

Critical Analysis of the Role of Institutional Mechanism in Strengthening Federal-Provincial Harmony – Way Forward

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Abstract:

This paper investigates the challenges and inefficiencies in Pakistan's public sector performance, focusing on the implementation of reforms and citizen-centric policies. Despite efforts to boost economic growth and reduce poverty through loans and programs by the Asian Development Bank (ADB) since 1998, significant issues persist. The reforms aimed to enhance feedback mechanisms, stabilize the economy, and support development programs, yet the anticipated changes have been inadequate. The study highlights the impact of inter-provincial conflicts and the uneven resource allocation exacerbated by the 18th Amendment to the Constitution and the role of the National Finance Commission (NFC) and the Council of Common Interests (CCI). Recommendations include increasing provincial shares of national resources, strengthening the CCI's decision-making role, and fostering greater intergovernmental coordination. To improve Pakistan's federal structure, the paper calls for a more collaborative and participative federalist approach.

Key words:

Public Sector Performance, Federalism, National Finance Commission, Council of Common Interests, Economic Reforms

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Introduction

Despite claims of increased performance, Pakistan has had difficulty implementing changes. To boost the economy and lower poverty rates, the government has been applying for loans from supranational organizations. This raises the question of how well public sector organizations perform and why change is not evident. Concerningly, citizens are not being treated like customers either.

In order to address these problems, a study was carried out to evaluate the impact of various factors on the effectiveness of Pakistani public sector organizations. There hasn't been much research done in Pakistan compared to similar studies conducted in other nations. In 1998, the Asian Development Bank (ADB) implemented a number of reforms to bolster Pakistan's public sector and stabilize the country's economy (Pakistan and ADB, 2020). These changes were made to strengthen the feedback system, advance macroeconomic stability, spur economic growth, and lower poverty rates. The Rural Finance Sector Development Program, Trade, Export Promotion and Industry Program (TEPI), the Energy Sector Restructuring Program, the Microfinance Development Program, the Governance Program, the Financial (Non-Bank) Markets Program, and the Decentralization Support Program are just a few of the sector programs that the ADB has approved.

Despite these attempts, there hasn't been enough change implementation. To ensure that public sector organizations perform to the required standard, the government must address the underlying causes of this problem and take decisive action. Additionally, citizen-centric policies must be implemented to treat citizens as important clients and enhance the overall effectiveness of Pakistan's public sector organizations.

The Asian Development Bank began a number of reforms in 1998 to help Pakistan's public sector balance the economic crisis. The main objective of these reforms was to strengthen the feedback system to meet the demands of macroeconomic stability, resurgent economic growth, and lower levels of poverty. The Trade, Export Promotion and Industry Program (TEPI) (1999), the Energy Sector Restructuring Program and the Microfinance Development Sector Program (2001), the Governance Program and Financial (Non-Bank) Markets Program (2002), and the Decentralization Support Program are just a few of the ADB's main agenda items that have been approved in various sectors (Pakistan and ADB, 2020).

Inter-provincial disagreements have a long history in Pakistan and frequently result in conflicts that impede the nation's growth. The uneven allocation of resources among the provinces is what ultimately leads to these disputes. Through the National Finance Commission (NFC) and the Council of Common Interests, the 18th Amendment to Pakistan's Constitution sought to solve this problem (CCI). Effectively implementing these ideas still presents some difficulties. The provinces do not agree on how to distribute resources, which frequently causes conflicts and delays in decision-making.

Additionally, the provinces' ability to use the resources effectively and efficiently needs to be strengthened. Therefore, it is necessary to investigate how the NFC and CCI might be more effectively used to enhance Pakistani provincial cohesion and development.

Statement of the Problem

To achieve sustained socio-economic growth in Pakistan, concord between the provinces and the federation is essential. There is still a dearth of efficient coordination and communication between the federal and provincial administrations, notwithstanding the Council of Common Interests (CCI) and the National Finance Commission (NFC) Award's constitutional provisions. As a result, there are inefficiencies, redundant efforts, and uncoordinated policies that impede both social and economic progress. Weak connections between the provinces and the federation's regulatory agencies, such as the Planning Commission and the Finance Division, worsen the issue. In order to better understand how the NFC and CCI might improve provincial harmony and development, this research will examine the factors that either impede or support their efficient operation. The results of this study will shed light on the best ways to enhance inter-institutional cooperation in Pakistan to achieve long-term socioeconomic growth.

Central Questions and Hypothesis

The goal of the current study is to pinpoint the main reasons impeding Pakistan's efforts to achieve federal-provincial unity. How much does a lack of institutional coordination hinder the establishment and maintenance of harmonious relations between the federal government and the provinces? By examining how well federal and provincial institutions carry out state matters for the benefit of the general public, this study investigates the significance of institutional processes in fostering federal-provincial concord. Through this research, the study aims to identify the crucial systemic gray areas that contribute to Pakistan's current state of political discord between the federal and provincial administrations.

