

Decentralization in Pakistan: Are Local Politicians Likely to be More Accountable?

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May 9, 2005

* We are deeply grateful to Nobuo Yoshida for useful inputs, data analysis and background research, and to Asim Khwaja for insightful and thorough comments on an earlier version. We also wish to thank Nicholas Manning and Hanid Mukhtar for providing information on recent developments in Pakistan's devolution process.

Widespread advocacy of decentralization has its roots in discontent over central government responsiveness to citizens, whether manifested as high rates of corruption, an excessive focus on patronage or as inadequate public good provision. The record surrounding decentralization, however, is mixed. For example, in two of the most rigorous studies of the public policy effects of decentralization in developing countries, Faguet (2002) and Azfar, et al. (2000) conclude that public investment by local governments is more progressive and responsive to the poor than central government investment decisions. Looking at a number of other cases, Manor (1999) finds, however, that the effect of decentralization on public sector performance is far from assured.

A recent and growing literature on political economy suggests numerous political market failures that might give rise to government breakdowns; to the extent that decentralization does not “fix” them, we should not expect decentralization to improve outcomes. Government breakdowns can occur if political and electoral institutions are different at the local level and less conducive to “good government”; if voters are less informed about the actions of local politicians; if the horizons of local politicians are more limited; if political competitors in local elections are less able to offer credible promises to voters; or if devolution is simply limited and incomplete. From this literature, one can conclude that local governments will do better than central governments if local electoral and political institutions and local competition for political office hold local governments more tightly accountable to citizens.

These differences between central and local government have received little attention in the literature on decentralization. We examine these and their implications for the effects of decentralization in Pakistan. Our conclusion, perhaps not surprisingly, is

that although decentralization may alleviate some political market imperfections in Pakistan, it may exacerbate others.

The analysis here does not assess the success of Pakistan's devolution, which was initiated only in 2001-2. Instead, we argue in the next section of this chapter that the central government indeed exhibited significant, politically-driven policy failures, particularly in the provision of social services. One key manifestation of this failure was the extent to which central government politicians had incentives to provide narrowly targeted services rather than broadly available public goods. In the following sections, we outline key elements of the Pakistani decentralization and tentatively assess the extent to which they are likely to mitigate the distortions evident in central government decision making. The analysis suggests that although special interest influence – driven, for example, by voter ignorance – is likely to be less pronounced in Pakistan, other sources of distortion may be greater in local governments.

Policy breakdowns in Pakistan: Health and Education

The political market imperfections that we examine here are those that drive politicians to deny public goods to broad segments of the population in order to focus instead on rent-seeking and narrow transfers to strictly and politically delimited individuals and groups. Evidence of three kinds suggests that prior to decentralization, elected central governments in Pakistan confronted exaggerated incentives to provide narrow, targeted goods and services at the expense of broader public goods. Policy failures in health and education are one indicator. Explicit documentation of legislator activities is another. A third is evidence from more than 100 villages that the competition for votes leads to school construction but not improvements in school quality.

Health and education are good barometers of these incentives: where incentives to target are high, broad indicators of health and education access and quality should suffer. Broad access is by definition the opposite of targeting, while quality almost always requires performance improvements in public sector provision that are difficult to target to specific beneficiaries. In health, Pakistan exhibited far worse infant mortality figures than other countries in the region that were as poor or poorer than Pakistan, as Table 1 makes clear. Improvements in infant mortality require health system reforms that are difficult to target to narrow, favored groups. These improvements were not vigorously pursued by central government decision makers in the 1990s. Anecdotal evidence from various sources suggests that quality characteristics of health facilities were also widely deficient, with considerable evidence of under-used facilities. One would expect this, since facility construction is a priority intervention for governments primarily interested in targeting favored populations with benefits.¹

Universal – that is, untargeted – primary education is another government service that was underprovided in the 1990s. Primary gross enrollment rates changed little in the 1990s. Overall enrollments were low and they exhibited persistent, large gender, urban-rural, and rich-poor gaps. Primary gross enrollment rates among the top 3 deciles, by per capita consumption, were around 90%, whereas that among the bottom 3 deciles was around 50%. Similarly, in the province of Sindh only 25 percent of girls living rural areas were enrolled in primary school, compared to 62 percent in its urban areas.²

¹ The PRHS (2001), or Pakistan Rural Household Survey, is a nationally representative, multi-topic, rural survey covering 16 districts with a sample size of about 2800 households distributed among approximately 160 villages. The number of outpatient visits per year per health facility shows a vast difference across 38 Basic Health Units (BHUs): the top 3 facilities regularly show more than 1,500 visits per month, the bottom 3 facilities consistently report 0 visits each month during the year preceding the survey.

