

Development Dimensions of Informal Sector Engagement in Municipal Pakistan¹

Political vs. Administrative Constraints

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Abstract

Research on the informal sector (IS) has increased in recent years, with the focus shifting to urban contexts. Research across developing countries has exposed the limitations of imported project based solutions in addressing challenges facing municipalities. Social dislocation, exacerbated by institutional failures and market volatility has created a context of insecurity for IS communities. The resulting physical insecurity, a result of economic and environmental deterioration, has been borne by the urban poor. In Pakistan, the cycle is perpetuated by the government's withdrawal from its responsibilities as the guarantor of equitable development. *In light of national policy failures, rising urban insecurity and the rapid growth of the IS, this study asks whether there are differences in the political will and capacity between upper and lower tiered state actors in engaging the urban IS, and whether such engagement can contribute to arrangements that address insecurity and rehabilitate the IS.* The social context of urban Pakistan is examined to assess the experience of IS-state engagement. Surveys of state and non-state actors combined with case study analysis of development experiences supports the hypothesis that lower tiers of the state are capable of engaging the IS, but due to complexities and structural constraints from upper levels, are unable to do so. The study's findings reveal that collaboration between mobilized IS communities and resourced, accountable capacities of lower tiers of municipal government are well suited to address development needs. Specifically, adequate funding and support for lower tiers of the state needs to be budgeted for in the early stages of policy development at the upper tiers of the state. Evidence from such collaboration also points to the need to ensure that upper-level bureaucrats are held accountable for ill-conceived and imbalanced policies. Public administration research illustrates that before success in national and provincial policy reforms can be expected, policies must recognize and develop local level government interactions between the IS and lower tiers of the state.

Introduction

Solutions to the challenges of urban poverty in developing countries are often tied to political reforms and the promises of foreign 'aid'. At the local level, the ability of a municipality to engage the urban poor, hinges on the strength of institutional linkages with provincial and federal agencies. Where support is limited, urban service delivery funds can be diverted to economic, political, military and other non development related interests. The resulting exclusion of the marginalized poor from urban services forces them to coalesce into a socio-economic and physical space known as the Informal Sector (IS). While this 'unobserved economy' is not recognized in financial indicators or economic statistics, the urban IS contributes² in many ways to the vitality of municipalities and the resilience of developing economies (The Economist, 2009). In the absence of a coordinated state response, this study asks how the policy roles, capacity and attitude of the upper and lower tiers of the state differ in engaging Pakistan's urban IS. A related policy question that emerges is where does the potential lie for sustainable solutions in terms of the recognition, rehabilitation and development of the IS? This study explores the grassroots experiences and interactions between the IS and state actors through a public administration lens. The paper begins with an exploration of current themes in IS and administrative research, followed by an examination of the role and attitude differential between different levels of state functionaries and their ability/commitment to empathize, understand and engage the IS. The paper then concludes with implications for policy design and institutional strengthening to effectively implement devolution to create a context for IS 'development'.

Current policy research on the urban IS and poor is focussing increasingly on the limitations of institutions and in some ways, substitution of their capacity. Socio economic assessments and surveys of the street realities of 'meta cities'³ across Asia, Latin America and Africa; reveal a sharp contrast between the aims of national 'pro poor' market based policy designs and the outcomes that impact the urban poor (Laquian, A., 2006). External (colonial legacy⁴, neo colonialism and urban sprawl) and internal (administrative culture, policy, capacity and

² Political reforms in developing countries have not translated into IS benefits despite the contribution to the GDP.

³ The 'Meta City' is defined as cities with a population of over 30 million inhabitants. Such cities are found largely in Latin America and Asia and are plagued with ad hoc development and limited service provision to inhabitants.

⁴ Colonialism refers to the struggle of indigenous civil service staff to adapt their social and cultural sensibilities to an imported administrative structure. The legacies of these structures persist (post independence) and result in polarization within the civil service and alienation from the citizenry.

capability) factors constrain the equitable delivery of basic services to urban society. In spite of a plethora of ‘aid and development programs’, foreign interventionist states have overlooked the complexity, context and challenges faced by developing country municipalities⁵. Developing country governments have also neglected investing in the public sector and remain ill equipped to convert imported policy prescriptions into sustainable service delivery mechanisms (Batley R. and Larbi, D., 2006). As a result, the misalignment of the organizational culture and mindset of civil servants⁶ has continued to alienate the bureaucracy from the public (Islam, N., 2004). This has resulted in an artificial and ‘context-less’ structure, splitting government-public interactions and limiting the engagement of the IS (Haque, M.S., 1996). Commentators also point to the effects of the neoliberal project, urban-rural polarization, physical insecurity and the polarization of the political and administrative cultures of urban governance regimes. A number of urban governance studies address these challenges with recommendations centered on private sector operation, political/institutional reforms and civil society offloading. The equitable functioning of such recommendations is weakened as these prescriptions allow for the shifting of transparency, accountability and agenda control from the marginalized to the middle class and the elite (Cheema, A., Khwaja, A.I. and Qadir, A., 2005).

Pakistan’s engagement of the urban IS has been challenged by factors common to most developing country municipalities. The ‘context less’ militarized state, plagued by a dependency on foreign ‘aid’ and influence, has ignored the reality that restructured, polarized, politicized and overwhelmed municipal bureaucracies are unable to serve all segments of society. However, a range of grass roots organizations continue to struggle to find recognition and rehabilitation of the poor through limited state resources. In light of these realities, there is an urgent need⁷ to examine the context within which Pakistan’s municipalities engage or neglect the IS and to uncover the constraints to more effective urban service delivery mechanisms. The following section begins by defining the IS and continues with a brief overview of the policy context of urban Pakistan, where the IS reside.

⁵ The interventionist state refers to donor countries that have increasingly placed the emphasis on market models and approaches to development and have ignored the administrative realities and contexts of the developing countries.

⁶ Civil servants, having inherited the hierarchical organizational framework from their colonial predecessors, also share a similar elitist mindset which polarizes the senior levels of the bureaucracy from the lower levels.

⁷ In light of the overwhelming media attention that Pakistan is receiving as a ‘vulnerable state’, largely derived from national political and economic indicators, an examination of the issues facing urban areas presents a balanced perspective on the realities that face large segments of the disenfranchised.

Policy Context

A number of scholars from a host of disciplines have struggled with defining the IS, each offering its own research perception. While Multilateral institutions have agreed on criteria to define the IS, public administration among other literatures employ broader definitions. As this study focuses on the engagement of the IS with state services, a more public service delivery centered definition is required. The IS can be defined as *that part of the society/economy that is not registered with authorities and de jura or de facto, is not subject to public regulation and does not benefit from public services or goods*⁸. This definition is suitable as it incorporates components of the old and new views of the IS (Chen et al, 2004). Furthermore, this approach explores self sustaining and self reliant views of the IS, in a way that examines the formal economy as dependant on the informal economy. This is particularly relevant in developing countries, where the IS can account for two thirds of total employment⁹.