Literature review

It is a well-established topic in the literature that there is a connection between political and budgetary systems. Various theories have been proposed by researchers to explain this connection. Political-fiscal (de)centralization and fiscal federalism are themes that have been extensively explored and explained in the available literature. However, scholars have different ways of describing how stakeholders affect political and financial institutions, leading to distinct but equally important outcomes. The results of extensive

research into the impact of stakeholders in the legislative and budgetary literature have not been compelling. The terms "centralization" and "decentralization" refer to characteristics of various systems, and the term "(de)centralization" has several definitions in the literature. Bryce was the first to consider the dynamics that contribute to centralization and decentralization in a systematic and comparative manner, and the constitutional devices used by nations include federations with both centralized and decentralized forms of governance (Fayaz Hussain Tunio & Agha Amad Nabi, June 2021). While Rondinelli and Nellis define devolution as the transfer of responsibility and resource allocation from the federal to the lowest layer of governments, Schneider defines political decentralization as the process by which central governments enable non-central government tiers (Rondinelli, July 2016). Leacock contends that traditional federalism is becoming increasingly ineffective at managing the requirements of the contemporary economy and predicts that this will result in centralization. Therefore, the goal of this study is to examine how stakeholders may help Pakistan's federal and provincial institutions work together to promote budgetary and political concord (Fayaz Hussain Tunio, July 2021).

Research Methodology

This qualitative study employs a number of methodological techniques. First, a review of the existing literature on the topic will be conducted. To comprehend the fundamental issues, arguments, and conclusions surrounding the topic, it will be necessary to analyze various articles, papers, and publications from reliable sources. After the data has been thematically evaluated, conclusions will be drawn by identifying trends and themes. Finally, the study's conclusions will be discussed, and recommendations for policymakers and other relevant parties will be provided.

Organization of the Paper

To begin with, the study provides a historical overview of the federal structure and institutions of Pakistan. This history includes the pre-partition federal institutions and those created in the aftermath of the partition. Subsequently, the study outlines the core issues and challenges to the federal harmony of Pakistan. Further, the study undertakes a SWOT analysis of the issue. Finally, the study provides concrete guidelines for policymakers.

A Brief History of Federal Structures and Institutions in Pakistan

Since its independence, Pakistan has had a federal structure, which is the result of several circumstances. First of all, it inherited a British India constitutional legacy. Second, a federal structure was required from 1947 to 1971, when Pakistan was divided into two separate geographical regions. Last but not least, as independent governments, Pakistan's provinces have evolved unique ethnic and linguistic identities. Punjab was created in 1849, NWFP (now Khyber Pakhtunkhwa) split off from Punjab in 1901, Sindh split off from Bombay in 1937, and Balochistan was created in 1970. These provinces were directly administered by the British.

Soon after the division, the provinces that the British had indirectly administered were absorbed into their own provinces. Along the border with Afghanistan, there were additional Federally Administered Tribal Areas (FATA) and Provincially Administered Tribal Areas (PATA). In addition, until the Kashmir conflict with India was settled, Azad Jammu and Kashmir (AJK) was established as a legal-administrative entity with its own constitution, legislature, and Supreme Court. Lastly, Gilgit-Baltistan, a part of Jammu and Kashmir that broke away starting in 1936, never had a representative in either the AJK or Pakistani legislatures after independence. The aforementioned elements highlight how complex Pakistan's federal organization is, with distinct systems of government in charge of different regions (Waseem, August 2010).

Indian Independence Act as Adopted in Pakistan and 1956 Constitution:

Defining a Federal Structure

The Indian Independence Act was passed in 1947 by the British imperial authority, granting independence to its Indian colony. On August 14, 1947, this Act ceded the British Crown's suzerainty over India to the newly founded nations of India and Pakistan. The Government of India Act, 1935, which had previously served as British India's constitution, was modified to align with the goals of independence set forth in the 1947 Act, facilitating a peaceful transition to independence. Until the separate constituent legislatures of both nations enacted their own constitutions, these two constitutional documents together functioned as an interim constitutional framework for both nations.

Three Governor Generals, four Prime Ministers, and two constituent legislatures were all involved in the lengthy and challenging process of drafting the constitution for Pakistan. The first constitution of Pakistan was drafted in 1956 after a lengthy nine-year process. The Awami League, the main Muslim political party from East Pakistan, the nation's most populous region, as well as all Hindu minority parties, rejected the 1956 constitution

(Pakistan: A Political History, September 2022). This lack of agreement among ethno-national groupings caused political unrest throughout the nation, which eventually led to the abrogation of the constitution and the introduction of the first martial law on October 7, 1958. Four federal ministries underwent changes between its proclamation and abrogation. The 1962 constitution was adopted by executive order under the military dictatorship of General Ayub Khan.

The third constituent assembly passed Pakistan's present constitution in 1973. However, during the military regimes of General Zia-ul-Haq (1977-1985) and General Musharraf, this constitution was suspended twice (1999-2002) (Mubasher Bukhari, August 2022). The military administrations drastically altered the constitution's Islamic and federal nature when it was reinstated in 1985 and 2002. One such provision on both occasions was the president's authority to dissolve the lower chamber of the federal legislature. Due to the concentration of power in the presidency, the succeeding parliaments were compelled to provide legal protection for the military dictators' actions during the interim between the suspension and restoration of the constitution through the 8th and 17th Amendments (The International Idea, April 2018).