² Source: Pakistan Integrated Household Surveys (PIHS) from the 1990s.

Table 1: Regional comparison of infant mortality rate ³

Country	1992	1995	1997
Bangladesh	85.1	74.1	66
Bhutan	75	67.8	63
India	79	74	71
Maldives	45	37.2	32
Nepal	96	79	79
Pakistan	104	95.6	90
Sri Lanka	17.6	16.5	15.9

Results from the Pakistan Rural Household Survey facilities survey (2001), reflecting the situation prior to decentralization, provide a stark example of the disjunction between political willingness to provide education quantity (school buildings) and education quality. No classes were held in 34 out of the 200 schools surveyed – cases of so-called “ghost schools”.⁴ In the schools that were open, close to 20 percent of the teachers were absent, 48 percent and 52 percent lacked basic amenities like drinking water and toilets respectively, and 77 percent lacked an adequate supply of textbooks. Student enrollment was markedly lower in low-quality schools.

The broad policy record is consistent with political incentives more concerned with targeted than with broad public good provision. There is also direct evidence from a number of sources that Pakistani legislators were overwhelmingly concerned with supplying targeted resources to constituents rather than high quality public goods. Wilder (1999), for example, quotes former members of the National Assembly from Punjab as saying: “People now think that the job of an MNA and MPA is to fix their

³ Source: World Bank South Asia sector data (2003)

⁴ These findings from the PRHS, although based on a different sample, are quite similar to findings by Gazdar (2000). The latter found that 14 percent of the 125 schools visited (i.e., 17 schools) had either a building but no school, or were reported to be “generally closed”.

gutters, get their children enrolled in school, arrange for job transfers...[These tasks] consume your whole day....” (p. 196); “Look, we get elected because we are ba asr log [effective people] in our area. People vote for me because they perceive me as someone who can help them...Somebody’s son is a matric fail and I get him a job as a teacher or a government servant. . .”(p. 204).

This contrasts sharply with legislator activities in other countries. Members of the United States Congress, well-known for their incessant efforts to secure re-election, spend fewer than six hours per week directly and personally intervening on behalf of constituents in order to obtain favors for them or help them solve bureaucratic difficulties.⁵ Despite the large political payoff to being able to take credit for constituent services, political incentives in the United States also drive legislators to spend time on larger policy issues that Pakistani legislators abjured.⁶

The final piece of evidence that the incentives of central government politicians in the 1990s were more favorable to education infrastructure than to education quality comes from more detailed analysis of the PRHS (2001) household surveys. As part of PRHS (2001), information about teacher absenteeism and facility quality was collected for around 200 primary schools. Community surveys were conducted for all villages in the sample, yielding information about whether new schools were constructed in the 1990s, and about elections, political institutions, infrastructure, and demographics. These data show a significant positive association between the construction of boys’ schools in the 1990s and indicators of a village’s political activity and attractiveness to politicians.

⁵ This is the time they spend while in Washington, as opposed to their districts, to make the appropriate comparison with the citations from Pakistan (Johannes 1983)

⁶ US legislators have larger staffs, of course. This, however, is reflective of the underlying problem: legislators in Pakistan, driven by a clientelist political environment that is discussed below, need to personally intervene to get credit for providing services. A large staff dilutes their ability to do this.

They show no such association for indicators of quality (teacher absenteeism or the presence of blackboards, textbooks or electricity in the schools).⁷

Taken together, this evidence suggests that elections mattered for central and provincial government decision makers in the 1990s, but that electoral competition drove them to increase the quantity of targeted goods and services (school buildings), but not to improve their quality. The question that we explore in the remainder of the paper is whether devolution in Pakistan is likely to reduce the distortions triggered by competition for political office at the provincial and national levels, first by describing the precise institutional details of devolution in Pakistan, and then systematically assessing the various sources of distortion in political decision making and their presence in the new local governments.