The theoretical framework is informed by focussed, documented studies on Pakistan's urban regimes, (Ali, M.Z., 2005; Hasan, A., 2006a) which assess the dynamics that impact the IS. While higher capacities within the state are complacent in developing the 'policy space' in engaging the IS, commentators such as Ali and Hasan discuss the importance of civil servants in articulating policies and ensuring service delivery to the IS. The study hypothesizes that policy failures, specifically government strategies to engage the urban IS, are the result of poor policy *formulation* rather than poor policy *implementation*. This approach seeks to inform northern and southern commentary on the roots of poor service delivery by considering tiers of the state. In particular, as many studies treat bureaucracies as homogenous and devolution is seen as the policy path forward (Khan et al., 2007). The alternative perspective contends that the control of urban dynamics is mainly as a consequence of elitist power structures and interests that have manipulated and exploited the socio economic playing field (Davis, M., 2006). Notions of administrative development are eluded to in the closer relationship between civil and civic society. However, such a perspective tends to rely exclusively on the development of project-oriented service providers, many of whom depend on donor funds from abroad (Binswanger, H.P. & Nguyen, T-V., 2005).

⁸ Indian not for profit, Micro Insurance Academy, providing healthcare and welfare protection to the poor.

⁹ UNCDF, United Nations Capital Development Fund, <http://www.uncdf.org/english/index.php>

This study's framework views the lower levels of the civic service as well as civil society not as an extension of upper tier state functions, but rather, as necessary (Baqir, F., 2009) and capable of exerting a degree of influence on senior state functionaries and ultimately, state policy (Hasan, A. et al., 2004a, Rehman, P., 2000, Siddiqui, T., 2005). The scope of this research involves the examination of municipal capacities to show to what extent civil society in Pakistan is able to press municipalities to implement successful policies and programs for the engagement of the IS.

Research Question

In order to contrast the processes and perceptions of different levels of government towards the urban IS this study focuses on the experiences of municipal state and non-state actors¹⁰. An assessment of local and provincial government engagement will reveal the impacts of poverty alleviation policies on the IS and generate insights on successes and failures of programs and their consequences. This study poses the following research question: *How do policy roles, capacities and attitudes of the upper and lower tiers of the state bureaucracy differ in engaging Pakistan's urban IS?* Furthermore, within the network of these actors, *“Where does the potential lie for sustainable solutions in terms of the recognition, rehabilitation and development of the IS?”* An analysis of the policy, program and ‘street level’ interfaces across the above mentioned contexts will test the following hypothesis: Policy failures, specifically government strategies to engage the urban IS, are the result of poor policy *formulation* rather than poor policy *implementation*. *Policy formulation* refers to the political engagement and involvement in policy development: from the agenda setting stage to the drafting of policies and passing of legislation. Stakeholders at this upper tier of the state include politicians, political parties and senior levels of the bureaucracy. Political behaviours may include political interventions in existing policies and the political will in reforming and improving processes. *Policy implementation* refers to the actual service delivery, monitoring and feedback mechanisms that stem from the policies. Institutional behaviours are characterized by process flows and behaviours involving actual service delivery machinery and agents. Stakeholders at this lower tier include front line service delivery agents, professionals and technocrats within the municipalities and communities that are served.

¹⁰ While we will examine the interactions at the City District Government level, the provincial and federal interventions and their outcomes within urban society will also be examined.

In terms of researching the policy failures, this study is concerned with assessing the role of the Government of Pakistan (GOP) or lack thereof in engaging the urban IS, within the municipal context. An examination of the processes, dynamics, behaviours, levels of service delivery and recognition of the IS will allow state actors to better understand and contribute to developing and maintaining sustainable solutions to the recognition and rehabilitation of the urban IS.

Methodology

This study employs a multi-pronged approach to assessing the policy development context and history of state interactions that constitute the IS experience in urban Pakistan. Given the enormity of Pakistan's IS¹¹, the lack of empirical policy research and the complexity of its interactions with the formal sector, a range of information sources are included as part of the study's investigation. Analysis of the IS policy context and history consists of an examination of government, non government and community-based experiences and perspectives. The research methodology has three components. The examination begins with a review of the existing literature on the urban IS and the state of municipal efforts to engage the IS. A review of state efforts to engage the IS (federal and provincial legislation, existing policies) and outcomes will contribute to the literature review.

The second component summarizes interviews of key actors who engage the IS across urban Pakistan. This aspect is particularly valuable as it assembles insights and experiences from practitioners and activists who are familiar with the social contexts and realities of the IS. Requests for information interviews were sent to two hundred urban IS subject experts along with a background note on the study's objectives. Sixty positive responses were received and interviews were set up in person and via telephone¹². The respondents consisted of individuals engaged in active provincial/municipal service, non government organizations and community based organizations. Interviews were conducted from November 2008 to January 2009 in Karachi, Lahore and Islamabad. A number of specific questions (See Appendix III) were posed to each of the interview subjects and the results transcribed on site and summarized in a table for

¹¹ The IS contributes an estimated \$32 billion USD to the country's \$160 billion USD economy (Khan et al, 2005).

¹² A limited window of in-country research time, and because of the volatile security situation, dispersed offices, geographical location between Karachi and Lahore, spur of the moment opportunities for interviews required that some interviews be conducted over the telephone. The same format of questions were asked and participants were explained the approval received from the research ethics board.

analysis. Each interview took approximately 1 to 2 hours, depending upon the detail of responses. While the questions served as guides to engaging the participants, the objective was to record the experiences and perceptions of upper vs. lower tier (political vs. institutional) initiatives in engaging the IS across different social contexts.

In undertaking the interviews, it is important to realize that the interviewees can often provide information based on how they perceive the interviewer. That is, the former may not wish to be candid if it is at the risk of offending the interviewer. For example, if a non-Pakistani or member of an influential institution or aid agency were to conduct the interview, the responses that would have been obtained might include a bias that seeks to either appease or avoid offending the guest. As a researcher not affiliated with any organization in Pakistan, independent from any aid agency, and not a civil servant or activist, interviewees were candid and provided insight and information regarding the IS related policy experiences and challenges. As the research involved individuals, their responses to various questions IS engagement were coded and tabulated.

