

Corruption and Governance: Evidence From Post-9/11 Conflict Affected Pakistan

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This paper explores the interplay between corruption and governance in post 9/11 Pakistan. Post 9/11 Pakistan is characterized by a protracted conflict that has affected daily lives of people as well as governance trends. Primary data in the form of Key Informant Interviews with government officials, journalists and public representatives is used for this paper. Secondary data sources included research papers, newspaper articles and data pertaining to corruption, governance and conflict have been utilized. Evidence from post 9/11 Pakistan indicates that weak governance is related with corruption and is dependent on the state of the institutions and conflict induced instabilities. The paper outlines how different Governments in the post 9/11 period, instead of improving social services delivery for the populace, indulged in mismatched priorities, leading to a lack of accountability and transparency.

Keywords: Governance, conflict, corruption, corruption perceptions index, human development index, Pakistan

The Context of Post 9/11 Conflict Affected Pakistan

Pakistan is a large South Asian country that has been affected by a protracted conflict since 2006-7, mostly affecting its Khyber Pakhtunkhwa (KP), Baluchistan and Federally Administrated Tribal Areas (FATA). As a result of conflict induced instabilities, populations in FATA and Khyber Pakhtunkhwa incurred significant human, physical and material losses. The war against terrorism (WAT) has cost Pakistan's economy approximately two hundred and thirty billion USD (Pasha, 2018). The 9/11 attacks in the United States and the subsequent invasion of Afghanistan led to unabated violence in different parts of Afghanistan and Pakistan (Adib-Moghaddam, 2011). During the Post-9/11 era, the Pakistani State lost power, control, and authority in the conflict-ridden areas. Other regions in Pakistan also face issues related to governance, accountability and crippling energy shortages that affect lives of ordinary citizens (Khan, 2013).

In coping with the fallouts from the WAT, Pakistan received financial support from bilateral and multilateral actors for supporting military operations, strengthening civil society and NGOs as well as financial budgetary support to the government (Khan & Nyborg, 2013). However, questions have been raised, whether foreign assistance has contributed to improved governance and social services delivery in Pakistan (Abdullah, 2010; Khan & Nyborg, 2013). The post 9/11 global discourse and response by Western nations often overlooks the large-scale repercussions and ramifications, including human and material losses in Muslim countries (Adib-Moghaddam, 2011).

The Post 9/11 phenomenon has led to securitization of development assistance, which led to financial benefits for combatants (regular armed actors and insurgents) and individuals associated with military industrial complexes, in the form of siphoning of large chunks of finances and material resources (Adib-Moghaddam, 2011). Understanding post-colonial perspectives in developing countries such as Pakistan and Afghanistan is important in terms of intellectual questioning and cultivation of moral agency (Dabashi, 2011). Empirical evidence from Pakistan suggests that, despite receiving large chunks of aid, the quality of life of ordinary citizens has not improved (Dabashi, 2011). Generally, corruption has remained an endemic

problem in Pakistan (Noor, 2009). As of 2014, the country was listed 126th in the world on the Transparency International's (TI's) Corruption Perceptions Index (CPI).

Methods

The main objective of this study is to explore the impact of corruption on governance in post 9/11 Pakistan. The research questions included:

- 1) What is the extent of corruption increase in Pakistan during the post 9/11 period?
- 2) How did the incidence of increased corruption affect governance in Pakistan?

In the context of Pakistan, limited literature is available in relation to public perceptions of corruption and how does this relate to governance (Kaufman et al., 2009; Noor, 2009; Rohwer, 2009). Moreover, sound baseline data is often unavailable in developing country contexts, such as Pakistan, which makes exploring the interplay between corruption and governance challenging (Sarwar et al, 2015). This study, therefore, explores the relationship between two variables i.e. corruption and governance and how they play out in post 9/11 Pakistan. Moreover, this study also assesses how conflict incidence affects the relationship between corruption and governance as an intervening variable. To achieve these aims, available literature on corruption and governance has been consulted and a number of semi-structured Key Informants Interviews were conducted with government officials, journalists and public representatives (see Table 1).

