

# NOREF Expert Analysis

## Decentralisation in Pakistan: the lost opportunity of the 18th amendment

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### Executive summary

Pakistan's 18th constitutional amendment was signed into law in 2010 and aims to decentralise political power. It seeks to curtail the oft-abused powers of the Pakistani presidency and empower the country's four provinces by transferring federal-level resources and responsibilities to provincial governments. This could bring services closer to the people and accommodate marginalised Pakistanis who are often ignored by Islamabad.

Unfortunately, little progress has been made in achieving these goals. Although the 17 federal ministries targeted for devolution have been transferred to the provinces, provincial officials lack the will and capacity to take on these new mandates. Such failures have major consequences for Pakistan's troubled

social sector, especially in the areas of health and youth. A major reason for the 18th amendment's struggles is Pakistan's low tax revenue. Provincial governments need more revenue to support their new responsibilities, but Pakistan's abysmal rates of tax revenue collection effectively prevent this from happening.

The 18th amendment's problems present a major opportunity for international donors. Aid projects can help boost capacity by funding specialised training courses for provincial officials and help spark development by investing specifically in devolved sectors. Ultimately, however, the 18th amendment's prospects for success will depend on Pakistani, not outside, initiatives.

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On April 19th 2010 Pakistan's president, Asif Ali Zardari, signed his nation's 18th constitutional amendment into law.

Although largely ignored outside of Pakistan, the passage of the amendment – which aims to decentralise political power – represented a seminal moment in the country's history. Pakistan analyst Colin Cookman described it as “one of the most dramatic deconcentrations of power in Pakistan” since the drafting of the 1973 Constitution (which remains in force today).<sup>1</sup> Senator Raza Rabbani, the amendment's architect, went further, hailing it as the “most significant restructuring process” since independence.<sup>2</sup>

Unfortunately, the 18th amendment has failed to live up to its hype. Several years after receiving Zardari's imprimatur it has not come close to achieving its objectives.

## High hopes

The 18th amendment seeks to scale back presidential powers and to strengthen the authority of parliament and the prime minister. It intends to prevent imperial presidencies, such as those of military strongmen Zia ul-Haq and Pervez Musharraf. The amendment also seeks to empower Pakistan's four provinces by transferring federal-level resources and responsibilities to provincial governments. The reasoning is that decentralisation will bring services closer to the people and remove concerns about interference (or corruption) from Islamabad.

Decentralisation has the added advantage of promoting more equitable governance. By localising resources and policies, Pakistanis – particularly ethnic minorities and residents of the marginalised province of Baluchistan who are often given short shrift by the central government – can be better accommodated.

From the start, expectations were high for the 18th amendment. They continued to rise in the months following its passage, and especially after it passed its first test: that of implementation. Generally, scores of well-intentioned laws and policies are approved in Pakistan, but many – due to a lack of political will – are never executed. However, Islamabad wasted little time in launching the devolution process. By late June 2011 all 17 targeted federal ministries had been abolished and their functions had been fully transferred to provincial authorities.

## Dashed hopes

Unfortunately, the soaring expectations have gone sorely unfulfilled on several different levels. Although Zardari is not nearly as powerful as Musharraf was when president, he retains a level of clout that has kept him insulated from the Pakistan Supreme Court's recent efforts to undermine the government. Earlier this year the high court disqualified Prime Minister Yousaf Raza Gilani from office for refusing to reopen a corruption investigation against Zardari. Tellingly, while Gilani was dismissed, the subject of the investigation – Zardari – enjoyed executive privileges that ruled out any possibility of his own removal.

Another failure of the 18th amendment – and one with greater consequences for the Pakistani masses – has been the outcome of devolution. Those behind the amendment grossly overestimated the will and capacity of provincial governments to take on added responsibilities and resources. For all the concerns about the financial and capacity constraints afflicting the central government, Pakistan's provincial authorities are even worse off – and especially the social sector ministries that bore the brunt of devolution. (Devolved ministries include sports, health, food and agriculture, and youth.)

Saba Gul Khattak, the social sector member of Pakistan's government Planning Commission, has written about how poorly resourced provincial authorities newly saddled with the programmes of the former federal Population Welfare Ministry have begged federal authorities to continue to manage these programmes for several more

1 Colin Cookman, “The 18th amendment and Pakistan's political transitions”, Center for American Progress, April 19th 2010, <http://www.americanprogress.org/issues/security/news/2010/04/19/7587/the-18th-amendment-and-pakistans-political-transitions/>.

2 Alauddin Masood, “Devolution of power: revisiting the 18th amendment”, *Islamabad Pulse*, July 8th 2011, <http://weeklyphulse.org/details.aspx?contentID=919&storylist=1>.

years.<sup>3</sup> This is not the only example of a provincial government admitting it is not prepared for devolution.