In order to obtain quality responses from interviewees, the majority of interviews took place on a face-to-face basis. Detailed notes were taken with all interviewees. In order for targeted participants to agree to the interviews, feel comfortable in answering potentially controversial questions and protect them from possible repercussions, every attempt was made to eliminate identifying information in the coding of the subjects. However, most respondents insisted in having their responses and institutional information published in the study so as to draw attention to the need for state engagement of the IS.

Third, a review of IS specific case studies across a number of contexts was conducted to provide insight into the history of efforts to mobilize and engage the IS. This component also draws upon the studies of an expert group of government and non government institutions that rank prominently in their activity, engagement, primary research and advocacy for the IS in urban Pakistan (See Appendix IV). Recurring themes from all of the data sources were identified and compiled within the secondary research section and form the basis of analysis and discussion. In order to frame the research in policy terms, the next section introduces Pakistan's urban context.

Research Context

Pakistan's urban IS has experienced persistent marginalization since the nation's creation in 1947 due to a range of political, economic and social factors (See Appendix I). While estimates of the IS are difficult to determine with accuracy, commentators and practitioners indicate that 35% of Pakistan's 160 million reside in slums (Siddiqui, T., 2008). Urban slums have been manipulated politically through 'votes for services'¹³ during periods of democratic and military rule and benefit from limited state interaction. Partial experiments with devolution have failed in part due to the lack of accompanying resources to fund implementation and expand service delivery at the local levels. Existing institutions have been marginalized by the political appointments of previous and subsequent rival administrations, leading to a disjointed policy and program environment of outreach to the IS. Discussions on Pakistan's urban resources, financial sustainability and legal status have been trumped by policy concerns of debt repayment and military expenditures (Siddiqua, A., 2008). A brief outline of social, political and economic challenges and the status of public structures provides a context from which to examine the state of service delivery machinery.

Socio Political Challenges

Pakistan's urban cities are challenged by a number of embedded, volatile social and political variables. Ethnic diversity contributes to sectarian and community based tension during times of strife and civil unrest (Khan, N., 2007). A diverse range of conflicting interests undermines the cohesiveness and effectiveness of urban policies (Siddiqui, T., 2001). Several disconnections exist between the federal policy makers, provincial authorities and municipal agencies on political and social realities within both urban and rural contexts (Hasan, A., 2002b, 2004b). City District Governments are home to misaligned agencies that struggle with provincial and federal bodies for a definition of development responsibilities (Gorson, F.S., Lawrence, S. and Gregory, R., 2003). The province's who hold the power over local government efforts, are often reliant on civil society efforts to engage the poorest of the poor (Ismail, A., 2004; Zaidi, S.A., 2001). Despite well funded provincial development efforts, civil society actors emphasize that a growing segment of the IS is beyond the reach of the government and the involvement of CBOs is required for community development (Alvi, I., 1997).

¹³ Political and Military leaders would mobilize voters with the promise of providing them with services that they should already have been receiving under existing state machinery.

While state service machinery charged with engaging the IS are marginalized, market restructuring and economic shifts (rising food prices, inflation and reduced purchasing power) place a growing burden on an increasingly exposed IS (See Appendix II). Socially, urban areas have born the brunt of insubstantial rural development policies by absorbing waves of migrant workers from neglected rural areas. This has increased the densities of slums while reducing per capita resources. The situation is exacerbated by the shifting of urban responsibility from the state to the private sector. The state's market orientation has utilized the mushrooming value chains of the IS to serve as buffers for periods of economic hardship while maintaining the low wage competitive advantage of the economy.

Economic Challenges

Two broad macro economic challenges are faced by Pakistan's municipalities in providing equitable levels of service delivery to the IS. Firstly, the highly centralized federal control of resources acts as a detriment to local level service delivery (Cheema, A. and Mohmand, S.K., 2003). As local level bodies are unable to recoup capital costs or sustain operations and maintenance expenses, they abdicate the decision making role to the provincial government (Sayeed, A., 1996). In turn, the province's capital-intensive project focus ignores operations and maintenance costs within the large cities (Alvi, I., 1997). Housing policy reform and police budget allocations are undermined by mega projects developed by elitist stakeholders (Hasan, A., 2006b). Much of the formal economic structures that are in place for the public, fail to take into account the needs of the IS (Alvi, I., 1997). Donor influenced project-based utilization of the civil service has contributed to the sub optimal functioning of municipal capacities in providing basic services. (Siddiqui, T., 2006).

Second, the legal and institutional context of municipal-provincial/federal relations is misaligned. Variances in provincial revenue collection have resulted in negative implications for municipal self sufficiency. The limitations of provincial financial commissions in gathering consensus across a diverse range of legacy¹⁴ procedures, practices and contexts has prevented resource transfers and constricted basic service delivery (Ahmad, N. and Wasti, S.A., 2002;

¹⁴ Legacy agencies refer to those that were established by previous administrations only to be marginalized or politically manipulated by subsequent administrations, reducing the functionality. Such agencies and institutions would continue to staff personnel, but would not serve any purpose. Akhtar Hameed Khan (1996) laments the lack of public sector entrepreneurs in his autobiography.

Hasan, A., 2008). Several federal level policies are out of date and require revisiting with the appropriate resource allocations for implementation. While legislative responsibility is assigned to municipalities for some services, the actual allocations of functions are assigned to provincial and federal agencies. The disconnection between the roles and responsibilities of various agencies has been problematic for local governance and improved service delivery efforts (Hanif, N., 1996). Similarly, the lack of fund transfer from the provinces to the local governments has left the latter to deal with deficits, a feature which is endemic to tax collection in Pakistan (AERC, 1990).

The constrictions to improving equitable municipal service delivery machinery can be attributed to a myriad of stakeholders with conflicting aims and interests. Political stakeholders, exploiting the weaknesses of a fragmented system¹⁵, use project-based solutions to poverty alleviation in order to garner voter support (Hasnain, Z., 2008). Bureaucratic stakeholders and the civil service maintain the status quo, where minimal changes in direction are required. Market proponents celebrate the lifting of elements of the urban IS out of poverty through trade liberalization (i.e. EPZ's, industrial restructuring) which retains their access to low wage labour and avoidance of wage rates and collective agreements. Civil society lobbying to fund social rehabilitation, facilitated by intensive funding from external sources, avoids engaging in institutional reform and perpetuates an impermanent, temperamental 'donor-driven development agenda'. This cycle complicates the shape of public administrative capacity, to the detriment of service delivery channels to peripheral segments that are increasingly excluded from large projects. The result is a range of conflicting forces at the upper tiers of the state that divert funds away from sustainable public sector capacity building at the lower levels and addressing the challenges to ensuring basic services to all urban citizens.