Table 1

Primary Data Sources

Primary data collection	Total
Key Informant Interviews (KIIs)	Five (5)
KIIs Included	Government Officials, Journalists and Public Representatives

Understanding the Pakistani Context: Weakened institutions, lack of accountability and governance

Pakistan is a developing country, which has a population of around 200 Million. Over the course of its history, since independence, the country has transitioned from an agrarian economy to a semi-agrarian and services based economy (Pasha, 2018). Weak civilian governments during the 1990's and the subsequent transition to military ruler following September 2011 have affected investor confidence. The economy remains highly dependent on remittances from Pakistani expatriates – working in the Middle East and Western countries. The economy also remains dependent on Western aid flows as well as assistance from international financial institutions.

Periods of covert and overt military interventions have weakened successive nascent democratic setups in Pakistan. As such, organs of state, including parliament, executive and judiciary, continue to play their respective roles, often in the absence of proper checks and balances. Most of the budgetary allocations in Pakistan, at the national and provincial levels, go towards meeting non-development heads, including salaries and pensions (Pasha, 2018). While, the major share of the budget is allocated towards debt servicing and defense, which allows only meagre resources to be allocated for social sectors, such as health, education and local governance. As such, meeting the needs of a large growing population in Pakistan continues to be challenging.

It is in this particular context that, Pakistan and its populace finds it difficult to develop and cultivate independent and responsive institutions. In the context of this paper the international reader needs to grasp the contextual understanding of Pakistan, which allows corruption and poor governance to thrive. Moreover, checking corruption has proven to be difficult, since the very institutions, which are supposed to check and inhibit corrupt malpractices, are known for their lack of professional and ethical staff (Dawn, 2012).

Corruption and Governance in the Context of Conflict Affected Countries

Taking TI's CPI as a measure of the public perceptions, we analyze correlation between corruption incidence and governance.

Measuring Corruption

Corruption is a global problem; the World Bank estimates that worldwide bribery totals around \$1 trillion per annum, which translated to 3% of the world's income in 2002 (Rose-Ackerman, 2004). According to Transparency International, corruption is "the abuse of entrusted power for private gain."¹ Corruption refers to charging an illicit price for a service that is supposed to be provided as part of official duties and obligations (TI, 2016a; USIP, 2010).

According to Rohwer (2009:42), corruption is a "complex social, political and economic phenomenon that is prevalent in all countries in varying degrees ... In the literature, corruption is commonly defined as the misuse of public power for private benefit." Measuring corruption is difficult since corruption is a variable that cannot be measured directly (Rohwer, 2009). The number of indexes used to assess corruption however has increased in recent times and internationally there remains a lack of unanimity on a common meaning of corruption, which affects the measurements and ranking of corruption at the international and regional levels (Rohwer, 2009). Moreover, current corruption indexes, particularly the World Banks (WBs) - World Governance Indicators (WGI) use indicators that are imperfect proxies for the scale and prevalence of corruption (Rohwer, 2009). One of the credible methods to assess perceptions of corruption is the Corruption Perception Index that assesses corruption perception levels in a given country. The Corruption Perceptions Index (CPI) was launched by Transparency International in 1995 and has since played a role in internationalizing issues related to corruption (Babu, 2006). CPI measures perceived levels of corruption of public sector officials and politicians and plays an important role in curbing corruption practices (Rohwer, 2009). In its 2016 report, Transparency International asserts that "Corruption Perceptions Index sends a powerful message and governments are forced to take notice and act in light of the CPI. The index cannot capture the individual frustration of this reality, but it does capture the informed views of analysts, businesspeople and experts in countries around the world" (TI, 2016a: 1). The index gives a score to countries on a continuum from zero to hundred. A country's public sector is highly corrupt if scored zero and very clean if scored 100. In 2014, 69% countries around the world scored less than 50; this reflects an aggravating corruption problem.

