government determine primary areas of concern and then devise specific objectives to meet those concerns. These “laboratories” involved people from civil society, business, and government and established the timelines and resources needed to reach those objectives. Briefings with the civil service, government leaders, business people, and the community added their inputs. Finally, mechanisms were created to track the implementation of the agreed-upon goals.

A successful strategy against systemic corruption must go inside the country’s politics. Stakeholders must analyze the political landscape and the sources of political support in the country and internationally—and examine the politics of possible anti-corruption measures. The strategy must challenge political leadership without entailing political suicide.

**Subvert corrupt systems.** Many corrupt systems are politically entrenched, meaning that powerful interests want to preserve them. These systems can become a self-fulfilling equilibrium. A key question is how to destabilize a corrupt equilibrium without bringing ruin.

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<sup>17</sup> Alam, Asad, and Van Roy Southworth, *et al.* (2012), *Fighting Corruption in Public Services: Chronicling Georgia’s Reforms*. Washington, DC: The World Bank.  
[http://www.georgia.gov/ge/common/get\\_doc.aspx?id=293](http://www.georgia.gov/ge/common/get_doc.aspx?id=293)

Corrupt parallel systems have their own economics. They rely on secrecy in how they recruit participants, make and enforce contracts, make payments, and hide illicit gains. Each of these steps constitutes a point of vulnerability in the corrupt system. Understanding these weaknesses can enable us to subvert corruption. The needed measures go beyond prevention to something akin to interventions against organized crime.

Fortunately, we can learn from success stories in diagnosing and then subverting organized corruption.<sup>18</sup>

**Help business act collectively.** Business people must recognize the Prisoners' Dilemma aspect of systemic corruption, where firms have to bribe because others do. Therefore, solutions should build on collective business self-interest in the longer term, to find a way out of the bribery equilibrium.

In many countries plagued by extortion and bribery, "parallel systems" corruptly stand alongside the ostensible system mandated by law. I suggest *working with the private sector to diagnose corrupt systems*. One technique works one-on-one with private companies that are active in these parallel systems, asking them not to name names but to analyze where the systemic weaknesses and flaws reside. On the basis of many such interviews, a draft diagnosis of the parallel system is created. After sharing the draft with the interviewees and the government, the document is revised. The result is the rapid identification of barriers and opportunities for improvement. One then can help the government to organize workshops in which experts help the relevant government agencies and private sector together design practical corrective measures.

Annual replications of this methodology can help both the government and the business community to gauge progress in reforming the corrupt systems.

As the Government of Pakistan wishes, the private sector (perhaps with donor support) can organize the analysis of parallel systems in areas such as procurement, licenses and permits, tax collection, courts, customs, and personnel systems—and the institutions of accountability.

**Change the economic calculations of the corrupt.** Systemic reforms are required, guided by a formula such as  $\text{Corruption} = \text{Monopoly} + \text{Discretion} - \text{Accountability}$ . Monopoly powers have to be reduced and competition increased. Discretion and arbitrariness in official actions and in the rules of the game must be avoided. Transparency and accountability need to be enhanced, through objective performance indicators and through systematic feedback from citizens, businesses, and public officials themselves.

Positive and negative incentives need to be changed, for bribe givers as well as bribe takers. Daniyal Aziz and Usama Backtiar have done deep analyses of the actual incentives present in Pakistan's government institutions.<sup>19</sup> Several points in their valuable discussion of the incentives conundrum are worth citing at length:

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<sup>18</sup> Klitgaard, Robert (2000) "Subverting Corruption" *Finance and Development* 37(2): 2-5. <http://www.imf.org/external/pubs/ft/fandd/2000/06/pdf/klitgaar.pdf>

<sup>19</sup> Aziz and Bakhtiar (2012), fn 16 above. The authors' full research program is described on the GINI website. "A study focusing on 34 public accountability organizations at the federal and provincial

