

Anti-corruption policy making in practice:

Pakistan – A Country Case Study

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Acknowledgements

This case study is part of a broader research project of the U4 Anti-corruption Resource Centre called “Anti-corruption policy making in practice – what can we learn from national strategies?” The main objective of the project is to provide insight, based on investigations in six countries, into how and why anti-corruption policy frameworks are designed, who the driving forces are, factors that promote or impede implementation, and the role of development partners in the overall process. Its findings will contribute to the ongoing debate on how to implement Article 5 of the United Nations Convention against Corruption (UNCAC).

The Pakistan country case study was drafted on the basis of a literature review and qualitative interviews with a broad range of key informants in each country. The author would like to thank Amjad Mahmood and Sami Khan for their insightful comments on earlier drafts of this study, in addition to all those who have generously provided their expert knowledge, political insights and time to contribute to this undertaking in Pakistan. I sincerely hope that the content will be useful for further anti-corruption initiatives in Pakistan as well as in other countries struggling with similar policy challenges.

1 Country background

Political turbulence, compounded by systemic corruption and regional instability, has characterised the 60-year history of independent Pakistan.²³³ Since the national constitution created a federal government structure in 1973, civilian and military governments have traded power in a pattern described as the “recycling of elites” (Transparency International [TI], 2003, p.13). In 1999, General Pervez Musharraf seized power from then Prime Minister Nawaz Sharif, promising stability, growth, and not least, honest government. However, it was not long before his administration, like those before it, fell into familiar patterns of power abuse at the executive and bureaucratic levels.

In 2002, parliamentary elections marked a formal transfer to civilian rule. A controversial national referendum extended Musharraf’s tenure as president, and as of mid-2007 he retained the dual role of president and head of the army. In the spring of 2007, Musharraf dismissed the head of Pakistan’s judiciary, Iftikhar Chaudhry, on charges of misconduct and misuse of authority. Most observers surmise that the true motivation was to remove any challenge that the independent-minded chief justice posed to the president’s political ambitions.²³⁴ This act catalysed protests by lawyers and opposition supporters in Islamabad and other parts of the country, and strengthened the opposition’s position ahead of elections due in late 2007.

Physical as well as political security is also on the decline. Violence and instability pervade many areas of Pakistan, in particular the northern tribal belt of Waziristan and in the southern province of Balochistan, where local leaders are engaged in an armed struggle against the military. Islamist opposition, fuelled by Musharraf’s anti-Taliban operations in support of the US-led “war on terror”, has intensified. In July 2007, the Pakistani army attacked the radical Red Mosque in Islamabad, killing over 100 people in the raid. Moreover, roadside bombs, rocket attacks and suicide assaults against the army continue at an alarming rate, causing extensive collateral damage in the form of civilian lives.

On a more positive note, the dispute with India over Jammu and Kashmir, originating in the partition of 1947, has eased since 2003 with a set of confidence-building measures. These include the restoration of road and bus connections, and even the opening of several border points to facilitate humanitarian assistance following a devastating earthquake that struck the region in 2005.

Governance progress and government structure

Pakistan is a densely populated and ethnically diverse country of 162.4 million people. Ninety-seven percent of Pakistanis identify themselves as Muslim. Although the GDP per capita is USD 830, a quarter of the population lives below the national poverty line, while tens of millions survive on incomes just above it. Only around 50 percent of adults are literate, with women only half as likely to be literate as men (UK Department for International Development [DFID], 2007).

²³³ The Islamic Republic of Pakistan was founded in 1947. East Pakistan (now Bangladesh) seceded in 1971. Benazir Bhutto’s two terms as Prime Minister, for example, were cut short by the presiding presidents on grounds of her government’s corruption (1990 and 1996). In 1998, formal charges were filed against her and her family for bribery and embezzlement.

²³⁴ It is widely believed that the charges against Mr Chaudhry are motivated by his refusal to ensure a compliant judiciary ahead of elections.

Despite these grim statistics, Pakistan has enjoyed over five years of sound economic growth and poverty reduction since 2002. GDP increased by an average of 6.1 percent between 2002 and 2006. In addition, steady progress is being made towards fulfilment of the Millennium Development Goals related to access to water and sanitation, primary school enrolment and the number of people living in poverty, who fell from 34.5 percent in 2001 to 24 percent in 2004/05 (DFID, 2007).

The national constitution of 1973 sets out a federal system with a Parliament, a president, and a prime minister. The Parliament is composed of two houses, the National Assembly and the Senate. The prime minister is the leader of the National Assembly's dominant party or coalition, but is formally appointed by the president. He or she is advised by a cabinet of ministers, who are appointed by the prime minister.

Administratively, Pakistan is divided into four provinces: Balochistan, North-West Frontier Province, Punjab and Sindh, in addition to several federally administered areas. The provinces are further broken down into 101 districts. Since 1999, Pakistan has been engaged in a decentralisation process to increase the authority of provincial political and administrative institutions (see section 1.1). However, federal government agencies are still heavily involved in some aspects. For example, provincial governments administer agricultural and social services, but the federal government legislates on these matters and federal agencies are also involved in their implementation. Moreover, the federal government has the power to dismiss provincial chief ministers and legislatures.

Pakistan's judicial system is crowned by the Supreme Court, followed by the High Courts in each province, and lower courts exercising both civil and criminal jurisdiction. Unfortunately, the independence of this system has been compromised by executive control of judicial appointments, promotions and removals. In 2000, for example, Musharraf dismissed 18 judges, including the Chief Justice, for refusing to take oaths of office under the provisional constitution issued after his seizure of power. Fear of another arbitrary purge limits judges' freedom to challenge government actions (International Crisis Group [ICG], 2004b). Political allies of the president fill key judicial positions, including those at the High Court level that are responsible for allocating cases to courts in a particular province. This means that pliant judges can be more easily assigned to sensitive cases that impact on executive powers (ICG, 2004b). The lack of resources and endemic corruption in the lower courts has created long delays and reduced public confidence in the judiciary.

1.1 Recent political landmarks and main governance reforms

Pakistan's reform agenda is captured by its Poverty Reduction Strategy Paper (PRSP, 2003) and its Medium Term Development Framework (2005-2010), which are both aligned with the Millennium Development Goals. The strategic priorities of the PRSP are: (i) to sustain growth and improve competitiveness; (ii) to improve government effectiveness and consolidate devolution; and (iii) to improve the lives and protection of vulnerable populations.

As a means to accomplish the goal of better governance, Musharraf announced the Devolution of Power Plan in August 2000. The Plan, which aims at the decentralisation of financial, political and administrative authority, is carried out through officials (Nazim and Naib Nazim, or mayor and deputy mayor elected in each district and four cities). Under the Nazim work so-called District Coordination Officers (DCO), who assist the Nazim in running the administration (except police related matters), as well as carrying out development activities in the district. While the Nazim are elected by each District Assembly on a non-party basis (even though in reality strong party affiliations may exist), the DCO is appointed by the Chief Minister of each province. Musharraf's

plan aimed to reverse a system that subordinated elected leadership to the bureaucrats who historically controlled the district administration.

So far, however, the impact of this approach on the daily lives of Pakistan's poor remains modest. Although service delivery in some areas has improved, critics argue that the rhetoric of local empowerment masks efforts to centralise power in the military government. According to one early assessment, devolution has perversely had a negative impact on democratic development in Pakistan: "the non-partisan nature of the local elections has exacerbated ethnic, caste and tribal divisions and undermined the organisational coherence of political parties" (ICG, 2004, p.i). Rather than decreasing corruption, devolution seems to have increased opportunities for rent-seeking behaviour by bureaucrats and elected officials, at least in the short term (ICG, 2004). Development partners are currently supporting efforts to address technical weaknesses, for example by providing skills in financial management to local authorities and increasing the budget monitoring capacity of community groups (Devolution Trust for Community Empowerment [DTCE], 2006).