Summarizing the electoral, administrative and fiscal details of devolution in Pakistan

The effects of devolution depend in large measure on the precise details of its design. The design features relevant to an assessment of the relative incentives of local and central/provincial governments are briefly summarized here (see Cheema, et al, this volume, for additional details). Prior to decentralization, the structure of government in Pakistan was similar to that throughout South Asia and little changed from the legacy of British colonial rule. It divided the country into four administrative tiers: the center, the province, the division and the district. During most of the 1990s, both central and provincial government were elected and parliamentary. The center controlled funding and administration.

⁷ See Keefer, et alXX PRWP . Girls' schools – culturally less preferred in Pakistan – also show no relationship to political factors, as we would expect.

Administratively, the federal government, through the Public Service Commission, recruited the elite District Management Group (DMG); personnel from the DMG filled 40 to 60 percent of the posts of Deputy Commissioner in the districts. The remainder were filled by the provincial governments. The Deputy Commissioner controlled all executive, judicial and developmental functions in a district, while each sector of local administration (e.g., education) was managed by the parent provincial line department.

The government of President Musharraf introduced an ambitious plan to devolve administrative and fiscal powers to a series of new local governments: districts or *zilas* (called city districts in the four provincial capitals), tehsils (called towns in the four city districts) and union councils. The National Reconstruction Bureau (NRB) implemented the plan over the period 2001-02, holding several waves of local elections from December 2000 to September 2001, leading to elected governments in Pakistan's 96 districts (92 Districts and 4 City districts); 307 tehsils and 30 city towns; and 6022 union councils.⁸ The elections were perceived as largely fair and impartial. Participation rates averaged 52.5 percent, ranging from 33 percent in Balochistan to 59 percent in Punjab.

Formal electoral and political institutions are both complicated under Pakistani devolution. Each level of local government in Pakistan has councils, nazims (head of administration) and naib (deputy) nazims. Decision-making authority and control over the bulk of local government resources largely reside with the district government. District nazims are indirectly elected by an electoral college comprised of all union councilors in a district. Similarly, the electoral college for tehsil nazims and naib nazims

⁸ The system does not apply to the Cantonment (military) areas of towns and cities, nor the Federally Administrated Tribal Areas (FATA).

is comprised of all the union councilors in the tehsil. District councils are composed partially of the union council nazims, who are directly elected in their unions. Women must occupy district council seats amounting to at least 33 percent of the total number of union councils in the district; women are elected in electoral districts defined by the district tehsils. Despite this legal requirement, however, only 17 percent of new Union Councilors' seats went to women. Peasants (in the countryside) and workers (in the city) comprise another five percent of seats, as must minorities. These groups are elected at large, in the whole district.

Unions comprise a group of villages and are of approximately equal size; only officials of union governments are directly elected by citizens. Each union council is composed of 19 members directly elected at large in the union on a non-party basis. The precise electoral rules (how many votes each voter can cast, for example) are not in the local government ordinance (article 151) and unclear; it appears, however, that each voter in the union receives only one vote, and the top 19 vote-getters win. Twelve seats are reserved for Muslims, of which four are reserved for women; six are reserved for peasants and workers, of which two are reserved for women, and one seat is reserved for minority communities. In addition, each union has a nazim and naib nazim, both of whom are members of the union council, but who are elected on a joint ticket at large by the whole union.⁹

⁹ See the companion chapter by Cheema, et al. for a comparison of the pre- and post-devolution power of local governments.

The political economy of policy distortion: will decentralization improve public good provision and reduce corruption?

Decentralization should mitigate two obstacles to efficient public sector performance: divergent public good preferences among large groups of citizens, and difficulties confronting large groups of citizens seeking to hold public officials accountable for their performance. The actual success of decentralization, however, depends on a number of additional factors. Do the political and electoral rules of local government provide stronger incentives to politicians to provide high quality public goods and to refrain from corruption? Do local officials have confidence that decentralization will last, so that they are constrained by re-election concerns from maximizing personal rents? Are the conditions of political competition – such as citizen information and the credibility of political promises – more conducive to government accountability at the local level? Are local variations in demand for public goods (such as girls' education) likely to lead to their undesirable under-provision in some jurisdictions after decentralization? Answers to these questions suggest that it is not self-evident that local governments in Pakistan confront stronger incentives to provide high quality public goods than the central government did in the 1990s.

