



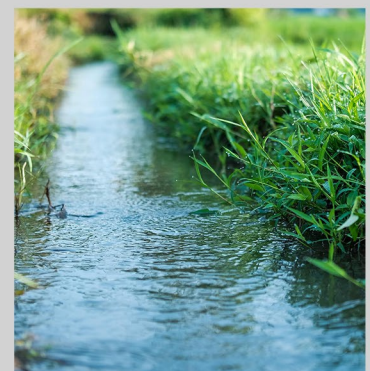
LUMS

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# Public Goods Provisioning in Pakistan

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Access to public goods and services like education, health, clean water, electricity and internet is crucial for individual welfare, human capital development and productivity. This policy brief documents status of public utilities and social welfare goods in Pakistan using national data sources. Considering the poor state performance in key development statistics and disparities due to location, gender, caste and income; literature and research suggests that gaps are often filled by clientelist relationship with brokers and politician. This policy brief then highlights new evidence on the politics of public goods provisioning to urban slums in Pakistan, and the differences in the nature of clientelist networks in rural versus urban slums. Using primary household level data, the research finds that (a) slums located in the centre of the city receive more public goods, that too directly from the politician and not broker (b) rural clientelist networks are more pervasive, vary in nature, and perform more functions than their urban counterparts. The policy recommendations include creating more exit options and greater community involvement to enhance the status of public goods provisioning in Pakistan.



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# Introduction▷▷

Access to effective public goods is essential for individual welfare. Goods and services such as clean water and sanitation, electricity, education, and health are not only intrinsically linked to **well-being**, but they are also instrumentally significant for **productivity** and hence **economic growth** and **development**.

Nonetheless, gaps in public goods provisioning remain deep and persistent across the globe. Certain mechanisms are improvised to fill these gaps. Especially, where accountability structures are weak, following ways are deployed:

- » Informal institutions pressurizing local officials to ensure provisioning
- » Patron-client relations
- » Self-provisioning

*The responsibility of the state in terms of public goods provisioning is a function of democratic processes, finances, and clientelist networks.*

However, such measures are in turn exclusionary<sup>1</sup>. Marginalized segments of the population, like women and households belonging to lower socioeconomic classes, castes or different religions are typically underrepresented in informal collective governance structures and do not usually have the monetary or social capital to either self-provide or to obtain provisioning through patronage relations, which in turn aggravates their existing vulnerabilities. In the continued absence of adequate public goods delivery, the private and nongovernment sector also steps in to fill gaps. Despite an observed increase in public expenditures in Pakistan since 2000, access to public services like education, healthcare, water and sanitation, irrigation, transportation and digital services is concentrated in the “hands of a few”, such as:

- » Higher Income Quintiles
- » Large Urban Locales
- » Better-resourced Districts

*Pakistan, a middle-income country, has been dubbed the classic case of “**growth without development**”. It has a shrinking middle class, with telling stagnation in upward socioeconomic and occupational mobility among the poor.*

## Public Goods, Labor Productivity and Economic Inequality

State failures in public goods provisioning also perpetuate and exacerbate income inequality<sup>2</sup>. Poor households have little to no access to a range of public goods, adversely affecting human capital and productivity levels which lowers their income levels further. In contrast, richer and more connected households can use patronage networks to maintain a base level of public goods provisioning, leaving marginalized and vulnerable populations further behind. Pakistan has witnessed a widening gap in access to public goods and services leading to inequalities in productivity levels and thus, well-being.

<sup>1</sup>Interested reader is suggested to review the book chapter “Public Goods Access for the Poor.”

<sup>2</sup>Interested reader is suggested to review the book chapter “Public Goods, Productivity, and Economic Inequality.”

## STATUS OF KEY DEVELOPMENT INDICATORS



Poverty (39.4 %),  
World Bank 2023



2<sup>nd</sup> worst ranked Global Gender Gap  
Index (2024)



Placed in “Low Human Development  
Category”, with a rank of 164 out of  
193 countries (UNDP, 2024)



40 % Child Stunting in Pakistan<sup>3</sup>,  
which is 31 % for South Asia



Student-teacher ratios at the primary  
level stood at about 20 in 2018 but  
deteriorated to 44 at the secondary  
school level (World Bank, 2021c)



Pakistan has only 0.63 hospital  
beds, 0.67 nurses, and 0.09 trained  
community health workers for every  
1000 people (World Bank, 2021c)



Across a variety of metrics then, it is clear that there has been a deep failing by the state to close gaps in provisioning resulting in significant negative impacts on citizen welfare especially among more marginalized groups.



