

Finell-Mack

Public Administration

PART # II

Question #2

Introduction

Pakistan possesses an elaborate institutional framework for economic planning, including Planning Commission, Five-Year Plans, Vision documents and Medium-Term Development Frameworks. However despite this seemingly robust mechanism, the country has struggled to achieve sustained long-term development. Recurrent criticism that governments prioritize short-term political gains over structural reform is largely valid. The fault does not lie in the absence of planning institutions but in weak implementation, political instability, governance deficits and structural economic constraints that undermine long-term development objectives.

Existence of an Elaborate Planning Mechanism

Since independence, Pakistan has maintained a centralized planning system led by the Planning Commission, supported by long-term vision documents such as Vision 2025 and Sectoral Strategies in energy, education, and climate adaptation. Periodic development plans and public

sector development programs are intended to translate long-term goals into actionable projects. On paper, this mechanism reflects awareness of developmental challenges and commitments to strategic

Planning

Reasons for short shitting Long term development

Short term Political Priorities over Long-term vision
one of the primary reasons for short-shitting Long term development is the dominance of short electoral cycles. Governments often Prioritize Projects with immediate visibility such as roads, metro buses and subsidies over long-term investments in education, health, research and institutional reform. Frequent changes in governments result in Policy discontinuity with incoming administration abandoning or redesigning Projects initiated by Predecessors, as seen in repeated shifts b/w vision 2025, vision 2030 and ad-hoc reform agendas.

Weak Implementation & Capacity Constraint

Another major fault lies in poor implementation capacity. Bureaucratic inefficiencies, lack of coordination between Federal and provincial governments and limited technical expertise delay or dilute development initiatives. After the 18th Constitutional Amendment Planning became more fragmented while coordination mechanisms remained weak. As a result, Long term Plans often fails to translate into effective outcomes on the ground.

Fiscal Constraint & Macroeconomic Imbalances

Pakistan's Long-term development is repeatedly disrupted by fiscal deficits, rising debt and balance of payments crises. A large share of Public resources is consumed by debt servicing, defense expenditure and loss-making state-owned

enterprises, leaving limited fiscal space for development spending. Consequently, long term projects are either under funded or postponed, while governments resort to short-term stabilization measures under IMF programs.

Governance Deficits & Accountability Gaps

Weak accountability mechanisms allow cost overruns, delays and corruption in development projects. The absence of rigorous monitoring and evaluation systems means that failed projects are rarely discontinued or redesigned. As a result, resources are wasted on low-impact initiatives while transformative reforms remain neglected.

Neglect of Human Development

Despite repeated acknowledgement in planning documents, investment in education, healthcare, research, & technology remains insufficient. Pakistan's low human development indicators and weak productivity growth reflect a persistent gap between planning rhetoric and budgetary priorities. Long term competitiveness is sacrificed for short-term fiscal & political expediency.

External Shocks and Security Challenges

Frequent external shocks like energy crises, climate disaster and security challenges, which force government to divert attention and resources away from long-term development. While some shocks are unavoidable, weak preparedness and reactive policy making exacerbate their impact on development planning.

Where does the fault lie?

The fault lies primarily in political short-termism, weak governance and implementation, fiscal mismanagement and policy discontinuity rather than in the planning mechanism itself. Planning institutions generate sound frameworks, but lack the authority, autonomy and continuity required for sustained implementation.

Conclusion

The criticism that Pakistan's government short-shrift long-term development needs despite an elaborate planning mechanism is largely justified. The challenge is not planning but execution, continuity and political commitment. Strengthening governance, ensuring fiscal discipline, depoliticizing development planning, and prioritizing human capital are essential to align Pakistan's planning mechanisms with long-term development objectives.

Question #6

Introduction

The budget is the most powerful and comprehensive policy instrument through which government translates its economic ~~pro~~ priorities and administrative control into actionable outcomes. It is not merely a statement of income and expenditure but a strategic tool for macroeconomic management, resource allocation and bureaucratic oversight. In Pakistan, where economic instability and governance challenges persist, the federal budget plays a central role in influencing growth, inflation, employment and ensuring bureaucratic accountability through financial controls.

Budget as a Tool for Macroeconomic Tool

The budget directly influences key macroeconomic variables such as growth, inflation, employment & balance of payments. Through fiscal policy (taxation & public expenditure), the govt can stimulate or cool down the economy. For example, expansionary budgets increase development spending to boost growth during economic slowdowns, while contractionary budgets aim to reduce deficits and inflation. In FY 2023-24, Pakistan adopted a contractionary budget under IMF conditionalities, raising taxes and reducing subsidies to control inflation, which had peaked above 38% in May 2023.

Resources Allocation & Development Policies

The budget reflects government's priorities by allocating resources to specific sectors such as education, health,

Defence and Infrastructure • In Pakistan's FY 2024-25 budget, development expenditure under the Public Sector Development Programme was approximately PKR 2.4 trillion, indicating emphasis on infrastructure, energy and social sector projects. Such allocations determines long-term development outcomes and signal policy direction to investors & international partners.

Budget as an Instruments of Income Redistribution

Budgets are used to reduce inequality through progressive taxation and targeted social spending. Pakistan's budget allocates funds to social safety nets like the Benazir Income Support Programme (BISP), which received over PKR 450 billion in FY 2024-25, supporting nearly 9 million vulnerable families. This redistributive function helps mitigate poverty and social unrest while supporting AD.