Although in 1995 the index scored only 41 countries, gradually, over the years, more countries were added, and in 2014, 175 countries were included in CPI. This scoring is done based on different data sources. For this, "CPI includes only sources that provide a score for a set of countries/territories and that measure perceptions of corruption in the public sector. Transparency International reviews the methodology of each data source in detail to ensure that the sources used meet Transparency International's quality standards" (TI, 2016b: 1).

The WGI measures governance as an aggregate of voice accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption (Kaufmann, Kraay & Mastruzzi, 2009). As is evident, WGI brings together large amounts of data in relation to corruption, and is more suitable for assessing governance trends. Furthermore, WGI relies on a diverse range of respondent perceptions reflecting the views of households and experts working in private sector, NGO's and Public Sector agencies (Kaufmann, Kraay & Mastruzzi, 2009). Therefore, researchers tend to agree that CPI is a preferred choice for measuring corruption perceptions and this study utilizes CPI as an indicator of corruption perceptions in Pakistan.

¹ Transparency International 2016, *FAQs on Corruption*.

https://www.transparency.org/whoweare/organisation/faqs_on_corruption/2/

Corruption and Weak Governance in the context of Developing Countries

The US Institute of Peace argues that weak governance and institutions usually characterize developing countries (USIP, 2010). Weak governance structures lead to mismanaged administrative practices in a country. For instance, areas that are characterized by conflicts or instabilities lead to situations where normal rules are flouted, owing to the emergency nature of conflict-affected environments (Khan & Nyborg, 2013). In such situations, in the absence of checks and balances, individual pressure groups, cartels, government bearers and other actors take advantage and indulge in corruption at different scales and levels. Compared to established democracies, corruption tends to thrive in autocratic and dictatorial regimes (USIP, 2010). Historically, dictators have always been involved in large levels of corruption and malpractices; examples of such practices include Suharto, the Shah of Iran and others. This does not mean that democracies are immune to corruption, since many democratic governments in developing countries are seen as having cultures deeply embedded in financial and other forms of corruption. It is well documented that, as compared to the compassion and solidarity exhibited by the international community to the terrorist incidents in Paris, the responses to violent incidents in Muslim dominated regions have not evoked similar outpouring of grief, which highlights lack of application of universal values of morality and ethical high ground (Dabashi, 2015).

To reflect on governance trends in Pakistan, this paper utilizes the Human Development Index. In addition, with a view to building up a clearer picture of the two variables and their impacts in post 9/11 Pakistan, we use field data about governance and corruption obtained from key informants, as identified in Table 1. Previous country analysis of governance is based on their correlation with per capita income and the Human Development Index (HDI) (Rose-Ackerman, 2004). Developed countries are often seen as having lower levels of corruption since they have higher levels of HDI, which includes measures of health, educational attainment and per capita GNP (Rose-Ackerman, 2004).

Social scientists relate high levels of human development to low levels of corruption (high numbers on the TI index). On the contrary, high levels of corruption are associated with middle to low levels of human development (Rose-Ackerman, 2004). The linkage of high levels of corruption to low levels of HDI is understandable, since when corruption is prevalent, relatively fewer resources are available for public sector spending on health, education and socio-economic well-being of citizens. Consequently, there are limited improvements in the HDI levels of a particular country. Marginal improvements in governance, therefore, lead to improved human development and less possibilities of corruption incidence (Rose-Ackerman, 2004). It is note-worthy that studies have found high levels of corruption associated with low levels of investment and growth, since corruption restricts flow of capital as well as foreign direct investment (Rose-Ackerman, 2004). Empirical data suggests that higher levels of corruption contributed towards inequality and unequal distribution of incomes as well as low investments in social sectors including health and education (Rose-Ackerman, 2004).

