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## THE POLITICS OF SERVICE DELIVERY IN PAKISTAN: Political Parties and the Incentives for Patronage, 1988-1999

Zahid Hasnain  
May 2005

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**The Politics of Service Delivery in Pakistan:  
Political Parties and the Incentives for Patronage  
1988-1999**

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May 2005

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## **Abstract**

This paper examines the impact of political party structure on the incentives for politicians to focus on patronage versus service delivery improvements in Pakistan. By analyzing inter-provincial variations in the quality of service delivery in Pakistan, the paper argues that the more fragmented, factionalized, and polarized the party systems, the greater the incentives for patronage and the weaker for service delivery improvements. Fragmentation and factionalism both exacerbate the informational problems that voters had in assigning credit (blame) for service delivery improvements (deterioration), and thereby created incentives for politicians to focus on targeted benefits. Polarization, particularly ethnic polarization, reduces the ability of groups to agree on the provision of public goods, thereby again causing politicians to favor the delivery of targeted benefits.

# THE POLITICS OF SERVICE DELIVERY IN PAKISTAN\*

## 1. Introduction

Democracy in Pakistan has not resulted in improvements in the services for poor people. On the contrary, between 1988 and 1999, the country experienced its longest period of democratic rule, and also a decline in its social indicators, particularly with regards to basic education. This failure of democratic politics is not unique to Pakistan. As the World Development Report 2004 notes, the last three decades have witnessed a huge increase in the number of democratic governments in the world, but not concomitant improvements in services for the poor. Instead, it appears that many democracies in the developing world systematically pursue policies that hurt the welfare of the poor.

This lack of relationship between democracy and improvements in services is puzzling. Given that the median voter in Pakistan is poor, and given that improvements in education and health services have a positive impact on the lives of the poor, why do elected politicians not act on the demands of the median voter and improve these services? Elected politicians in Pakistan appeared to be far more concerned with patronage, or doling out targeted favors to a small number of privileged groups, rather than on providing public goods that would benefit the majority of citizens. Assuming that Pakistan's politicians were rational agents, who sought to maximize their chances of remaining in office, the question then is what were the constraints under which these politicians were operating that resulted in these perverse incentives?

In analyzing this puzzle, this paper builds on the substantial, and growing, literature on institutions and economic development, particularly the subset of this literature that focuses on the political economy of service delivery.<sup>1</sup> This literature has recognized that information is the key reason why elected officials may actually pursue policies that benefit the few at the expense of the many. To get elected, politicians must credibly communicate to voters that they personally were responsible for certain improvements in their lives, a requirement that tends to favor targeted benefits, or patronage, rather than public goods. For example, this tradeoff is evident in the decision on whether or not to undertake patronage-based recruitment of teachers. On the one hand this recruitment will benefit a narrow segment of the population that gets these teaching jobs, and these 'clients' will be well informed about who was responsible for hiring them, but the general quality of public education will suffer. On the other hand, if teachers are qualified and are made to show up regularly to class to teach, then education will clearly improve but it will be difficult for voters to clearly assign this improvement to the efforts of a particular politician.

Institutions have an important impact on this tradeoff between patronage and service delivery. The specific institution that this paper focuses on is political parties, and argues that three features of the party system have important bearing on this tradeoff: the number of political parties or the degree of *fragmentation* of the party system; the internal cohesion, or degree of *factionalism* of

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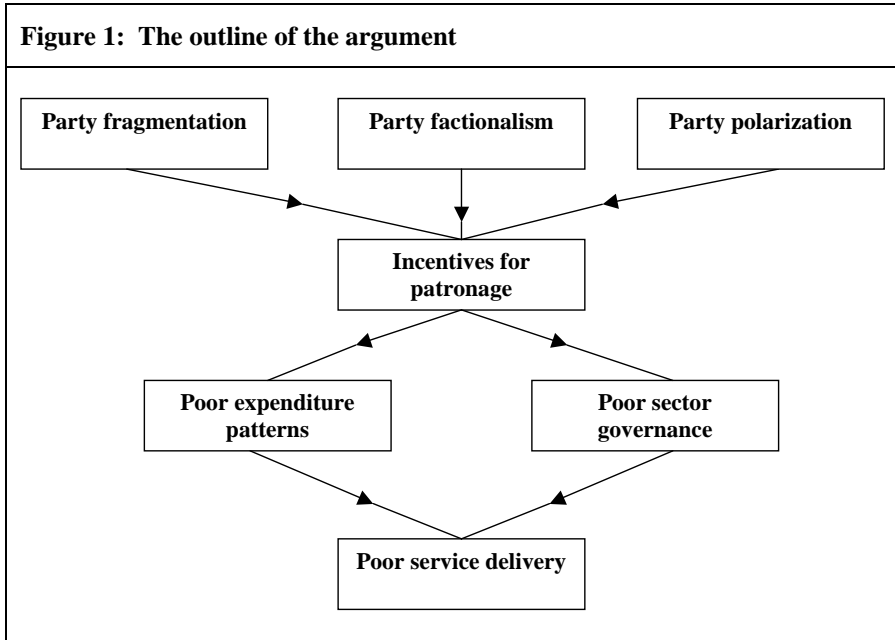
\* The generous and insightful comments of Nick Manning, Zareen Fatima Naqvi, Kapil Kapoor, and John Wall are gratefully acknowledged.

<sup>1</sup> The literature on institutions and growth is large, beginning with North's seminal work (North, 1981). Acemoglu et al (2004), and Keefer (2004) provide excellent reviews of the literature. On service delivery, the recent works include World Bank (2003), Keefer and Khemani (2003), and Keefer (2002)

political parties; and the degree of ethnic divide or *polarization* among political parties.<sup>2</sup> The higher the levels of party fragmentation, factionalism, and polarization, the greater the incentives for patronage, and the poorer the quality of service delivery. Party fragmentation increases the informational demands on voters since there are many more candidates and therefore, many more messages that voters have to evaluate during election time. When political parties are highly factionalized they do not provide their members stable career prospects, and politicians have a relatively greater incentive to focus on targeted goods so as to build a personal reputation that they can carry across party lines. Finally, in highly polarized party systems, the provision of public goods provides less political benefits as different ethnic groups have different preferences over, and cannot agree on, the public goods to be provided.

This argument is developed by looking at inter-provincial variation in party structure in Pakistan, and its correlation with the quality of service delivery. The quality of service delivery is measured by expenditure patterns within sectors, such as the relative emphasis on operations and maintenance as opposed to salary expenditure; and the quality of sector governance, as measured by the degree of politicization of the bureaucracy, and the adherence to proper procedures for staff recruitment and procurement. In provinces where the degree of factionalism, fragmentation, and polarization was higher, there were greater incentives for patronage, expenditure patterns were less efficient, and there were greater problems in sector governance. The outline of the argument is sketched out in Figure 1.

The structure of the paper roughly follows this outline from the bottom up. The next section attempts to establish some stylized facts regarding inter-provincial variations in the quality of supply of education and health services in Pakistan. Section 3 then begins the political economy analysis, by first examining a couple of commonly made explanations in



Pakistan for these governance problems – namely, elite capture and the impact of political instability. Section 4 examines the literature on how informational asymmetries can create incentives for patronage at the expense of public goods. The next section examines how the structure of the party system interacts with these informational asymmetries and exacerbates or abates these incentives. Section 6 concludes by summarizing the discussion, and pointing to some reform options.

Two caveats are in order before proceeding. This paper does not examine issues related to the demand for education. In fact, it assumes that the demand for education is high, and focuses

<sup>2</sup> This classification borrows from Mainwaring and Scully (1995)

instead on political market failures that fail to translate this demand into supply. There is some empirical justification for this assumption in Pakistan, as there has been considerable growth in recent years of private schools, particularly in the rural areas.<sup>3</sup> This growth in private schooling represents parent's dissatisfaction with government schools, and the demand for better quality education. Nevertheless, this assumption of high demand is clearly simplistic, especially with regards to female education in Pakistan. As a number of studies have shown, enrollment of girls, particularly in rural areas, is lower than that for boys, and it is lower for all income groups. Girls are also more likely to drop out of school than boys, and their school attendance is also much more sensitive to school quality than that of boys. Clearly therefore, the demand for girl's education cannot be taken as a given. However, delving into issues of demand will distract from the purpose of this paper, which is to examine how supply failures can exist independently of demand-related issues.

Second, this paper limits its analysis to the democratic period between 1988 and 1999, and therefore does not examine the impact of the recent devolution initiative on policy-makers incentives to improve service delivery. Devolution has brought about a far reaching change in the functioning of government in Pakistan, with the main responsibility for the delivery of education, health, water and sanitation, roads and transport, and agriculture services devolved to district, tehsil, and, to some extent, union governments.<sup>4</sup> This functional devolution has been accompanied by complex political, fiscal, and administrative changes, and a detailed analysis of the impact of these changes on the incentives of local policy-makers is beyond the scope of this paper.