Constitution of 1962: A Centralized Federalism or Federal Centerism?

Pakistan's second constitution, which was drafted just six years after the first one in 1956, established a federal structure in 1962. President Ayub Khan had annulled the 1956 constitution in 1958, and after observing a change in popular opinion, he established a legislative panel under the direction of Justice Shahab-ud-din. Justice Manzoor Qadir, who created and wrote the complete constitution, received the panel's report. Ayub passed it on July 8, 1962, without the requirement of a presidential order. The written constitution described the institutions of the state and featured Urdu and Bengali as national languages. It benefited the president since modifications could be enacted quickly with his backing. The law was deemed passed if the president did not act within 30 days, but it required a 3/4ths majority of the assembly to pass if he did. If the president did not respond after 10 days, the Basic Democrats' viewpoint would be deemed definitive. To satisfy the desire for provincial autonomy, the constitution granted the provinces all remaining authorities while granting the federal government the specified functions in the Federal List (Kashif Iqbal Rana Imran, December 2021).

Break-up of the Country: Failure of Federalism

Federalism's failure was one of the causes that led to the dissolution of Pakistan in 1971 (Dr. Ghulam Ali, Dr. Sajjad Ahmad, Dr. Benish Khan, 2021). East Pakistan eventually seceded from Pakistan as a result of the central

government's refusal to distribute authority to the provinces, which fostered suspicion and animosity (now Bangladesh). Economic inequalities, along with the government's disregard for the linguistic and cultural distinctions between East and West Pakistan, worsened the problem. Consequently, the "Two-Nation Theory," the idea on which Pakistan was founded, lost significance and credibility (Yaqoob Khan Bangash, March 2012).

The military and bureaucracy in West Pakistan consolidated their control, further alienating the Bengali community in East Pakistan. The demand for independence was exacerbated by the military government's resistance to handing over authority to the elected officials of East Pakistan and its harsh repression of the Bengali nationalist movement. The 1962 constitution's adoption of a unitary form of government further undermined the federal structure and deprived the provinces of their sovereignty. Thus, a major factor in Pakistan's dissolution in 1971 was federalism's inability to meet the aspirations of the people of East Pakistan.

Numerous academics and historians have emphasized the federal system's contribution to Pakistan's dissolution. For instance, Shuja Nawaz claims that "one of the primary contributing factors in the dissolution of Pakistan was the inability of federalism to accommodate the demands of the people of East Pakistan and the abandonment of their political, economic, and cultural rights" (Nawaz, 2008, p. 77). Similarly, Ayesha Jalal argues that "the unitary system of government adopted under the 1962 constitution undermined the federal structure and deprived the provinces of their autonomy, which ultimately led to the disintegration of Pakistan," and "the centralization of power in the hands of the military and the bureaucracy" (Jalal, 1994, p. 191). Thus, a major factor in Pakistan's dissolution in 1971 was federalism's failure to take into account the diversity of its population and to satisfy their needs and ambitions.

Post-1973 Federal Order: Federal Institutions or Paper Tigers?

The Assembly established a Constitution Committee in 1972 with the goal of creating a constitution. The draft constitution was presented by the Committee on December 31, 1972, and adopted by the Assembly in a single vote on April 10, 1973. The Constitution of the Islamic Republic of Pakistan 1973 was enacted on August 14, 1973, and it came into force when Mr. Fazal Illahi Choudhary was inaugurated as president and Mr. Zulfikar Ali Bhutto was sworn in as prime minister.

Pakistan's bicameral legislature, consisting of the President, the National Assembly, and the Senate, was established under the 1973 Constitution. The National Assembly initially had 200 general seats and 10 seats reserved exclusively for women, totaling 210 seats. There were 63 senators. Later, in

1985, the number of seats in the National Assembly was increased from 200 to 237 through a Presidential Order, adding seven general seats and ten additional reserved seats for women. Additionally, ten seats were allocated for people of color. The Senate's membership also increased from 63 to 87. Each province and other units of the federation are allocated a certain number of seats in the National Assembly, which is elected for a five-year term. These seats are distributed based on population. The ten seats designated for minorities are chosen by separate electorates.

The 18th Amendment, adopted in 2010, removed the President's authority to issue a proclamation of emergency and transferred control of 15 ministries from the federal to the provincial levels. The amendment sought to uphold the principle of democracy and advance an efficient local government structure. The nation applauded this action as it aimed to address issues related to the nation's and its citizens' development. The amendment, which changed the name of the North-West Frontier Province to Khyber Pakhtunkhwa, was intended to reduce political hostilities between the provinces and diffuse the Presidency's authority (Content, 2020).