***Both government and donors have failed to address institutional incentives.*** The government's prosecutorial approach is predicated on 'lawyering' and 'policing' corruption into submission, to the exclusion of all else. The donors' strategy is focused predominantly on preemption ... The PIFRA II mentioned earlier, is also supported by the ADB, UK DFID, and the IMF and is being coordinated by the Ministry of Finance. It does not include cognizance of institutional incentives in strategic rationale, budgetary support, or implementation arrangements. While it aims to remove capacity constraints in the Offices of the Auditor General and the newly established Controller General of Accounts, it does not define exactly how improved capability would translate into improved performance or bridge the gap between 'can' and 'will' for institutional employees, when "low morale" and "low pay" constitute key constraints. This gap will remain as long as incentive systems penalize honesty and reward venality. (p. 19)

The patron-client networks that foster counter institutional thinking and practice have not been mapped. The perverse incentives rising from pre-modern public administration techniques to drive wrong doing and undermine meritocracy, remain unearthed and consequently, "*unaffected*". [Here a footnote cites Daniel Kaufmann's 1998 World Bank paper, "Revisiting Anti-Corruption Strategies: Tilt Towards Incentive-Driven Approaches?"] No reform has sought to institutionalize performance standards, link them to observable effort, and calibrate rewards/penalties accordingly. Corruption cannot be effectively preempted, policed, or prosecuted unless these measures are put in place. (19)

***First, Incentives have to be made part of the tools for fighting corruption as administrative actions alone don't work.*** (23)

As a result, the policy focus of developing countries like Pakistan, in fighting corruption has been directed by the donor community to be exclusively administrative and procedural rather than addressing the historical evolution of formal and informal institutional culture that directly affected by resource and recurrent budget decisions. This myopic approach has resulted in the adoption of more and better accounting and auditing systems, prosecution procedures, anti-corruption commissions, legal mandates, including transparency and freedom of information enactments, adoption of information technology solutions, media campaigns, etc. These initiatives have been introduced repeatedly while levels of

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levels. These included the National Accountability Bureau (NAB), the Federal Investigation Agency (FIA), and the Office of the Auditor General (AG) to name a few. For each organization, quantitative and qualitative data was gathered dating back to the establishment of the organization, wherever possible. The quantitative component of the data was organized into 4 thematic areas: financial, administrative, legal and performance aspects... Research findings included a pattern of persistent ineffectiveness after the initial novelty of newly established organizations wore off, regardless of changes made to their financial authority, legal mandate, administrative capacity, or independence. Research concluded that perverse institutional incentives embedded in both formal and informal rules, led to the re-emergence of erstwhile behaviors as soon as initial reform momentum abated. These incentives affect not only the research partners but the entire bureaucracy, and were poorly understood and left unchanged by reform efforts." <http://giniweb.net/activities.htm>

corruption have increased, despite decades of attempts to control it using precisely these methods. (24)

**II. Endemic, syndicated corruption.** In this category corruption is no longer the exception but has actually become the system. Here, each function of government (police, judiciary, education, health etc.) has evolved mechanisms to extract illicit rents at every level of the administrative structure. The higher tiers or executive levels of departments often secure their illicit rents by apportioning a percentage of rents generated by lower levels of a particular function where the public interface takes place. These illicit rents are distributed to the respective hierarchies on well-established shadow “rules” that govern the de facto functioning of departments. (25)

### Step 3: Implementation

**Create confidence and momentum.** It is tempting but mistaken to try to do everything at once. Instead, leaders need to focus on short-run measures that signal to cynical audiences that things are different. A few big fish must be fried, both bribe-givers and bribe-takers—and including people from within the ruling party. Highly visible examples of improvement must be a priority—including publicity campaigns. Once again, international experience contains many examples of effective steps, which a country’s leaders can use to springboard creative, practical problem solving.

**Reorganize the government’s fight against corruption.** Coordination is a chronic problem across government entities; as one expert put it, “No one likes to be coordinated.” More many years, Pakistan has had coordinating committees of various kinds and levels across the main agencies involved in the fight against corruption. The new government should try to improve on their record.

Pakistan can learn from *research on anti-corruption agencies around the world*. Importantly, these agencies (a) coordinate other government institutions and (b) involve the private sector and civil society. Donors and others can share with the Government of Pakistan examples of what sorts of mechanisms for coordination have had what kinds of results in other countries. The point is not for Pakistan to copy. Rather, these experiences can help Pakistan to be even more creative and effective in designing collaboration and in particular the President’s and Prime Minister’s roles and priorities.