## 2. Pakistan's poor service delivery: poor expenditure patterns and poor sector governance

Despite respectable per capita growth, high levels of foreign development assistance, and impressive reductions in poverty, Pakistan has among the worst social indicators in the developing world. The 1990s, Pakistan's decade of democracy, was also a decade of stagnation in intermediate and outcome social indicators (Table 1). The adult literacy rate in 2001/02 at 45 percent was only modestly higher than in 1995/96, and the net primary enrollment rate had

<b>Table 1: Pakistan -- key social indicators</b>				
	<b>1991/92</b>	<b>1995/96</b>	<b>1998/99</b>	<b>2001/02</b>
Literacy rate (10+)		39	45	45
Net primary enrollment rate (%)	46	44	42	42
Male	53	49	47	46
Female	39	38	37	38
Punjab		45	44	45
Sindh		45	41	40
NWFP		35	39	41
Balochistan		45	36	32
Infant mortality rate (per thousand)		101	89	82
Incidence of diarrhea		18	12	12
Immunization coverage, 12-23 months (%)	37	45	49	53
Indoor piped drinking water (% of households)		25	22	22
<i>Source: Pakistan Integrated Household Survey, various years</i>				

<sup>3</sup> See Andrabi et al (2002).

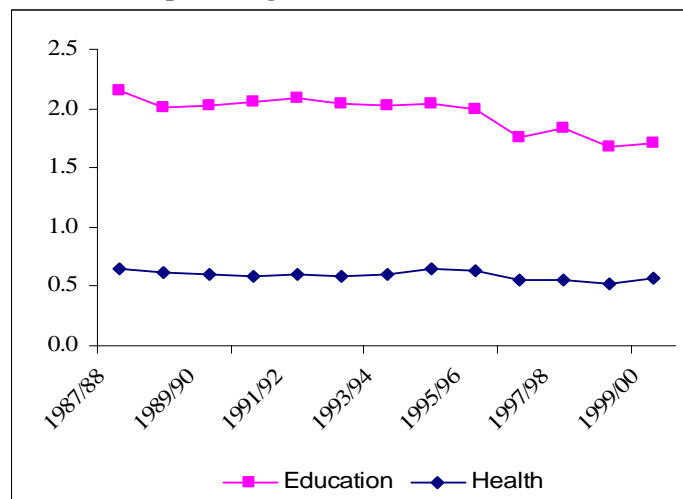
<sup>4</sup> See World Bank (2004b) for a detailed discussion

declined from 46 percent in 1991/92 to 42 percent in 2001/02, with male enrollments declining from 53 percent to 46 percent, and female from 39 percent to 38 percent. At the provincial level, educational outcomes for Sindh and in particular Balochistan worsened considerably, while NWFP witnessed a modest increase in enrollments. Other social indicators paint a similarly depressing picture. Access to indoor piped drinking water declined from 25% to 22%, and there were only modest improvements in immunization coverage and reductions in the incidence of diarrhea.

As is now well known, these poor social indicators are not due to poverty or lower rates of economic growth. As Easterly (2003) shows, Pakistan significantly underperforms when compared to other countries at similar levels of per capita income, and when compared to countries that on average grew at a similar rate. For example, Pakistan has 36 percent fewer births attended by trained personnel, an infant mortality rate that is 27 per thousand higher, and a gross primary enrollment rate that is 20 percent lower than countries with similar income levels. Similarly, growth in Pakistan appears to have less of an impact on social sectors than in other countries -- between 1960 and 1998, as per capita GDP more than doubled in Pakistan, infant mortality declined by 43 percent, as compared to a decline of 73 percent in a group of low income countries that on average grew at the same rate.

This stagnation was particularly disappointing given that the 1990s was also the period of the Social Action Program, which was up to that point the most concerted effort at improving service delivery in the country's history. Between 1992 and 2000, the government and the donor community spent a total of \$9 billion on the program – two-thirds of this funding went to education, where as we have seen outcomes were particularly disappointing. One common reason cited for this poor performance was that social sector expenditures were squeezed as a result of the deteriorating macro-economic situation in the country.

**Figure 2: Consolidated government expenditures on education and health, as percentage of GDP**

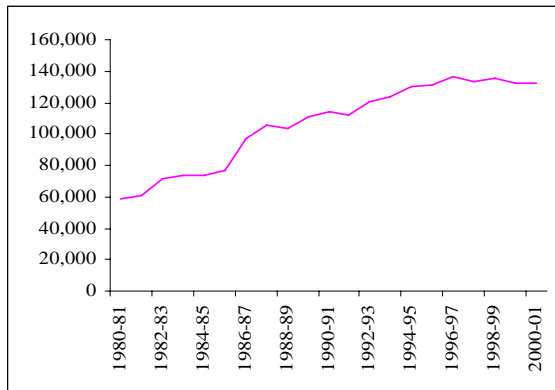


Source: Government of Pakistan, Finance Accounts

As a result of the accumulating debt burden from running high fiscal deficits in the 1970s and 1980s, the 1990s was a period of declining fiscal space with, at its peak in 1997, almost 60 percent of public expenditures being consumed by debt servicing. Education and health expenditures declined from 2.2 and 0.7 percentage of GDP in 1987/88 to 1.7 and 0.5 percentage of GDP by 1999/00 (Figure 2). However, despite these declines, social sector expenditures were prioritized and protected relative to other sectors – for example, agriculture and irrigation spending declined by 30% between 1990/91 and 1999/00, and even defense expenditures declined from 6.3 percent of GDP in 1991/92 to 4.2 percent by 1998/99.<sup>5</sup>

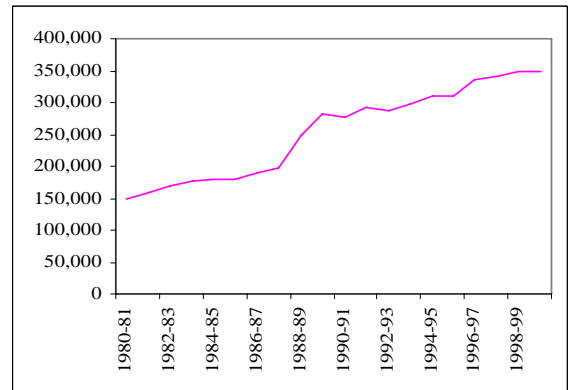
<sup>5</sup> World Bank (2004a)

**Figure 3: Number of primary schools in Pakistan, 1980-2000**



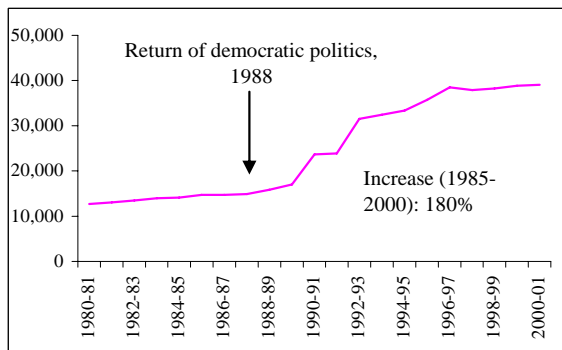
Source: Economic survey and National Education Management Information System (NEMIS)

**Figure 4: Number of primary teachers in Pakistan, 1980-2000**



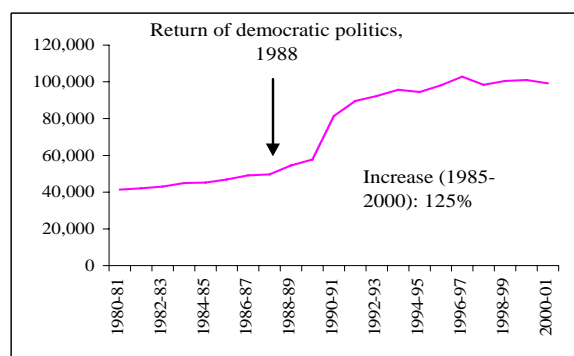
Source: Economic survey and NEMIS

**Figure 5: Number of primary schools in Sindh, 1980-2000**



Source: Bureau of Statistics and NEMIS

**Figure 6: Number of primary teachers in Sindh, 1980-2000**



Source: Bureau of Statistics and NEMIS

It would also be erroneous to attribute declining outcomes primarily to this reduction in aggregate expenditures. As the World Development Report 2004 points out, cross-national evidence suggests that there is no systematic relationship between expenditures and outcomes in education and health. The reason for this lack of relationship is that in many cases this expenditure fails to reach the poor, and is of poor quality because of a) poor expenditure patterns and b) poor sector governance. Both of these factors were key to the under-performance of the Social Action Program. Moreover, while these problems were evident across the country, there was interesting variation around this 'poor average'. In other words, while all provinces performed poorly, some performed worse than others.

### 2.1. Poor expenditure patterns

While overall social sector expenditures were protected relative to other sectors during the 1990s, intra-sectoral allocations were suboptimal. Specifically, the construction of new buildings and the hiring of additional staff were prioritized at the expense of providing resources for operations

and maintenance. As Figure 3 and Figure 4 reveal, the advent of democracy – first with the limited, non-party based electoral democracy under General Zia-ul -Haq in 1985, and then the fully-fledged party-based democracy from 1988 -- saw a surge in school construction and particularly, teacher recruitment.<sup>6</sup> The number of public sector primary schools nationally increased by 70 percent from 1985 to 1999-2000 (from approximately 77,000 to over 132,000), and the number of primary teachers almost doubled (from 179,000 to roughly 350,000) over the same period. This surge was particularly salient in the province of Sindh (Figure 5 and Figure 6), with primary schools increasing by approximately 180% (from roughly 14,000 in 1985 to 39,000 in 1999-00) and primary teachers increasing by 125% (from roughly 45,000 in 1985 to 101,000 in 1999-00). The fact that net primary enrollment rates declined in Pakistan in the 1990s, with a particularly significant decline in Sindh, is a stark reminder of the lack of correlation between educational inputs and outcomes.