Major Changes to the Constitution:

- Amendment to Article 6 to deter future military coups.
- Article 58(2b) was repealed and replaced with provisions for the Dissolution of the National Assembly. The President retained the power to dissolve the National Assembly only if a vote of no confidence was passed against the Prime Minister.
- The total strength of the cabinet was fixed at 11% of the total membership of Parliament.
- All governors were required to be both residents and registered voters of their respective provinces and were to be appointed by the President under the discretion of the Prime Minister.
- Provinces were now legally required to establish local government systems, devolve the political electoral process, and grant administrative and financial responsibility and authority to elect representatives.
- The Prime Minister was designated as the chairperson of the Council of Common Interests, whose members include Chief Ministers and three members of the federal government.
- An amendment to Article 157 required the federal government to seek provincial government approval before installing hydroelectric power stations in the provinces.
- The Prime Minister was granted the power to provide the names of three candidates for the Council of Common Interests, in consultation with the leader of the opposition, to a parliamentary committee for confirmation.
- Insertion of Article 175(a) governing the appointment of judges of the Supreme, High, and Federal Sharia Courts.

- With the substitution of Article 243, the control and command of the armed forces of Pakistan rests with the federal government and ultimately the President. The President was granted the authority to appoint the chairman of the Joint Chiefs of Staff, as well as the Chief of Army Staff, Chief of Naval Staff, and Chief of Air Staff.
- The North West Frontier Province was renamed to “Khyber Pakhtunkhwa.”
- As a constitutional duty, the State is required to provide free and compulsory education to all citizens of Pakistan from the ages of 5 to 16 years.
- Under the amendment to clause 1, the names of provinces “Baluchistan” and “Sind” were substituted with “Balochistan” and “Sindh,” respectively.
- Barring individuals who have acquired foreign citizenship from contesting in national elections for Parliament.
- The electoral process for all elections in Pakistan, excluding those for the Prime Minister and Chief Minister, is to be conducted by secret ballot.
- The concurrent legislative list in the 4th Schedule was removed in its entirety, and various ministries and powers were clearly divided among the provincial and federal governments, ensuring a clear division of power and authority.

Regarding the success of the 18th Amendment in establishing a federal system of governance, it has been determined that the amendment has achieved only limited success. Although it has provided the necessary means, regulations, and power divisions required for the establishment of a federal system of governance, its success is only apparent at the macro level. The amendment has failed to provide a clear framework for establishing a grassroots-level federal system, thereby falling short of its intended purpose.

Core Issues in Current Federalism The NFC Award

For five years running, the NFC program grants the creation of financial formulae for allocating economic resources and funds between the federal government and the provinces. The federal government collects taxes that are divided into separate pools, including their distribution. This group of taxes consists of five different types: income tax, sales tax, wealth tax, capital gains tax, and taxes such as customs charges and export tariffs.

The National Finance Commission (NFC) program is responsible for creating the financial formulae that control how economic resources are distributed over a five-year period between the federal government and the provinces. This includes the distribution of federal tax revenue, which may be divided into several tax categories such as income tax, sales tax, wealth tax, capital

gains tax, customs duty, and export duty.

Seven NFC awards have been given out since the Constitution was put into effect in 1973, the first one being in 1975. Intoxicating liquor production, sale, and transportation are all prohibited by the 18th constitutional amendment, although their use, private possession, and production for personal use are still permitted. Sadly, this increased the amount of illicit alcohol production, including rum running, bootlegging, and moonshining.

Pakistan has historically been a centralized federation, with the federal government having broad authority to levy taxes and the provinces having few options for generating income. Two crucial policy gaps result from this: first, provinces always need financial help, which the federal government provides using the surplus cash amassed in the center, and second, the provinces' ability to generate revenue from indigenous resources is diminished. The federal government shared a modest amount of additional resources with the federating units up until the 7th NFC Award. However, it was determined in 2010 that the federal government would receive 42.5 percent of every hundred rupees, while the provinces would receive 57.5 percent.

A new NFC formula is necessary to fulfill the spending demands in light of population expansion or cost limitations, as it not only offers adequate incentives to reward efficiency and effort but also clarifies the political economy of NFC. There are ongoing deadlocks that need to be addressed due to the unanimity requirement established for NFC ratification. To advance the discussion, it is imperative to consider creative alternatives for future allocations and to have research-supported discussions in a neutral academic forum.

CCI: The Gap Between Theory and Practice

According to Article 153 of the Islamic Republic of Pakistan's Constitution, adopted in 1973, the Council of Common Interests is a legally recognized institution. This committee, which the President appoints on the proposal of the Prime Minister, works to settle conflicts over power distribution between the federal government and the provinces. According to Article 154(1) of the Constitution, the CCI supervises and controls associated institutions and develops and regulates policies on the issues enumerated in Part II of the Federal Legislative List. The CCI carries out its duties in accordance with its Rules of Procedure, which outline the steps that must be taken.

In Pakistan, the Council of Common Interests, an important constitutional body, is essential to preserving the balance of power between the federal and provincial governments. Its responsibility is to ensure that laws and

regulations pertaining to the issues on the Federal Legislative List are correctly drafted and implemented, with adequate oversight and control over associated institutions. The CCI's Rules of Procedure guarantee that its operations are carried out in a fair and transparent manner.