Devolution, administrative and financial, is partial

One key characteristic of Pakistani devolution that might limit its influence on outcomes is that it is partial. Provincial authorities continue to exercise significant control over both local administration and local finances.¹⁰ With respect to the first, under devolution, the post of District Coordinating Officer (DCO) replaces the former Deputy Commissioner. Although DCOs lack many of the legal powers of the Deputy

¹⁰ See Cheema, et al. (this volume) for an analysis of the politics of devolution and its design.

Commissioner, they still have significant executive and managerial responsibilities. Not the least of these are authority to prepare the first draft of the district budget and control over district personnel. Though the DCO formally reports to the district nazim, the nazim can only request the transfer of the DCO and initiate the DCO's performance evaluation. However, the transfer goes through only if the provincial government concurs and the nazim's performance evaluation is valid only if countersigned by the chief secretary and chief minister of the provincial government. Similarly, the ten to twelve executive district officers, responsible for sectors such as education, who formerly reported to the parent line departments in the provincial government, now report to both the DCO and the nazim. Once again, though, the nazim can only request that the provincial government transfer these officials and provincial governments retain sole authority to appoint them. Moreover, district nazims are prohibited from hiring any "advisors, special assistants or political secretaries other than support staff allocated to his office from amongst the officials available in the district." (*SBNP Local Government Ordinance 2001*, Article 18 (2)).

Devolution is limited with respect to finances, as well. Funds for local government come almost entirely from upper level governments, with strings attached. The formula for provincial allocations, and the conditions on those allocations, are decided by the Provincial Finance Commission (PFC) and, ultimately, by the provincial governor. The members of the PFC are provincial officers or others nominated by the provincial government; there is no automatic representation of locally elected officials on the PFC. There are substantial variations among PFC recommendations between Sindh, NWFP and Balochistan, illustrating the discretionary powers of the PFC. In addition,

though grants from provincial governments have a need-based component and are based on an index of backwardness (e.g., in Sindh), the construction of this index is opaque.¹¹

Districts rely overwhelmingly on provincial funds for current expenditures (capital expenditures are unfunded). Own funds of district governments in Sindh account for only 1.3 % of the total revenue, for example.¹² In addition, there are substantial limitations on district government discretion regarding the use of transfers. Transfers are made into several “accounts.” The bulk of transfers go to Account I, which mainly consists of expenditures on salaries that, in turn, cannot be used for other purposes – district governments have little power to hire and fire. Non-salary expenditures come out of Account IV, which are approximately 10 percent of salary expenditures (Account I).¹³

District nazims are powerful and may face weaker electoral constraints than the heads of provincial and national governments

An important advantage of decentralization is meant to be the greater ability of voters to hold local decision makers accountable for their actions. Discussions of decentralization usually assume that voters directly elect these decision makers, but district nazims are elected indirectly. Though there is little research on this question, the procedures for electing them may limit their incentives to provide public goods.

The indirect election of the district nazim matters because the nazim is the key politician in local politics. Nazim control over budget policy is the best indicator of this. Within district government, where most local budget authority resides under devolution,

¹¹ The total revenue for current expenditures of the Sindh Provincial Government can be divided into “Divisible pool” (75 percent of total revenue), “Non-Divisible pool” (14 percent) and “Grant from 2.5 percent GST” (11 percent). According to the Interim PFC Award of Sindh (2002), 40 percent of the Divisible Pool should be transferred to the Districts based on the *index of backwardness* attached in the PFC Award of Sindh (2002); it also appears implicitly that 75 percent of the Grant for 2.5% GST are meant to be transferred to districts.