**Build partnerships across the public-private divide.** International experience shows the vital importance of involvement by business and civil society. A key step is to improve information flows among citizens, business leaders, and government. These flows create feedback loops that enhance efficiency and reduce the scope for theft, fraud, and bribery. Leaders in all three sectors can learn together from examples from other countries and from frameworks for partnerships, which can stimulate their creativity in designing locally workable solutions. Pakistan has interesting examples from which to learn, including rural health clinics in Sindh and, in Punjab, the use of cellphones to provide citizen feedback on government services.



**Enhance the scope of social networks.** Innovative uses of social media could add further infusions of transparency and therefore of commitment. After all, corruption is a crime of calculation. If the chances go up that bad behavior will be reported, the probability of being caught also goes up. This in turn makes it less desirable to undertake bad behavior.

Citizens and businesses can use social networks to report instances of corruption and abuse. International experience includes platforms for reporting corruption (including specific complaints and the mapping of patterns and trends, e.g., “I paid a bribe” in India, Philippines “Pera Natin ‘to” [It’s Our Money], and Cambodia “Saatsaam”); databases (on bribes, non-transparent procurement procedures, and state budgeting and spending, such as “Porcisme” in Romania, “Rospil” in Russia, and “Mars Group” in Kenya); and online forums (e.g., China’s “Wikileaks”). These initiatives are developed mainly by NGOs and private individuals. Experience shows that after initial opposition from the government, some of these social networks eventually build a constructive relationship with the public authorities.

Social networks have been used (a) as a source for law enforcement bodies/local state authorities to gather information on corruption in public services; (ii) as a monitoring tool for the adoption of countermeasures against corrupt public officials, (iii) as “antennas” on legal issues that need to be addressed on a participatory basis, and (iv) as an instrument to redefine state budgets and funding on a participatory basis.

Donors and others can help the Government of Pakistan evaluate how social networking could (a) complement the existing government systems for citizen complaints and denunciations and (b) assist in the diagnoses of well- and poorly-performing government agencies.

**Next steps for social networks?** The next steps for the social media, I believe, will move from *complaints* to *systems analysis* and from there to *practical solutions*.

Consider “I Propose,” a website run by university students in Mexico City.<sup>20</sup> People are invited to propose ideas to help solve social problems in Mexico City. Through the site’s blog, Twitter feed, and Facebook page, the site’s administrators ask people which problems need to be solved and elicit ideas about practical solutions.

Social innovation camps, pioneered in the United Kingdom, have blossomed in the last few years in five countries of Eastern and Central Europe, including Russia.<sup>21</sup> The camps convene experts in social problems and solutions along with software designers and developers. The goal: to mobilize innovations in the social media applied to social change.

Other possibilities involve experts. As noted above, lawyers and accountants know all about the scams in their domains. Companies involved in public works know how procurement can be corrupted. These kinds of corruption often go beyond the street-level varieties experienced by ordinary citizens. Social media could help lawyers, accountants, and business people report instances of corruption. And beyond individual complaints, social media could encourage them to describe how various corrupt systems work. This knowledge could then be used to crowd-source possible improvements.

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<sup>20</sup> <http://www.yopropongo.org/>

<sup>21</sup> [http://issuu.com/undp\\_in\\_europe\\_cis/docs/social\\_media\\_report\\_-\\_external](http://issuu.com/undp_in_europe_cis/docs/social_media_report_-_external)



What will it take to take these next steps? A vision and a business model, for starters. Ipaidabribe.com in India has an operating budget of about USD80,000/year. It is supported by a foundation set up by Pierre Omidyar, a co-founder of Ebay, and it is also part of a well-funded civil-society organization. But many of the social network sites appear lack sustainable revenues. Ipaidabribe in Kenya, for example, is funded from its founder's pockets.

To involve experts—the lawyers and accountants and business firms—we need to make a business case for these steps—and then create a feasible mode of collective action. In many countries, systemic corruption is a kind of equilibrium. If your firm won't pay the bribe, it won't get a contract. Ditto, perhaps, for a verdict. No firm wants to pay; it has to, because if it doesn't, others will. If firms can agree with each other not to pay, however, and their agreement can be enforced, then a new, reduced-bribe or no-bribe equilibrium can be the goal.