In light of the social and economic challenges facing municipalities and the negligence of upper tiers of the state, one can appreciate how municipal performance and service delivery is undermined in light of deteriorating inter governmental relations. Regardless of such constraints,

¹⁵ For example, most recently the Benazir Income Support Program has been proposed to target the poorest of the poor. However, the program is to be managed by senate offices rather than existing machinery that already distributes funds to the marginalized and poor. This is an example of politicians marginalizing existing structures in favour of building their own political credentials or legacies.

the responsibility for engaging the IS falls to the municipal programs and functionaries that engage the urban IS. Limited attention has been paid to the disabling factors that hinder the municipal engagement of the IS, and barriers to the delivery of basic services (Reza, A., 2003). In order to develop an understanding of municipal level engagement of the IS in the Pakistani context, attention in the next two sections turns to the presentation of primary and secondary research findings.

Primary Research Summary

The interview participants represent a range of GO, NGO and CBO based actors providing service delivery, advocacy/training and leadership to the IS in Pakistan's major cities. All interviewees indicated an awareness of the IS and are involved in service delivery or policy advocacy. Respondents revealed a greater awareness of GO rather than NGO programs.

In terms of effectiveness of government programs, respondents indicated that politicization of processes, lack of leadership, over design, lack of planning, importing from abroad and interference were the major constraints. Other constraints outlined included a lack of documentation, enforcement and monitoring, lack of engagement with bureaucratic structures, market volatility, understanding of ground realities, structural legacy issues and lack of budgeting for programs of new policies. Respondents emphasized that while the province takes ownership for major capital projects, no funds are left for law, enforcement or traffic management as administered by municipal agencies. Funds are not sufficient for institutional capacity building, agency alignment, wage evaluation at the lower levels of government and the result is a reliance on one off donor monitoring projects.

When asked what the structural constraints in engaging the IS were, the majority of the respondents indicated the constraints were political in nature and had to do with the neglect of political leadership and self interest of senior bureaucracy. Key constraints included the lack of will by upper tiers of government to empower the IS, lack of understanding of ground realities (donor or senior bureaucracy), lack of coordination between agencies, overlapping legislation, insufficient O and M funds, and disempowerment of lower level offices by higher levels of decision making. Furthermore, project pursuit by NGOs and donors rather than institutional strengthening has been problematic. The result has been a lack of sustainability vision, short

term economic policy vision, lack of capacity in staff training, limited autonomy, limited policy evaluation, disconnections between higher and lower levels of government, lack of enforcement, and a complex political economy of state and industry.

In terms of possible solutions, the majority of the respondents indicated that they lay primarily with improving the ability of institutions to deliver services to the IS. Respondents indicated that participatory policy framework development with civil society, education of upper tiers politicians on ground realities, protections for the IS, one window service delivery to the IS community, better legislative enforcement, reduced politicization, better documentation /communication/data management, predictable and standardized procedural review and promotions based on merit from within would be key solutions. Also, improving lower level capacity in solution generation, focus on simplicity, facilitating line agency interaction, provincial monitoring and unbundling efficiencies between public and private sector stakeholders were seen as positive elements. Respondents also emphasized the need for more engagement on the ground between state and public, depoliticizing of training and engagement of employees, increased salaries to deter corruption and the advancing of donor monitoring to institutions rather than projects.

Overall, the interview results indicate that the majority of respondents feel that the ineffectiveness of government in engaging the IS are linked to the detachment of upper tier leaders, functionaries and policy makers (politicians and to a lesser degree bureaucrats) from ground realities. Respondents also indicated that the constraints to engaging the IS are a result of interference by higher level decision makers and orders of government (as well as donor driven activities) which actively disempowers (politically, economically and socially) municipal service delivery machinery, front line agencies and communities from developing solutions and providing services. This is complicated in turn by market complexities, which are elevating the priorities of elite interests and trumping those of the public and the IS.

Respondents appear to agree that solutions to increasing the effective engagement of the IS lie in institutional strengthening, driven largely through the establishment of documentation, protocols for engagement and standard operating procedures. Furthermore, the removal of politicization of

institutional machinery is a key element that appears in the responses of all of the interviewees. There was little in the way of responses that indicated a prominent role for politicians and local councillor activism, which runs counter to what political reformists would advocate. Perhaps this suggests a degree of faith in the expertise of state actors on the front lines and merely the need to remove the constraints to their capabilities. The repetition of common procedural and processes as solutions to improving engagement with the IS supports the hypothesis that more attention should be paid to the administrative aspects of urban management.

Secondary Research Summary

A review of documented and published cases studies provides insight into the positive and negative experiences of past engagements between the state and the IS. The following section outlines the main findings that emerge from this body of literature and summarizes key themes that appear in the development and security contexts.

Development Context

Evidence from the development context points to the limitations of top down policy and program development (in terms of feasibility and sustainability) and the success of municipal-IS based frameworks of engagement. A number of cross cutting themes emerged from the case study analysis and review. Firstly, a prominent finding within the case study literature is that while a plethora of IS oriented legislation exists, the implementation, enforcement and monitoring of laws is non existent (Ismail, A., 2002a; Hasan, A., 2002a, Hasan, A., 2009). Similarly, a plethora of overlapping and weakly enforced policies, designed and developed mainly to legitimize the state leadership, has failed to improve conditions for the IS across a range of sectors (Aslam, H., 2004). Incremental projects, developed in the urban context, that provide members of the IS with tangible assets which they can develop themselves, are far more effective (Khaliq, A., 2000; Hasan, A., 2000). Furthermore, establishing arrangements for the management of common pool resources, has been found to work best in the local context where municipalities and community based organizations organize to develop ‘component sharing models’ to streamline service delivery processes and enhance community engagement with municipal agencies to obtain services (Rehman, P., 2008).

Secondly, the highlighting of weaknesses to current state machinery¹⁶ (Pervaiz, A., Rehman, P. and Hasan, A., 2008) is beneficial for the revitalization of the public sector as autonomy in engagement is seen as valuable. Provincial agencies have found success when interference from higher orders of government is limited (Siddiqui, T.A., 1998) and capacity building is facilitated by NGOs and CBOS (Zaidi, S.A., 2008). Evidence from interactions illustrates that improved engagement between the IS and municipal officers resulted from civil society facilitated pressure on bureaucrats rather than politicians. The experience of IS efforts to engage government in the IS communities of Ghaziabad and Orangi were due to educated citizens understanding and engaging municipal agencies and processes (Hasan, A., 1998). The ability of the state to engage the IS has been shown through the capacity building and development of front line agencies, officers and staff (Fernandes, K., 1997).