Other initiatives pursued by the Musharraf administration have aimed to increase accountability through reforms in public financial management and procurement, tax administration and, to a lesser degree, the civil service. A fundamental change in tax policy, which took effect in 2002, limits opportunities for collusion between taxpayers and tax officials. The new system introduced a Universal Self Assessment, with risk-based audits, and a reduction in the number of income tax exemptions. In addition, the restructuring of the Central Board of Revenue (CBR) includes a new recruitment policy, and incentive and merit-based remuneration and promotion mechanisms. However, in the absence of broader civil service reform, including significant salary adjustments, the impact of these ad hoc measures has failed to increase the CBR's attractiveness as an employer of motivated Pakistani tax professionals.

The Access to Justice Project, supported by the Asian Development Bank, is another relevant effort, although its impact has been inhibited by a lack of political support, particularly within the Ministry of Law. It covers over 250 interventions in about 30 different institutions, ranging from the introduction of public interest litigation to improved performance standards for judges in the High Courts (Ministry of Law, 2006). A few improvements have been registered, such as the implementation of a case management system and the annual publication of High Court decisions. These low intensity reforms that increase transparency have created a kernel of ownership among the staff of judicial institutions. Still, after about USD 330 million in budget support and USD 20 million in technical assistance over the past several years from the ADB, only a small fraction of the capacity building activities have been completed and judicial corruption remains rampant.

1.2 Scope of corruption in Pakistan

In 1947, Pakistan's founding father, Quaid-e-Azam Muhammad Ali Jinnah, emphasised the need to address corruption in his first address to the country's Constituent Assembly: "One of the biggest curses from which India [i.e. British India, including territories now in Pakistan] is suffering, I do not say that other countries are free of it but I think our condition is much worse, is bribery and corruption. That really is a poison. We must put it down with an iron hand." (Ali, 2007, p.1) Six decades later, Pakistan is still struggling with endemic corruption. The 2006 Corruption Perceptions Index of Transparency International lists Pakistan in 142nd place out of 163 countries surveyed.

Information about the scope and pattern of corruption is largely anecdotal or descriptive, being based on media coverage of formal investigations. A few notable efforts have, however, been made to quantify or qualify the phenomenon. In 2001, a task force on the reform of tax administration in Pakistan estimated that the revenue lost by corruption was 64 percent in income tax, 48 percent in

customs, and 45 percent in sales tax, amounting to approximately USD 3.3 billion a year (National Anti Corruption Strategy [NACS], 2002). In 2006, a perception survey carried out by Transparency International-Pakistan asked ordinary consumers to rank the level of corruption. The 4,000 respondents answered as follows (1 being the most corrupt):

2006 Ranking	2002 Ranking
1. POLICE	1. POLICE
2. POWER	2. POWER
3. JUDICIARY	3. TAXATION
4. LAND	4. JUDICIARY
5. TAXATION	5. CUSTOM
6. CUSTOM	6. HEALTH
7. HEALTH	7. LAND
8. EDUCATION	8. EDUCATION
9. RAILWAY	9. RAILWAY
10. BANK	10. BANK

This survey estimated the yearly expenditure on bribes at Rs. 2,303 (approximately USD 38) per household (Transparency International-Pakistan [TI-Pk], 2006). Even in sectors perceived as being relatively less affected by corruption, the price for average citizens is high. A Social Audit of Governance and Delivery of Public Services (CIET and DTCE, 2004-05), for example, found that almost all users of government health facilities in 2004 (94 percent) paid something for the visit. The mean total cost for a visit concerning a simple fever was Rs 229 (USD 3.76) nationwide.

In addition to the data on administrative corruption, newspaper reports of grand corruption pepper the headlines in Pakistan. Although there is little systematic analysis of the phenomenon, one facilitating factor for grand corruption is certainly the highly regulated nature of Pakistan's economy. Despite increased openness and deregulation in recent years, the state still intervenes in the market through the discretionary allocation of subsidies, quotas, price ceilings, etc. (TI, 2003). By controlling supply or suppressing prices or both, senior level managers are able to extract significant bribes. In addition, the prominent role of businessmen – directly and indirectly – in politics has exacerbated opportunities for corruption. While a good proportion of politicians themselves have major business interests, other businessmen enter power through the back door by exchanging patronage and political support for debt write-offs, tax exemptions and other favours (TI, 2003).

One recent scandal involved a dramatic increase in sugar prices, which allegedly resulted from collusion among producers. Shortly after the National Accountability Bureau (NAB) announced it would investigate the case, involving not only cartel activity but also tax evasion, it dropped the matter entirely. The fact that many of the major mills are owned by sitting ministers contributed to the perception that political actors are interfering with NAB's more sensitive activities. The 2006 decision by Chief Justice Iftiqhar Chaudhry to strike down a government deal to sell Pakistan Steel Mills to Russian, Saudi and Pakistani investors for a cut-rate price also fuelled suspicions that members of the government stood to profit handsomely from the deal. Musharraf's subsequent efforts to fire Chaudhry (for abuse of power, ironically) have only contributed to the perception that rather than fighting elite corruption, the President is himself deeply entangled in these networks. As of 2006, Pakistanis appeared quite cynical about the government's commitment to addressing the problem. TI's Global Corruption Barometer found that 23 percent of respondents rated the administration's anti-corruption efforts as "not effective", 27 percent said that the government did not fight corruption at all, and a further 10 percent claimed that the government deliberately encourages corruption (TI, 2006).

1.3 History of anti-corruption initiatives and institutional framework

The struggle against systemic corruption has dominated Pakistani politics since the country's independence in August 1947.²³⁵ The Second World War led to an explosion of procurement-related corruption, and the first specialised agency in South Asia, the Special Police Establishment, was created to crack down on that problem (NACS, 2002). Upon independence, millions of Muslim refugees fled from India to settle in the new state, composed of two physically separate wings (East and West Pakistan). The mass migration put additional stress on an already weak economy run by inexperienced politicians, who inherited a colonial legacy of “pervasive, intrusive, extractive, and elitist government” (NACS, 2002, p.11). Despite immense challenges, the new leadership attempted to address corruption through a series of legislative initiatives. The 1947 Prevention of Corruption Act inherited from British rule was supplemented by the Public Representatives (Disqualification) Act of 1949 and the Elected Bodies (Disqualification) Ordinance of 1959. These latter two laws officially aimed to exclude corrupt officials from government, but in practice they were perceived to be tools directed against political enemies of the ruling authorities.

In 1961, a Special Committee for the Eradication of Corruption from Service was established to investigate the deeper causes of the problem, including how it occurred in the public service and how it might be reduced. The six-member Committee, chaired by the Principal Secretary to the President, Mr. Fida Hussain, emphasised the need for long-term reform efforts (NACS, 2002). In 1987, another Committee for the Study of Corruption came into being, which surveyed public perceptions of corruption in various sectors.

Unfortunately, none of these well-meaning initiatives achieved much in the way of real impact. According to the analysis presented in the 2002 National Anti Corruption Strategy (NACS), this was for two reasons. First, political will and support quickly faded in each case, and second, policy recommendations were not supported by a concrete plan for implementation. The lessons learned from these experiences were consciously taken into account by the NACS team and explain their commitment to involving the widest group of stakeholders possible.