¹² Source: The PFC Award (2002)

¹³ Source: The PFC Award (2002).

district nazims exercise significant influence. First, the district nazim has proposal power – the district council must consider the budget proposed by the district nazim rather than elaborate its own. Proposal power is not necessarily significant but, second, district councils have no explicit authority to amend the budgets. Instead, Article 112 speaks only of council votes to *approve* the budget submitted by the nazim, even noting in (1) “Provided that the charged expenditure may be discussed but shall not be voted upon by the Councils.” Third, council failure to approve any budget leads to zero spending fourteen days after the expiration of the financial year (*SBNP Local Government Ordinance 2001*, Article 112 (5)). Failure to pass the nazim’s budget therefore leaves the council in the position of shutting down government, giving the nazim extra leverage in budget negotiations. Finally, the Local Government Ordinance requires that the naib nazim be the chairperson of the council – but since the naib nazim is elected on the nazim’s ticket, this gives the executive substantial authority over the affairs of the legislative body, without corresponding influence (e.g., as in a parliamentary system) of the legislative body on the political future of the nazim.

Public good provision should rise and corruption should drop as a result of devolution to the extent that voters can hold nazims more tightly accountable for their actions than they could elected executives of provincial or national governments, the key decision makers pre-devolution. One determinant of this is whether electoral give nazims greater incentive to provide public goods to all citizens. This may or may not be the case, however.¹⁴

¹⁴ Indirect election in Pakistan is fundamentally different than the election of prime ministers by parliaments or of US presidents by an electoral college. Lizzeri and Persico (2001), for example, argue that electoral colleges of the type used to elect the US president concentrate candidate attention on a few swing states, depressing their incentives to provide broad public goods. Unlike the electors in the electoral

The district nazim is elected by an electoral college of officials (union councilors) who are themselves elected at large in the unions.¹⁵ The larger the number of voters represented by the union councilors who elect the district nazim, the greater the incentive of the nazim to provide broad public services to satisfy those union councilors and their constituents. A union council candidate is sure to take office if he or she wins 1/19 of the total vote. If this were the case for all union councilors, then the district nazim would have an incentive to make decisions that appealed to at least 10/19 of all voters, since the the district nazim requires the support of approximately 10/19 of all union councilors. .

However, union councilors could win with considerably less support under many plausible circumstances. In particular, the larger the number of union council candidates and the greater the vote share of the losing candidates, the smaller the vote share of the winning candidates. Moreover, the distribution of votes among winning candidates is unlikely to be uniform. If the top union council candidate receives 50 percent of the vote, other candidates could get into office with much less than 1/19 of the total vote in their union. To the extent that the district nazim wins the support of union council candidates who themselves gained office with a small number of votes, the nazim's incentive to provide broad-based public goods accordingly falls.

These incentives need to be compared to those of the executives of provincial or national governments in the 1990s. They took power only if their MPs and the MPs of possible coalition partners, each elected in first past the post, single member district elections, won a majority of parliamentary seats. To win, a prime minister needed at least the majority of seats in parliament, and the winner of each seat required at least a

college, however, union councilors are not obliged to vote for any particular district nazim candidate.

¹⁵ If a nazim/naib nazim ticket does not receive a majority of all votes in the first round, a second round of elections is held in which the ticket obtaining a plurality of votes wins.

plurality of the votes in the constituency, but not more than one half of all the votes. At most, prime ministers therefore required the support of just one-fourth of all voters, mitigating their incentives to supply public goods. The electoral incentives to provide public goods therefore increase under devolution only to the extent that district nazims are forced to seek the support of union councilors who collectively need the support of more than one-fourth of all voters. However, there are many circumstances in which this may not be the case, and the number could fall substantially below one-fourth.

Local officials may not have longer policy horizons than central/provincial officials

Elected officials with little expectation of standing for re-election are more difficult for voters to hold to account and have shorter horizons. Uncertain horizons, in turn, encourage politicians to seek rents rather than to provide services. However, it is not obvious that horizons of local officials are shorter than those of elected officials prior to devolution. It appears that national and provincial governments were characterized by short horizons in the 1990s, with the threat and reality of expulsion from office a permanent condition. On the other hand, however, it has been evident since the late 1990s that both of the chief political actors of the 1990s, Nawaz Sharif and Benazir Bhutto, intended to return to office. At the same time, the history of decentralization in Pakistan, discussed in Cheema, et al. (this volume), is replete with reversals and provides compelling reasons for local officials to have short horizons. Apart from historical concerns regarding their tenure, locally-elected officials also confront a time-bound constitutional guarantee, such that after six years, and consistent with the 1973 Constitution, parent provinces will be able to disband local governments at any time. There is, then, little reason to believe that local government officials have longer horizons than those of central governments.