	<b>1988/89</b>	<b>2000</b>	<b>Growth (1988-2000)</b>	<b>Civil servants per 100 population (2000)*</b>
<b>Punjab</b>	722,916	888,796	22.9%	1.21
<b>Sindh</b>	285,042	457,494	60.5%	1.50
<b>NWFP</b>	177,106	262,074	48.0%	1.48
<b>Balochistan</b>	98,942	128,132	29.5%	1.95

Source: World Bank (2004a)  
\* Based on 1998 census

There were also significant staffing increases in other sectors, particularly health and the police, and the overall size of the provincial bureaucracy increased by 35 percent between 1988 and 2000. As Table 2 shows, the highest increase was in Sindh (60%), followed by NWFP (48%),

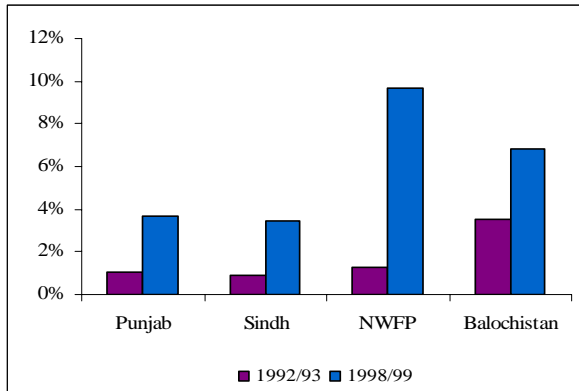
	<b>Boys (rural areas)</b>		<b>Girls (rural areas)</b>		<b>Student/teacher ratio*</b>
	<b>Within community</b>	<b>Within 0-2 KM</b>	<b>Within community</b>	<b>Within 0-2 KM</b>	
<b>Punjab</b>	83	7	76	7	46.6
<b>Sindh</b>	95	5	41	9	22.9
<b>NWFP</b>	92	2	79	8	33.5
<b>Balochistan</b>	76	1	32	3	62.9
<b>Pakistan</b>	85	6	67	7	37.6

\* For 2000  
Source: NEMIS, 2000, PIHS (2001/02)

Balochistan (29.5%), and Punjab (22%). As a result of these increases, Sindh, and in particular Balochistan, were relatively overstaffed as compared to Punjab and NWFP. The number of civil servants per 100 of population was 1.50 in Sindh and 1.95 in Balochistan, as compared to 1.48 in NWFP and 1.21 in Punjab.

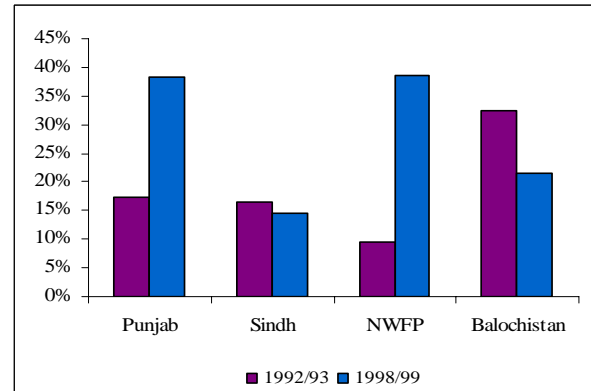
<sup>6</sup> This fact is also corroborated in field-based studies. For example, one study of schooling in 5 rural districts found that over a third of the village schools in the sample had been constructed after 1985 (Gazdar 2000).

**Figure 7: Share of non-salary expenditure in education (as percent of total expenditure)**



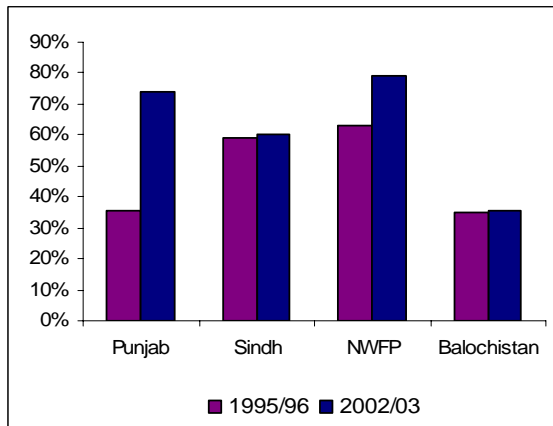
Source: MSU (2000)

**Figure 8: Share of non-salary expenditure in health (as percent of total expenditure)**



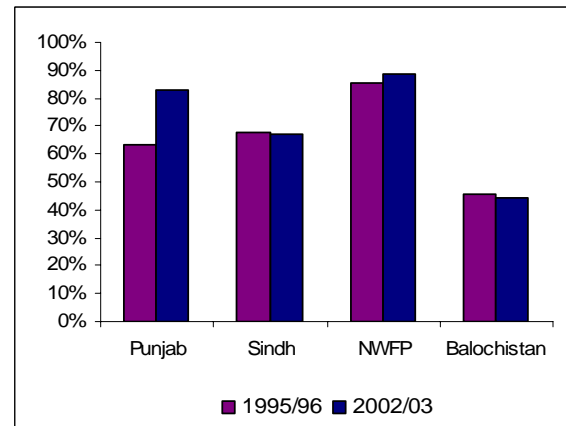
Source: MSU (2000)

**Figure 9: Percentage of girls primary schools with latrines**



Source: NEMIS

**Figure 10: Percentage of girls primary schools with boundary walls**



Source: NEMIS

This increase in schools and teaching staff implied that, at least for boys, quality, rather than access, was the most important supply-side determinant of social sector outcomes in Pakistan. As Table 3 shows, by the end of the decade of the 1990s, access to boys primary schools in the rural areas was quite good, with 85 percent of the sampled communities having a boys primary school within their community. Access for boys was particularly good in Sindh and NWFP, with 95 and 92 percent of rural communities having a boys' primary school. By contrast, access for girls was an important issue, particularly in Sindh and Balochistan, and in particular given the greater sensitivity of girl's enrollments to proximity of a school.<sup>7</sup> In other words, it appears that there were problems in the site selection of girls' schools, a point that will come back to later. The official student-teacher ratio also makes for interesting reading. It reveals for example, that

<sup>7</sup> The access to girls' primary school data in the PIHS may be understated for Sindh as it is the only province that witnessed a large expansion of co-educational primary schools. It is unclear, whether the PIHS survey data asked households about access to these co-ed schools.

the large-scale teacher recruitment in Sindh was not matched by increased enrollments as the province stands out with a particularly good student-teacher ration of 23, compared to the national average of 37.6.

These increases in the number of schools, and in particular staffing, were not matched by concerns for quality, and where the increases were the greatest, as in Sindh, the quality improvements were the lowest. With regards to the recurrent budget, the bulk of health and in particular, educational expenditures were consumed by salaries, and remained so despite the strong emphasis in the Social Action Program for increasing operations and maintenance expenditures. Non-salary expenditures (which for example consists of expenditures on textbooks, furniture, blackboards, medicines, injections, equipment, as well as on maintenance and repair) increased only modestly, rising from 1.2% of total expenditures in education in 1992/93 to 4.7% by 1998/99, and from 18.5% of total expenditure in health in 1992/93 to 29.5% by 1998-99.<sup>8</sup> As Figure 7 and Figure 8 reveal, the inter-provincial variation around this national average was considerable. In education, the least increases were in Punjab (from 1% to 3.6%) and in Sindh (from 0.9% to 3.5%) and the largest were in NWFP (from 1.2% to 9.7%).<sup>9</sup> The inter-provincial contrast in health expenditures was more marked, with the share non-salary health recurrent expenditures actually declining in Sindh (from 16.5% to 14.5%) and Balochistan (from 32.3% to 21.5%) between 1992/93 and 1998/99, while increasing significantly in Punjab and NWFP.

Similarly, with regards to the development budget the emphasis was on constructing new buildings at the expense of improving the quality of the existing facilities. Again, the contrast between Sindh on the one hand, and Punjab and NWFP on the other was striking. For example, as Figure 9 and Figure 10 show, between 1995/96 and 1999/00 the percentage of girls' schools with latrines and boundary walls – both of which are important features of school quality, and have a large impact on encouraging parents to send their daughters to school – were roughly stagnant in Sindh (from 59% to 60%, and 68% to 67% respectively). By contrast, they increased in Punjab and NWFP.

## 2.2. *Quality of sector governance*

The considerable mismanagement associated with these increased inputs compounded the problem of poor intra-sectoral allocations. Teachers were recruited primarily on patronage grounds, and the schools built were of poor quality because of the commissions given to the contractors. The best evidence for this abuse was a series of Third Party Validation exercises conducted by the Auditor General of Pakistan as part of the Social Action Program. These surveys, conducted between 1998 and 2001, examined the extent of departmental compliance with existing procedures and criteria in the areas of procurement, site selection, and recruitment, as well as the adequacy of systems for the monitoring of staff absenteeism.