## Understanding Poor State Performance

The World Bank's Worldwide Governance Indicators include six measures that capture various facets of governance, including control of corruption and rule of law among others. The estimates of government effectiveness measure<sup>4</sup> range from approximately - 2.5 (weak) to 2.5 (strong). Interestingly, the worldwide median hovers below zero, pointing to the low faith in governments worldwide. Yet, Pakistan scores at 0.68 which is significantly below both the global and the regional median in 2019 and places it in the bottom 25<sup>th</sup> percentile (World Bank, 2021a), indicating the poor perceptions vis-à-vis the government's ability to deliver on public goods and policy reform. Here, it is pertinent to understand the drivers of poor state performance.

- » History of low priority given to building a robust infrastructure of public utilities and poor development spending by the government.
- » Provincial mandates<sup>5</sup> for development spending unmatched with implementation capacities and financing available to the provinces.
- » Large aid agency presence in the country that crowds out government development spending.
- » Budget assigned to each politician post decentralization often ends up utilized in piecemeal provisioning aimed at specific households rather than for the benefit of the entire community.

<sup>3</sup>Poor sanitation has been identified as one of the major reasons for the high incidence of stunting in Pakistan.

<sup>4</sup>This measure includes perceptions of the quality of public and civil service as well as of policy formulation and implementation, along with independence from political pressures and the credibility of the government's commitment to such policies.

<sup>5</sup>Provinces are the largest administrative units in Pakistan

## The Role of Clientelist Networks

In addition to the private sector attempting to filling the gaps in public goods, against this backdrop of inequality and lack of state provision, the poor in developing countries often seek out clientelist relationships to ensure survival. Established between groups of unequals, the exchange consists of wealthy, connected, and influential brokers who offer access to a range of assets and services including access to the state, in return for poor clients' labour and political and social following. This phenomenon was historically found in the countryside but recent literature has documented how clientelist networks also exist in cities.

Given the disparities at the intersection of rural versus urban origin, income, and gender along with the transforming urban landscape of the country, it is important to understand that patron-client relationships also vary between different locations and groups of people who are politically more (or less) connected, which further affects their access to public goods provisioning.

Our policy recommendations are based on research studies conducted:

- » To understand distribution and politics of public goods provisioning (drains and paved streets) in urban slums that differ with respect to their location and legal status<sup>6</sup>.
- » To understand the nature of clientelist networks in villages (that differ with respect to their remoteness/accessibility and landlord dominance) and urban slums.

## Primary Research Findings in Public Goods Provision in Slums

01

The results show that the **state registration status of slum has no significant effect on the likelihood of public goods provision to a household**. In contrast, slum location matters: **households situated in central slums are significantly more likely to have public goods provided to them as compared to those living in the periphery**.

02

Within slums, **politicians target spending towards wealthy households, and households belonging to lower social classes are systematically ignored**<sup>7</sup>.

03

Moreover, **politicians do not go through brokers, rather directly target provisioning**, unlike the more-studied case of India.

<sup>6</sup>The 1985 Slum Registration Act allowed slum settlements to achieve legal status and thus made them eligible for state provision if the community had at least 40 households and existed prior to 23rd March 1985.

<sup>7</sup>These effects hold after controlling for households' voting for the incumbent, their occupation status as well as property rights.

## Primary Research Findings in Differences in Clientelist Network (Villages vs. Slums)

01

Findings indicate that geography matters in a rural setting: **clients residing in villages that are connected to the outside economy have greater bargaining power over brokers than those residing in isolated villages.** By contrast, despite central slums having better access to markets and the state, **we do not find variations in urban clientelist networks based on slums in city centers from those in city outskirts.**

02

**In certain settings, rural brokers enjoy exploitative powers over clients that urban brokers lack.** Even when they are not exploitative, **clientelist networks in the countryside are generally more pervasive because villages are more isolated from markets and the state than urban centres.** This incentivizes politicians to go through rural brokers to channel public resources, whereas politicians opt to target public resources directly to residents in urban slums<sup>8</sup>.

03

Settlement structure is important for variation in some rural contexts: **clients in isolated villages with a single landlord-broker have considerably less bargaining power than in isolated villages with land distribution shared among multiple landlords competing for clients' following.** In urban contexts, by contrast, **we do not find variations in clientelist networks depending on the legal status of settlements,** despite dwellers in illegal settlements being more vulnerable.

## Public Goods Provisioning and Political Competition

These results also resonate with an earlier study conducted by authors on public goods provisioning and political competition which finds that **as political competition increases, politicians are more responsive to public demand, leading to an increase in provisioning.** Conversely, when political patrons draw a significant percentage of the votes without facing much competition, there is lower provisioning of public goods. This suggests that political competition can have a positive impact on public goods provisioning, while limited competition may lead to reduced access to public goods.