It is important to note that the CCI has come under fire in Pakistan from several political parties and civil society organizations for failing to appropriately reflect the interests of the provinces. Critics claim that the CCI frequently favors the federal government and does not adequately consider the demands and concerns of the provinces. In some cases, the provinces have objected to CCI rulings, which has led to court disputes and complicated the relationship between the provinces and the federal government.

The CCI functions through its Rules of Procedure, which provide for the following procedures:

- Meetings of the Council (Rule 5)
- Circulation and confirmation of minutes and decisions (Rule 6)
- Manner of submission of cases to the Council (Rule 10)
- Implementation of decisions of the Council (Rule 11)
- Correction of minutes and decisions of the Council (Rule 12)
- Reference against the decisions of the Council (Rule 13)

The Issues of Royalties and Natural Resources

Coal, gold, copper, bauxite, mineral salt, chromite, iron ore, oil & gas, and a wealth of other minerals and natural resources are abundant in Pakistan. Rice, textiles, leather goods, carpets, sporting goods, and chemicals are among the leading exports of the nation. Top imports include equipment, gasoline, plastics, steel, paper, tea, and iron. Saindak's significant quantities of copper and gold ore make up a sizable portion of the nation's mineral resources. However, since the 18th Constitutional Amendment, the federal and provincial governments of Pakistan have been in conflict over the authority to collect royalties on energy and mineral resources. The central government asserts the legal authority to collect royalties despite the fact that the amendment provided provinces with a 50/50 ownership stake in natural resources. Currently, after subtracting two percent in administrative costs, the federal government collects royalties on crude oil and natural gas and distributes the money to the provinces.

The provinces contend that they have the authority to collect royalties on their own, independent of the federal government. Following the 18th Amendment, they also want to control the oil and gas business, but the federal government insists that it has the legal authority to do so. Even though the federal government receives 100% of the company's profits, the provinces

only get a 12.5% royalty. Sadly, the petroleum policy does not stipulate that any portion of the royalties should go to the union councils or tehsils where these resources are being mined.

Uncertainty exists over whether the federal government's promised portion will be funded by the 12.5 percent provincial royalty or by the federation's own oil revenue. Conflicts and discontent are being caused by groups residing in wealth-generating areas not receiving a fair deal, as seen in Dera Bugti. Communities residing in Sindh and Balochistan's oil and gas producing regions endure similar socio-environmental injustices. The government must ensure that the residents of these places receive a fair portion of the royalties produced by their resources and that their opinions are taken into consideration when making decisions. In addition to advancing socioeconomic growth, this will support peace and stability in these areas.

Reluctant Federation, Ineffectual Provinces

Pakistan is a federal parliamentary republic where the national government and the provinces share authority. However, there has been a strong centralization of authority that frequently has ignored the political sensibilities of the provinces. This has given the appearance that the central government wants to rule with a hard hand and that opposition is not allowed. Recurring military interventions and constitutional breakdowns have strengthened centralization and anti-democratic trends, while non-participatory governance and political management have increased mistrust and mutual dread.

Additionally, economic growth is a crucial component of creating a state, but over time, economic inequities have worsened, hurting impoverished people and smaller provinces. Major complaints have been made against the center as a result, and it has been challenging for the provinces to reach an agreement on the National Financial Commission Award, which has been postponed by four years. The financial crisis has been exacerbated by each province's advocacy for a mechanism to allocate money from the federal divisible pool according to its own interests.

Additional concerns that require quick action include Balochistan's request for a higher gas royalty and NWFP's demand for its rightful portion of the province's hydropower's net profit. Since it hasn't convened in years, the Council of Common Interests, a body for interprovincial cooperation and dispute resolution, needs to be revived.

The center must acknowledge and respect the political sensibilities of the provinces, encourage participatory government, and counteract anti-democratic movements in order to establish a more successful federal system

in Pakistan. All provinces' economic growth must be given top attention, and economic inequality needs to be reduced. Finally, it is important to address the problems that each province is confronting, and institutions for interprovincial coordination and dispute resolution need to be rebuilt to encourage collaboration and consensus-building.

Is There a Need to Redesign Federal Institutions?

Since the nation's founding in 1947, there has been discussion over the federal structure of Pakistan. Power has been disproportionately distributed in favor of the federal government over time, which has left the provinces feeling ignored and unimportant. As a result, there is a climate of mistrust and mutual dread, which encourages separatist groups and calls for more autonomy. In order to overcome these difficulties and foster inter-provincial peace and collaboration, Pakistan's federal system needs to be redesigned.

The centralization of authority within Pakistan's federal system is one of its main drawbacks. According to political analyst Ayesha Siddiqi, "the key elements fueling separatist movements have been the centralization of power at the federal level and the marginalization of the provinces" (Siddiqi, 2016). The view is that the central government does not respect the political sensibilities of the provinces and wants to rule with a heavy hand as a result of this concentration of power. Consequently, economic inequalities have worsened, and resentment toward the center has grown.