From the 1960s onwards, a series of anti-corruption agencies were mandated to enforce the expanded legal framework. The West Pakistan Anti Corruption Establishment of 1961 created provincial-level Anti Corruption Establishments (ACEs). The Special Police Establishment was replaced in 1975 by the Federal Investigation Agency (FIA), whose broadened responsibilities covered immigration matters, economic crime, anti-terrorism, and corruption by federal government employees as well as corporate officials. All of these bodies were perceived to be tainted by corruption themselves and failed to stem public cynicism about the problem. The FIA's independence, for example, was hampered from the outset by its placement within the Interior Division, its politicised leadership (22 directors in 27 years) and its subordination to the Federal Anti-Corruption Committee, which had to approve all investigations against gazetted officers. The Ehtesab (Accountability) Commission was established in 1996 to reinforce the FIA, but it too was plagued by accusations of political bias. In November 1999, following Musharraf's coup, the NAB replaced the Ehtesab Bureau. With headquarters in Islamabad, it has four regional offices in the provincial capitals and one at Rawalpindi.²³⁶

²³⁵ Even earlier, in 1921, the former Punjab Government had established a committee to study forms of corruption, the conditions under which it spread, and potential remedies to the problem (NACS, 2002).

²³⁶ The regional NAB offices have a much broader mandate (all offences under the NAO) and more resources than the ACEs, which have limited jurisdiction only over provincial-level public servants. In addition, NAB has overriding jurisdiction over the ACEs, meaning that the Chairman of NAB can take up cases that the ACEs have chosen not to pursue.

Initially, NAB's mandate focused solely on enforcement, investigating and prosecuting corruption offences covered in the new National Accountability Ordinance (see below). Following approval of the Anti Corruption Strategy in 2002, the NAB broadened its activities to include prevention and education, and in 2005 it assumed corruption-related responsibilities previously under the auspices of the FIA.²³⁷ Today, however, the bulk of NAB's work still rests securely within the enforcement prong of its mandate. As of June 2007, NAB had recovered Rs 141.22 billion (approximately USD 2.2 billion) through bank defaults, plea bargaining and "voluntary return" arrangements (see below). In addition, it has finalised over 900 investigations against government servants, businessmen, ex-military personnel and others (NAB, 2007). Despite NAB's relatively strong record, however, people interviewed for this study noted that it also faces pressure to ignore cases involving the president's political allies.

Other institutions relevant to corruption control in Pakistan include the Auditor General's Office, the National Assembly's Public Accounts Committee, the Ombudsman's Office and the National Reconstruction Bureau. Although the Auditor General's Office has recently improved its technical capacities, it remains fundamentally compromised by the fact that its budget is determined by a key target, the Ministry of Finance. Unfortunately, allegations of collusion between individual auditors and bureaucrats are also quite common. The Public Accounts Committee (PAC), meanwhile, is hampered by the tardiness of the reports it reviews and its inability to impose sanctions when orders are ignored by the executive.

The Ombudsman's Office receives and addresses public complaints of maladministration, even awarding compensation where appropriate to victims. Within this mandate, it handles individual cases of bureaucratic rent-seeking and thus plays an important role in reducing lower-level corruption. Although the Ombudsman's Office is well respected, it (like the PAC) depends on the goodwill of guilty ministries to implement its recommendations.

The National Reconstruction Bureau (NRB), established in 1999 to "formulate policy for national reconstruction", promotes accountability measures within the devolution process.²³⁸ In particular, it has tried to integrate transparency measures within development funding and introduce public participation into local governance activities.

Legal framework

The legal framework for addressing corruption in Pakistan is composed of three main laws: the Pakistan Penal Code of 1860 (PPC), the Prevention of Corruption Act of 1947 (PCA) and the National Accountability Ordinance of 1999 (NAO). The PCA criminalises active and passive bribery, while the PPC outlaws attempted corruption, in addition to extortion or abetment of extortion. It also addresses money laundering and the bribery of foreign officials (Global Integrity, 2006). The National Accountability Ordinance, which outlines the authority of the NAB, refers to bribery, embezzlement, misuse of power, fraud and illegal enrichment. The NAO has been the subject of widespread criticism as well as the source of considerable confusion. First, it excludes important categories of officials from its remit, including the judiciary and active armed forces personnel.²³⁹ The Chairman of the NAB may choose to release an accused in exchange for the

²³⁷ Specifically, the anti-corruption operations and economic crime wings of the FIA were transferred to the NAB.

²³⁸ www.nrb.gov.pk/about_nrb/index.html

²³⁹ The NAO does, however, cover retired armed forces personnel as well as armed forces personnel working outside the military. Corruption by active armed forces personnel in the military falls under Pakistan's Army Act. The justification for excluding the judiciary from NAB's remit is that administrative action against

“voluntary return” of assets obtained through corrupt activities, which many argue is akin to impunity. A plea bargain provision has also been attacked for granting NAB extensive powers of pardon, when in fact only the courts, not NAB, have authority to change the punishment terms. The NAO also provides for the detention of suspects without charge for 90 days. Even this timeframe was abused quite openly when NAB first started work, with reports of some individuals being held for up to two years despite a lack of evidence against them.²⁴⁰ As of August 2007, Pakistan had signed, but not ratified, UN Convention against Corruption.

1.4 Main players

The military and political parties

Despite the formal existence of a multi-party system, the military has traditionally steered the course of foreign, security and domestic policy through direct rule or influence over the civilian government (TI, 2003). Today, senior army officers occupy leadership positions in key institutions, including the NAB. The “King’s Party”, the Pakistan Muslim League (Quaid-e-Azam) (PLM-Q), has generally rubber-stamped presidential decisions. The main parties in opposition to Musharraf are the Pakistan People’s Party (PPP) and the Muttahida Majlis-i-Amal (MMA), a coalition of religious parties that has historically drawn followers from the North-West Frontier Province. The PPP is a pro-democracy party that rejects military rule, while the MMA objects to Musharraf’s close relationship with the United States as well as his anti-Taliban operations along the Afghanistan border. Other parties include the national Pakistan Muslim League (PML-N) and the Muttahida Qaumi Movement (MQM), which derives most of its support from Urdu speakers in the urban centres of Karachi and Hyderabad. No matter what happens in the upcoming elections, the fact that political parties themselves are perceived to be highly corrupt makes them unlikely to champion anti-corruption as a campaign priority.

Parliament

The National Assembly consists of 342 members, of whom 272 are directly elected. In addition, the Pakistani Constitution reserves 10 seats for religious minorities and 60 seats for women, which are filled by proportional representation among parties with more than 5 percent of the vote.²⁴¹ Neither the federal nor provincial legislatures, which resumed their functions in late 2002 following extended disruption occasioned by Musharraf’s coup, have the capacity to fulfil ordinary oversight roles vis-à-vis the exercise of executive power. Amendments to the Constitution have been passed in less than an hour, and privileges for parliamentarians themselves have been approved without debate (NACS, 2002). To address the structural weaknesses, including the plethora of parliamentary committees deemed inactive or ineffective, some development partners are providing staff training in essential legislative processes such as budgeting, the functioning of committees, and rules of parliamentary process (USAID, 2007).

Bureaucracy

It is widely acknowledged that Pakistan inherited a competent and well organised bureaucracy in 1947. However, in the succeeding six decades, poor governance and incoherent policy formulation have taken their toll. Benazir Bhutto’s administration increased recruitment into the civil service as

judges may compromise their independence. The Supreme Judicial Council is charged with assessing allegations of misconduct within the judiciary.

²⁴⁰ A. Jehangir, personal communication, March 2007.

²⁴¹ See Constitution of Pakistan, www.pakistani.org/pakistan/constitution/part3.ch2.html

a patronage mechanism, leading to a heavily bloated bureaucracy (Nadvi and Robinson, 2004). To compound the problem, the proportion of civil service appointments granted to (unqualified) military officers has increased with each successive military regime. It is estimated that up to 1,200 senior appointments in the civil service and public sector enterprises have been awarded to serving military officers under Musharraf (Nadvi and Robinson, 2004). Corruption in the bureaucracy is fuelled by low salaries, modest benefits packages, a lack of job security, and low morale. The repeated decentralisation efforts have also served to weaken the capacity of the federal and provincial bureaucracies, without measurable improvements at the local levels (Nadvi and Robinson, 2004).