The direct provisioning by the politician may be construed as a positive outcome as it suggests political engagement between the citizen and the politician. Yet, our analysis also shows that this provisioning is ad hoc, politically motivated and lacks accountability as it is still based on clientelist relations resulting in- cadres of haves and have-nots. Instead, this clientelist approach has only strengthened elite capture of both local and state institutions and fostered a system where politicians function as patrons looking to garner votes and favors in exchange for provisioning. It is this elite domination and capture which first prompted Pakistan to be dubbed the classic case of "growth without development".



<sup>8</sup> Notably, this finding on how clients engage with the state in rural and urban contexts is in contrast with previous work.

## TYPES OF CLIENTELIST NETWORKS IN PAKISTAN

The gaps in state provision and the existence of following types of clientelist networks in Pakistan inform the policy prescription:

EXTENSIVE & EXPLOITATIVE	EXTENSIVE BUT PROBLEM-SOLVING	LIMITED & PROBLEM-SOLVING
Villages that are remote and have a single landlord.	Villages that are connected and/or have multiple landlords.	Slums irrespective of geography and settlement structure.

## Policy Recommendations

### 1. Creating More Exit Options

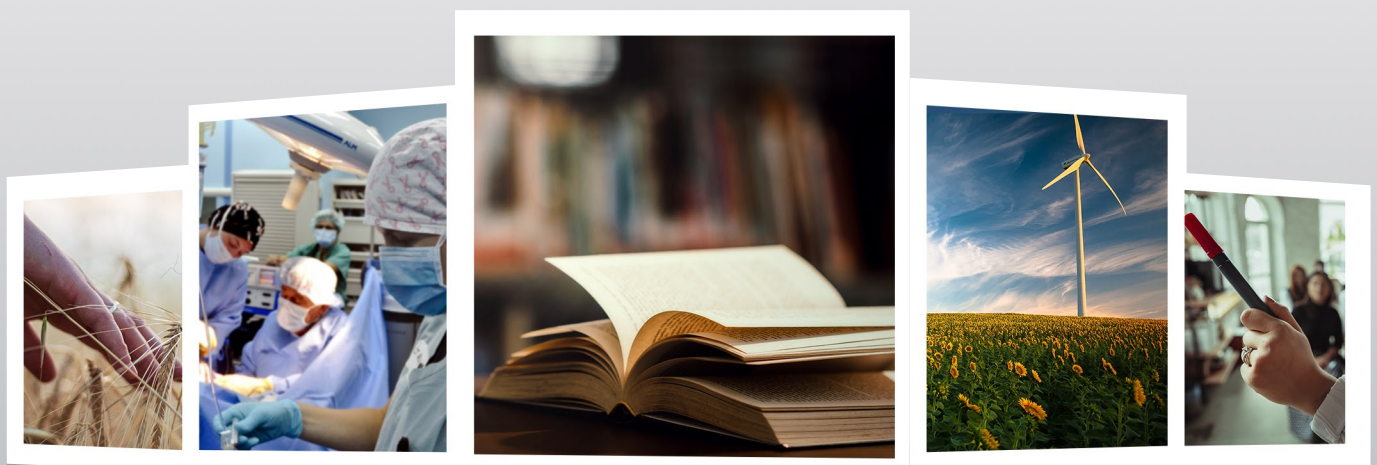
The research findings point to the role of exit options as the core underlying driver of both the nature and function of clientelist networks in rural and urban contexts. Hence, the policy prescription from our results is nevertheless clear: ***greater exit options for the poor improve their bargaining power in clientelist relationships and result in networks driven not by fear and control but the capacity to improve their wellbeing in countries where the state fails to deliver.***

### 2. Community Involvement

In order to address the inequalities both within and across slums and villages, perhaps it is important to consider and promote alternative models of provisioning that go beyond clientelism and state actors working alone. One such model is that offered by the Orangi Pilot Project where ***negotiations between state and non-state actors, and community-based provisioning of public goods*** discussed have seen remarkable success.

### 3. The Pattern of Urban Growth

From a pure policy perspective, as the city size increases and evolves so that what are currently peripheral slums become more central, our analysis suggests that the provisioning within these slums will likely rise. However, from a citizen welfare perspective, this is an uncertain picture as it is dependent on ***the city growing in a manner that makes peripheral areas central***, which may not necessarily be the case unless urban planning incorporates such objectives.





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#### Source Publications

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