Lobbying, special interests and decentralization in Pakistan

An important source of inefficiency in political decision making is the influence of special interests on politicians. The available, if limited evidence suggests that the role of special interests in national (electoral) politics in Pakistan was significant and vote buying and the growing expense of elections are widely noted.¹⁶ Shafqat (1999) suggests that campaign spending rose to \$120,000 per parliamentarian in the 1997 elections. In the United Kingdom, with an electoral system that closely resembles Pakistan's, spending per constituency amounted to less than \$10,000 in the 1992 elections.¹⁷

Bardhan and Mookherjee (1999) argue that the influence of special interests need not be less under decentralization, however. They develop a model of electoral competition under uncertainty in which, in the style of Grossman-Helpman lobbying models, campaign expenditures from the rich help to persuade uninformed voters. Decentralization is less likely to succeed when the local rich (special interests) are more cohesive, electoral competition is limited, loyalty or ideological biases of voters are significant, voters are uninformed, poor voters are disproportionately uninformed and, somewhat more ambiguously, uncertainty about the ideological or loyalty biases of voters is greater. In the case of Pakistan, these conditions weigh slightly in favor of decentralization.

First, anecdotal evidence (e.g., Gazdar 2000) suggests that special interests, whether they be landowners or family or clan lines (*zaats*), appear to be no more cohesive at the local than national levels. In some rural areas, a single family or landowner is dominant; in those circumstances, decentralization will increase special interest

¹⁶ see, e.g., Wilder, page 206

¹⁷ The information comes from Pattie et al (1995)

cohesiveness and reduce public sector performance. In most areas, however, there are multiple clans and landowners who are often at loggerheads and do not form political alliances; special interests are therefore likely to be divided rather than cohesive in both national and local elections.

Second, the recent local elections were much more competitive than national elections of the 1990s (and, obviously, than national elections since the 1990s, when none have been held). In the 1990s, it was well understood that military dissatisfaction with the incumbent parties would ensure that the opposition would take power, leading to widespread voter abstention and greater willingness of candidates to buy their way onto the lists of one party and not the other. In the framework of Bardhan and Mookherjee (1999), because electoral outcomes are less certain in local than in national elections in Pakistan, the payoffs to special interests of making payments to candidates in local elections are lower, reducing their influence on candidate positions. Unfortunately, while greater electoral uncertainty reduces the influence of special interests and increases political incentives to provide quality public services, it may also reduce disincentives for politicians to seek rents (act corruptly).¹⁸

Third, ideological biases of voters are likely to matter more in national than in local elections. Voters in Punjab and in Sindh, the two most populous states in Pakistan exhibited a large and persistent bias towards either the Muslim League headed by Nawaz Sharif and the People's Party of Benazir Bhutto. Decentralization in this context forces

¹⁸ Uncertainty therefore has mixed effects on public policy, since it also reduces special interest incentives to peddle influence in lobbying models, as Bardhan and Mookherjee (1999). There is no inconsistency between the models: uncertainty in both cases reduces a candidate's probability of election, for any give policy announcement. It therefore devalues both the expected value of the privileges that special interests seek and the value of seeking office.

politics to a lower level where intra-party rivalries are more likely to emerge and where pronounced biases towards one or another candidate independent of performance are likely to be attenuated.

The second and third factors suggest reasons for optimism about decentralization in Pakistan, at least insofar as decentralization is expected to improve the quality of public services. Optimism is tempered somewhat by a fourth factor, indirect elections and voter inability to identify which policy makers are responsible for outcomes. Voters do not directly elect key decision makers and elected local government decision makers have little control over important aspects of policy making and implementation. Poor performance by those officials whom voters can directly elect is therefore difficult to evaluate. In particular, the institutional structure makes it difficult for voters to verify whether poor policy outcomes are related to the failure of their union councilors to select the right district nazim, or shirking by the district nazim in spite of the best efforts of the district councils to hold him accountable. This uncertainty loosens electoral accountability and suggests that decentralization might worsen public sector performance.¹⁹

Feudalism and the political economy of Pakistan

A particular special interest has long been of interest in Pakistan: the landed – even feudal – elite. One traditional view of Pakistani politics has held that feudal