Civil society

Civil society does not play an active role in holding the government to account for corruption issues in Pakistan. Indeed, most CSOs focus on service delivery in areas such as literacy and health rather than research and lobbying for *any* kind of policy change, much less anti-corruption reform (Ali, 2007). A survey by Transparency International-Pakistan found that “civil society is just not interested in taking up what they term as controversial issues or of confronting the government” (Ali, 2007, p.2). Important exceptions, however, are those groups that conduct advocacy around women’s rights and the environment. The handful of organisations that do address corruption explicitly include TI-Pakistan in Karachi and the Center for Peace and Development Initiatives in Islamabad, which has programmes on the right to information and budget monitoring.

Private sector

The private sector in Pakistan is also generally inactive in terms of governance reform. According to one analysis, “it has not been able to project its collective interests in the political and economic realms through representative business associations or the political parties. Its consequent ability to influence fiscal, industrial and trade policies has been very limited” (Nadvi and Robinson, 2004, p.iv). With a comparatively light multinational presence in Pakistan, the business environment (including the Chamber of Commerce) remains dominated by family operations in which traditional – often untransparent – ways of working persist. However, there is an emerging entrepreneurial class, particularly in the field of information technology, which does not benefit from the status quo and could potentially become a force for progressive change.

The media

Compared to other countries under military rule, Pakistan’s media has been relatively free – until very recently – under President Musharraf. There are today more than 40 television channels and dozens of FM radio stations (The Economist, 2007). Corruption within the administration has been covered extensively, although reports tend to focus on specific incidents rather than systems or policies.²⁴² The investigative stories that do appear tend to be published in English-language newspapers such as The News and Dawn. While these journalists are generally better-trained than their Urdu media counterparts, the Urdu papers reach a wider audience and therefore pose a greater threat to ruling authorities.²⁴³ On occasion, blatant interference in editorial decision-making occurs. Cable television operators have been asked to remove programmes that undermine the “national interest”, and The Dawn recently filed a court case to protest the denial of government advertising revenue following the publication of sensitive stories (Ali, 2007). In June 2007, as a sign of his own vulnerability, Musharraf granted the Pakistan Electronic Media Regulatory Authority (PEMRA) the right to close television and radio offices, seize equipment and suspend operating

²⁴² A. Abbasi, personal communication, March 2007.

²⁴³ A. Abbasi, personal communication, March 2007.

licenses. Although he backed down quite quickly, the move may signal increasing hostility between the government and the media. It should also be noted that the media struggles with internal corruption challenges, as owners and journalists have been known to blackmail individuals suspected of corruption in return for not covering the particular case (Ali, 2007).

Development partners

Despite a brief interruption of development aid following the 1999 coup, development partners (DP) returned to support Pakistan's transition following the so-called civilian elections in 2002.²⁴⁴ As of 2005, Pakistan received approximately USD 1.7 billion in official development assistance.²⁴⁵ Major multilateral partners in Pakistan include the World Bank (WB) and the Asian Development Bank (ADB), both of which provide large long-term loans and grants to the country.²⁴⁶ Bilateral assistance comes from mainly from the United States, followed by Japan, the United Kingdom and several European countries. Reconstruction needs arising from the October 2005 earthquake, in addition to geopolitical imperatives, have led to an increase in funding commitments by leading DPs.²⁴⁷

The fact that Musharraf is an important ally in the “war on terror” means in practice that Western DPs are reluctant to confront the government on corruption, much less condition their development support on progress in governance reform. At the same time, many DPs face increasing pressure to insulate their funds from misuse – particularly the large sums targeted for infrastructure and disaster recovery – which has resulted in a narrow focus on financial accountability within many aid-funded programmes.

2 The facts of anti-corruption policy making

2.1 Origin and rationale of the National Anti Corruption Strategy (NACS)

The NACS was developed as a project under the auspices of the National Accountability Bureau (NAB), in response to the impression that previous anti-corruption efforts, with their focus on enforcement, were inadequate to address the overwhelming corruption challenges facing the country. The concept was originally formulated by the then Chief of Staff to the Chairman of NAB, who had learned about more comprehensive approaches to anti-corruption through his participation

²⁴⁴ The largest bilateral donor, USAID, had halted military and new economic assistance as early as October 1990, under a US law that forbids non-emergency aid to countries that possess nuclear devices.

²⁴⁵ <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CPandCCODE=PAK>

²⁴⁶ The World Bank's ongoing portfolio in 2007 alone consists of 18 projects under implementation with a net value of USD 1.1 billion. See “Pakistan Country Overview”, www.worldbank.org

²⁴⁷ USAID alone is providing USD 1.5 billion over five years in project assistance in the areas of education, health, economic growth, democracy and governance, and earthquake reconstruction (in addition to USD 1 billion in budget support during the period 2005-2009).²⁴⁷ The UK's Department for International Development announced in November 2006 plans to double the amount of aid provided to Pakistan from 2008-2011 to GBP 480 million (DFID, 2007). Other donors include the World Health Organization (WHO), the World Food Program (WFP), the Islamic Development Bank, the United Nations Children's Fund (UNICEF) and the United Nations Development Programme (UNDP).

in various international fora.²⁴⁸ Some people interviewed have also suggested that the NACS project provided an irresistible opportunity for NAB to expand its influence as an organisation, particularly vis-à-vis the FIA.

The stated purpose of the NACS project included three elements:

1. to undertake a review and assessment of the causes, nature, extent and impact of corruption from a broad perspective;
2. to develop a broad-based high level and integrated strategic framework for tackling corruption, focusing on preventing as well as monitoring and combating corruption, ensuring consistency with the good governance reforms, and
3. to create an implementation plan based on the strategic framework to tackle corruption (NACS, 2002, p.1).

2.2 Design of NACS

Process and stakeholder involvement

Despite early efforts to engage senior-level officials, the NACS Project Team consisted of mid-career civil servants drawn from relevant ministries. Incentives included increased pay for the duration of the six-month assignment, from February to September 2002. Fifty million rupees (roughly USD 830,000) was allocated from public funds to pay for the project. In addition, the DFID provided GBP 200,000 to cover the salary and other costs of the KPMG consultants hired to provide ongoing advice and support to the process.²⁴⁹ The NACS team was divided into three groups, each with 2-3 members from the Government of Pakistan and one from KPMG. These groups focused on the following areas: i) legal reform and judiciary, ii) public administration reform, and iii) anti-corruption agencies.²⁵⁰

In the **first phase** of the project, an extensive consultation process took place, involving “several hundred meetings, eight workshops and 18 focus groups at Federal, Provincial and District levels” (NACS, 2002, p.2). The purpose of these meetings was to establish various stakeholders’ views about corruption and how it might be tackled, and to familiarise people from all segments of society with the strategy development process. Face-to-face interaction through workshops and focus group discussions was preferred over surveys and other modes of information collection to elicit more direct responses from the various stakeholders, and to identify potential champions of reform who could later be engaged in the implementation process (Mahmood, 2007).

According to the final NACS document, the primary output of the NACS project was not the strategy itself but “the creation of a broad coalition of stakeholders committed to implementing the

²⁴⁸ Some respondents during interviews in Islamabad (March 2007) said that the Chief of Staff was particularly inspired by Pakistan’s participation in the OEDC-ADB Anti-Corruption Initiative for Asia to pursue the classic “three-pronged approach” advanced by that framework.