Lack of political management and participatory governance is another problem. The federal structure of Pakistan has been characterized by non-participatory governance and political administration, which has resulted in a lack of trust between the federal government and the provinces, claims economist S. Akbar Zaidi (Zaidi, 2019). Due to the resulting lack of collaboration and consensus-building, it is challenging to address the problems that each province faces.

Additionally, ongoing military interventions and constitutional failures have strengthened trends toward centralization and anti-democracy. To address these issues, Pakistan's federal structure must be redesigned to promote decentralization and greater participation from the provinces. This has resulted in a perception that the central government does not respect democratic values and is more interested in promoting inter-provincial harmony than promoting inter-governmental harmony. This may be accomplished by providing the provinces more autonomy in decision-making and policy-making through the devolution of powers from the national government to the states. To encourage collaboration and consensus-building, organizations for interprovincial coordination and conflict management, like the Council of Common Interests, must be reactivated.

The equitable allocation of resources and investments in infrastructure development must also be priorities, and economic imbalances must be addressed. The National Financial Commission Award, which needs to be changed to ensure a just distribution of funds in the federal divisible pool, can help with this.

In order to encourage unity and collaboration among the provinces, Pakistan's federal structure needs to be modified. Decentralization, democratic governance, and fair economic growth can all contribute to this. Only then will Pakistan be able to handle the problems that each province is currently facing and advance a more efficient federal structure that respects the political sensibilities of each province and encourages inter-provincial harmony and collaboration (Faisal-Iqbal, 2014).

The NFC, FATA Merger, Provincial Revenues

Coherent and dynamic exchanges between the center and the federating units, as well as functional financial arrangements, are necessary for a federal system to operate well. Pakistan has long been a centralized federation, with the federal government having broad authority to levy taxes and leaving the provinces with few options for generating income. Although the 7th National Finance Commission (NFC) Award was a brave move toward provincial autonomy, it has long-term unsustainable financial issues. According to the NFC assessment, a budget deficit is neither desirable for a healthy economy nor consistent with the IMF agreement. Furthermore, the center is unable to implement any policy changes due to the current fiscal resource allocation system. The 18th Constitutional Amendment has made the issue even more problematic since some of its clauses make the award rigid, which causes deadlocks to occur in consecutive years.

To address important national obligations and reward budgetary discipline and effort, a realistic solution is required. The best resource distribution system should encourage the federal government and the provinces to exert their greatest efforts in generating resources. The political economy of the NFC also needs to be clarified, as the requirement for unanimous consent of the NFC has frequently resulted in impasses. As a result, we need a new NFC formula that can cover spending demands, recognize efficiency and effort, and encourage all parties to cooperate for shared prosperity.

Several departments have been devolved to the provinces as a result of the 18th Amendment, which has also put the federal government in a position where it is compromised when it comes to upholding international accords. Although resources shouldn't be concentrated again, a new system that can handle national obligations while rewarding budgetary discipline and effort is required. This is only possible if we eliminate discretionary expenditure in

favor of systematic evidence-based transfers and constitutionally mandated spending appropriations.

Pakistan must work toward a system of resource allocation that is as efficient as possible without imposing any inefficiencies on the other federation members. To make sure that nobody receives a free lunch, the necessary mechanism would need to be evaluated in light of the capabilities of the jurisdiction and the requirements of the populace. The 7th NFC Award was a brave start, but further research is required to develop a new formula that will motivate all stakeholders to cooperate for shared prosperity (Iftikhar Ahmad, May 2021).

Can CCI Play a More Proactive Role?

In Pakistan's federal system, the Council of Common Interests (CCI) is a constitutional body that is very important. The CCI was set up in accordance with Article 153 of the Pakistani Constitution to ensure coordination and cooperation between the national and provincial governments. By addressing a number of issues, such as resource distribution, inter-provincial coordination, and policymaking, the CCI can significantly enhance Pakistan's federal system. This essay will discuss the ways in which the CCI can strengthen Pakistan's federal structure and will include pertinent citations to back up its claims.

One of the CCI's most important responsibilities is to ensure that resources are distributed fairly among the provinces. Pakistan is a diverse nation with various levels of development in its provinces and regions. Economic disparities and tensions between the provinces can result from the unequal distribution of resources. Resource distribution among the provinces can be made more equitable with the help of the CCI. The CCI is a crucial forum for reaching agreement on national policies and the equitable distribution of resources, according to Shahid Kardar, a former governor of the State Bank of Pakistan (Kardar, 2017).

By enhancing inter-provincial coordination, the CCI can also improve Pakistan's federal system. The provincial and federal governments have occasionally worked in opposition to one another in the past, which has led to inconsistencies and inefficiencies in policy. The CCI can serve as a link between the federal and provincial governments, ensuring that laws are applied consistently across the nation. The CCI "can play a critical role in bridging the gap between the federal and provincial governments and ensuring that policies are implemented consistently across the country," according to a report by the Institute of Regional Studies (Institute of Regional Studies, 2014).

The CCI can help Pakistan's policy-making process. To ensure that proposed federal government policies align with the interests of all provinces, the CCI has the authority to review and approve them. The CCI may also suggest laws tailored to the needs of certain states, provinces, or regions. "The CCI may play a vital role in establishing policies that are suited to the individual requirements of different areas of the country," said Dr. Ishrat Hussain, a former governor of the State Bank of Pakistan (Hussain, 2013).

