**A new approach to governance**

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Shortly after securing the last tranche of around $1.1 billion as part of the 24th staff-level agreement with the IMF last month, the country is eyeing another such engagement (bringing the total of such bailouts to 25) before the end of the current fiscal year.

As usual, any such deal, aiming to resuscitate the ailing economy, brings to the fore the urge and resolve to halt further engagements with the Fund from all quarters concerned. But the question is: are we really prepared to lay the foundation of sustainable structural reforms to avoid that inevitability? What options are we left with that may take the economy out of this quagmire and lead to the path of self-reliance?

Broadly speaking, with a meagre amount of international trade, a negligible industrial network and a geographic location of declining yield on land due to climate change triggered catastrophes, Pakistan presents a clear picture of Malthusian stagnation – the 18th-century concept in which population growth tends to outstrip the growth of resources, leading to stagnant living standards and economic conditions for the majority of the population.

Given such circumstances, technological change or innovation is the only lever of public-sector reforms that can help bring a fiscally stressed country like Pakistan to the point where economic growth begins. Technology is a non-rival and binding factor of production. More than one organization can benefit from it at the same time, improving its efficiency and effectiveness.

Besides, technology is endogenous in its characteristics – instead of bringing it from outside, it can be launched from within through knowledge and adoption of new ideas and processes. To put it more simply, instead of making more pancakes, train the bakers to think about the processes and learn how to make the same number of pancakes more efficiently. But is our ‘pampered in primacy of process and procedure’ and traditionally ‘inhospitable to any kind of innovation’ public sector ready to address such new and varied challenges essential for laying the foundation of a sustained growth and better governance model?

Some positive signals are there, at least. Newly appointed Finance Minister Muhammad Aurangzeb’s reiteration of the PM’s vision of the automation and digitization of the country’s tax apparatus during his maiden visit to the FBR headquarters and the formation of a steering committee for reforms in the FBR by PM Shehbaz Sharif to develop a concrete technology-based strategy to make our taxation system efficient are two key developments which indicate that our policy priorities are being rightly aligned.

However, the FBR is not the only organization which requires automation and digitization, as it cannot act as an island but rather as part of an ecosystem where all other public-sector organizations directly interact with the natural system of businesses.

Pakistan’s entire public sector requires an overhaul, as it is – like many former colonial societies – anchored on a model which sustains existing, outdated solutions, not challenge them. Quite unsurprisingly, our bureaucratic apparatus still adheres to the traditional model of administration which tends to breed time servers rather than innovators.

In a world dominated by technology, citizens are more informed and have come to expect more from their governments. Use of technology has transformed the way citizens interact with their governments and led to more sophisticated demands. These increased expectations, combined with new challenges due to complex issues and fiscal pressures, require more innovative approaches in the public sector. It is the public sector’s time to embrace new ways of service delivery.

Innovation in the public sector refers to both the content of services intended for supply to people and the instruments used to deliver them. We need to improve our service delivery instruments so that they can produce good results at a lower cost. By adopting new ways of doing things, our public sector can reduce the wastage of already depleting resources. A penny saved in one area can be used for other organizational goals. More automation will make public-sector organizations more customer-oriented, which will ultimately bring more effectiveness, transparency and accountability.

In economics, knowledge is a production function depending, internally, on the inputs each organization devotes to accumulate it and on the total public stock of knowledge available externally. This digital knowledge and technology-driven automation of the FBR is the right step in the right direction and can be used as a launching pad for the revamping of the entire public sector.

This is because the resource cost of creating that technological knowledge will be lower if we apply it to more organizations. The more such organizations, the greater will be the economy’s output. While this 24th IMF package may have rejuvenated our ailing economy, the renowned British economist Diane Coyle once said: “the accumulation of productive capital assets is only a proximate cause of prosperity; the real cause is progressive institutions.”

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