²⁴⁹ This project ran from June 2001-August 2002. See www.u4.no/projects/project.cfm?id=154

²⁵⁰ A Steering Committee was also established for the project, composed of the NAB Chairman and the Secretaries of Law, Interior and Finance. Other members included the Chairman of the Central Bureau of Revenue (CBR), along with representatives from the Federal Ombudsman, Auditor General, Chamber of Commerce, Security and Exchange Commission, the National Reconstruction Bureau, and three of the four provincial governments (North-West Frontier Province, Sindh, and Balochistan) (NACS, 2002).

strategy and rooting out corruption” (NACS, 2002, p.1). While it is a stretch to claim that the consultation process catalysed any kind of coalition, much less a sustainable one, the meetings provided a rich basis on which the project team could assess the concerns of average Pakistani citizens. The strategy reflects the broad understanding of corruption that emerged from discussions. It defines corruption as “behaviour on the part of office holders in the public and private sectors, in which they improperly and unlawfully enrich themselves and/or those close to them, or induce others to do so, by misusing the position in which they are placed” (NACS, 2002, p.5).

However, it is critical to note that the strategy was never championed by the political leadership in Pakistan. For one thing, the major political parties were not involved. According to one former senior NAB official, “politicians were never asked to engage in the strategy because we assumed they were not interested”.²⁵¹ The mid-ranking officers asked to spearhead the strategy had little leverage to engage the most senior authorities. Finally, certain key officials were reluctant to back a process driven by a military-led enforcement institution, no matter what rank its leaders had. This had enormous repercussions for implementation prospects, as discussed below.

Phase two of strategy development involved desk research on “best practices” for anti-corruption reform by the NACS team, in addition to continuing consultations with experts for advice and guidance. Provincial- and district-level workshops were also conducted to discuss and provide feedback on strategic direction.

The **final phase** involved a large federal-level workshop with more than 300 national and international experts to debate the draft strategy (Mahmood, 2007). The NACS project was approved by the President in October 2001 and presented to the Cabinet in September 2002. According to those involved, there was no discussion of the strategy either within Parliament or within the Cabinet, which simply received a copy of the strategy for its sign-off.

Knowledge base

Unlike many similar strategies, the NACS document includes a detailed analysis of corruption patterns and risks. Chapter 2 summarises the findings of recent research, including household surveys conducted by Transparency International-Pakistan and the National Reconstruction Bureau (NRB) together with CIET (CIET and NRB, 2001-2002). Academic literature is also referenced, including articles about tax administration and the shadow economy (NACS, 2002). In Chapter 3, systemic weaknesses in Pakistan’s National Integrity System²⁵² are analysed in detail as a foundation for the proposed interventions. Research was carried out by the NACS team with the support of the international consultants.

Content and priorities

In adopting the National Integrity System approach, the NACS team conceived of corruption as a governance problem to be addressed by strengthening various institutions and sectors (often called “pillars”) that are important for the maintenance of public integrity. Although the relevant “pillars” differ in each country context, in Pakistan the following were selected for analysis: the legislature and political system; the executive; public accountability bodies: the Auditor General’s Department,

²⁵¹ Personal communication from former NACS Team Member, March 2007.

²⁵² A country’s *National Integrity System* (NIS) comprises the whole of government and non-governmental institutions, laws and practices that can, if functioning properly, minimise levels of corruption and mismanagement. The concept of NIS has been developed and promoted by Transparency International as a framework with which to analyse corruption in a given national context, as well as the adequacy and effectiveness of national anti-corruption efforts. See www.u4.no/document/glossary.cfm#integritysystem

Public Accounts Committee and the Ombudsman; anti-corruption agencies; the legal system and judiciary; the media; civil society; and the private sector. The most comprehensive set of recommendations pertains to the executive and includes provisions such as the payment of a living wage to civil servants, meritocratic human resource practices in the public sector, improved internal controls and the reduction of intrusive regulation (deregulation and privatisation as per national policy) (Mahmood, 2007).

The Implementation Action Plan, annexed to the report, includes 398 measures. In terms of prioritisation, a number of these are labelled “quick wins”, while others were to be implemented within a year and still others within 1-5 years. Despite the intention stated at the beginning of the strategy to focus on judicial reform, it does not appear that priorities in the Action Plan are based on either the original analysis or any other kind of public impact analysis.²⁵³ The NACS does acknowledge the potential of both external risks (i.e. political or bureaucratic resistance) and internal risks (limited funding, delays) to slow or even prevent implementation. However, no measures were specifically outlined to address them; rather, it was recommended that a further exercise be undertaken to develop risk management strategies (NACS, 2002). Such an exercise was never conducted.²⁵⁴

2.3 Provisions for implementation and monitoring

Roles and responsibilities

According to the NACS, named government institutions would undertake the relevant reforms listed in the Implementation Action Plan. Moreover, all government bodies would be expected to implement a range of systemic measures, including the adoption and monitoring of codes of conduct, asset declaration regimes, etc. Finally, the political authorities (“the government”) were charged with developing cross-sectoral measures, such as legislative proposals to reform procurement procedures, restructure civil service pay, etc. Coordination responsibilities lay with the National Accountability Bureau.

Monitoring and communication

In terms of monitoring, the Steering Committee active during the strategy development process was converted into the Implementation Committee, headed by the Chairman of the National Accountability Bureau. This Committee was, according to the strategy, to meet on a regular basis (once every three months) to review progress on the Action Plan, and provide advice and guidance for improvement (NACS, 2002). Although its composition theoretically included not only senior government officials but also representatives from civil society, the media and academia, these later groups were never actually involved and participation from the government side was highly irregular. As of August 2007, the Committee had not met at all for nearly two years.²⁵⁵

Communication of the NACS to the public is mentioned in the Implementation Action Plan, which proposes that the anti-corruption agencies “collaborate with media to develop articles and supplements in local languages on NACS and responsibilities of citizens, providing case studies of successes and providing contacts of civil society organisations involved in the fight against corruption” (NACS, 2002, p.133). However, communication of the strategy to the implementing agencies themselves was not explicitly addressed. What happened, in essence, was that a copy of

²⁵³ This was confirmed by former NACS team members during interviews in Islamabad in March 2007.

²⁵⁴ Personal communication, former NACS team member, March 2007.

²⁵⁵ Personal communication, NAB staff, March 2007.

the NACS booklet was sent to the relevant ministries with an introductory letter from the Chairman of the NAB presenting the Cabinet-approved strategy. Because no attempt was made to clarify specific responsibilities, many recipients were either unaware or unclear about which points pertained specifically to them.

Resources

Resource implications were included as a column of the Action Plan but for most reforms this box was left blank. Where it was filled in, no specific amounts were estimated; the authors indicated instead general needs such as “rightsizing costs”, “training costs”, and “capacity building costs”.

2.4 Support of development partners to the development of NACS

Anti-corruption has not traditionally been an explicit part of development partner agendas in Pakistan, which nonetheless support many activities that implicitly address corruption: institutional modernisation processes, including the use of information and communication technology; civil service restructuring; and capacity-building of local government institutions, among others (Ali, 2007b). Corruption is still a very sensitive topic of discussion at the bilateral level. When the NACS project was proposed, then, it offered a rare opportunity to contribute to government-led anti-corruption reform. DFID, which had quietly provided resources to the NAB from 2000, agreed to support the NACS process by providing international expertise. According to one DFID employee, the aim was to promote whatever transparency was possible within the confines of a military regime, however imperfect the project’s initial premises.²⁵⁶ From the perspective of the Government of Pakistan, the low-key involvement of a single DP helped avoid any impression of external interference.

3 Analysis

NACS was, to a large extent, a stillbirth: hatched in an environment radically different – and much less accommodating – than the one in which it was conceived. Although the NACS was approved “in principle” by the Cabinet before the 2002 elections, the new politicians were not part of the NACS development process, and they harboured a deep mistrust of the organisation in which it was anchored.²⁵⁷ Musharraf, for his part, was beholden to his political allies and was in no position to push through an agenda that threatened their interests. Senior bureaucrats who had earlier indicated enthusiasm for pursuing a preventive approach to corruption lost interest when they realised that the strategy was no longer a government priority. Therefore, the will to implement spluttered out quickly at all levels.