Corruption and Governance: Evidence from Post 9/11 Conflict Affected Pakistan

We analyze post 9/11 Pakistan through corruption and governance trends in terms of different governments' periods. Considering the corruption profile of Pakistan, we see that since 1995 it has performed poorly with a CPI of 2.25 out of 10 (22.5 out of 100 for comparison purposes). In 2014, Pakistan's CPI was 29 – a marginal improvement over a period of two decades. The CPI calculations between 2005 and 2014 are detailed in Table 2.

Table 2

Pakistan CPI 2005 – 2014

Country	Code	Year	Corruption Perceptions Index 100 = no corruption
Pakistan	PK	2005	21
Pakistan	PK	2006	22
Pakistan	PK	2007	24

Pakistan	PK	2008	25
Pakistan	PK	2009	24
Pakistan	PK	2010	23
Decreasing Trend Increased corruption perceptions			
Pakistan	PK	2011	25
Pakistan	PK	2012	27
Pakistan	PK	2013	28
Pakistan	PK	2014	29

(Source: Transparency International)

In terms of governance indicators, we utilize Human Development Index. Pakistan's global rankings of HDI as compared with different South Asian countries are outlined between 2005 to 2012 (refer to Figure 1 & Table 3). It is observed that starting in 2005, Pakistan was ranked 135th, while in 2011 it was downgraded to 145th place. It is important to note that, during the same period other South Asian countries made a marked improvement in their HDI rankings.

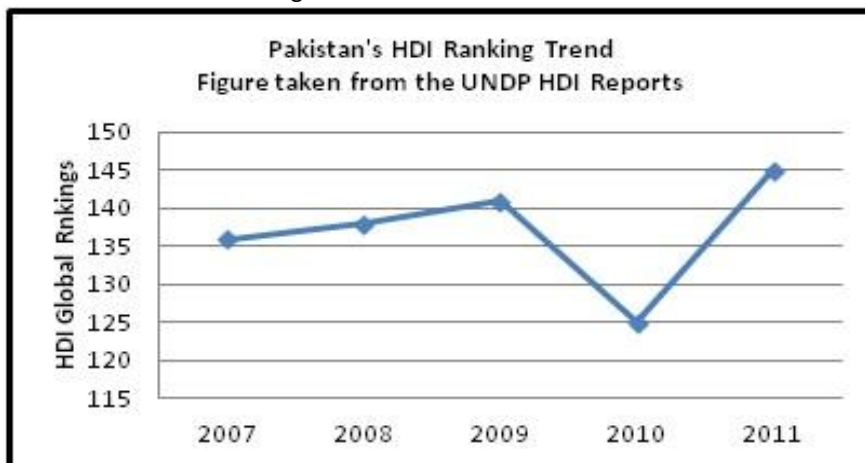


Figure 1. Pakistan's HDI rankings between 2007 and 2011

As of 2014, even Bangladesh and Nepal have surpassed Pakistan and currently Pakistan is placed 146th. Table 3 thus reflects regional dimensions of Pakistan's performance in relation to HDI.

Table 3

HDI country comparison 2005 to 2012

HDI Rank	Country	2005	2007	2010	2011	2012
92	Sri Lanka	0.683	0.693	0.705	0.711	0.715
136	India	0.507	0.507	0.547	0.551	0.554
146	Pakistan	0.485	0.485	0.512	0.513	0.515
146	Bangladesh	0.472	0.472	0.508	0.511	0.515

Now, we analyze the variables, CPI as an indicator for corruption and HDI for governance in relation to different government periods in Post 9/11 Pakistan. We also utilize primary data obtained from Key Informants regarding corruption and governance.