Consider an example. Transparency International has pioneered integrity pacts ([http://www.transparency.org/whatwedo/tools/integrity\\_pacts](http://www.transparency.org/whatwedo/tools/integrity_pacts)). Firms bidding on big contracts each sign a pledge. It says, in effect, "I promise not to bribe, and if any firm that also signs this pledge thinks I bribed, I will open my books to inspection." This pledge increases transparency and helps firms resist extortion. "I would love to pay you, but the other firms would find out and I'd be ruined."

One proposal is to convene

- the non-government organizations active in the fight for better public services and reduced corruption;
- leaders in the Internet and social media; and
- leaders in areas of business expertise such as Chambers of Commerce, Bar Associations, accountants organizations, and so forth.

These people would consider together how to move from individual complaints to systems analysis, and then to solutions. They would design some experiments. Run some pilot projects. Detail the business case. Garner longer-term agreements and funding.

Who might convene such meetings? One candidate is the World Bank.

**Strengthen capabilities.** Many countries require more and better hands-on training in ethics, leadership, and management. They need to build better systems in vital areas such as internal audit, procurement, tax bureaus, and public works. Unfortunately, as noted above, many capacity-building efforts overlook incentives for performance and better information flows about inputs and outcomes. International experience once again suggests the importance of involving business and civil society, even in what look like public-sector capacity building. Countries can benefit from training that helps businesses, nongovernment organizations, political parties, and citizens groups enhance their "know-what" and "know-how" for effective action.

**Practical checklists.** Donors and universities can help translate success stories and good practices in Pakistan into practical "checklists" at the level of individual government offices (within ministries, agencies, municipalities, hospitals, etc.). These checklists help effective practices to spread.

**Recover assets.** Part of the implementation program should follow up the analysis of “big leaks” with programs of plugging leaks and retrieving the stolen assets.

## Step 4: Outreach

The steps just described can also have a broader impact on the pride and professionalism of the civil service, on citizens’ confidence in government, and on international perceptions of Pakistan. These impacts in turn can lead to enhanced investment, greater citizen support, and improved ratings in the Corruption Perception Index.

Other countries provide examples of how to create timely, reliable data on the performance of government institutions at the national and territorial levels. Beyond this, Pakistan should develop an *information strategy* that will bolster confidence and improve the Corruption Perception Index.

The government and its partners can prepare case studies of high-performing government institutions and “turnarounds.” These can be bolstered by short, journalistic pieces of examples of progress, which can be widely disseminated.

Donors and others can help the government learn from international experience with teaching ethics and civics in schools. A promising example is Indonesia, where student-run “honesty stores” in middle schools and high schools give students a chance to practice what they learn in their civics curriculum, which explicitly includes anti-corruption education.

As Pakistan progresses, donors can help the country share its news internationally. Pakistan should study the various indices of competitiveness and corruption used by international organizations and investors, and then design ways to communicate Pakistan’s progress so those who create the indices are fully informed. Pakistani leaders should have access to international platforms for sharing the latest news about the country’s strategy and successes.

**International outreach.** Success should also be brought to the attention of international opinion leaders and investors. Countries should be aware of how widely used indices of good governance and international competitiveness are created—and what the countries can do to convey better information about their progress. Countries should also take advantage of appropriate governmental, professional, and academic platforms for leaders to share its progress and challenges.

The steps just described can have powerful impact on the pride and professionalism of the civil service, on citizens’ confidence in government, and on international perceptions of the country. These impacts in turn can lead to enhanced investment, greater citizen support, and improved ratings in the Corruption Perception Index.

### *Concluding Thoughts*

This description of a new approach to fighting corruption is necessarily schematic. But each step is based on real examples of things that have worked. Excellent leaders show that corruption can be reduced, with promising repercussions for investment and development—in countries as diverse as Georgia (World Bank 2012), Colombia, the Philippines, Malaysia, and Indonesia, and in many cities around the world, from Singapore

to those being abetted by the Partners for Local Development Foundation ([http://www.fpd.ro/services.php?do=anticorruption\\_strategies](http://www.fpd.ro/services.php?do=anticorruption_strategies)).