While some reforms have certainly succeeded in reducing corruption over the past five years in Pakistan, they have generally not been undertaken in the name of NACS, and awareness of the document even among federal ministries is low. In March 2007, the one-person Policy Unit at NAB sent out a letter to the ministries named in the Implementation Plan to ask about the status of their activities. NAB acknowledges, however, that it has no authority to compel implementation. In terms of formal monitoring, the Implementation Committee has completely failed to catalyse action from key stakeholders.²⁵⁸ Meetings stopped taking place on a regular basis due to the deprioritisation of

²⁵⁶ Personal communication, DFID officer, March 2007.

²⁵⁷ In fact, some of the new politicians coming into power were under active investigation by NAB.

²⁵⁸ In fact, the Committee has spent the majority of its meetings designing a new income/assets declaration system for public servants. A computer-based pro forma has been developed, and under the new system the

NACS by the Chairman, who served from 2005 until July 2007. NAB has unsuccessfully tried to persuade the Prime Minister's Secretariat to assume a formal role in monitoring the NACS.²⁵⁹

Of all the bodies tasked to implement aspects of the NACS, the NAB itself has probably accomplished most to fulfil the recommendations prescribed to it under the Action Plan. The National Accountability Ordinance has been officially amended so that the NAB legally has an awareness and prevention role, in addition to its enforcement activities. NAB also has created a Code of Conduct for internal use, and drafted standard operating procedures and formal job descriptions for staff. In addition, its staff capacity has been increased by about 1,000 people on the recommendation of the NAB restructuring team. One of the current priorities is to reinforce and expand the work of the regional NAB offices, which have so far engaged only in local investigation activities. A remaining challenge for NAB is to develop the capacity to give policy advice. NAB did draft a concept paper for the Pay and Pension Committee arguing that a living wage should be provided to public servants, with first priority given to those that play particularly key roles in corruption control: the police and the judiciary. However, the proposal was rejected on the grounds that it would be unfair to favour these groups.

3.1 Contextual factors that favoured or impeded anti-corruption policy making

(+) Pressure on General Musharraf to demonstrate commitment to good governance following the 1999 coup:

The army justified its takeover primarily in terms of the need to remove a highly corrupt civilian administration. Musharraf promised clean, effective government and quick action against those responsible for looting state assets. Not only was the Pakistani public eager to see him deliver on these promises, but so were international partners anxious to find valid reasons to support an undemocratic regime.

(+) NAB's strength:

At the earliest stages of policy development, NAB enjoyed a reputation as the most effective anti-corruption agency in Pakistan's history. It was associated with a comparatively clean military regime, and despite the drawbacks of housing the strategy within NAB which emerged later, in 2001 it was probably the only institution with enough political leverage to pull off the strategy process.

(-) The need for political compromise undermined sustained political will:

Musharraf's declared interest in the NACS faded in the run-up to parliamentary elections in 2002, when he realised that he would have to ply corrupt politicians from various parties in order to secure his own position. According to several informants interviewed, this factor had a strong dampening effect on the administration's commitment to NACS implementation. There was therefore never a real demand from the top that responsible agencies implement aspects of the strategy or Action Plan.

reporting period for the declaration has been aligned with the filing of income tax returns. Still, the regime is not fully operational. The monitoring aspect – 5-10% of the forms are to be audited every year – has been held up by a lack of database training for the staff assigned to the task.

²⁵⁹ Personal communication, former NACS Team Member, March 2007.

(-) Lack of capacity and commitment within implementing agencies:

Many members of the senior leadership in state institutions following Musharraf's coup consisted of military personnel with little experience in civil administration. Many were not capable of analysing corruption risks within their own institutions, much less spearheading the development of policies to address them. Furthermore, some civilian officials were sceptical about engaging too closely with the NAB, which at the time of the strategy development was known mainly for its heavy-handed and seemingly biased enforcement activities.

(-) Lack of sustained commitment from development partner:

Development partner support to policy development was weak and intermittent. A single agency was involved, DFID, and even DFID's role was compromised by changes in personnel and security fears resulting in the temporary evacuation of the British Project Manager. There was no joint commitment to implementation of the Action Plan, and the strategy never became a major reference point for dialogue with the administration. The political imperative to engage with Musharraf at all costs, given his pivotal role in fighting the Taliban, came to outweigh concerns about the slow progress of governance reforms.

3.2 Main drivers and opponents of change

The main driver of strategy development was without a doubt the NAB itself. The NACS allowed NAB to solidify its position as Pakistan's primary anti-corruption body, and assume functions previously assigned to the FIA and other institutions. At the time the NACS was drafted, the concept of a "three-pronged" anti-corruption agency (engaged in enforcement, awareness-raising, and prevention) was promoted internationally as the most promising response to entrenched corruption in the public sector.²⁶⁰ With its blueprint for a holistic reform agenda, then, NAB could extend its mandate beyond mere enforcement. It could also potentially attract increased funds by flagging its policy role with development partners.

Initially, Musharraf himself could also be considered a driver for change, particularly considering his close ties with the military leadership of NAB. He formally approved the project in October 2001, and the implementation mechanism one year later. However, it is unclear whether he knew exactly what the strategy entailed.²⁶¹ His enthusiasm certainly petered out following the parliamentary elections in 2002, and if he never became an avowed opponent, he certainly did not actively promote NACS after that.

A third force in support of change was the media, which has managed to keep integrity issues – particularly individual cases – on the public agenda despite periods of political interference and low investigative capacities. The media also collaborated with NAB in early efforts to increase public awareness about the impact and evils of corruption.

As noted earlier, the strategy's main opponents were the politicians and ministers most suspicious of, or uncomfortable with, NAB's role in its development. Inconsistent representation of responsible agencies in the Implementation Committee was one early sign of trouble.

²⁶⁰ This was based largely on the well-publicised success of Hong Kong's ICAC, as well as similar institutions in Singapore and New Zealand. Recently, however, serious doubts have begun to be posed about the appropriateness of independent anti-corruption agencies in developing country contexts. See, for example, www.u4.no/themes/aacc/main.cfm

²⁶¹ Interestingly, while in most countries the president or prime minister will sign the introduction to an anti-corruption strategy document, the foreword to NACS is written instead by the Chairman of NAB.

3.3 Rationale and political underpinning for the choice of policy option

The design of the NACS was influenced by good practice recommendations of the time, which held that systemic corruption is best addressed through a holistic and balanced strategy targeting the so-called “integrity pillars” in a particular country. According to those involved in the NACS process, it was important to political leaders that the strategy took an internationally-recognised form, such as the National Integrity System (NIS) model. Indeed, the final cover, with its pillars against a light-blue backdrop, looked nearly identical to the Kenyan anti-corruption strategy developed around the same time. The fact that the NACS Team was housed within NAB – a military-led enforcement agency in the process of mandate expansion – helps explain why the strategy focuses mainly on state institutions at the federal level.

In Pakistan, as elsewhere, most elements considered desirable within the NIS approach were only fulfilled to a partial degree, if at all. According to “good practice” presumptions, a strategy should be comprehensive; driven by political will and local ownership; needs-based, targeted and sequenced; resource- and capacity-based; measurable; and transparent, non-partisan and mindful of all relevant conflict of interest issues.²⁶² In the case of NACS, political commitment quickly faded after the initial consultation process. There were no efforts to identify the costs of specific reforms, much less available resources or capacities. Furthermore, DP support diminished as soon as the document was drafted. Although the expatriate Project Manager returned for a limited period as a strategic advisor to implementation, this role was never institutionalised permanently within NAB. Therefore, the NACS remained an ambitious, broad-based set of recommendations rather than the living document needed to drive a sustainable, strategic reform agenda.