Cumulative results for the four rounds of the exercise revealed that nationally on average only 72% of the sampled cases of recruitment, 43% of procurement, and 68% of site selection, followed the existing procedures. As Figure 11 shows, the inter-provincial variation around this national average is considerable, with Sindh and Balochistan performing much more poorly relative to Punjab and NWFP. For example, in Sindh only 58% of the sampled cases of recruitment, 38% of procurement, and 41% of site selection followed the required criteria. By

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<sup>8</sup> MSU (2000), based on revised estimates of SAP expenditures only

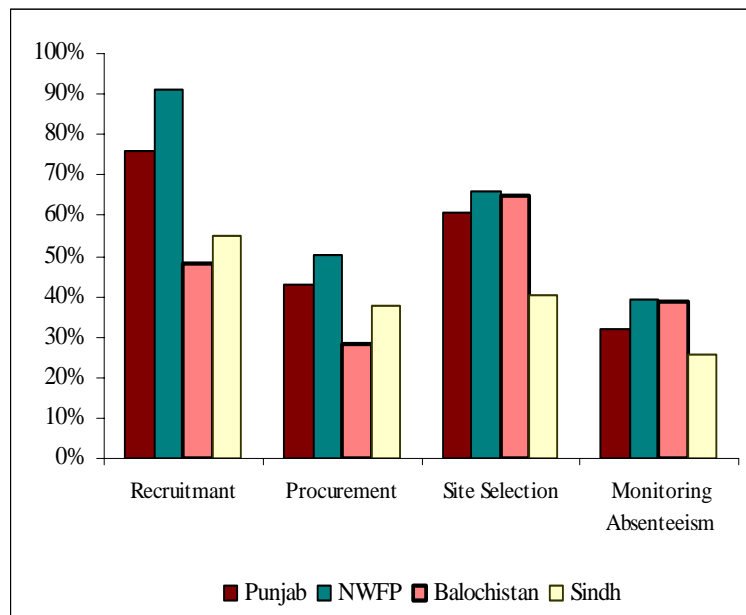
<sup>9</sup> It should be noted that the figure for NWFP is likely to be overstated due to misclassification of some 'establishment' type expenditure as non-salary salary expenditure (MSU, 2000)

contrast, in NWFP these figures were 91%, 50%, and 66% respectively. Similarly, the survey found that mechanisms for monitoring also in large part did not follow the criteria established under the Social Action Program, with again Sindh being the worst performer. The large problems in the procedures used for site selection in Sindh for example, are perhaps one reason why access to girls' primary schools remained poor in the province despite the significant increase in the number of schools.

The marginalization of the public services commissions was a significant factor in the governance problems relating to recruitment, and nowhere was this problem more serious than in Sindh. In general, democratically elected governments in Pakistan have sought to undermine the scope and independence of the services commissions, and to introduce greater departmental discretion in the recruitment of the upper echelons of the civil service. For example, the 1973 constitution, introduced by the government of Zulfikar Ali Bhutto, removed the constitutional guarantees that had earlier been given to the services commission. Chairmen and members now held their posts for varying terms of mostly two to three years, and were dependent on the government for the extension of their service. Moreover, existing civil servants could be appointed as chairmen (and members), thereby compromising their independence. This lack of autonomy was particularly severe in Sindh, as the government used its discretion to remove chairmen and members on three occasions -- the entire commission (chairman and all ten members) was disbanded in 1994, the chairman was removed in 1997, and the chairman and two members were removed in 1998.

There is an obvious link between these abuses in recruitment and staff absenteeism.<sup>10</sup> At one level, if recruitment was based on political criteria, and not on merit, then the appointed teachers would not be the ones most qualified for the job, and would also likely be protected from disciplinary action by their political bosses. In addition, and more interestingly,

**Figure 11: Cumulative results of TPV for the Social Action Program (1998-2001): percentage of cases following proper procedures**



Source: Auditor General of Pakistan: *Social Action Program: Third Party Validation*, 1998,1999, 2000, and 2001

<sup>10</sup> There are very few estimates of teacher absenteeism in Pakistan. One survey, conducted by the World Bank, revealed that out of the 206 schools surveyed, classes were not being held in 34, or in 16 percent, at the time of the survey visit (World Bank 2002). Even in schools in which classes were being held, the rate of teacher absenteeism was high, at around 20 percent. The problems in Sindh were worse than in Punjab and NWFP, with almost 30% of the schools not holding classes.

anecdotal evidence reveals that recruitment was also a revenue-generating activity for politicians and bureaucrats, with primary school teacher posts being ‘sold’ for Rs. 35,000 to Rs. 50,000.<sup>11</sup> Given that these are relatively large sums of money for the people who were recruited, and were often paid by taking out loans, it created incentives for absenteeism to the extent that the inducted teachers needed to take on a side job to finance these investments.

Endemic staff transfers were another problem negatively impacting the quality of service delivery. While the provincial government’s Rules of Business explicitly required that staff remain in a particular post for 3 years, in practice, as Table 4 indicates, average tenure was much lower. The problem was more severe in Sindh, as compared to Punjab and NWFP. For example, in Sindh, during the democratic period, the average tenure of secretaries in 8 key departments was approximately 11 months, as compared to 14 months in Punjab and NWFP. Interestingly, across the three provinces tenure was worse in departments such as education, works and services (this was the key implementing department for development works), and excise and taxation that had the greatest potential for patronage, either through employment, revenue generation, or through the implementation of development schemes. This rapid turnover of staff was an indicator of the politicization of the bureaucracy, and clearly disruptive to effective management of the sectors. Staff transfers at junior levels were also endemic, particularly of teachers, although it is difficult to get data to indicate the magnitude of the problem.

<b>Department</b>	<b>Sindh</b>	<b>Punjab</b>	<b>NWFP</b>
Education	9.4	13.2	9.4
Health	12.0	14.7	13.2
Works and Services	9.4	9.4	11.0
Excise and Taxation	7.8		
Services (Establishment)	12.0	14.7	22.0
Agriculture	11.0	14.7	12.0
Finance	12.0	16.5	14.7
Planning & Development	18.9	18.9	26.4
Total (8 departments)*	10.9	14.0**	14.4**
* These 8 departments are Education, Health, Works and Services, Excise and Taxation, Finance, Planning and Development, Agriculture, and Services.			
** Excludes Excise and Taxation			
<i>Source:</i> Services departments of the provincial governments			

To summarize, the above analysis suggests that Pakistan’s elected policy-makers were motivated to hire teachers and doctors, but less motivated to worry about the quality of teaching or medical staff that were recruited. They were also motivated to build schools and basic health units, but less motivated to worry about maintaining this infrastructure, and for ensuring that it was of good quality. The key question is what were the underlying political and institutional causes of this poor intra-sectoral composition of expenditures and the governance problems highlighted above. Moreover, why were these incentives so much worse in Sindh as compared to Punjab and NWFP? Was this a failure of the accountability of policy-makers to the public, or was it a more complicated failure of the political market. These issues are taken up in the rest of the paper.

<sup>11</sup> Based on informal discussions with various education department staff in the provincial and district governments

### 3. Some common political economy explanations – elite capture and political instability

This paper, following the new political economy literature, began with the puzzle as to why democratic governments can pursue policies that hurt the very majorities that voted them into power. This puzzle assumed that the numeric weight of the lower classes makes them a vital resource in democratic politics. A large body of literature on underdeveloped countries rejects this assumption altogether because it ignores the effects of power and societal dominance. Instead, this literature argues that inequalities rooted in society translate into unequal political influence – for example, because of the rural Poor’s dependence on elites for their economic well-being it would be naïve to expect the disadvantaged to exercise an independent voice in the democratic process. Elite capture is a standard political economy explanation for the lack of a pro-poor public policy generally, and for problems in service delivery specifically. For example, Bourgignon and Verdier (2000) argue that in ‘oligarchic’ societies, elites will oppose mass education because the more educated the population the greater the pressures for democratization, and the greater the threat to the power of these privileged groups.

In Pakistan, a popular version of this elite capture hypothesis takes the form of the ‘feudal politics’ argument. To summarize, this argument rejects the notion of electoral accountability and citizen voice, and argues that policies instead reflect the preference of rural elites, and that these preferences are explicitly against improvements in education.<sup>12</sup> These rural elites are able to win elections, either through outright coercion, or through their monopoly economic and political position in their constituency, and not because of their responsiveness to voter demands. And their monopoly position is dependent on keeping their constituents backward. To quote one prominent economist “the ruling elites found it convenient to perpetuate low literacy rates. The lower the proportion of literate people, the lower the probability that the ruling elite could be displaced.”<sup>13</sup> And given that these feudal elites were particularly powerful in Sindh and Balochistan is one possible explanation for the particularly severe service delivery problems in these provinces.

While popular, there are a number of problems with the elite capture, or feudal politics, argument. For one, in a number of constituencies in Pakistan, in particular rural constituencies, powerful ‘feudals’ have been defeated at the polls, often by opponents

	<b>1988</b>	<b>1990</b>	<b>1993</b>	<b>1997</b>
Punjab	12.1%	6.7%	8.3%	7.9%
Sindh	6.0%	19.0%	6.0%	13.0%
NWFP	20.0%	21.3%	15.0%	13.8%
Balochistan	17.5%	12.5%	22.5%	20.0%

*Source:* Election Commission of Pakistan

with by comparison very un-privileged backgrounds. Feudal politics implies that votes are cast for individuals rather than for political parties, which in turn implies that there should be a relatively large proportion of candidates who win as independents in elections. However, as Table 5 below indicates that, except for the case of Balochistan, independent candidates won a small proportion of seats in provincial assembly elections between 1988 and 1999.<sup>14</sup> Even in Sindh, which is considered to be the bastion of feudal politics, independent candidates won only 6% of seats in the provincial assembly elections of 1988 and 1993. Sindh in fact had roughly the

<sup>12</sup> See Haq (1998) and Husain (1999) as some of the prominent examples of this argument.