Thirdly, studies concluded that locally developed municipally managed systems are the only solution to providing equitable service to the majority and avoiding financially intensive solutions from abroad (Imran, N. and Low, M., 2003). Small pilot projects (Haider, M. and Badami, M., 2004), local management initiatives (Hasan, A., 1999) and the unionization of workers (Hisam, Z., 2006) have also demonstrated success at the local level. Similarly, management learning from such projects supports the revitalization and rehabilitation of previously mismanaged public services (Ismail, A., 2002a). The feasibility of self help community based efforts to maintain infrastructure and monitor a geographically dispersed system supports the need for state leadership in coordinating such efforts (Sohail, M., 2000). Approaches that utilize existing resources and rely on transparent management and maintenance can also be unbundled to allow for community maintenance and involvement in the governance of infrastructure (Penalosa, E., 2008).

Fourthly, the case studies emphasize the need for government to assume responsibility for the operation, coordination and management of infrastructure for the public and the IS. Failed attempts at reforming the system in isolation have demonstrated the need for the state to engage

¹⁶ There is a significant amount of commentary on the performance and threats to the KWSB vis a vis the misalignment within the KMC and now the CDGK. However, the point within our study is simply the advisory capacity that an expert NGO can provide not only to communities but also to the state in terms of institutional functioning.

the IS and all stakeholders more holistically (Ismail, A., 2002b). The results of pluralistic efforts are more likely to transform the system to one that is sustainable and accessible for all segments of society. While many programs are in place to support the needy, most social safety nets and general welfare programs have met with limited success due to agency overlaps, lack of coordination and poor management (PILER, 1999). Efforts to enforce legislation are challenged by a complex political economy that favours industrialist interests, overlooks employee rights and undermines information gathering regarding violators (Ali, M.Z., 2005).

Finally, the state's investment in high skilled sectors has distracted funds away from the maintenance of primary sectors where the IS are employed (Hasan, A., 2002). The cases also emphasize that the solution is to align existing policies and enforce existing legislation to protect the interests of the IS and invest in backward linkages with sectors the employ members of the IS (GOP, 2008). Surveys of the IS have indicated that constraints to unionization and a lack of awareness of basic rights have left exploitation of the IS unchecked (Dharejo, S., 2005; Sayed, E. and Javed, S., 2007). In order to make up for the lack of state and donor outreach, collaboration with civil society and community organization has been piloted and sought in monitoring and awareness generation, particularly of bonded workers in the urban periphery (PILER, 2004). Various state service entities have recommended the employment of IS labour to enhance service delivery (WASA, 2004) and assist in realizing cost savings that result from the avoidance of capital intensive processes (Hayami, Y., Dikshit, A.K. & Mishra, S.N., 2006). Furthermore, research indicates the potential of including IS workers in state worker rights discussions and health and safety awareness (Shah, Z., 2005; Khoso, A., 2005). Donors have recommended the institutionalising of civil society collaboration to monitor cases of labour rights violations (ILO, 2005).

Security Context

Development of the urban IS is complicated by a number of externalities rooted in the biased funding of security machinery in Pakistan. Specifically, Pakistan's budgetary priorities allocate a disproportionate amount of resources towards national (military) security concerns at the expense of domestic (police) security concerns. The lack of engaging, sensitized and community oriented police services; creates an antagonistic context where the police are charged with demolishing IS housing units and harassing constituents, while the IS context, placing them

beyond the rule of law, results in behavior that is at odds with the state. Police funding has long been constrained by structural deficiencies, low prioritization and an erosion of mandate vis a vis subsequent periods of military and democratic rule. While the military replaced the 1861 Police Act with the Police Order of 2002, it has had limited impacts due to the watered down clauses for accountability, discipline, autonomy, and safeguards against interference. Few public commissions have been established or enforced. Transfers and promotions continue to be used for political gains. Furthermore, the international community has funded the military in addressing regional conflict rather than building the capacity of the police forces. In recent times, the relationship between military expenditures and police budgets has been linked through the conflict in Afghanistan and the instability caused to neighbouring districts and provinces of Pakistan.

The police forces across Pakistan have been crippled with under funding and now, with the advent of anti terrorist operations, are thrust into a conflict context which overwhelms their mandate and capacity. Staff within the police service in Punjab and Balochistan continues to find their forces understaffed and ill equipped (Templer, R., 2009). Pakistan's police rely on private sponsorship for funding and ammunition is often rationed. Their salaries are half of that of militant groups which has been blamed for the loss of territory and cross recruitment by militant groups. An average of 400 police officers die each year due to terrorist attacks and many have fled their posts in the face of militant group threats. Residing within the shadow of army rule, the police are often employed to do the dirty work of the army, assisting in torture, carrying out political repression, crushing dissent or aiding in disappearances. Pay has increased in recent years, and polls show a rise in police recognition, but challenges are increasing (Wiseman, P. and Sheikh, Z.M., 2009).

The security context reflects a deep polarization between national and domestic concerns, which now increasingly are impacting macro economic conditions. Pakistan's expenditures on the military continue to outweigh its funding of development efforts increasingly due to donor nation interests and regional security issues. 3.21% of Pakistan's GDP is allocated towards military spending¹⁷ (See Appendix IV). While defence spending has been projected to fall during periods

¹⁷ World Bank Data Finder, www.datafinder.worldbank.org, extracted January 5th, 2010

of recession¹⁸, the escalating conflict in Afghanistan has demanded higher levels of spending which are now impacting macro economic conditions, IMF targets and future stability¹⁹. In 2008, defence spending increased by 15.3% in 2009/10 to battle militants in the Northwest, increasing the allocation to \$4.2 billion USD²⁰. In spite of past economic hardship, the military budgets also reflect persistent increases for retired employees and basic pay for service personnel, despite the implications for macro economic targets²¹. The drivers of this cycle are exacerbated by foreign funds, for out of the \$11 billion USD provided to Pakistan, \$8 billion USD has gone into strengthening the military²². In 2007, the United States spent \$731 million supporting Pakistan's army — and \$4.9 million on its police. This reflects a) the continuing pull on state resources by foreign military interventions, and b) the negligence in policy terms of senior politicians and bureaucrats in accepting IMF conditionalities in the face of imminent failure to meet targets.