Musharraf's Regime (1999 – 2007)

During Musharraf's regime, Pakistan initially fared well around 2005 in terms of Economic and Human development indicators. Pakistan was ranked 136th on HDI and its GNP per capita and foreign reserves had exhibited a significant improvement. Pakistan though had a CPI of 21 in 2005, which indicated high perceptions of corruption. One plausible reason could have been that Pakistan was passing through a military regime that essentially was a one-man rule. However, we see that by late 2008, the country's standing regarding CPI and HDI had deteriorated significantly. The CPI was reflected as 0.25 and HDI rank lowered to 138. Nominal analysis reveals that between 2000 and 2007, under General Pervez Musharraf's regime, the HDI rose 18.9 per cent at an annual average of 2.7 per cent (The Tribune, 2013). In spite of good economic growth, critics allege that a number of economic indicators were fudged to produce a rosier picture (The Tribune, 2013). The erroneous reporting, is also referred to by other sources, seems one of the plausible reasons, why Pakistan fared poorly on HDI since 2007 onwards. A journalist (male, aged 35) dilated on governance during Musharraf's time of governance in these words:

Musharraf's period was characterized by fudged economic growth. It is a fact that large sums of donor aid did flow into the country. However, instead of being utilised for the benefit of the country, they were siphoned off for military expansion and real estate by the then regime. Resultantly, when Musharraf left, there was little to show in Human and Infrastructural Development.

Out of the Five Key Informants interviewed 60% (n=5) reported that governance improved, while 40% (n=5) reported that corruption perceptions had deteriorated over previous years.

Zardari's Regime (2008 – 2013)

Under Zardari's government, between 2008 and 2013, the HDI marginally increased by 3.4 per cent, at an annual average of under 0.7 per cent (The Tribune, 2013). Similarly, the CPI ranged from 24 to 27 between 2007 and 2012, and was registered at 24 and 23 in 2009 and 2010. This indicates that corruption perceptions remained mixed during Zardari's term in office; ordinary Pakistanis experienced general incidence of corruption and poor governance. Pakistan's global ranking on the Human Development Index fell sharply during this period and by 2012 Pakistan was ranked 145th, lower than most South Asian countries.

In terms of a careful examination, as compared to South Asian countries (see Table 3), we see that, Pakistan had an HDI of 0.485 in 2005 and 0.515 by 2012. In comparison, India had an HDI of 0.507, which increased to 0.554 by 2012, while Bangladesh's HDI increased from 0.472 to 0.515 and Sri Lanka's from 0.683 to 0.715. Thus, Pakistan's HDI witnessed a marginal increase of 0.30 over 7 years, while (over the corresponding period) India's HDI increased by 0.47, Bangladesh's by 0.43 and Sri Lanka's by 0.32. This reflects that in comparison to neighboring regional countries, Pakistan's HDI registered a marginal increase, while Bangladesh outpaced Pakistan during this period. Moreover, there were references of corruption associated with officials and advisors with some government figures publicly remarking that be legalized (The News, 2013). For instance, it was revealed that institutionalized corruption (during this period) in Karachi alone amounted to 230 Billion PKR annually (The Nation, 2015). A Government Official (male, aged 52) referred to these corruption perceptions:

... while President Zardari was in office, corruption and in efficiency affected governance. Factors that influenced governance during this period included active conflicts that the military was waging from Musharraf's time in office. Moreover, Govt. and public officials were often associated with absence of requisite checks and balances and the system of accountability had weakened...

Almost 80% of the Key Informants (n=5) perceived that corruption perceptions had increased during Zardari's term in office, while only 20% (n=5) indicated that governance perceptions had improved during the then PPP's government.

Nawaz Sharif's Regime – 2013 onwards

In 2014, Pakistan's CPI improved slightly to 0.29, which indicates that the general levels of corruption decreased slightly. On HDI, however, Pakistan was 0.539 and it continued to be ranked at 146th, which reflects poor governance and human development trends (The News, 2011). Moreover, corruption levels continue to remain a concern. A primary critique during Nawaz's term in office was the large number of construction contracts awarded and the role of intermediaries, who reaped large financial gains during the course of these deals. A public representative (male, aged 40) compared Nawaz Sharif's term in office to his predecessors:

When compared to predecessors, Nawaz Sharif's govt. seems to have led to a slight improvement in governance. A case in point is the success of Pakistan in disengaging from active conflicts in North-west and Baluchistan, which the military had been waging for a decade.

