

GPP 2022 Paper

Question Number 2

"In developing countries with weak governance and accountability mechanisms, there is no....."

Answer Number 2

1

INTRODUCTION

Developing countries are not just lacking behind in economic poweress, but also the ability to run institutions upto their potential. Cracks develop in the governance system and hence the transparent functionalities gets effected. The weak institutional ability gives rise to defacto elite capture and intermingling the rich in the functions of state. Instead of a cordial relation between the government and stakeholders, stakeholders often hijack the system. Similarly in the case of public private partnership, one party: the public entity, is so weak that in reality it is private private partnership. Benefiting elite interested parties on both ends.

2

DILEMMA OF DEVELOPING COUNTRIES : WEAK INSTITUTIONS

Unfortunately, developing countries fall prey to weak governance structures and weak institutions. Although more commonly developing is applied to the economic condition of the country, however there are tenfold effects on the systems of the country. Weak institutions pave way for unchecked power, unsustainable deal and a plethora of other problems.

3

PRIVATE - PRIVATE PARTNERSHIPS A REALITY OF DEVELOPING COUNTRIES

3.1 WEAK INSTITUTIONAL INSIGHT

Lack of strong institutions makes a weak check and balance system. No institutional insight or compromised institutional insight give leeway to engaged parties in serving self interests.

3.2 NO ROBUST ACCOUNTABILITY

MECHANISM

Weak institutions automatically lead to no robust accountability mechanism. There many loopholes formed in the system. Financial, moral and quality accountability are all over looked in the process. This gives obvious margin to the private parties to be at an unfair advantage.

3.3 INFILTRATION IN GOVERNMENT BY PRIVATE ACTORS

The government structures are easily influenced by private actors. The element of strength and self reliance missing from the government structures makes it prone to external interference. The common practice of contract utilization comes in handy and association with those in position of power gives an edge.

3.4 HEIGHTENED ELITE INFLUENCE IN

GOVERNMENT COUPLED WITH

ELITE CAPTURE INFLUENCING DEALS

Developing countries often are influenced by

elite capture. The elite segment of the society is in charge of government systems whereby they benefit people they know. Often in Pakistan, the beneficiaries of Public Private Partnerships are the money making businesses of relatives and friends of the powerful. The PPP model is supposed to benefit both; however, here it just becomes an opportunity for the elite to capitalize on and delivering low quality work in response.

3.5 LACK OF TRANSPARENCY

Lack of transparency and availability of public documentation aids the beneficiaries in making one-sided deals. Defeating the purpose of public private partnerships. Absence of transparency makes it very difficult for the public to question and inquire around projects and their efficiency.

3.6 RAMPANT COLLUSION

Collusion is another factor that facilitates in 'private-private partnership'. Instead of carrying forward like two separate entities and keeping each other accountable, people

collude with officials, either in forms of shared
profits or kick backs.

3.7 PUBLIC PARTICIPATION LIMITED TO TOKENISM

The entire fiasco is given room because of
the tokenist orientation towards public role in
governance. Whether it be public accountability,
bidding process or public questioning, in reality
it is just to tick off boxes.

4

THE AFTERMATH OF THIS SITUATION

4.1 EFFECTS OF PRIVATE-PRIVATE PARTNERSHIP

RISE IN ELITE CAPUTE



CYCLICAL PROCESS ENSUED.



EVEN WEAKER INSTITUTIONS.

4.2 SOLUTIONS TO COUNTER THIS REALITY

- Robust PPP cells with clear rules and conditions
- PPP cells to have internal and external accountability mechanisms
- Third party evaluators for bidding process
- Public documents to ensure fair dealings
- Cap on number of projects a group can take.
- Mid-Term and Quarter Term evaluations by Third Party of the programmes.
- Payment mechanism in tranches post evaluation results.
- Prohibition of any sitting official to have direct stakes in any process.

5

CONCLUSION

Developing countries face the dilemma of tainted deals in public private partnerships due to weak institutions leading to elite capture. Structural reforms in the sector can ensure the transparency of the process.

Question Number 4

If the circumstances in a country happen to be such that official corruption

Answer Number 4

1

INTRODUCTION

Corruption is often associated with its negative financial implications. However, the menace is so multifaceted that it has wide spread impacts on many other tenants of a society. Corruption morally distorts the society; not just theoretically, infact its effect trickle down and damage the entire system. Institutions, governance structure, general rule of law and quality of life get badly impacted. Whether Pakistans petty and grand corruption has had an impact on its economy might be debatable but it has for sure eroded the society and structures; enough to cause disastrous realities.