In combination with the terrorist threat, domestic security objectives and mandates have become subservient to the dynamics of regional conflict. Pakistan's ill-equipped and under resourced police force has now been thrust into the US led campaign against terrorism. Low wages and low morale among a number of local and border departments has prompted a dependency on US funds, to help seal the border with Afghanistan. An initial \$73 million aid package, including five refurbished Vietnam-era Huey helicopters clearly pales in comparison to the level of armaments being used by both sides of the conflict (Rohde, D., 2002). Increased violence and incidences of terrorist activity in NWFP (359 in 2007 to 524 in 2008) has resulted in an increase in police casualties (62 in 2007 and 117 in 2008). Similarly, budgets of the NWFP police force have increased from 3.6 billion Rs. In 2005-06 to record increases of 48% over budget estimates to 9.7 billion Rs. In 2009-10. Funds have been directed specifically to elite forces to combat terrorism, risk allowances, incentive allowances and compensation to the families of injured officers and 'Police Shuhada'²³. The ad hoc allocation of funds to provincial police authorities

¹⁸ Defense News, Pakistan Spending Falls With Economy, Defense News, Published: 22 September 2008
<http://www.defensenews.com>

¹⁹ Asia Times, Pakistan counts the cost of war, South Asia, June 25th, 2009, Asia Times, www.attimes.com

²⁰ Reuters, Pakistan to raise defence spending by 15.3 percent, Sat Jun 13, 2009 9:40am EDT,
<http://www.reuters.com/article/idUSTRE55C19320090613>

²¹ The News, Defence budget likely to go up by Rs 130 bn Monday, 22 February 2010

²² Cronin, D., One World South Asian, www.southasiaoneworld.net, 19 June 2008

²³ Government of NWFP, Finance Department White Paper 2009 -2010, June 17th, 2009,

to mitigate prolonged collateral damage and unrest following misguided military operations, highlights the policy disconnections between the federal and local levels of the state.

As with the development context, success stories exist in police operations and functions (National Highway Authority, Special Operations) where financial incentives, resources, leadership and political will are allocated. Clearly, a lack of capacity and polarization in duties has compounded issues with the members of the IS. Increased community engagement and involvement through citizen liaison police committees has shown to generate returns in security, despite their meager support from the state and wholly private sector contributions²⁴. Support for such approaches has been recommended for other jurisdictions and like other contexts, should be sought for in all urban areas²⁵. Recommendations for improving the police service include measures that will recognize their mandate legislatively (autonomous functioning, non military mandate for national security, Police Order 2002) and rebuild the institutions at the local levels (capacity development, citizen public safety commissions, end military interference and professional development).

Analysis

Both primary and secondary research findings have generated significant insights into state-IS interactions across the development and security contexts of study. The analysis of federal, provincial and municipal experiences reflects on the initial research hypothesis of the states' institutional and political interactions with the IS.

Not surprisingly, the research findings reveal the ineffectiveness of higher tiers of government in engaging the IS directly and negligence in addressing the indirect unintended consequences of misguided policies. The evidence supports the widely held notion within civil society that policies developed at the national level have fallen short in addressing the needs of the poorer segments of society and the IS. First, while subsequent federal policies and legislative items have been passed pertaining to the various sectors, their suitability, appropriateness, enforcement and understanding of IS realities at the lower levels of government has not expanded and has left

²⁴ Initiated through the Government of Sindh, Citizen Police Liaison Committees have retained their funding and establishment (www.cplc.org.pk)

²⁵ Hasan, A., 2009, Police and Law Enforcement Reform in Pakistan: Crucial for Counterinsurgency and Counter terrorism success, April, 2009, Institute for Social Policy and Understanding

marginalized segments of the IS disengaged within urban regimes. Second, political change has only resulted in incoming party leaders adding to the plethora of policy documents and legislation, while failing to address the entrenched interests of 'iron triangles'²⁶ and powerful institutions. Third, higher levels of government focus on large projects, donor engagement and importing solutions from abroad, which are beyond the affordability of society and threaten the already precarious physical space and dwellings of the IS (Ercelan, A., 2005). The findings related to security also show, while the centralization of power around federally controlled aspects of security increases, vis a vis, the war on terror and the related spill over effects, the budgetary allocations of funding for local security is lagging and is only jump started through the ad hoc shock response to foreign/national military cooperation and risk mitigation.

Findings at the provincial level reveal disconnections with ground realities as well as a series of shortcomings and misalignments with implementation at the local levels of government. The provincial levels of engagement have performed the role of both monitor and implementer in the past, which has marginalized their purpose and duplicated municipal agency efforts. The failure of key policies such as the Local Governance Ordinance (LGO 2001) and Police Order (1861 and 2002) to outline the provincial-municipal working relationship and devolution of security has led to mismanagement. In terms of operations and maintenance, the absence of adequate and sustained support and standardization from provincial levels in terms of budget and resources, leaves municipal service providers under funded and inconsistent in routine practices and procedures (ADB, 2004a). In both the infrastructure and security realms, this results in an increasingly insecure environment for the marginalized communities of the IS. Positive examples of public engagement of the IS exist, where autonomous, well managed provincial ministries (themselves in a state of crisis) and agencies show results in their support of the IS through collaboration and engagement with representative NGOs and CBOs. Suggestions involve decentralization in a way that loosens the hold of the central government and increases autonomy for both the provincial and local levels of government while placing effective monitoring mechanisms in place to respond to community needs through relevant program design (Cornia, G., 1992).

²⁶ The iron triangle in Pakistan being the link between the military, the feudal industrialists and the upper tiers of the state.

Detachment from higher levels of government has created a policy-implementation void for the IS and an environment where local level city district governments (and aligned CBOs) have been pushed to engage the IS in an ad hoc manner. In the absence of a planned and resourced approach, the CBO/NGO facilitated engagement of the IS demonstrates some awareness by municipal stakeholders as to the realities of the IS through key trends. Analysis at this level demonstrates that IS program development has gathered momentum through the engagement of front line management by civil society (Pervaiz et al. 2008). With respect to the infrastructure systems, the state is concluded by most commentators as the only stakeholder capable of delivering key services. In light of the state's weak enforcement capacity, there is an opportunity for state-IS (NGOs, CBOs) collaboration to monitor the labour violations.

Case studies at the local level demonstrate the feasibility of community based efforts and municipal facilitated low cost, incremental approaches to providing services to the IS. In light of the processes, documentation and alignment that is required to deliver services, it is not surprising that the constraints to engaging the IS have been largely political in nature. The politicization, interference, deviation from previously planned approaches, exclusionary policies and primacy of elitist and market interests have constrained policies at the formulation stage, restricting them from realizing their implementation.

Conclusions

In light of the study's initial research question, the findings and analysis supports the study's initial hypothesis. Namely, that the structures leading to policy failure in engaging the IS are the result of political constraints, diversions and interference from higher levels of government rather than solely institutional mismanagement at lower levels of government. As institutions and the bureaucracy as a whole have been compromised in recent years (Cheema, A. & Sayeed, A., 2006), evidence from this study suggests that the lack of institutional capacity is partially responsible for a lack of IS engagement, rather than solely corruption. Furthermore, the persistent detachment of higher levels of government from ground realities and the promotion of donor-driven projects have persistently had an adverse impact on the IS. The analysis of survey responses supports the need to look to local efforts and community-municipal engagement for solutions to IS engagement, rather than higher level policy reformulation which has produced

only weakly enforced legislation. Front line engagement, serving as conduits of bottom-up development, may also expose the inefficiency of centralized power at higher tiers of the state and the inapplicability of imported capital intensive solutions. The returns of aligning federal, provincial and municipal tiers of government to channel and empower the capacity and abilities of the lower tiers of the state to engage the IS, are worth policy consideration.

