

# Reforms: institutional impediments [Part - III]

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The reason for the kind of political behaviour exhibited by elected representatives has to do with the incentive structure under the present voting system.

MNAs and MPAs owe their election to constituency politics. They are obligated to take actions which keep their constituents pleased and their opponents subdued. That means that prices of essential commodities, tariffs charged for electricity, gas, water, railways are frozen and controlled through administrative means (whatever the government has to cough up to bear the subsidies involved) so that people don't complain about rising prices. They would like the government to create new jobs to take care of the young men and women in their constituencies who are seeking employment even if such jobs are not needed by the organisations concerned.

Postings and transfers of key officials – particularly SHOs, patwaris, irrigation SDOs, schoolteachers in their areas – ought to be done at their recommendations so that these officials can oblige the elected person. Development funds in their areas must be allocated at their discretion for the schemes they choose. These actions enhance their political prospects for winning the elections. The principles of good governance – a neutral, impartial, objective – administration that would benefit all and sundry without any parochial or partisan considerations and form the core of the reforms are thus in conflict with the imperatives of the constituency politics.

Whether the considerations that the government deficits keep on rising and the country's debt stock becomes unbearable because of subsidies, tariff freezes, wasteful expenditure, expansion of government payroll and pensions are of great concern to the party leadership but of very little consequence to constituency-driven politicians. Therefore, one does not find many champions of reforms except a few enlightened senators and members. There is a lack of congruence between the collective national interests and the individual interests arising out of perverse incentives inherent in the existing system of elections.

A large number of civil servants have become risk averse in taking or implementing decisions even if these have come from the highest quarters. Their fear of NAB, FIA, the judiciary and audit has become so deeply ingrained that they are not willing to dispose of the files on their own unless they have consulted all the relevant ministries and agencies, and everyone has ticked off. It is pertinent to note that within a ministry the file has to be initiated by the section officer (SO) and has to move five steps up in the hierarchy and then the same way downwards before the SO puts up the draft for approval.

This exercise is repeated in every ministry which is to be consulted. Not only is it highly inefficient and time consuming, some of the premises upon which the original decisions were made become obsolete with the passage of time. A new summary has to be prepared, circulated among all the relevant ministries, their comments and queries are answered or kicked back to other agencies, and data is collected from various sources. This summary is then submitted to the relevant committee of the cabinet, in some cases pertaining to energy and privatisation to more than one committee. The recommendations of the cabinet committee have then to find a place in the heavy agenda of the cabinet. In those cases where the cabinet does not endorse the committee's recommendations and specific observations are made the process has to start ab initio.

Reform proposals are also processed the same way as permitted under the existing Rules of Business. The argument that the existing system and rules are in fact to be dismantled and disrupted through these reforms and these should not be treated at par with the ongoing business does not attract much

traction. Exceptions to rules are considered anathema because it may land them in trouble subsequently even after they have retired. This inability to penetrate the barriers imposed by the existing rules is one of the other reasons for the slow uptake of reforms or maintenance of the status quo.

Some civil servants who are put under pressure to deliver overtly acquiesce to accepting the directives and go through the motion as if they are abiding by the decisions taken but they would point out some legal or procedural lacuna or loopholes and reopen the matter which has already been settled at the highest echelon of decision-making. Alternatively, their drafting of notifications, SROS, and rules is so full of ambiguities deliberately or inadvertently that these are challenged in the courts of law and are thrown out of the books. The process has to start once again.

In one such case where the Islamabad high Court upheld the Directory Retirement Rules under which those with an unsatisfactory service track record were to be compulsorily retired upon completion of twenty years of service after observing due process the spade work has hardly been done after a lapse of almost two years.

Those senior civil servants in positions of authority to initiate the proceedings are reluctant to take the wrath of their colleagues who are likely to be adversely affected and therefore they wait for their transfer or retirement. They argue that civil servants are treated shabbily and have not been given protection by successive governments. So why should they lose the camaraderie of their friends and colleagues and become ostracized socially for the sake of these ruling classes.

The reason a majority of civil servants get outstanding and excellent performance reports is that they have a tendency to appease their subordinates and not take the risk of becoming unpopular among their colleagues. Many civil servants with excellent reports do not fare well (with some exceptions, of course) when they attend the training institutions where the evaluation is more structured, collective and rigorous. A line of least resistance is followed

The new performance management system for civil servants, which would be objective based with key performance indicators, has not yet been put in place – although the prime minister has signed performance agreements with the ministers and evaluation under these agreements has been completed. The good news is that the promotion rules upheld also by Islamabad High Court are being followed and two Central Selection Boards held for promotion to Grades 20 and 21 have made their decisions based on the transparent criteria of merit rather than seniority. The high-powered selection board headed by the prime minister has also followed the merit-based promotion policy for Grade 22.

There are many other reasons that impede the implementation of reforms but in my mind the problem of time inconsistency looms large. Every reform creates losers and winners. The losers are well organised and clearly visible, while the gains will accrue sometime in the future and diffused throughout the economy. The losers can mobilise public support in their favour but as the winners have not yet emerged there is nobody to champion their cause.

The costs are therefore borne by the political party that undertakes the reforms upfront, but the gains will be captured by their opponents or some other unknown political configuration in the future. This asymmetry between the timing of losses and gains and accrual of costs and benefits has remained a major hurdle in successful implementation of reforms along with the design flaw, political incentive structure and civil servants' attitudes.

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