¹⁹ Information about outcomes, however, is less likely to plague decentralization. Voters – even poor voters – are at least as well-informed about policy performance at the local level as at the national level as it pertains to the policy issues that have been delegated to local authorities (e.g., whether a school has been built or a teacher has been absent). Similarly, low media incentives to report relevant political events, analyzed by Strömberg (forthcoming) may be particularly weak for local government. Certainly, media coverage of local issues is weak in Pakistan and in rural areas practically non-existent. However, these issues have never been reliably covered in Pakistani media, regardless of the level of government in charge of them.

landlords, by virtue of their strong control over rural voters and the significant overrepresentation of rural voters in the national and provincial legislatures, exercised disproportionate influence in national level policy making.²⁰ Because of their disinterest in the welfare of most citizens, public good provision declined. If landlord influence was key to policy failures by central government, then decentralization will improve policy performance if local governments are less vulnerable to this influence.

Neither seems to be the case. Landlords seem to have done well in local elections: the “rural gentry” is said to have captured 70 percent of the seats in those local elections held in December 2000.²¹ However, the evidence is weak that their influence is primarily responsible for the policy failures of the 1990s. First, landlords are not a monolithic class and compete vigorously among themselves for political office. Many landlords, including the most feudal, lost their parliamentary seats in the 1990s. Second, anthropological evidence shows that rural inhabitants were less reliant on landowners in the 1990s than earlier, reducing the leverage of landowners over the voters in their areas. For example, landlords were less likely to offer support in the event of family illness, since the offspring of traditionally powerful landlord families now spend more time in the city (Beall, et al. 1993). Third, land concentration, and therefore the influence of landlords, seem not to explain the political decisions to build schools or improve school quality.²² Finally, in a careful survey of 125 primary schools in selected rural locales, Gazdar (2000) finds landlord influence to be neither unambiguously pernicious nor

²⁰ Husain (1999), p. 19, argues more strongly for the pervasive and negative influence of semi-feudal landlords on the Pakistani state.

²¹ Country Report for Pakistan, 2001-02 (The Economic Intelligence Unit)

²² Keefer, et al. xXXX PRWP.

sufficient to explain the pervasive breakdown of the educational system that was observed.

The credibility of pre-electoral promises and the benefits of decentralization in Pakistan

One final characteristic of political competition, the credibility of pre-electoral promises of candidates, also influences whether decentralization will improve outcomes. The picture here is, once again, mixed. Political promises are assumed to be credible in Grossman-Helpman style models. However, in Pakistan, as in countries ranging from Bolivia and Indonesia to the Philippines and Bangladesh, political parties project no credible policy stances to voters on issues ranging from education to trade reform. The lack of credibility has a significant negative impact on policy outcomes. At the very least, non-credible challengers find it more difficult to replace even poorly performing incumbents, because voters do not believe they will do better.²³

Keefer and Vlaicu (2004XXX) argues that where parties are not credible, politicians can still rely on their personal reputations for providing goods, jobs and government access to individuals with whom they have had contact. These relationships with voters are often termed “clientelist”. Such candidates have little incentive, however, to provide public goods that benefit a broad range of the public. Keefer and Khemani (2005XXX) argue that clientelist-based credibility is a key reason for the poor provision of social services.

There is little information on the relative credibility of pre-electoral political promises in the recent local elections in Pakistan, though it does not seem to have been a

²³ Persson and Tabellini (2000, chapter 8) show that non-credible politicians provide a low level of broad public goods and no government services or goods targeted to specific voters, and retain substantial rents for themselves. This result is somewhat anomalous because politicians confronting election in most developing countries are desperate to provide narrow, targeted public goods.

hallmark of these elections. Candidates for local office were either new to the political game or had held national office; in neither case is it possible to argue that they were more credible, and some reason to think that their reputations were weaker. In addition, parties were entirely disallowed in the recent local elections. This does not make outcomes worse under decentralization, since national parties of the 1990s were not credible on matters of public policy and broad public good provision. However, since parties are the most important vehicle for developing policy reputations, their absence at the local level suggests limited prospects for the credibility of pre-electoral promises to improve dramatically.