In the context of federal-municipal and provincial-municipal relations, state success in IS engagement hinges on community organization and engagement of the public sector (Pasha, H.A. & Palanivel, T., 2003). Undoubtedly, trickle down economic growth (either politically or economically facilitated) has not worked and the state has yet to formally harness the creativity of the poor (Wignaraja, P., 2005). The lack of institutional capacity is complicated by the politicization of bureaucratic decision making and a lack of vision which results in the freezing of any policy benefits to the poorer segments of society and the IS. (Hasan, A., 2002). The literature on economic development and finance also echoes the warnings of weak institutional capacity. While institutional challenges exist, the success of front line agencies points to the efficiency gains from autonomy and effective monitoring of service delivery to communities. The status of autonomous institutions and its correlation with effective service delivery deserves increased examination (Qasim, M., 2006) and ensuring that operations and maintenance budgets critical to service delivery remain well funded (World Bank, 2006).

The policy behaviours and interest differential between the politically influenced upper and frontline operational lower tiers will influence state community relations. While civil servants may have once found danger in advocating for the interests of the people they serve (Siddiqui, T.S., 2005), recent developments show that they can be agents of policy transfer in collaboration with non-state actors. The innovation and vision of mandated local agencies (Zaidi, S.A., 2001), and the outreach of the monitoring efforts are all testament to the ability of the public sector and civil society to collaborate if the right incentives, such as transparency and accountability to communities, are put into place. If policies do not engage this level, policies will continue to fail.

In light of these observations, some development policy recommendations emerge. Firstly, the evidence shows that a degree of confidence and capacity that exists in the abilities of lower level bureaucrats to engage the IS. This ability needs to be recognized by upper tiers specifically in the security context where national military policies can hinder and undermine local capacities. Furthermore, appropriate mechanisms (incentives and reporting) need to be put in place by upper tiers to mobilize and replicate municipal – IS engagement on the ground. Secondly, the province would best serve urban issues by reducing its role of micro management of municipal bodies and engaging solely in regular monitoring and reporting. Donors would benefit from such recommendation as well, and rather than facilitating large fund inflows, should return to maintaining a pluralism of engagement by local institutions and seeing their adequate support by higher tiers. To this end, more research is needed on the pace of provincially-managed institutional reforms and their effectiveness in creating autonomy from higher or lateral agencies. Finally, the importance of municipal capacity building on the ground to coordinate state-IS interactions must be recognized. State offices will increase their legitimacy through IS engagement, and serve as conduits for informing policy from the ground up. The absence of such efforts, may risk the marginalization and further complication of municipal governance, as has been experienced in security contexts vis a vis military interventions. Managed proactively and successfully, such ‘governance from the ground up’ can provide political stakeholders as well as leaders at higher tiers with the key resources to policy implementation that have been overlooked in the past.

Appendices

Appendix I Urban Growth Rates Across Pakistan

Year		Urban Population by Province				
		Punjab	Sindh	NWFP	Balochistan	Pakistan
Urban Population (,000)	1972	9,260	5,726	1,209	399	16,594
	1981	13,256	8,243	1,665	677	23,841
	1998	23,548	14,840	3,079	1,569	43,036
	2005	29,834	18,905	3,966	2,218	54,923
% Population in Urban Areas	1972	24%	40%	11%	16%	25%
	1981	28%	43%	13%	16%	28%
	1998	32%	49%	15%	24%	33%
	2005	34%	53%	16%	29%	35%

Source: Pakistan Economic Survey 2004-05, & 2005 Estimated by JICA Study Team

Appendix II Profile of the Informal Sector in Pakistan

Criteria	Percentage contribution of the IS
% of Non Agricultural Employment	66.5%
% of Total Employment	38.5%
Contribution to non agricultural GDP	28.7%
Contribution to total GDP	21.2%
Gender composition of informal as compared to formal	Same
Young and less educated	Over represented in the IS as compared to the formal sector
Large differences in working time, compensation and job turnover between the two sectors	
Higher wage differentials by sex in the IS.	

Source: Gennari, P. (2004). IS: Statistical Definition and Measurement Issues. Presented at the OECD/UNESCAP/ADB Workshop – Assessing and Improving Data Quality: Measuring the Non Observed Economy, May 11th to 14th, 2004, Bangkok, Thailand.

Appendix III Sample Questionnaire

1. What is your understanding of the Informal Sector (IS) – does it benefit the economy and society and how?
2. Are you aware of the social (housing, water and sanitation) and economic (livelihood insecurity) dislocations within the IS?
3. What is your organization’s role in engaging the IS? Please explain.
4. Are you aware of any other related government/non government programs that are meant to assist the IS in terms of economic sustenance (labour laws, wage levels, health and safety)?
5. How effective are state policies and programs in reaching a significant segment of the IS? What evidence do you have to support this?
6. The programs and policies of the state are often seen as being ineffective in addressing the needs of the IS. In your view, what are the reasons for their ineffectiveness? What are the structural constraints to developing effective policies and programs to engage the IS?
7. What steps need to be taken in terms of policies and programs to increase the state’s effectiveness in effectively engaging the IS?

Appendix IV Profiles of Institutions Engaged

In Karachi, the following organizations were visited and interviewed:

- SAIBAAN – a not for profit social housing organization
- URC – a not for profit think tank that focuses on researching, communicating and drawing attention to urban issues in Karachi.
- PILER (Pakistan Institute of Labour Education and Research) – a not for profit think tank that focuses on labour issues and advocacy across Pakistan.
- OPP (Orangi Pilot Project) – the pioneering NGO engaged in component sharing water and sanitation services
- CDN (Community Development Network) – the network of CBOs supported by OPP.
- MOL (Ministry of Labour) – Pakistan Government Ministry.
- PILDAT (Parliamentary Institute of Legal Development and Transparency) – an NGO focussed on the support and sensitization of parliamentary officers

In Lahore, the following organizations were visited and interviewed:

- MUAWIN – an OPP facilitated CDN member based in Lahore.
- PURC (Punjab Urban Resource Centre) – a not for profit centre in Karachi, focussed on conducting research and drawing attention to urban issues
- FLAG (Foundation for Law and Governance) – a law and advocacy practice in Lahore that focuses on the needs of the informal sectors and provides legal advice to OPP, PURC and other CBOs.
- UU (Urban Unit) – a division of the Province of Punjab’s Planning and Development Department, which is solely focussed on addressing urban issues.
- Punjab P&D, PRMP – The Planning and Development Department’s Resource Management Program which segregates development funding among various project areas.