<sup>13</sup> Husain (1999), p359

<sup>14</sup> The proportion is even smaller for National Assembly elections

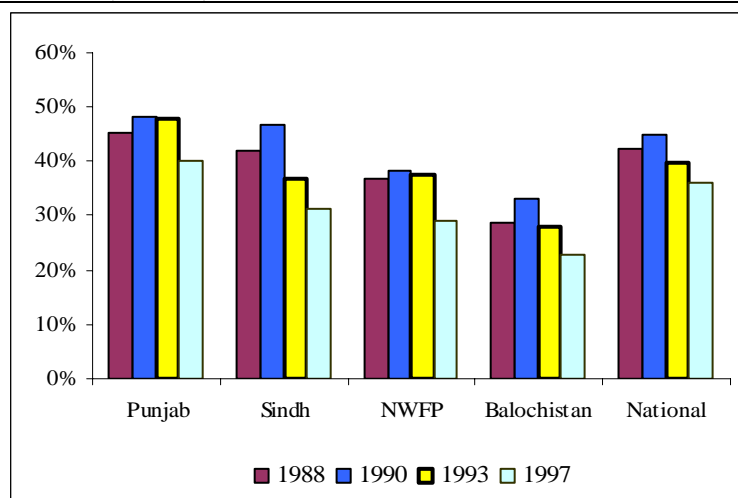
same proportion of victorious independent candidates as Punjab, and much less than NWFP and Balochistan. These data do not deny the importance of the personal characteristics of candidates in determining electoral outcomes. However, the fact that belonging to a political party is so important does suggest that voting behavior is more complex than that suggested by the popular model of societal dominance of rural landed elites.

Electoral studies reveal that, unlike what is postulated in the feudal politics model, politicians care about, and spend a great deal of their time, in dealing with the problems of their constituency. For example, as one study noted “virtually every politician interviewed throughout the course of this research emphasized the growing expectation and demand of voters that candidates serve as conduits for patronage” (Wilder, 1999 pg. 106). The importance of patronage is also underlined by the practice, initiated by the Junejo government in 1985 and subsequently duplicated by the Sharif and Bhutto governments, of allotting funds to individual MNAs and MPAs to spend on development schemes in their constituencies.<sup>15</sup> In fact, as we saw earlier, elected politicians cared a great deal about school construction and teacher recruitment, as was particularly apparent in the case of Sindh, which as mentioned earlier is widely considered to be the domain of feudal politics.

Field studies also reveal that the problems of schooling in rural areas have little to do with direct feudal resistance. For example, one study found that “there are relatively few instances of total patron power in sample communities... [and that] it is no longer possible to trivially ascribe school failure to patron-induced distortion.”<sup>16</sup> Of the 125 schools sampled in the study, in only one case had a large landlord actually prevented the establishment of a school. Instead, the study found that local politics was one of ‘partial patron power’ with political competition between patrons in an electoral system that was highly responsive to public demands. Instead, a major reason for school non-functionality was that teachers were appointed on the basis of political connections, and therefore had little incentive to focus on teaching.

Political instability is another commonly made explanation for the failure of the democratic governments in Pakistan. Easterly (2003) for example makes the point that the rapid turnover of regimes in the 1990s meant that Pakistan politicians behavior was akin to what Mancur Olson termed as ‘roving bandits’. That is, since

**Figure 12: Voter turnout in national and provincial assembly elections (1988-97)**



Source: Election Commission of Pakistan

<sup>15</sup> These programs were called the Peoples Program and the Tameer-e-Watan program by the Benazir Bhutto and the Nawaz Sharif government respectively.

<sup>16</sup> Gazdar 2000 (pp 59-64)

politicians had a short time horizon they had an incentive to ‘loot today’ rather than to ‘invest for tomorrow’. Between 1988 and 1999, Pakistan had four elected governments, and in such short terms of office politicians had less of an incentive to implement policies that require a longer time to show results. Improvements in service delivery, such as ensuring better quality teaching, unlike the provision of government jobs or construction of school buildings, do not bear immediate fruit. Econometric studies have also shown that ‘a higher propensity of change in executive power, either by constitutional or unconstitutional means’ leads to lower investments in public goods and slower economic growth.<sup>17</sup>

Political instability is however, endogenous to policy. In Pakistan a major reasons why terms of office were short was precisely because elected politicians engaged in widespread rent-seeking and corruption, thereby greatly discrediting themselves and creating the necessary conditions for their dismissal.<sup>18</sup> In 1988, when democracy returned to Pakistan after a hiatus of 11 years, there was no reason a priori to expect that the government would be short-lived. In fact, the end of a long and repressive period of military rule had created considerable hope and excitement in Pakistan, but the new government quickly dissipated this political capital, resulting in, for example, declining voter turnout in provincial and national assembly elections (Figure 12), and considerable disillusionment with democratic government. These actions therefore beg the question – why were incentives such as to encourage rent-seeking at the expense of public goods. One needs to explain the more fundamental causes of this political instability, rather than view instability as a given.

#### **4. The incentives for patronage in a democracy**

Information is the key reason as to why democracies can produce outcomes that hurt the median voter. Politicians care about getting elected, and they will focus on policies and will emphasize expenditure in areas that will maximize their electoral fortunes. Importantly, getting elected is also crucially contingent on information – specifically, it requires that voters are able to connect improvements or deteriorations in their welfare to the actions of a particular politician. In other words, politicians must be able to credibly take credit for these improvements. As a recent and growing body of literature points out, this importance of information implies that politicians are likely to be more responsive to the more informed group of citizens, and as a result focus more on private goods, or targeted benefits, as opposed to public goods that benefit the majority.<sup>19</sup>

The Public Choice literature was one of the earliest attempts to explain why democratic governments enact policies that are economically inefficient and hurt society on the whole.<sup>20</sup> A starting assumption of this literature is that most voters are ‘rationally ignorant’. The logic for this ignorance is that given that acquiring information about policy-making is costly, and given that that an individual’s vote is one amongst millions, the probability that one’s efforts in

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<sup>17</sup> Alesina et al (1996)

<sup>18</sup> Pakistan’s institutional structure consists of an elected parliament and prime minister, as well as an appointed president (by members of both houses of the parliament). The president has considerable powers, including the power to dismiss parliament. Three of the elected governments in Pakistan were dismissed by the president (in 1990,1993, and 1996); while one was removed in a military coup (in 1999).

<sup>19</sup> Important recent works in this literature include Persson and Tabellini (2000); Keefer (2002); Keefer and Khemani (2003)

<sup>20</sup> This literature is huge. Some of the significant works are those of the Chicago School of Regulation (Stigler 1975, Becker 1958, 1983) and theories of rent-seeking (Olson 1982, Bates 1981).

acquiring information will lead to better policies is small. Only those groups that can extract a *private benefit* from the government have an incentive to be informed about government policies. Since most voters are uninformed they can be manipulated and electoral success is contingent on candidates' advertising, which creates a natural alliance between politicians and the informed subset of citizens. Money becomes a crucial determinant of electoral success, and candidates trade specific favors to interest groups and elites in exchange for money with which they can run their campaigns. Thus these groups will not lobby for the provision of public goods because the benefits of public goods accrue to everyone; they have every incentive to lobby for private goods, and to meticulously monitor policy-makers to ensure that they are delivering on what they promised.

While the Public Choice literature's focus was to explain sub-optimal policies, like trade quotas and farm subsidies, in industrialized countries, the argument is of considerable relevance to less-developed countries as well. Voters in developing countries, due to the higher levels of illiteracy, are likely to be even less informed about policies. Also, evidence suggests that the costs of elections is, as a proportion to GDP, higher in developing countries than in developed countries, thereby creating an even greater need to trade favors for campaign financing.<sup>21</sup>

<b>Table 6: Household satisfaction with public services (Pakistan)</b>	
<b>Households satisfied with (%):</b>	
Public transport	59
Sewage services	12
Electricity supply	63
Public health services	23
Public education services	55
Police services	31
<i>Source: CIET (2002)</i>	

The 'patronage-politics' model is the Public Choice equivalent for describing politics in less-developed countries. According to this model, politics in developing countries is not about policy but about delivering goods and services to the people. Political parties are largely devoid of any ideological underpinnings, and instead are large patronage structures. The logic however, is similar to that articulated above. Patrons, who are generally locally influential people, provide politicians with the resources to conduct their electoral campaigns; in return they expect private favors, such as government jobs and contracts; and the mass of citizens are uninformed and are easily influenced by what the politicians say and who the patrons tell them to vote for.

The public choice and patron-client models argue that due to informational asymmetries *across* voters, politicians have an incentive to target the more informed and hence more influential voters. A related argument is that there are informational asymmetries *across the demands* made by individual voters, and politicians have incentives to focus on satisfying those demands that voters are more informed about. That is even if there is no elite capture, and lobbying is done by all voters and not just a subset of voters, as in the previous argument, politicians will still focus on satisfying some types of demands rather than others.

The logic of this argument is as follows: Voters, even poor voters, present a menu of demands to their elected representatives and these representatives have to decide on which of these demands to satisfy in order to maximize their political support. For example, as results from a recent survey in Pakistan reveal (Table 6), households are dissatisfied with a number of public services and expect their elected representatives to work to improve these. In addition to the provision of public goods, voters are also present individual-specific demands, such as requests for public sector employment, complaints about harassment by the police, admission for their children in schools and colleges etc. Politicians, given limited time and resources, have to make a choice

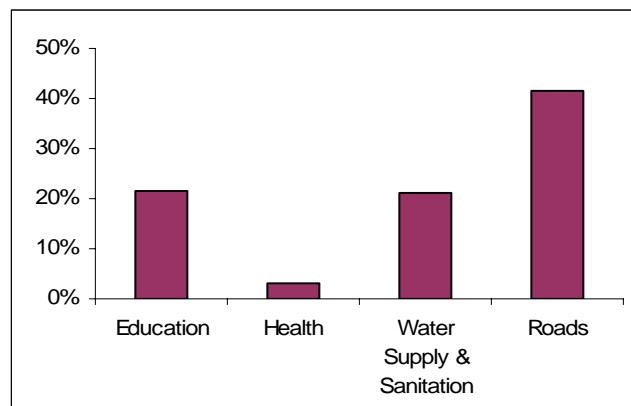
<sup>21</sup> See World Bank (2002), Barkan and Thomas (2003).

about which of these demands to satisfy, and this choice will be determined by what maximizes chances for re-election, which in turn is dependent on what politicians can credibly take credit for.