But for a variety of reasons, the CCI hasn't been able to successfully carry out its mandate. One of the main causes is the CCI not holding regular meetings. In the past few years, the CCI has only convened a handful of times, and those sessions have frequently been marked by contention and a lack of agreement. The CCI has lost its effectiveness as a result of the absence of regular meetings, and the sessions that do occur are frequently marked by conflicts and a lack of consensus, according to a report by Dawn (Dawn, 2021).

The absence of political will to strengthen the CCI is another factor contributing to its ineffectiveness. The CCI is a constitutional body, and neither the federal nor provincial governments are required to abide by its recommendations. As a result, the CCI's recommendations are frequently disregarded by the federal and provincial governments. "The CCI lacks the capacity to execute its recommendations, which makes it impossible for the CCI to play an effective role in developing the federal system of Pakistan," said a report from the Pakistan Institute of Legislative Development and Transparency (Pakistan Institute of Legislative Development and Transparency, 2019).

By guaranteeing fair resource allocation, enhancing inter-provincial collaboration, and improving the policymaking process, the CCI may significantly contribute to the improvement of Pakistan's federal system. The CCI must, however, overcome its existing difficulties in order to do this (Irfan Khan & Bakhtiar Khan, December 2020).

Restructuring the Provincial Administration

Pakistan is a federal republic composed of four provinces, the capital territory, and several tribal regions under federal control. The principal administrative entities responsible for achieving development objectives and providing public services are the provinces. However, Pakistan's existing system of provincial government is frequently criticized for being wasteful and incapable of providing residents with the services they need. In this essay, I will discuss some ideas for restructuring Pakistan's provincial government to better achieve the country's development objectives.

Redefining the functions and duties of provincial governments is the first step toward reforming the provincial administration in Pakistan. Critical sectors such as health, education, and law enforcement currently fall within the limited jurisdiction of the provinces. These sectors still experience significant federal government influence, which often leads to inefficiencies and bureaucratic delays. Greater autonomy and responsibility over these sectors must be granted to provincial governments to improve service delivery and development outcomes. By doing so, they would be able to develop policies and programs that are tailored to local interests and needs rather than relying on centrally enforced federal solutions.

Enhancing the capacity of provincial governments to effectively deliver services is the second phase. This may be achieved through various measures, including providing technical support and training to provincial officials, increasing funding for provincial governments, and improving the recruitment and retention of talented staff. Enhancing their capacity would improve provincial governments' ability to manage public services effectively and efficiently.

Improving provincial governance is another crucial issue that needs attention. In Pakistan, rent-seeking and corruption are prevalent and often undermine the efficiency of public service delivery. Therefore, it is essential to implement policies at the provincial level that promote accountability, transparency, and good governance. For example, anti-corruption agencies could be strengthened, and public officials might be required to disclose their assets and sources of income. The government could also take steps to enhance public participation and accountability, such as through open hearings and community-based monitoring.

The fourth step is to promote better coordination and collaboration between provincial governments. Currently, there is limited interprovincial cooperation, which often results in duplicated efforts and inefficient resource use. To address this, the federal government could encourage greater provincial collaboration by facilitating the sharing of best practices and supporting joint projects in areas like infrastructure development and public service delivery.

Finally, greater decentralization of authority and resources would benefit Pakistan's provincial administration. The limited control that provincial governments currently have over revenue generation often results in insufficient funding for essential services such as health and education. Greater fiscal autonomy and flexibility could be achieved through local revenue generation enabled by increased decentralization.

In conclusion, reforming Pakistan's provincial administration is essential for improving service delivery and development outcomes. This can be achieved by redefining the functions and responsibilities of provincial governments, enhancing their capacity to provide services, promoting good governance, encouraging greater cooperation and coordination between provinces, and increasing decentralization of authority and resources. These actions could improve the lives of Pakistan's citizens by making the provincial government more responsive, efficient, and accountable (Yasub Ali Dogar, August 2018).

SWOT Analysis

SWOT analysis is a strategic tool used to evaluate the strengths, weaknesses, opportunities, and threats of an organization, program, or policy. In the case of the Council of Common Interests (CCI) and the National Finance Commission (NFC), a SWOT analysis can provide a comprehensive understanding of their role in the federal structure of Pakistan. Here is a SWOT analysis of the CCI and NFC:

Strengths:

- The CCI and NFC provide a platform for the provinces to participate in the decision-making process at the national level and ensure that their interests are represented.
- The NFC provides an effective mechanism for the distribution of financial resources among the provinces based on agreed-upon formulas, which can help address disparities in development across different regions.
- The CCI has the authority to resolve inter-provincial disputes, which can help prevent conflicts and promote cooperation among the provinces.

Weaknesses:

- Both the CCI and NFC have been criticized for being ineffective in addressing the issues faced by the provinces and for being dominated by the federal government.
- The lack of transparency and accountability in the decision-making processes of the CCI and NFC has also been a cause for concern, as it can lead to allegations of bias and favoritism.
- The CCI has limited powers, and its decisions are not always binding, which can limit its effectiveness in resolving inter-provincial disputes.