In Islamabad, the following organizations were visited and interviewed:

- SDPI (Sustainable Development Policy Institute) – a think tank in Islamabad that focuses on research and advocacy issues related to sustainable development in Pakistan
- SUNGI – a rural development, field based NGO in Pakistan.
- MUHHDC (Mahbub ul Haque Human Development Centre) – a report oriented NGO that publishes the annual South Asian Human Development Report
- AHK Foundation (Akhtar Hameed Khan Foundation) – the foundation of Akhtar Hameed Khan, designed to encourage the proliferation of self help models in Pakistan.
- LUMS (Lahore University of Management Science) – one of Pakistan’s leading universities’s and centres of management research.
- PIDE (Pakistan Institute for Development Economics) – Pakistan’s leading civil service research centre for economists, political scientists and development studies researchers.

Appendix V Secondary Research Results

Actor	Importance in Engaging the IS	Auth
Politicians	Critical	Khattak, S.G. (2001), ILO, (2005), Shah, Z. (2007)
	Neutral	Rashid (1998), Hasan (1999)
	Hinders	Siddiqui and Khattri (1998), Hasan (1997, 2000, 2002, 2004, 1999), Ismail (2002, 2004), Siddiqui (1998), Khaliq and Siddiqui (2000), Alvi (1997), Pervaiz, A., Rahman, P. and Hasan, A., (1999), Khan, S. et al. (2007)
Institutions	Critical	Siddiqui and Khattri (1998), Rahman (1998), Aleemuddin (1998), Hasan (1997, 2004, 2000, 1999, 2002), Fernandes (1997), Siddiqui (1998), Khaliq and Siddiqui (2000), Ismail (2004, 2002, 2006), Zaidi (2001), World Bank, (2006), OPP, (2008), Rehman (2000), Ahmed, N., (2008), Aslam H., (2004), Shah, Z., (2005), Dharejo, S., (2005, 2009), Khoso, A., (2005), Ali, M.Z., (2005), PILER, (2005, 2007), Khattak, S.G. (2001), ILO, (2005), Shah, Z. (2007), Government of Pakistan (2007, 2008), Penalosa, E. (2008), Hisam, Z., (2006), Imran, M. and Low, N., (2003), Sohail, M., (2000)
	Neutral	Hasan (2004), Pervaiz, A., Rahman, P. and Hasan, A., (1999)
	Hinders	Ismail (2002), Alvi (1997), Hasan (1999), Hasan (2002)
Donors	Critical	None ²⁷
	Neutral	Hasan (1997)
	Hinders	Alvi, (1997), Imran, M. and Low, N., (2003)
NGO	Critical	Siddiqui and Khattri (1998), Aleemuddin (1998), Rashid (1998), Hasan (1997, 2000, 1999), Khaliq and Siddiqui (2000), Ismail (2002), Zaidi (2001), Pervaiz, A., Rahman, P. and Hasan, A., (1999), OPP, (2008), Khan, S., Khan, F.S., Akhtar, A.S., (2007), Aslam H., (2004), Dharejo, S., (2005), Khoso, A., (2005), ILO, (2005), Hisam, Z., (2006), Sohail, M., (2000)
	Neutral	Siddiqui and Khattri, (1998)
	Hinders	None ²⁸
CBO	Critical	Siddiqui and Khattri (1998), Rahman (1998), Rashid (1998), Hasan (1997, 2004, 2000, 2002), Fernandes (1997), Khaliq and Siddiqui (2000), Ismail (2002, 2006), Hasan (1999), Zaidi (2001), Pervaiz, A., Rahman, P. and Hasan, A., (1999), OPP, (2008), Khan, S., Khan, F.S., Akhtar, A.S., (2007), Aslam H., (2004), Dharejo, S., (2005), Khoso, A., (2005), Ali, M.Z., (2005), PILER, (2005, 2007), Khattak, S.G. (2001), ILO, (2005), Sayeed, Z. and Javed, S. (2001), Government of Pakistan (2007, 2008), Penalosa, E. (2008), Hisam, Z., (2006), Imran, M. and Low, N., (2003), Sohail, M., (2000)
	Neutral	None
	Hinders	None

²⁷ While there was no direct emphasis of donor involvement being critical to engaging the IS, a role for them has been mentioned in the literature that is more advisory and steers governments away from large projects

²⁸ While NGOs have not been stated as hindering engagement of the IS, some survey information does caution against the role of contract NGOs, that operate to supplement the goals of large donor and state projects

Appendix VI Military Spending vs. Development Budgets

Fiscal Year	Health*	Education*	Defence**
1981-82	0.6%	1.4%	5.7%
1982-83	0.6%	1.5%	6.4%
1983-84	0.6%	1.6%	6.4%
1984-85	0.7%	1.8%	6.7%
1985-86	0.7%	2.3%	6.9%
1986-87	0.8%	2.4%	7.2%
1987-88	1.0%	2.4%	7.0%
1988-89	1.0%	2.1%	6.6%
1989-90	0.9%	2.2%	6.8%
1990-91	0.8%	2.1%	6.3%
1991-92	0.7%	2.2%	6.3%
1992-93	0.7%	2.4%	6.0%
1993-94	0.7%	2.2%	5.6%
1994-95	0.7%	2.4%	5.5%
1995-96	0.8%	2.4%	6.2%
1996-97	0.8%	2.5%	6.5%
1997-98	0.7%	2.3%	6.9%
1998-99	0.7%	2.2%	7.1%

*Expenditure on Health and Education is percentage of GNP

**Expenditure on Defence is percentage of GDP

Source: Economic Survey of Pakistan

Appendix VII Provincial Police Budgets

Entity	Year of Reference	Budgetary Allocation
Sindh Police Budget	2009/2010	23.7 billion Rs ²⁹ .
Punjab Police Budget	2005/2006	15.1 billion Rs ³⁰ .
Balochistan Police Budget	2007/2008	3.5 billion Rs.
NWFP Police Budget	2005/2006	3.6 billion Rs ³¹ .

Source: Provincial Web Sites and Policy Budget Information

²⁹ http://www.sindhpolice.gov.pk/budget_2009_2010.htm

³⁰ http://www.punjabpolice.gov.pk/user_files/File/Punjab%20Police%20Budget%20-%20Last%205%20Years.pdf

³¹ Government of NWFP, Finance Department White Paper 2009-2010, June 17th, 2009,

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