2

IMPACTS OF CORRUPTION BEYOND ECONOMY

2.1 MORAL DECEDENCE LEADING TO UNINTERESTED LEADERS

A morally corrupt individual can be a culprit of corruption. It is an interrelational process, where financial corruption is an index of a persons loyalty and intentions towards the country. Any person who is involved in financial corruption is bound to be disassociated from public service. It creates an environment of benefiting personalities instead of aiming for collective good.

2.2 CYCLICAL IMPACT OF DECLINING MORALITY ON GOVERNANCE

Declining morality and uninterested public officials weaken institutions and governance systems. Not just out of lack of care but also because institutions play a part in covering up their crimes. The institutions and systems become complicit to corruption and become immune to

sustaining such shocks and covering them up.

This becomes the general practice of the governance systems.

3

IMPACTS ON GOVERNANCE AND INSTITUTIONS OF PAKISTAN

3.1 ROTTING OF ACCOUNTIBILITY

MECHANISMS

Accountibility mechanisms and organizations become idle, for they become comfortable with the reality of not carrying out process in reality.

Pakistan's accountability organizations such as FIA and NAB are often criticized for being politicized and working on given agendas.

3.2 DEFACTO PUBLIC PARTICIPATION

DECREASES

Public makes peace with the fact that the systems are beyond their participation which favour the mischiefs. Public recognizes their input being equivalent to tokenism and refrains for public participation. Not only does this reflect

body on a country's governance but also results in citizens being aloof

3.3 ABSENCE OF RULE OF LAW

Absence of rule of law is a direct consequence of corruption in a society. Pertinent corruption obviously challenges rule of law and survives only if it wins against it. With prevalent corruption, rule of law becomes secondary. This impacts the society in more ways than possible. Governments tend to get away with anything, whether it is eroding human rights or lack of development. General public also gets the whiff to act on impulse without fear of consequences.

3.4 INSTITUTIONS BECOME MOTH EATEN

Institutions become dummy organizations and their capacity decreases. The inability to control corruption and then the government's inability to keep check on institutions creates a sense of anarchy where by institutions become extremely weak.

3.5 DECREASED GOVERNMENT

CREDIBILITY

Government transforms into a body which has known culprits leading it. The government hence loses its credibility internally and externally.

This hampers internal homogeneity of a state and deeply impacts its foreign relations and international image also. Pakistan is already a subject to being sidelined internationally.

3.6 RISE OF NON POLITICAL LEADERSHIP

Pakistan has seen 4 martial laws and a constant alleged military interference in its governance systems. Corruption and weaken of institutions play an important part in this because corruption weakens the existing systems and reduces credibility. The created space gives rise to non political leadership.

3.7 TRUST DEFICIT IN TAXATION

SYSTEM

Pakistan's tax base is extremely ~~show~~ low as compared to its population. India's city of Chennai, home to ~~the~~ less than 1/10th of Punjab's population

raises more tax than Punjab. Retailers and shopkeepers are hardly taxed and even salaried class is not completely taxed. This dilemma is present because the public has lost trust in the taxation system. People don't want their hard earned money to become a prize for the corrupt. Similarly organ institutions are not strong enough to ensure taxation.

4

ECONOMY IS NOT ENDGAME TO DETERMINE SUCCESS: A CASE STUDY OF CHINA'S RISE IN THE 1980's

After the world war 2 there was a rise of institutionalism and cross border trading. However the world saw drastic rise of China in the 1980's even though China was not a part of these liberal practices. China's GDP was growing at 10% per annum which was really shocking. Upon detailed analysis it was inferred that even though China was performing well economically, its governance mechanisms were weak. Which meant weak institutions, no assurance of human rights.

Hence the concept of Governance surfaced. It is was established that GDP is a flawed indicator of development and HDI is the right one that incorporate s elements of human development which are obviously backed by strong institutions.

RESULTANT FINDING OF THE CASE STUDY is that economic success or failure is not the only element or indicator important for the circumstances of a country.

5

CONCLUSION

It can be concluded that corruption is an ill that erodes a society. Whether or not it has immediate economic effects, but it does severely impact the governance and institutions. Corruption has a domino effect whereby it makes institutions complicit and decreases their scope. Pakistan also suffers from the same crisis. It would take targeted sustainable effort to rebuild the institutional capacity.