An additional factor detrimental to credible political promises in local political competition is considerable uncertainty about the resources available to the new local governments, the powers that they can exercise, and the process of decision making and the relative strength of the players inside the new governments. Voters cannot distinguish non-compliance caused by shirking with non-compliance caused by their representative's lack of influence over decision making. They are therefore handicapped in their ability to verify compliance with pre-electoral promises that are made.

On the positive side, to the extent that credibility in both local and provincial/national elections rests on the personal characteristics of the political competitors and their relationships with individual voters, decentralization leads to the proliferation of elected officials. This might make it more likely that voters will be given a choice between two or more candidates with whom they have a personal history and whose promises they can believe. To the extent that this happens, voters can extract competing, credible offers from candidates, forcing better performance.

Unfortunately, evidence reported in Gazdar (2002) implies that rural voters, at least, do not have multiple patrons and cannot extract competing offers from political candidates. Based on extensive fieldwork in 13 rural villages throughout Pakistan, he finds that voters are almost always identified with exclusive and well-defined voting blocs, each headed by an influential person (a zaat head, a teacher, a landlord). Defection is rare, making it unlikely that voters have credible relations with multiple potential candidates for local office (i.e., belong to multiple voting blocs). This means that political competitors are still likely to compete for the heads of the voting blocs, who in turn may need only to pass on a fraction of the benefits of competition to the voters in the bloc as a condition of maintaining bloc cohesion.

Decentralization and demand-side problems of social service delivery

All of the foregoing compares the incentives of politicians in local and national governments, to conclude that the success of decentralization is far from a foregone conclusion. The effects of “demand” side characteristics change with decentralization, too, however. In particular, the ability to achieve such goals as improvements in girls’ education may be limited by decentralization, to the extent that decentralization provides more scope for cultural or other biases against girls’ education to intrude on political decision making.

The evidence suggests little effect of competition for national or provincial legislative offices on the construction of girls’ schools in rural areas, though substantial effect on boys’ schools. By implication, girls’ schools must emerge at the initiative of the provincial and national government executive branches, prompted perhaps by their relationship with foreign donors or a desire to appeal to urban elite or more secular constituencies. Still, nearly half of all girls between 10 and 20 years old in Pakistan have

never attended school and this may not reflect failures of political accountability – quite the contrary. When asked, the parents of nearly 40 percent of the girls who have not gone to school indicated that parental or elder disapproval was the main reason. These responses may in fact mask the supply-side problems that are the focus of the analysis here, or may reflect more complex parental trade-offs between the relative costs and benefits of sending their female children to school. The simple explanation, though, seems also the most persuasive: voters in rural Pakistan do not attach a high value to girls' education. From the point of view of elected officials, pushing for expanded access for girls to existing educational facilities is therefore not only of limited political utility, but presents real political hazards.

Central government influence seems to be key in explaining what girls' education there is in many areas of Pakistan. Because of substantial variation across Pakistan, particularly between rural and urban areas, in the demand for girls' education, decentralization may therefore lead to a deterioration of development in those areas where demand is low.

The example of other countries highlights the role of central government intervention in these cases. In the United States, efforts to persuade states to provide education to African-American students in the same facilities as other students eventually required federal intervention, over the objections of the representatives of these states in the national legislature. The parallels with Pakistan are inexact, since African-American families were eager to educate their children and frustrated by the lack of access. The key point, though, is that significant local opposition to an education reform did not

naturally dissipate as a consequence of local reform efforts, but required the intervention of a higher level government.

Conclusion

The arguments here suggest that the efficacy of decentralization as a remedy for distortion in public policy is contingent on numerous factors, ranging from electoral rules to the credibility of pre-electoral promises. The evidence here both explains the mixed results surrounding the adoption of decentralization and identifies concrete characteristics of political competition and decision making that need to be considered in evaluating decentralization and, more especially, in designing it. The analysis of Pakistani decentralization, in light of these factors, suggests that prospects for decentralization can be improved by a number of changes. These include the direct election of district nazims; the deeper embedding of decentralization in the constitution; improving voter information about the actions of local officials and their responsibility for public policies that impinge on voter welfare; and cultivating the credibility of political promises made by political competitors at the local level, such that this credibility does not rest on the personal/clientelist connections of voters with local candidates.

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