3.4 Role of development partners

As indicated earlier, the NACS has never been the focal point for DP anti-corruption activities in Pakistan. Since DFID’s initial infusion of funding, the ADB has provided significant technical support for the NAB’s own internal restructuring in accordance with NACS recommendations. However, most activities involving development partners with corruption control elements – for example, the Access to Justice Project and public financial management reforms – have been pursued outside the framework of NACS.

Part of the explanation for DP disinterest relates to the geopolitical environment into which the NACS was launched. Development partners were preoccupied at that point with “Musharraf’s role in protecting us from Al-Qaeda”, as one person described it. Physical insecurity, especially following increased tensions with India, contributed to considerable turnover of expatriate staff in the various DP agencies and a lack of long-term vision. As the NACS project came to a close in September 2002, DFID did try to organise a DP forum to stimulate broader support for segments of the strategy. However, this plan never came to fruition. As a result, an important incentive for ministries to engage with the strategy – the promise of additional foreign funding – was not leveraged.

Furthermore, the DP emphasis on supporting state structures in Pakistan has meant that demand for reform was never consistently cultivated. Only recently have development partners begun to rectify their one-sided approach to the problem. Current diagnostic tools are breaking down risks by sector, engaging NGO service providers and academics to ensure that future reforms are based on robust

²⁶² See TI’s Anti-Corruption Handbook, www.transparency.org/policy_research/ach/strategies_policies/government_strategies_discussion

intellectual analysis.²⁶³ The hope is also that more actors will be engaged in the creation and use of this new information, contributing to greater pressure on the government to show progress.

3.5 Interplay with related governance reforms and associated actors

The NACS does not refer to specific programmes but states in a general way that “the government will be aided in its anti-corruption effort by the enabling environment of other national government reforms, many of which reflect consistent messages around modernising public services, transparency, grass roots democracy, participation, deregulation, downsizing, meritocracy, social empowerment, decentralization and devolution” (NACS, 2002). In some areas, such as judicial reform, the Implementation Plan includes activities that were underway or planned by the Access to Justice Project supported by the Asian Development Bank. In fact, most of the dialogue with respect to this sector reportedly took place with the ADB rather than with the Ministry of Law, which is considered a particularly hierarchical and reform-resistant body. The key governance reforms in Pakistan, including police reform and the devolution process, are largely controlled at the provincial or district level. As a federal strategy, the NACS refers to these processes but was never integrated within them. Pillar II of the PRSP (on governance and devolution) simply describes the Strategy’s explicit anti-corruption measures (asset declarations, integrity pledges, and legislation) but does not link these tools with the fulfilment of core poverty reduction objectives (PRSP, 2003).

3.6 Factors that hindered implementation

Lack of political leadership

The NACS process was led by a military-led institution in a military-led country. The military regime itself was considered relatively clean. However, by the time the NACS project launched, Musharraf’s reputation had been compromised by the political manoeuvring required to ensure his election in 2002. Since that time, there have been more and more reports of interference in NAB’s work, including the recent sugar price scandal.²⁶⁴ Like its predecessors, the NAB is now widely perceived to be targeting political opponents and junior government officials. The need to engage in the political process has made the military government less willing to address publicly high level corruption associated with its own allies and members.

Structural constraints as a result of NAB’s contested authority

One of the biggest obstacles to implementation stems from the awkward relationship that NAB has vis-à-vis other ministries in the government. As one civil servant noted, its status as a military-led organisation means that “NAB can enforce not because it has line authority but because people are afraid of it”.²⁶⁵ Since NACS was established, however, even NAB’s investigative activities have failed to instil the requisite respect for its power among other ministries required to implement broader anti-corruption reforms. Part of this is because NAB’s credibility as an impartial institution has faltered. Even in its early days, it lost considerable goodwill by pursuing shady investigative practices, such as holding suspects in custody for months, even years, without charge before finally releasing them. More generally, the fact that active military and senior judicial personnel are excluded from the ambit of the National Accountability Ordinance has made the organisation less

²⁶³ These include a business study supported by ADB and surveys in the field of public financial management. Personal communication, ADB staff, March 2007.

²⁶⁴ In this case, NAB announced that it would investigate the suspicious rise in sugar prices but did not follow through.

²⁶⁵ Personal communication, former NACS team member, March 2007.

credible as an unbiased interlocutor. Financial bodies, such as the Security and Exchange Commission, are particularly reluctant to take advice from military authorities that have little economic experience.

Weak positioning of NACS within the NAB itself

In recent years, NAB leadership has de-prioritised the strategy and indeed the NACS Unit has been transformed into the Anti-Corruption Policy Unit staffed by a single person. The dedicated members of the NACS team have returned, for the most part, to their respective ministries or have gone on to other jobs. There is no core body, either within NAB or without, that has the capacity to coordinate the implementing agencies. In the absence of political will from the Chairman of NAB, there is little hope that the strategy will be revived as a reform framework in the near future.²⁶⁶ The fact that most people outside NAB are not even aware of the NACS makes it unlikely that NAB will face pressure to promote the document more aggressively.

Lack of demand for reform from external actors

Another reason for the failure of NACS implementation is the weakness of parliamentary oversight and civil society engagement. In Pakistan, corruption enjoys little traction as a topic of public campaigning. Much more pressing, people say, is the basic illegitimacy of the military regime. As one NGO leader said, “people aren’t thinking about corruption; they are thinking about the Constitution being violated”.²⁶⁷ According to him, the average Pakistani feels powerless to address high-level corruption, unlike more specific human rights issues around the environment or the treatment of women. Opportunities to engage service delivery NGOs have been underexploited, possibly because the impact of corruption on people’s health and livelihoods has not been adequately analysed.

Poor communication with the public

NACS was originally introduced through commercials on major TV channels, and through newspaper announcements.²⁶⁸ In addition, popular talk shows have dedicated episodes to discussion of corruption, and two drama series on corruption have been aired. However, for most people the NACS remains very abstract, if they are aware of it at all. Even the director of the Human Rights Commission of Pakistan had not heard of the strategy when asked about it in mid-2007.²⁶⁹ In addition, no resources were allocated for a long-term communications strategy, either for NAB or the NACS. The outreach that has been done focuses on spreading awareness of corruption’s harmful consequences, not of the government’s anti-corruption agenda.

Raised expectations not matched by supply of reforms

According to some, another problem relates to the disconnection between demand-raising activities, such as TV plays and radio announcements, and the perceived failure of enforcement by anti-corruption authorities. As long as most Pakistanis today believe that NAB investigation activities are politically motivated, increasing awareness simply feeds their cynicism about anti-corruption efforts in general. As one NAB official explained, “one bad case, or glaring omission, makes you

²⁶⁶ The new Chairman of NAB, who assumed his post in July 2007, has, however, indicated a desire to revisit NACS.

²⁶⁷ M. Ali, personal communication, March 2007.

²⁶⁸ Given Pakistan’s high illiteracy rate, however, newspaper ads only reached a limited audience.

²⁶⁹ A. Jehangir, personal communication, March 2007.

lose all credibility even if you have 100 good cases on the books”.²⁷⁰ The fact that the NACS is associated primarily with NAB has a direct impact on the strategy’s public legitimacy.

4 Lessons learned

The Pakistan case is unique in that the strategy was developed by a military-led institution, which had no legal power to enforce implementation and enjoyed little credibility among the civilian stakeholders. Despite the challenges that the NACS has faced, and its overly ambitious coverage, it continues to serve as a “menu of options” to inspire reform advocates committed to making a meaningful impact. It is not a “strategy” itself but can identify possible interventions for more focused approaches at the sectoral and sub-national levels.