Opportunities:

- Strengthening the role of the CCI and NFC in the federal structure of Pakistan can help address the growing demands for greater provincial autonomy and decentralization.
- Improving the transparency and accountability of the CCI and NFC can help build trust among the provinces and promote cooperation and consensus-building.
- The increasing demand for equitable development across different regions of Pakistan provides an opportunity for the CCI and NFC to play a more proactive role in addressing disparities in resource allocation and development.

Threats:

- Political instability and conflicts between the federal government and the provinces can limit the effectiveness of the CCI and NFC in promoting cooperation and resolving disputes.
- The lack of political will and commitment to decentralization and devolution of power can undermine the role of the CCI and NFC in promoting provincial autonomy and equitable development.
- External factors such as economic downturns or natural disasters can limit the resources available for distribution among the provinces and challenge the effectiveness of the NFC in addressing regional disparities.

SWOT analysis suggests that the role of the CCI and NFC in the federal structure of Pakistan has the potential to address inter-provincial disparities and promote greater provincial autonomy and cooperation. However, this requires addressing the weaknesses and threats identified and building on the strengths and opportunities to strengthen their effectiveness and impact.

Conclusion

Federalism in Pakistan draws its structural and operational dynamics from historical, legal, institutional, and moral sources of legitimacy. This contrasts with the nation-building agenda's innate drive toward centralization. The actual meaning of federalism in Pakistan continues to be somewhat elusive despite several attempts to make the state operate as a federal institution. The federal history of the nation has been characterized by numerous ups and downs, including failed constitutions, military takeovers, language disputes, the division of East Pakistan, and erratic political procedures.

Depending on whether a military or civilian administration is in power,

Pakistan's federal system has either advanced or regressed. Military-led governments view federalism as a formula for weakening state authority, whereas civilian administrations tend to be populist and consensus-based. However, both types of administrations have exhibited a tendency to exert financial and policy control at the expense of the provinces. As a result, despite Pakistan's progress in liberalizing the concepts of coordination and collaboration between the provinces and the center, federalism as a sign of shared sovereignty remains elusive.

Although it was hoped that the 1973 Constitution would stabilize the federal system, this has not been the case. The federal system has been further undermined by the 18th Amendment, which stripped the center of its authority and reduced it to a puppet in the hands of the provinces. Disputes between the center and the provinces have exacerbated the situation, leading to anarchy in the state, and previous constitutions failed to protect federalism in Pakistan. The federal system has also been harmed by military takeovers, and the partition of East Pakistan is proof that the nation has always had trouble cooperating with its constituent parts.

Addressing these concerns and adopting a novel federalist strategy are imperative if Pakistan is to reform its provincial government for better development outcomes. To ensure that authority and resources are divided properly, the federal government must cooperate with the provinces. A more inclusive approach to governance is required, involving civil society, NGOs, and local communities more. The center should play a facilitative role by offering technical and financial support, while the provinces should be given more freedom to determine their own development goals.

In conclusion, the history of Pakistan's federal system has been turbulent, marked by failed constitutions, military takeovers, and tension between the center and the provinces. A new federalist strategy that is more collaborative, participative, and inclusive is needed to advance development goals. Together, the center and the provinces may achieve common development objectives while safeguarding the integrity of the federal structure.

Recommendations/ Way forward

Here are some recommendations for improving the performance of Pakistan's federal structure by enhancing the functioning of federal institutions, notably the NFC and CCI:

1. Increase the share of provinces in national resources by revisiting the formula used for the distribution of resources under the NFC Award.
2. Ensure that the NFC Award is issued in a timely manner to avoid delays in the disbursement of funds to the provinces.

3. Strengthen the role of the CCI in decision-making related to important national issues, such as natural resources, water management, and national security.
4. Ensure that the decisions made by the CCI are binding and implemented in both letter and spirit.
5. Increase the frequency of CCI meetings to ensure regular and timely consultations between the federal government and the provinces on important issues.
6. Improve coordination between different levels of government, including federal, provincial, and local governments, to ensure effective implementation of policies and programs.
7. Promote a culture of trust and cooperation between the federal and provincial governments, and ensure that each level of government respects the autonomy and jurisdiction of the other.
8. Improve the capacity of provincial governments to effectively utilize the resources allocated to them through capacity-building programs, training, and technical assistance.
9. Strengthen monitoring and evaluation mechanisms to ensure transparency and accountability in the utilization of resources by provincial governments.
10. Encourage greater participation of the private sector in the development of the provinces by creating an enabling environment for investment and business growth.
11. Ensure that the resources allocated to the provinces are used to improve the social and economic conditions of the people, especially in underdeveloped areas of the country.
12. Promote greater citizen participation in decision-making related to the development of the provinces through increased transparency, access to information, and public consultations.

By implementing these recommendations, the performance of Pakistan's federal structure can be improved, leading to greater development and prosperity for the people of the country.

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