Some public goods, such as the provision of roads, are much easier to verify and credit to the efforts of a particular politician, than others, such as better quality healthcare or education. As the World Development Report 2004 points out, education and health place very high informational demands on voters as these are transaction-intensive services with outcomes that are crucially dependent on the behavior of providers that are very difficult to monitor. Therefore, one would expect politicians to focus more on roads, and evidence from Pakistan seems to suggest that this is indeed the case. As mentioned earlier, in Pakistan, members of parliament are each given funds to spend on development works in their constituency, and as Figure 13 reveals the largest proportion of these funds are spent on roads.<sup>22</sup>

While some public goods like roads will get more attention than others, individual-specific favors will in general receive even greater priority. The reason is that demands for public goods and for individual-specific favors differ in the relative ease with which preferences are transmitted to policy-makers. Individual contacting for particularized benefits places the least organizational demands on citizens, and presents the clearest relationship between action and result. Demands for public goods entail free-rider problems and are therefore much more difficult to organize.

**Figure 13: Sectoral expenditures from funds allocated to members of national assembly (1988-1993)**



Source: Ministry of Local Government, Government of Pakistan

There is some survey-based evidence that citizen contacting of politicians in Pakistan is motivated primarily by a) individual-specific problems; and b) to the extent that issues about service delivery are raised, they relate more to roads and water supply rather than education and health. Table 7 shows results from a survey that asked citizens for the reasons they contacted locally elected officials (specifically, union council members). The majority of reasons cited by male and female respondents alike related to personal issues, such as financial support, the issuance of identity cards, a police problem, or some form of dispute. Those who contacted for reasons of service delivery did so regarding mainly about water, roads, and electricity. Less than 2 percent of the respondents approached local officials for education and health matters. While this survey only examined the reasons for contacting local politicians, it is likely that the motivation for contacting provincial or national politicians would be similar.<sup>23</sup>

<sup>22</sup> This analysis is of the Peoples Program introduced by the first PPP government of Benazir Bhutto (1988-90) and the Tameer-e-watan program introduced by the first Nawaz Sharif government (1991-93). Both these programs provided each member of the national assembly with development funds to spend in his or her constituency.

<sup>23</sup> At the provincial level, one study found that the Political Secretary for the Chief Minister of Punjab dealt with an average of 150 – 200 requests per day, the vast majority of which were requests for jobs,

These differences in the way preferences are transmitted have implications for voters' information levels. Since individuals are much more likely to lobby for private goods, they are also likely to be much more informed about whether or not this demand was satisfied, and whether or not this fulfillment was due to the efforts of the representative.

People will observe how helpful the local representative's office was, how much attention was paid to them, and what were the impressions of others waiting in line, and obviously whether they received the benefits. By contrast, improvements in service delivery will be much harder to measure. What this informational asymmetry implies is that politicians will find it much more difficult to claim credit for improvements

in service delivery than for providing targeted, individual-specific benefits. In other words, while the voter will observe that teaching has improved in the village school, he will have a hard time figuring out who in the government was responsible for this improvement. Politicians will therefore, have an incentive to provide targeted, private goods, as opposed to public goods.

**Table 7: Reasons why citizens contact a union councilor in Pakistan**

	<i>Males</i>	<i>Females</i>
Financial support	12	27
Water problem	17	15
ID card/certificates	17	14
Roads/streets	12	6
Electricity	10	8
Sewage/drains	8	7
Community dispute	6	5
Property land	3	4
Police issues	3	3
Garbage	4	2
<i>Source: CIET (2002)</i>		

## 5. The structure of political parties and the incentives for patronage

The informational problems associated with the provision of public goods highlighted above are likely to be similar across developing countries, and therefore on their own cannot provide an adequate explanation for why the supply of these goods is lower in some countries as compared to others. Specifically, given that it would be difficult to make the case the voters in Pakistan were relatively more uninformed than their counterparts in other countries, or that within Pakistan they were more uninformed in Sindh relative to Punjab or NWFP, one needs additional ingredients to explain the variations in the quality of service delivery outlined earlier.

Clearly, institutions – specifically how institutions interact with informational problems -- are one such key ingredient. Recent papers have examined how institutions, particularly electoral arrangements and regime types, influence the incentives of policy-makers to provide public or targeted goods.<sup>24</sup> Larger electoral districts are more heterogeneous and competing political parties require the support of broad coalitions to win.<sup>25</sup> Both parties therefore have an incentive to enact broad policies, and provide public goods, that impact these broad coalitions. Smaller

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for getting land disputes resolved, for help in police matters, and for getting admissions to colleges and universities (Wilder 1999)

<sup>24</sup> See Keefer (2004) for a comprehensive survey of the literature.

<sup>25</sup> Persson and Tabellini (2000)

districts are likely to more internally homogenous, and typically a party is a sure winner in some districts and a sure loser in others. Competition therefore, boils down to a few key districts and both parties have strong incentives to target redistribution towards such districts. In other words, the smaller the district the greater the incentive to provide targeted benefits. Similarly, the winner-take-all rules in majoritarian systems create incentives for political parties to focus on a few key swing constituencies, thereby also creating incentives for targeted spending in these constituencies. By contrast, in proportional representation systems, non-swing constituencies have the same degree of electoral influence, thereby reducing incentives for geographically targeted spending.

Regime type, in particular the number of tiers of government, presidential versus parliamentary forms of governments, can also have an impact on politicians incentives to provide public goods. If several independent levels of government share responsibility for providing particular public goods, provision will be lower than if a single government is responsible.<sup>26</sup> Even if responsibilities are separate, the public is unlikely to be aware of these distinctions, and voters are likely to share credit across the tiers even if one level of government contributed to the public good. Again, the informational demands associated with public goods, will create incentives for each tier to focus on targeted benefits that it can more easily take credit for. There is also a large literature analyzing the impact of presidential and parliamentary forms of government on public goods, which, depending on the assumptions of the different institutional characteristics of these systems, makes different predictions about which of these systems is more conducive to public good provision.

While popular in the literature, electoral systems and regime types do not throw much light on the problems of service delivery in Pakistan as there is no variation across the provinces in these specific institutional features. Political parties are another important institution, and one that has not received sufficient attention in the new political economy literature. In democracies, political parties are the key organizational structures mediating between voters and policy-makers, and the structure of the party system, as well as the internal organizational structure of political parties, is therefore likely to have considerable influence in shaping the incentives of politicians. Party identification is also important precisely because voters are uninformed. To elaborate, voters, in developing countries and developed countries alike, tend to cast their ballots both on partisan considerations and on the basis of the personal characteristics of individual candidates. In many ways, partisan identification can be viewed as an informational short cut. That is, given that voters do not have the time to be informed about the details of a candidate's policy position, or past record, a candidate's identification with a particular party ideology, or with a particular party leader, provides voters with a cheaper means of differentiating between candidates. This partisan identification however, also complicates the ability of an individual candidate to take credit for a particular action, such as improvements in public education. Specifically, voters may give this credit to the party as a whole, which, depending on the structure of the party system may create perverse incentives for individual policy-makers.

Three features of the party system are likely to have bearing to these incentives – the number of parties, or the degree of *fragmentation* or *fractionalization* of the system; the internal cohesion, or degree of *factionalism*, of political parties; and the ideological distance, or *polarization*, between the political parties. As we shall see, all of these features – both of the party system, and of specific parties within the system – have important bearing to the problem of service delivery in Pakistan.

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<sup>26</sup> Triesman (2002)

### 5.1 Party fragmentation

Fragmentation increases the informational problems of voters since there are many more candidates and therefore many more messages and claims to evaluate at election time. As discussed above, voters find it difficult to associate improvements in service delivery with the actions of a particular politician. A large number of contestants challenging the incumbent's claims for taking credit for any service delivery improvements increase the informational demands on voters. The greater the number of candidates per seat in an election, the greater the informational demands on the electorate. Anticipating this difficulty, the incumbent will have greater incentives to focus on particularized benefits that he can more easily take credit for. Importantly, providing targeted benefits is also likely to be a more viable electoral strategy if there are a large number of competing candidates. Given that the vote will be divided up among the larger number of contestants implies that the voters that can be won over through focusing on targeted expenditures will carry more weight in deciding the electoral outcome.