In contrast to the usual approaches to anti-corruption, 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.

But it does raise the questions of *who* and *how*. Consider the comments by Tahir Dhindsa of the Sustainable Development Policy Institute on the Planning Commission's new Framework for Economic Growth, which was approved by the National Economic Council in May 2011:

There two critical questions need to be answered, before the given strategy assumes any meaning beyond its academic meaning in economic literature. These questions are:

1. Who will bring about these changes, which are poised on a collision course to the current political and bureaucratic elite?
2. Who will define practical steps to be taken for the implementation of the growth strategy, which is crudely generic in its presents form?<sup>22</sup> □

The same questions apply to improving governance.

Or consider DFID's business plan for its Aawaz Voice and Accountability Programme. It lists these two key assumptions:

A critical assumption, which will be carefully monitored, is that the traditional elites in Pakistan are prepared to cede some of their power. Evidence indicates that elites do not willingly cede power, but that particular circumstances may encourage or induce them to do so.<sup>23</sup>

The political regime in Pakistan has changed since the 2004 "Drivers of Change" analysis but the main structural impediments (institutions impervious to pro-poor change, entrenched power relations and weak political parties), still characterise the political situation.<sup>24</sup> (DFID business plan, para 2.24)

The campaign rhetoric in Pakistan is unequivocal about the fight against corruption. But upon assuming office, will the new government succumb to the old systems, forces, and temptations?

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<sup>22</sup> Tahir Dhindsa, "Reinventing the Obvious," in *Sustainable Policy Economic Bulletin*, Growth Special. Vol. 2, No. 8 (Aug. 2011) <http://www.sdpi.org/publications/files/sepb-sept-2011.pdf> p. 1.

<sup>23</sup> GSDRC Helpdesk Research Report, 15/04/2011.

<sup>24</sup> Khalid Nadvi and Mark Robinson (2004) *Pakistan Drivers of Change, Synthesis and Policy Implications*, Institute of Development Studies University of Sussex (Commissioned by DFID).

General analyses provide little guidance—except to note that *reforming elites do emerge*. A recent magisterial review of anti-corruption efforts around the world by Alina Mungiu-Pippidi and her collaborators advanced these conclusions:<sup>25</sup>

Political elites were indispensable in these good governance cases, as [only they] can decide to drain the resources for discretionary spending and particular allocation. Crises provided the windows of opportunity for these tough decisions. It is remarkable, however, that after the crises had passed, these elites preserved such policies, which shows broader support in these societies for good governance policies. (71)

Elites are essential, then, but under what conditions will they do what seems so unlikely, move away from a corrupt equilibrium that benefits at least some elites? Is there a champion?

The second step is the evaluation of actors or principals: is there a willing or credible actor for the role? What circumstances could empower such groups/coalitions? Our analysis is therefore based primarily on the ‘who’ and ‘when’ prior to the ‘what’ of good governance, as the last varies – as it should – from one country to another and should be addressed by programs and policies grounded in the specific political economy analysis of each society.<sup>26</sup> (87)

But the abiding finding is not the availability of an anti-corruption hero, even though heroes have been crucial in reforms in some countries, ministries, and cities. Rather, Mungiu-Pippidi and colleagues argue, it is elite groups, such as professionals, who are crucial. Here is their conclusion at some length:

Who are the plausible agents of change and how long would they remain so if they were to gain power? Historical lessons from the past and more recent times point to professional groups as more sustainable allies of good governance than individual leaders, who frequently turn from champions to chief profiteers. Merchants motivated by profit and lawyers and journalists motivated by the need to have equal access with the privileged classes were in the vanguard of historical good governance. ‘Achievers’ all had professional elites engaged in changing governance

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<sup>25</sup> Mungiu-Pippidi, Alina *et al.* (2011) “Contextual Choices in Fighting Corruption: Lessons Learned” NORAD Evaluation Department Report 4/2011. Oslo: Norwegian Agency for Development Cooperation. <http://www.oecd.org/dataoecd/18/13/48912957.pdf>

<sup>26</sup> This recalls Jim Collins’ famous dictum, “First who, then what.” “You are a bus driver. The bus, your company, is at a standstill, and it’s your job to get it going. You have to decide where you’re going, how you’re going to get there, and who’s going with you.