Controlling Inflation & Aggregate Demand

Fiscal decisions regarding subsidies, indirect taxes and government borrowing directly affect inflation. For instance, withdrawal of fuel and electricity subsidies in recent budgets, though politically costly, was aimed at reducing fiscal deficits and inflationary pressures. Pakistan's fiscal deficit was reduced from 7.8% of GDP in FY 2022-23 to around 6% in FY 2023-24, partly due to budgetary austerity measures (Ministry of Finance).

Budget as a Tool to Monitor & Control the Bureaucracy
Beyond economic management, the budget serves as a powerful mechanism to regulate and discipline the bureaucracy. Ministries & departments can only operate within approved budgetary allocations, ensuring financial accountability. Performance-based budgetary budgeting & audit requirements by institutions like the Auditor General of Pakistan help monitor how public funds are utilized and curb bureaucratic inefficiency & corruption.

Fiscal Discipline and Debt Management
Budgetary decisions directly affect public debt sustainability. Pakistan's public debt exceeded 75% of GDP in 2023, compelling the government to prioritize debt servicing, which consumed nearly 50% of federal revenues in FY 2024-25. Through budgetary controls, the government manages borrowing, negotiates external financing, and ensures compliance with international lenders' requirements.

Policy Signaling & Investor Confidence
The budget also serves as a signaling mechanism to domestic and international investors. Tax reforms, incentives for exports, and support for key sectors such as IT and renewable energy influence investment decisions. For example, tax incentives for IT exports in recent budgets contributed to IT exports crossing USD 3 billion in 2023-24.

Limitations & challenges

Despite its importance, the effectiveness of the ~~budget~~ budget in Pakistan is constrained by weak implementation, frequent mini budgets, political pressures and reliance on indirect taxation. Moreover, off-budget expenditures & supplementary grants often dilute fiscal discipline & bureaucratic accountability.

Conclusion

The budget is undeniably the most important policy instrument available to the govt for managing the economy and controlling the bureaucracy. It shapes macroeconomic outcomes, reflects development priorities, redistributes income and enforces administrative accountability. In Pakistan's context, where economic ~~fragility~~ fragility and governance challenges coexist, effective budgeting, supported by transparency, discipline and implementation capacity is essential for sustainable growth & good governance.

Question #7

Introduction

Efficiency is a core objective of Public administration especially in resource constrained states like Pakistan. Governments are expected not only to deliver Public Services but also to do so in a manner that maximizes social welfare and minimizes waste. In this context, the economic concepts of allocative efficiency and productive efficiency provides valuable analytical tools for evaluating Public sector Performance & civil service effectiveness.

Concept of Allocative Efficiency

Allocative efficiency refers to a situation where resources are allocated in a manner that maximizes overall social welfare, meaning goods and services are produced according to societal priorities & preferences. In Public sector terms, allocative efficiency is achieved when government spending aligns with citizens most pressing needs, such as education, health, security and social protection. For example, allocating a larger share of the budget to Primary healthcare in underserved regions improves social welfare more than excessive spending on low impact Prestige projects.

Concept of Productive Efficiency

Productive efficiency exists when goods or services are produced at the lowest possible cost using available resources and technology. In Public administration, this means delivering Public Services such as Policing

revenue collection, or public health and without waste, duplication or unnecessary delays. A department is productively efficient if it achieves its output targets with minimum ~~effort~~ staff, time and financial inputs while maintaining quality standards.

Key Differences Between Allocative & Productive Efficiency
Allocative efficiency is central to public administration because governments control large portions of national resources. Budgetary decisions reflect administrative ~~pro~~ priorities & political choices. In Pakistan, persistent underinvestment in education and health both receiving around 2-3% of GDP combined indicates allocative inefficiency, given the country's demographic pressures. Effective public administration requires evidence-based planning and outcome focused budgeting to ensure resources are directed toward high-impact sectors.

Relevance of Productive Efficiency to Public Administration
Productive efficiency determines the credibility & performance of public institutions. Even well-allocated resources fail to deliver results if bureaucratic inefficiency, red tape and corruption prevail. For instance, delays in project completion under the Public Sector Development Programme due to weak project management illustrate productive inefficiency. Improving internal processes, adopting technology and strengthening performance management are essential for operational efficiency.

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Application of Productive Efficiency to Shore up Civil Service Performance

Productive efficiency can be enhanced by monitoring output-to-input ratios within departments. Tools such as key performance indicators (KPIs), time bound service delivery benchmarks and digital governance platforms enable administrators to measure efficiency objectively. In Pakistan, initiatives like e-governance in FBR & online land record systems in Punjab have reduced processing time and transaction costs, demonstrating gains in productive efficiency.

Application of Allocative Efficiency to Monitor Civil Service Performance

Allocative efficiency can be applied by linking civil service performance to outcomes rather than inputs. Performance based budgeting, medium term expenditure frameworks and sectoral outcome indicators allow governments to assess whether bureaucratic decisions align with national priorities. For example, evaluating

whether increased education budgets translate into improved literacy rates helps assess allocative efficiency at the administrative level.

Challenges in Applying Efficiency Concepts

Applying allocative & productive efficiency in the public sector faces challenges such as political interference, rigid rules, weak data systems & resistance to performance evaluation. Moreover, unlike the private sector, public administration must balance efficiency with equity, legality and political accountability, which can complicate purely economic assessments.

Conclusion

Allocative and Productive efficiency are complementary concepts that offer powerful frameworks for improving public administration and civil service performance.

Allocative efficiency ensures that public resources are directed toward socially optimal priorities, while productive efficiency ensures that these resources are utilized with minimum waste and maximum effectiveness. When integrated into budgeting, performance management and accountability systems, these concepts can significantly enhance the responsiveness, credibility and effectiveness of the civil service ultimately strengthening governance and public trust.