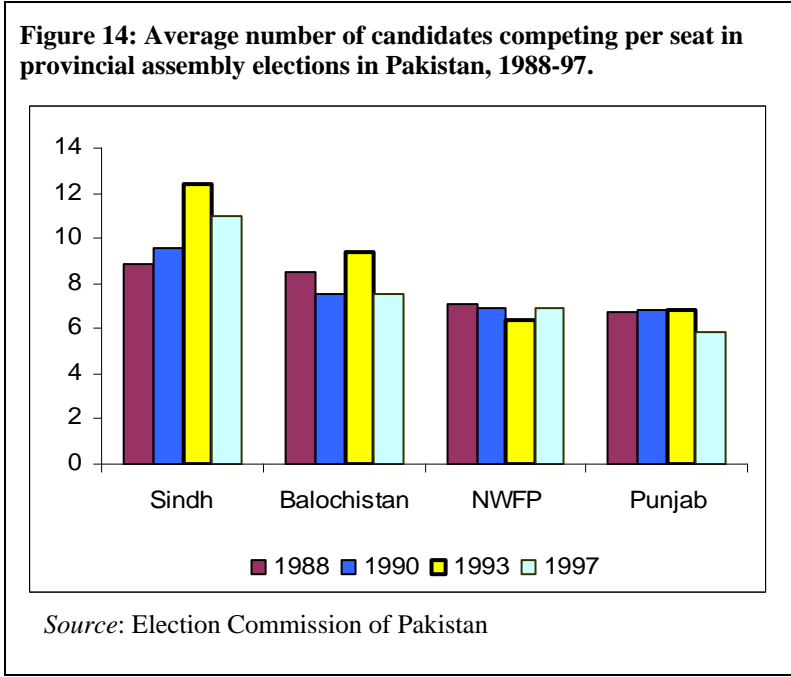


Figure 14 shows the average number of candidates per seat in provincial assembly elections in Pakistan in the four general elections between 1988 and 1997. As can be seen, Sindh had the highest number of candidates, and therefore the greatest degree of fractionalization, with on average approximately 12 candidates competing per seat in the 1993 elections. By contrast, Punjab and NWFP had the least degree of fractionalization, with on average 6.8 and 6.4 candidates per seat in the 1993 elections.

### 5.2 Party factionalism

Factionalism refers to the internal cohesion of political parties. Highly factionalized parties are characterized by considerable infighting among the different political factions in the party, an inability to work towards 'corporate goals', and considerable insecurity of tenure for its members. Specifically on the last point, an incumbent politician of a highly factionalized party knows with a certain probability that he may not be competing the next election on the same party ticket. This insecurity gives him an incentive to focus on activities that enhance his personal reputation, a reputation that he can carry with him across party lines, which in turn creates incentives to focus more on individual favors rather than on public goods.

To elaborate, even if the party system is not fractionalized, a voter will find it difficult to associate improvements in service delivery with the actions of the incumbent. As far as the voter

is concerned, education and health services could have improved through exogenous circumstances, or through actions of other individuals within the governing party. In other words, the voter could hold the party, and not the individual candidate, responsible for the improvements. Given this, each party member will be wary of taking actions that enhance the party's reputation as he or she may be competing against his own party in the subsequent election. Therefore, the more factionalized the ruling party the greater the incentives for each member to focus on providing targeted benefits that he or she can more easily take credit for as an individual.

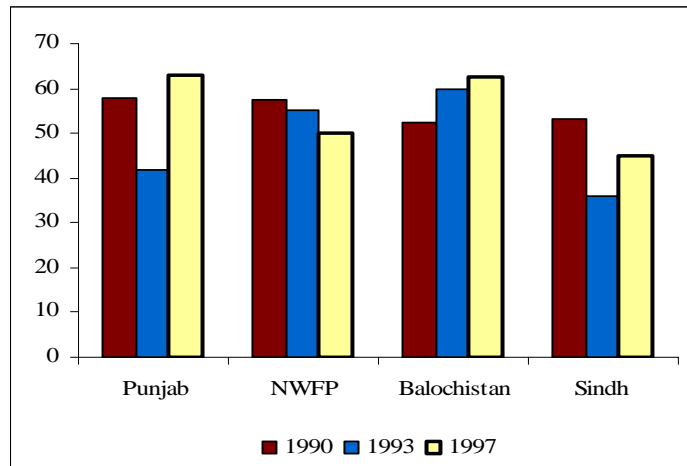
Conversely, improvements in the quality of education, such as through managerial reforms to reduce teacher absenteeism, will likely need the cooperation of other party members to implement, which is more difficult in factionalized parties.

Figure 15 gives a sense of the scale of factionalism in political parties in Pakistan.

The figure depicts the relative proportion of incumbent members of provincial assemblies contesting elections on the same party ticket from which they won the previous election. For example, the figure shows that 58 percent of the incumbents competed the 1990 elections in Punjab on the same party ticket from which they had won in the previous election (in 1988). Overall, the figures were the lowest for Sindh -- with for example, only 36% in the 1993 elections -- and highest in Punjab and Balochistan. As Table 8 elaborates, a significant number of these incumbents actually competed as members of another party, while others did not compete from their prior constituency.<sup>27</sup> Either way, this high degree of 'candidate churn' suggests the importance for incumbents to establish a reputation for themselves among voters that transcends party identity, which again created incentives to focus on particularized benefits.

The reasons why political parties in Pakistan have become highly factionalized and fractionalized are complex, and there are few comprehensive analyses of the subject. Most political observers agree that the long periods of military rule, in particular the eleven-year government of General Zia-ul-Haq (1977-88) had a detrimental impact on party politics in the country. In the late 1960s the Pakistan Peoples Party (PPP) had emerged as the most significant political force in what was then West Pakistan. PPP's mobilization strategy was organized explicitly along class lines, with an appeal, under the campaign slogan of 'Islamic socialism', to the rural poor and to industrial labor, and was very different from the more traditional, patron-client methods of the other political parties. The PPP's comprehensive victory in West Pakistan in the 1970 general elections marked the beginnings of a new era in politics, as party identity, in particular the appeal of a

**Figure 15: Percentage of incumbents competing provincial assembly elections from their constituency on the same party ticket**



Source: Election Commission of Pakistan

<sup>27</sup> Some of these candidates did compete for the same party but in a different constituency.

charismatic leader in the person of Zulfikar Ali Bhutto, superceded the influence of local elites, and traditional vote banks.

The current weaknesses of the party system are associated with the decline of the PPP and the inability of other parties to develop an ideologically based mass appeal. General Zia-ul-Haq, who came to power through removing the Bhutto government in a military coup, was dedicated to destroying the PPP as a political force, and did so through both outright repression as well as through developing alternative nodes of political representation. The PPP was banned, Zulfikar

**Table 8: Percentage of incumbents competing provincial assembly elections on the same party ticket, on a different ticket, or not competing**

<b>1990</b>			
	<i>On same ticket</i>	<i>On different ticket</i>	<i>Not competing</i>
<b>Punjab</b>	58%	14%	28%
<b>Sindh</b>	53%	12%	35%
<b>NWFP</b>	58%	23%	20%
<b>Balochistan</b>	53%	28%	20%
<b>1993</b>			
	<i>On same ticket</i>	<i>On different ticket</i>	<i>Not competing</i>
<b>Punjab</b>	42%	31%	27%
<b>Sindh</b>	36%	17%	47%
<b>NWFP</b>	55%	24%	21%
<b>Balochistan</b>	60%	13%	28%
<b>1997</b>			
	<i>On same ticket</i>	<i>On different ticket</i>	<i>Not competing</i>
<b>Punjab</b>	63%	16%	21%
<b>Sindh</b>	45%	27%	28%
<b>NWFP</b>	50%	16%	34%
<b>Balochistan</b>	63%	13%	25%

*Source:* Based on data from the Election Commission of Pakistan

Ali Bhutto hanged, and most of its leadership jailed, but more significantly Zia encouraged what one analyst terms the ‘localization of politics’, which undermined the PPP’s national appeal.<sup>28</sup> This process of localization began with the holding of local government elections on a non-party basis, which were designed to serve as a political pressure valve and to deflect attention away from the PPP, and culminated with the national elections in 1985, also held on a non-party basis. As one analyst described it:

<sup>28</sup> Wilder (1999).

Local identities and local issues became the substance of ... politics. Political loyalties were increasingly determined by family, faction, and *biraderi* ties, and political power was determined by the amount of patronage at ones disposal. A classic system of 'machine politics' developed where politics consisted not of formulating and implementing public policies or concerning oneself with the national interest, but in assisting constituents with *thana-katcheri* (police station and courthouse) problems, introducing community development schemes, and in doling out patronage in the form of government jobs.<sup>29</sup>

Localization and patronage politics was bad for party discipline. If elected representatives are evaluated primarily for their constituency service then they have incentives to maximize the resources at their disposal, and since these resources are scarce, there is intense competition for funds. By contrast, partisan voting by the electorate implies that the electoral fortunes of members of the same party are tied together. If party members are constantly bickering then the party's reputation suffers and legislator's lose votes.

In addition to these centrifugal pressures created by localization, the PPP, and other major political parties, also suffered from organizational weaknesses that undermined their cohesion. Party organization was never high on the agenda of the PPP under Benazir Bhutto in the 1980s and 1990s. One factor was the absence of internal party elections. Instead, the party organization was highly personalized, with people close to the leadership being appointed to key posts, as opposed to being elected from amongst the party membership. This personalization promoted factionalism. According to one PPP leader "every leader of the People's Party is more interested about his rival inside the party than his rival outside the party."<sup>30</sup>

### 5.3 *Party polarization*

There is a widely observed empirical linkage between ethnicity and the provision of public goods. Alesina, Baqir, and Easterly (1999) found that more ethnically diverse jurisdictions in the United States spent less on a per capita basis on public goods like education and roads. Easterly and Levine (1997) reported that Africa's high level of ethno-linguistic diversity was the single most important cause of the continent's low rate of economic growth. They also found that ethnic diversity was negatively correlated with various measures of public goods, such as teledensity, percentage of paved roads, and years of schooling.