In terms of governance 60% (n=5) of the Key Informants perceived that governance had improved, while 40% (n=5) perceived that corruption perceptions had worsened during PMLN's period of government.

Taking Conflict as a variable of Corruption incidence and Governance in Pakistan

From 2008 to 2011, the conflict in KP, FATA and Baluchistan spiraled out of control. As a consequence, large allocations had to be diverted for securing these areas and public expenditures dwindled significantly (Ali, 2008; Khan & Nyborg, 2013). Thus, many regions, particularly those along the Afghan border, became embroiled in a protracted conflict, entailing significant material and physical losses (Khan & Nyborg, 2013). Large number of people was displaced, which affected the already precarious situation that the country was facing. Moreover, this was coupled with high levels of corruption from 2008 to 2012 (the severe conflict period). For this period, the CPI ranged from 0.25 to 0.27 (APP, 2009). The conflict in the region weakened governance structures and reduced institutional checks and balances (Abdullah, 2010; Khan & Nyborg, 2013). There were allegations that the instabilities had provided opportunities to civilian and military officials to get involved in different forms of corruption. This period also witnessed exponential growth in the property and real estate markets. It is alleged that the individuals involved secured large number of plots and real estate in Pakistan's urban centers (Dawn, 2016). In addition, while significant international aid was provided to the government, practically there was little to show on ground, since large chunks of aid and resources withered away in different forms of leakages and misplaced priorities (Dawn, 2012). For instance, it is estimated that, out of the billions that were provided to the government, less than 1% have actually been spent on development interventions supporting local communities in FATA (Khan and Nyborg, 2013). A public representative (male, aged 37) from FATA explains the correlation of conflict with the ongoing situation of the Tribal areas:

The conflict has had a staggering impact on daily lives of communities in FATA. Furthermore, an environment of fear and mistrust has been created, which promotes lack of accountability, weak governance and inefficiency of service delivery by the concerned authorities. This has increased the miseries of the people of FATA, who have already been displaced, having lost their homes and livelihoods.

The discussion above (Section 4) highlighted how weak governance contributed to increased trends of corruption in post 9/11 Pakistan. Compared to 2005, from 2007 to 2012, the responsiveness of the State institutions in terms of good governance weakened significantly (Sarwar, *et al.*, 2015; Dawn, 2012). Factors that affected poor governance included a tendency to neglect different forms of corrupt practices and reduced systems of accountability (Sarwar, *et al.*, 2015). Furthermore, ongoing insurgencies in FATA and Khyber Pakhtunkhwa further weakened the capacity of the State in relation to security and governance (CPPR, 2010; Khan, 2008). These affected the trickle down impact of donor aid. Moreover, lack of the government machinery to coordinate responses to conflicts and emergencies, led to duplication of activities and resulted in cyclical relief and rehabilitation programs, these contributed to wastages and lack of

transparency and accountability. This has been a predominant feature in Pakistan, particularly during the post 9/11 period.

Exploring the links between corruption and governance requires understanding that effects of these interrelated variables can only be measured in the medium to long terms. As such, it is not easy to assess the impact of these variables instantly. Therefore, building a clear relationship between corruption incidence and governance is tricky and may be misleading. Thus, drawing inferences related to corruption and governance for different regimes in post 9/11 Pakistan may be difficult. For instance, the effects of corruption during one regime may gain fruition during the next government period.

Conclusion

Evidence from different government regimes during post 9/11 Pakistan suggests that, governance has an inverse relationship with corruption incidence. Moreover, a multitude of factors affected governance and corruption including conflict, politics, security, and the role of elites and power structures. It is clear, however, that bad governance contributes significantly towards increased corruption in Pakistan. Evidence in this paper suggests that, during peak conflict periods of 2007 through 2010, corruption perceptions in Pakistan remained highly unfavorable. This study supports the notion that improved governance in Pakistan, in the form of greater transparency and rule of law can play an enabling role in curbing the incidence of corruption as well as improving good governance.

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