The 18th amendment has floundered not just because its intended provincial beneficiaries lack the capacities to take advantage of it. Provincial economies remain deeply cash strapped, and problems with tax collection are largely to blame. Provincial authorities cannot be expected to take on more responsibilities unless they receive more revenue, and despite increased financial transfers from Islamabad to the provinces, Pakistan's woeful tax revenue brings little relief. The tax-to-GDP rate is about 10% (one of the lowest figures in South Asia); U.S. secretary of state Hillary Clinton asserted last year that only 2 million of Pakistan's 180 million people pay income tax.

Provincial authorities could ease their economic stress if their own tax collection methods were effective, but unfortunately they are not. For decades their funding needs have been satisfied by federal government transfers. Consequently, they have had little incentive to increase the tax base and improve their strategies to mobilise tax revenue – and they thus lack the capacity to do so today.

Sadly, the broad-based political acclaim that greeted the 18th amendment has now deteriorated into crass partisanship. A parliamentarian from Pakistan's main opposition party has blamed the amendment for the poor drug-monitoring practices that left more than 100 Pakistanis dead earlier this year after they consumed contaminated medicine. The implication was that a drug-monitoring regime weakened by devolution failed to avert the tragedy. However, parliamentarians from the governing coalition pointed out that the relevant agency, the Drug Regulatory Authority, has not actually been devolved. Meanwhile, the Ministry of Petroleum and Natural Resources has alleged (with little elaboration) that the 18th amendment has stalled the process of awarding contracts for oil and gas exploration in energy-starved Pakistan.

<sup>3</sup> Saba Gul Khattak, "The challenges of population policy and planning in Pakistan", in Michael Kugelman & Robert M. Hathaway, eds, *Reaping the Dividend: Overcoming Pakistan's Demographic Challenges*, Washington, DC, Woodrow Wilson Center, 2011, <http://www.wilsoncenter.org/sites/default/files/ReapingtheDividend-FINAL.pdf>.

Anti-18th amendment vitriol has grown so intense that Rabbani is now resorting to an age-old practice in Pakistani politics: accusing politicians and bureaucrats of hatching a conspiracy to destroy the amendment altogether.

## Troubling implications: health and youth

The fact that the functions of so many social sector ministries have been turned over to provincial authorities unable to absorb them could have grave consequences for Pakistan. The examples of health and youth are illustrative.

Millions of Pakistanis are ill, yet the nation's public sector health services are notoriously dysfunctional, as evidenced by overworked and underpaid health workers who routinely commit malpractice. The functions of the Health Ministry have now been turned over to overburdened and cash-strapped provincial authorities. They face an enormous challenge dealing with Pakistan's health crisis – and especially with Islamabad having allocated only a projected 0.2% of the 2012/13 budget to health.

Meanwhile, the nation's median age is 21 and two-thirds of the population are under 30. Forty million of Pakistan's 70 million school-age children are not in school. Young people lucky enough to earn a degree or vocational accreditation must try their luck in a labour economy that creates only a million new jobs per year. With so many uneducated and unemployed Pakistani youth, it is not surprising that most terrorist attacks in Pakistan in the post-9/11 era have been carried out by people who are under 30. Pakistan's young people are in desperate need of support, but the Youth Ministry – praised for its fledgling efforts to better engage the country's largest demographic – has been devolved, leaving its promising policies in flux.

## An opportunity for Europe

If there is a silver lining to this story, it can be found in the opportunity it affords to international donors. Pakistan's provincial governments need technical support and increased capacity to successfully manage their drastically expanded portfolios.

Europe can best assist not by pouring money into provincial coffers (provincial authorities and institutions lack the absorptive capacities to handle large infusions of funding), but by providing direct, small-scale assistance. Such assistance will not have the high-visibility, big-impact results desired by many Western governments, but it could bring immediate benefits nonetheless.

One example is helping to fill expertise and capacity gaps by funding specialised training courses for provincial government officials. European donors can also institute projects that specifically target the devolved sectors. Such aid could range from the construction of sports stadiums and vegetable storage warehouses to the funding of rural health workers' salaries and vocational training courses for youth.

Ultimately, however, the 18th amendment can neither be financed nor managed from abroad: if it is to succeed, Pakistan must be its catalysing and sustaining force. For this to happen, the country must first take a series of important – and in some cases unprecedented – steps. If Pakistan can heal the strained relations between federal and provincial authorities, institute badly needed tax reforms, and above all produce a bold and brave political leadership ready to implement these measures, then the 18th amendment will be well placed to fulfil its potential.

Until then, the amendment will be hard pressed to succeed. Rabbani may blame its travails on a conspiracy, but the real culprit is unrealistic expectations.