There are a number of possible explanations for this relationship between ethnicity and public good provision. One is that different ethnic groups have different preferences over public goods, and find it difficult to reach agreement on which public goods to provide. As one early study observed, ethnic tensions result in the "ethnicization of collectively provided goods ... non-excludability, a defining characteristic of public goods, is violated. Ethnicity serves as a basis for exclusion. And the excluded communities clearly perceive such decisions as 'public bads.'"<sup>31</sup> Similarly, Alesina, Baqir, and Easterly (1999), argue that the heterogeneity of preferences for public goods across ethnic groups leads to the low supply of these goods. Ethnic polarization also reduces the accountability of elected politicians, as voters tend to vote for candidates based on their ethnic background, and not on their public performance and policy records (Keefer and Khemani, 2003). Provision of public goods suffers as a result of this lower accountability.

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<sup>29</sup> Wilder (pp132-133)

<sup>30</sup> Quoted in Wilder (p 136).

<sup>31</sup> Rabushka and Shepsle (1972) pp. 84-85.

Ethnic, religious, and more generally social, polarization is clearly an important feature of Pakistan. There are 20 languages spoken in the country, and six major ethnic groups. In addition to ethnicity, tribal and clan rivalries are also an important feature of local politics. In Punjab for example, *biraderi*, or clan, affiliations are considered a key determinant of voting behavior.<sup>32</sup> In the 1970s, with the rise of the Pakistan Peoples Party, identity politics took a back seat to class – based politics. However, it is generally believed that ethnic and *biraderi*-based politics was strengthened during the military rule of Zia-ul-Haq as political parties were banned, and

	<b>Characteristics of party competition</b>	<b>Degree of polarization between political parties</b>
<b>Punjab</b>	<ul style="list-style-type: none"> <li>• Two-party competition between PPP and PML, with some seats going to independents</li> <li>• Little ideological or ethnic distinction between the two parties</li> </ul>	Low
<b>Sindh</b>	<ul style="list-style-type: none"> <li>• Two large parties – PPP and MQM; and a number of smaller parties and independents</li> <li>• Extreme ethnic political divide – MQM dominating the mohajir vote, and PPP, and other smaller parties, dominating the Sindhi vote</li> </ul>	High
<b>NWFP</b>	<ul style="list-style-type: none"> <li>• Three main political parties – PPP, PML, and ANP</li> <li>• Declining ideological division; very little ethnic division</li> </ul>	Low
<b>Balochistan</b>	<ul style="list-style-type: none"> <li>• A number of small political parties</li> <li>• Significant ethnic division between Pashtun and Baloch political forces</li> </ul>	Medium

candidates for local bodies elections, and the 1985 national elections, were forced to appeal to traditional identities.

Ethnicity was a particularly important feature of politics, and the source of much strife, in the province of Sindh, and therefore one reason why clientelist pressures are so much worse there than in the other provinces of Pakistan. The major source of tension was between the *muhajirs*, or urdu-speaking migrants that came from India at the time of partition and settled in the urban areas, particularly Karachi, and the local Sindhi population. Socio-economic inequality was the root cause of the conflict – the *muhajirs*, with higher levels of education, dominated the urban-based economy, as well as the upper echelons of Sindh’s public administration in the initial years after partition. Governments, beginning with the first PPP government of the 1970s, had responded by setting quotas in the bureaucracy and in educational institutions, which became a major source of grievance for the *muhajirs*, and the basis of their political mobilization by the MQM (Muhajir National Movement) during the 1980s. During the 1990s, there was intense political competition between the PPP on the one hand, and the MQM on the other. The two parties won roughly 50% and 30% seats respectively in the provincial assembly elections throughout the decade, with the PPP drawing its strength almost exclusively from the rural, Sindhi-speaking areas, and the MQM winning exclusively from the urban, Urdu-speaking areas.

This degree of political polarization was absent in Punjab and NWFP. Essentially, two-party competition prevailed in the Punjab, involving the PPP and the PML (Pakistan Muslim League). There was very little ideological difference between the two parties, and virtually no ethnic

<sup>32</sup> See Wilder (1999) for a discussion.

differentiation. In NWFP, Pashtun nationalism had been a significant political force in the 1960s and 1970s, but had lost much of its appeal by the 1990s. The three main political parties – the PPP, PML, and the formerly nationalist ANP – had little separating them, either ethnically or ideologically. In Balochistan, there was a significant ethnic divide between the Baloch and Pashtun parts of the province, and political competition involved a number of small parties appealing to ethnic, religious, as well as tribal loyalties. However, this polarization was not of the same magnitude as in Sindh, nor did it manifest itself in similar levels of ethnic strife. Table 9 summarizes the characteristics of party competition in the four provinces.

## 6. Conclusion

This paper has analyzed inter-provincial variations in Pakistan in order to probe into the underlying political reasons for the poor service delivery in the country. While acknowledging that service delivery was poor across the country, it showed that there were important differences in expenditure patterns in education and health across the four provinces, as well as variations in the quality of sector governance. Specifically, the incentive to focus on recruitment and new infrastructure investments, at the expense of operations and maintenance, and quality improvements, were the greatest in Sindh, and less severe in Punjab and NWFP. Similarly, governance problems associated with politicization in the processes for recruitment of staff, for procurement, and for site selection of new facilities, as well as problems of staff absenteeism, were the worst in Sindh as compared to NWFP and Punjab. These findings are summarized in Table 10.

	Political institutional factors			Quality of service delivery	
	Party Fragmentation	Party Factionalism	Party polarization	Quality of expenditure patterns	Quality of sector governance
Punjab	Low	Medium	Low	Above average	Above average
NWFP	Low	Low	Low	Above average	Above average
Sindh	High	High	High	Below average	Below average
Balochistan	Medium	Medium	Medium	Average	Below average

The paper showed that there is an interesting relationship between these service delivery inputs on the one hand, and some institutional features of the political party system on the other. Specifically, provinces with fragmented, factionalized, and polarized party systems, such as Sindh, scored the poorest on these inputs. Fragmentation and factionalism both exacerbated the informational problems that voters had in assigning credit (blame) for service delivery improvements (deterioration), and thereby created incentives for politicians to focus on targeted benefits. Polarization, particularly ethnic polarization, reduced the ability of groups to agree on the provision of public goods, thereby again causing politicians to favor the delivery of targeted benefits.

With devolution, the main responsibility for service delivery in Pakistan has now been shifted to local governments. The main logic of devolution is that bringing government closer to the people increases the accountability of elected policy-makers to the public, and creates the necessary incentives for these policy-makers to act on the public's demands for improved service delivery.

Indeed, locally elected representatives in Pakistan are now much more accessible to voters, and the political participation of women has increased significantly.

While a detailed analysis of the impact of devolution on service delivery is beyond the scope of this paper, anecdotal evidence suggests that local politicians are subject to the same pressures for patronage as their provincial and federal counterparts, and therefore increased accessibility per se is unlikely to result in dramatic improvements in service delivery. Moreover, devolution has resulted in considerable political tensions between the provincial and local governments, particularly in provinces where the provincial and district governments are run by opposing political parties.<sup>33</sup> These tensions have manifested themselves in particular in control over staff, and in many ways have resulted in further politicization of the bureaucracy.

The preceding analysis therefore, suggests that improvements in service delivery in Pakistan are conditional on changing the political incentives of elected policy makers, whether at the local, provincial, or national level. The underlying political tradeoffs between patronage and provision of public goods in Pakistan will need to change, and this in turn will require political reforms, such as the strengthening of the internal organization of political parties through holding of regular internal party elections, as well as campaign finance reforms that reduce the need to deliver specific favors in return for money for campaigning.

These reforms are likely to be feasible only in the medium to long term, and are also an area that is probably too sensitive for organizations like the World Bank to get involved in. A more feasible short-term alternative could be the development of institutional mechanisms that reduce the ability of politicians to act on these pressures for patronage. Some of these measures could include independent Public Service Commissions that are given oversight over the recruitment and perhaps even career management (transfers and postings) of key service delivery personnel; improvements in the legal and regulatory framework for procurement, and freedom of information legislation so as to provide citizens with access to key public records.

International experience also shows that policies that increase the information available to citizens, particularly specific information regarding particular government actions, can have a significant impact on increasing citizen pressures for improving services.<sup>34</sup> For example, use of Citizen Report Cards and Public Expenditure Tracking Surveys, and publicizing these results, have had some successes in countries such as India, Uganda, Philippines, and Ukraine in building the public awareness that was necessary for building greater political commitment to improve services. Pakistan also has a number of data sources that can form the basis of a public information campaign. For example, the CIET Social Audit survey, conducted first in 2002 with the second round currently underway, measures citizen satisfaction with a number of services, such as education, health, water supply, and police. These can be used in the same manner as Citizen Report Cards have been utilized in other countries. Similarly, the first round of the Core Welfare Indicators Questionnaire (CWIQ) survey is currently being completed, and will provide a host of intermediate and outcome social indicators that can form the basis of a public information campaign.

Devolution also offers the opportunity for the federal and provincial governments to set in place incentive systems that can encourage local governments to work towards service delivery improvements. Unlike many other federations, Pakistan has not adequately explored the potential

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<sup>33</sup> See World Bank (2004b) for a detailed discussion of these issues

<sup>34</sup> The World Bank (2003) provides a number of examples of the impact of increased information.

for conditional fiscal transfers as a tool to achieve national priorities, relying almost entirely instead on block transfers between the national and provincial, and between the provincial and local governments. A selective use of conditional grants, preferably conditioned on specific outcomes, such as improvements in primary enrollment and in immunization coverage, could provide the necessary counter-balance to the prevailing incentives to focus on patronage.

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