Anti-corruption policies can easily collapse in the absence of a legitimate political process leading to their elaboration

While high-level expressions of support existed in the early stages of NACS development, they faded quickly once pressures for political compromise set in. However, it is doubtful whether the strategy could ever succeed purely through the decree of a military government. Unless the reform agenda emerges as a result of political processes, observers argue that its prospects are necessarily short-lived. Some argue that the ideal home for a national strategy would be in the Prime Minister’s Office rather than an executive body like the NAB. Indeed, successful reforms that have taken place at the sectoral level, such as the Islamabad Traffic Police reform (see below), have all been PM-led initiatives.

The NIS model failed to capture appropriate entry points for anti-corruption measures

The National Integrity System (NIS) concept was introduced in Pakistan by external consultants and supported by Government of Pakistan team members.²⁷¹ At the time this approach seemed appropriate, as it was presumed to give the project greater legitimacy in the eyes of international stakeholders. In retrospect, the idea was compromised from the outset by demands to exclude certain key institutions, such as the military. Also absent were other important actors in the Pakistani context, such as religious authorities. In general, the focus on institutional risks rather than sector-specific ones resulted in a failure to connect with either political incentives or public interests.

There is a striking difference in tone between Parts 2 and 3 of the NACS, which describe the *specific* nature and impact of corruption in Pakistan, and Parts 4 and 5 outlining weaknesses in the NIS and setting forth a *comprehensive* framework for action. The strategy seems to treat all “integrity pillars” alike, looking to institutional leadership for the implementation of broad-based reforms. By promoting international best practice in a technical sense, the NACS developed outside the economic and political realities within which implementation must proceed. From the beginning, then, the document took on an aspirational character that undermined the prospects for delivery of real reforms.

²⁷⁰ Personal communication, NAB officer, March 2007.

²⁷¹ Personal communication, former NACS team member, March 2007.

Where to start? Creating “islands of integrity”

In recent years, successful reform efforts have tended to take place within sectors concerned with the **communications infrastructure**. The well-known Motorway Police and Islamabad traffic police examples demonstrate that better working conditions, monitoring and training can improve service delivery and reduce corruption. In these cases, incentives were strong for the Government of Pakistan to establish an “island of integrity” on well-travelled and high profile roads. Recent efforts to develop sectoral corruption risk assessments can be very helpful in mapping out particular priorities for future reforms. Involved development partners may be able to push for stronger transparency measures within the design of individual interventions.

Broad consultations are not enough to create sustained demand for reform

While the NACS consultation process was unusually broad, key groups of stakeholders – particularly outside the government – were not systematically brought into the policy process. The involvement of groups outside the administration could have ensured a longer lifespan for the strategy by creating a more sustained demand for reform. Several of the major transparency NGOs in Islamabad, for example, reported during the course of this research that they were never consulted, much less asked to provide meaningful input. In light of the fact that corruption affects the interests of most **civil society** groups in Pakistan, an opportunity to leverage civil society action around monitoring and advocacy was missed.²⁷² Even the emergent entrepreneurial business community, for example, could be involved as corruption directly blocks their access to markets. In the future, a growing focus among the human rights community on the **right to transparent governance** could be leveraged to create additional synergies.²⁷³

As one of the NACS team members noted, **politicians** were intentionally excluded from the process of strategy development. This omission has had clear consequences for the strategy’s prospects of success. Political parties could have been engaged even in the absence of formal presidential support. Backing by individual parties could have brought not only corruption but alternative approaches to addressing it to the fore of public debate.

Finally, with the exception of DFID **development partners** were also largely absent from the policy process. Although discretion was essential during the initial phases, certain aspects of implementation could have clearly been facilitated if the donor community had committed to the process in larger numbers. In a sense, the “top down” approach that the NACS team took to strategy development is consistent with development partners’ own emphasis on building an “effective state” in Pakistan, so it is perhaps not surprising that voice mechanisms outside the state apparatus were largely overlooked. Institutionalising a monitoring capacity within parliament and civil society would probably have prolonged the life of the strategy. Recent initiatives to support policy-oriented research within academic institutions may help ensure that future reforms are based on robust intellectual analysis.

²⁷² Because of the weaknesses within civil society outlined earlier, greater civil society engagement would probably have required active efforts on the part of the donor community to build advocacy and monitoring capacities.

²⁷³ According to the Discussion Note on Right to Transparent Governance (Roy, Dreze and Dey, 2007), the right to transparent governance can be summed up in two basic principles: the state’s obligation to disclose and people’s right to make informed choices.

Supply of reform requires commitment and capacity among implementing agencies, as well as the possibility of ongoing advice and support

Although senior officials were widely consulted during the development of NACS, they were not involved to the degree that they felt any ownership of the process. Team members seconded from relevant ministries did not possess the requisite authority to push a policy agenda. One way of increasing the engagement of senior officials would have been to support the intra-agency development of sub-strategies based on the analysis already conducted by the strategy's authors. More importantly, however, it would have been helpful to identify those individuals with the most to gain – in terms of prestige or monetary support – from implementation (see below, on incentives for key actors). “Quick wins” in the action plan could then be based on indications of concrete commitment by the responsible agency.

In Pakistan, the policy unit of the NAB is severely understaffed, and no one is really equipped to provide ongoing technical advice to implementing agencies. There is also no forum for reformers to share experiences and lessons learned other than the dysfunctional Implementation Committee. To the extent that federal agencies are interested in implementation, they would benefit from a support unit that could advise on possible approaches based on international practice. This could be housed within the anti-corruption agency, another government body, or even an independent institute.

Comprehensive policies at the national level may have limited impact on key services in decentralised government contexts

In Pakistan, the topic of corruption became too sensitive for the national leadership to tackle over the course of the strategy development. On the other hand, high-profile initiatives such as devolution and police reform – which obviously have anti-corruption components – remained dominant on the national agenda. This changed environment had both political and practical implications for the strategy's implementation prospects. First, the federal agencies tasked to implement anti-corruption reforms often had little real influence over interventions in most of the key sectors covered by the strategy. While there is still value in a coherent national framework, broad elements of reform could have been supplemented by provincial-level plans that localised specific interventions in their appropriate context. In Pakistan, some informants also felt that it would be easier to capture political support – as well as the public imagination – at the local level. After two-and-a-half years of discussion, for example, anti-corruption has become one of the pillars for dialogue between DFID and Punjab Province.

Without consistent communication and monitoring, momentum for implementation can fade

In the Pakistani case, monitoring consists of self-reporting carried out through occasional meetings of the Implementation Committee. In every sense this structure fails to ensure adequate follow-up by responsible agencies. Robust monitoring processes are predicated on the existence of meaningful indicators as well as access to adequate information – neither of which are provided for by the NACS. Moreover, communication of the policy framework and its requirements – to government actors as well as the broader public – demands its own continuous, well-resourced strategy. To avoid contributing to greater public cynicism, information should be carefully managed to provide a balanced view of the government's anti-corruption activities, and concrete achievements should be publicised proactively. Ideally, public forums could be established at even the district level, where people could ask questions and receive information about the kind of recourse available when their rights are violated.

Institutional safeguards are required to protect anti-corruption policies from political changes

The experience of the NACS underlines the need to think long-term when designing anti-corruption policies and to build in measures that ensure they survive changes in shifting political winds. To a large extent this means involving a broader group of stakeholders, including political parties, and identifying priorities that resonate with a cynical public. Communication of the strategy, to all stakeholders, should be institutionalised within the strategy and allocated a concrete budget. The ability of responsible agencies to produce and publicise relevant information on implementation is another factor that needs to be carefully considered in the early phases of policy development.

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