“Most people assume that great bus drivers (read: business leaders) immediately start the journey by announcing to the people on the bus where they’re going—by setting a new direction or by articulating a fresh corporate vision.

“In fact, leaders of companies that go from good to great start not with “where” but with “who.” They start by getting the right people on the bus, the wrong people off the bus, and the right people in the right seats. And they stick with that discipline—first the people, then the direction—no matter how dire the circumstances.” “Good to Great,” *Fast Company*, October 2001.

[http://www.jimcollins.com/article\\_topics/articles/good-to-great.html](http://www.jimcollins.com/article_topics/articles/good-to-great.html)

regimes: lawyers trained in the US and bureaucrats trained in Japan in South Korea, economists trained at American universities in Chile and Georgia. There is insufficient rational explanation as to *why these elites engage in changing their societies and are not co-opted into the predatory group at some point*: It is emulation of a model they have seen work, the drive of real change, the belief of reaching similar or higher profit by ethical universalism rather than by spoiling... [I]n the absence of educated and autonomous professional groups fighting for good governance, sustainable development does not exist. Training civil servants or magistrates deprived of fundamental autonomy (financial and otherwise) is a poor palliative. They will evolve when the demand for them arises. Creating collective action – and providing political support - at the level of strategic groups within society seems to be the only good governance strategy which has worked in the past. (89, emphasis in original)

Timing matters, too—and Pakistan may be now at a point of opportunity.

Evidence from the cases of historical and early ‘achievers’ indicates the important role of certain contexts in promoting good governance. Windows of opportunity are offered by crises of any sort; elections (when actors need to compete to prove their integrity), revolutions and status upgrade perspective (joining international club or free trade agreement). Changes in equilibrium are greatly helped by such circumstances, and intelligent support should make the most of them. (88-89)

Let’s put the positive case this way. Pakistan is a crucial country, and it is underperforming. It has high levels of international support. Corruption is seen by Pakistanis and outsiders as a central obstacle to economic and social development. Fighting corruption in Pakistan is not just a moral requirement. It can lead to concrete results: more revenues, better public services, more investment and jobs, more citizen satisfaction, and improved ratings on international indices of competitiveness.

Supply-side approaches are insufficient. When many people talk about strengthening governance, they often focus on the supply side. Institutions X, Y, and Z are undernourished. Their weakness leads to all sorts of problems with service delivery, just to name one thing. The solution is to fortify them with the vitamins, minerals, and nutrients of organizations, such as more training, computers, management information systems, and technical assistance. And we know how that works, or at least how it’s perceived to work. At best helpful, but seldom catalytic.<sup>27</sup>

Why? For the reasons we noted above, in describing the need for a new approach to reforming governance.

The imaginary news story above was designed to provide hope that indeed something could be done that would make a big difference, even over a five-year period. It contains ideas

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<sup>27</sup> Mungiu-Pippidi (2011) is more forceful: “But the main message of the anti-corruption industry ... remained that particularistic or neo-patrimonial countries should replicate the institutions of universalistic countries. In other words, transfer the formal institutions underpinning the universalistic approach, raise some awareness, adopt some ethical codes of behaviour, pass some laws and particularism is finished. This has not and cannot work” (p. 84).

that could be advanced in Pakistan with the help of donors, the business sector, and civil society organizations. The outline above of the “new approach” to corruption describes additional measures that could be considered. In discussions with donors and members of civil society, several specific ideas emerged:

Working with the government, donors may select focal points: one area in justice, perhaps; one in the economic sector (maybe taxes); one area in social services. Criteria for selection include public complaining and visibility, willingness of leaders to move, and relatively easy to fix (e.g., extortion).

Pull together a menu of current donor endeavors, including goals and plans over the next few years.

Use convening power to get stakeholders together to think about corrupt systems and what to do about them. Consider solutions from other countries, which of course have to be thought of as inspirations and prods, rather than blueprints.

The emergence of a new government—indeed, of the first democratic transition in Pakistan’s history—may provide the “when,” a unique window of opportunity.