SAAD ABDULLAH PARACHA

Devolution Plan in Pakistan: Context, Implementation and Issues

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<td>ACR</td>
<td>Annual Confidential Reports</td>
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<td>ADB</td>
<td>Asian Development Bank</td>
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<td>Annual Development Plans</td>
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<td>AG</td>
<td>Accountant General</td>
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<td>AGPR</td>
<td>Accountant General Pakistan Revenues</td>
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<td>AIT</td>
<td>Agriculture Income Tax</td>
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<td>AJK</td>
<td>Azad Jamu &amp; Kashmir</td>
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<td>APT</td>
<td>Appointment, Promotion &amp; Transfer</td>
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<td>BHU</td>
<td>Basic Health Unit</td>
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<td>Basic Pay Scale</td>
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<td>City Development and Municipal Department</td>
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<td>CED</td>
<td>Central Excise Duties</td>
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<td>CEDAW</td>
<td>Convention on Elimination of All Forms of Discrimination Against Women</td>
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<td>CFAA</td>
<td>Country Financial Accountability Assessment</td>
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<td>CGA</td>
<td>Controller General of Accounts</td>
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<td>District Account Officers</td>
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<td>DC</td>
<td>Deputy Commissioner</td>
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<td>DCO</td>
<td>District Coordination Officer</td>
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<td>DDC</td>
<td>District Development Committee</td>
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<td>DfID</td>
<td>UK Department for International Development</td>
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<td>DMG</td>
<td>District Management Group</td>
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<td>DoF</td>
<td>Department of Finance</td>
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<td>District Officers</td>
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<td>Devolution Plan 2000</td>
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<td>DRTAs</td>
<td>District Regional Transport Authorities</td>
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<td>DS</td>
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<td>DTCE</td>
<td>Devolution Trust for Community Empowerment</td>
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<td>EDO</td>
<td>Executive District Officer</td>
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<td>KPP</td>
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<td>MNA</td>
<td>Member of National Assembly</td>
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<td>MoWD</td>
<td>Ministry of Women’s Development, Social Welfare &amp; Special Education</td>
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<td>MPA</td>
<td>Member of Provincial Assembly</td>
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<td>MVT</td>
<td>Motor Vehicle Tax</td>
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<td>NAM</td>
<td>New Accounting Model</td>
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<td>Non-governmental Organization</td>
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<td>NPA</td>
<td>National Plan of Action</td>
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<td>National Reconstruction Board</td>
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<td>NWFP</td>
<td>North West Frontier Province</td>
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<td>OZT</td>
<td>Octroi and Zila Tax</td>
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<td>OSI</td>
<td>Open Society Institute</td>
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<td>P&amp;D</td>
<td>Planning and Development</td>
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<td>PIFRA</td>
<td>Pakistan Improvement to Financial Reporting and Auditing Project</td>
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<td>PO</td>
<td>Police Order</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>PSC</td>
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<td>SLGO</td>
<td>Sindh Local Government Ordinance</td>
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<td>School Management Committees</td>
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<td>TAOs</td>
<td>Tehsil Accounts Officers</td>
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<td>TC</td>
<td>Tehsil/Taluka Council</td>
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<td>TMAs</td>
<td>Tehsil Municipal Administrations</td>
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<td>UC</td>
<td>Union Council</td>
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<td>UIPT</td>
<td>Urban Immovable Property Tax</td>
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<tr>
<td>W&amp;S</td>
<td>Water and sanitation</td>
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<td>Water and Power Development Authority</td>
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<td>Water and Sewerage Authorities</td>
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<td>World Bank</td>
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<td>WDD</td>
<td>Women’s Development Department</td>
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<td>ZC</td>
<td>Zila Council</td>
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Abstract

The military regime overthrew the elected government in Pakistan in 1999. In order to legitimize their overtaking of power, it immediately announced a national reconstruction plan. This plan, among other components, put forward an elaborate proposal of devolution & decentralization along with creation of a local government system. This study is an overview of devolution in Pakistan introduced in 2001 with the election to local governments and promulgation of a local government ordinance. It covers the period from 2001 to 2003 during which the local governments went through the teething phases.

The study looks at the context under which local governments have existed in Pakistan. It analyses the process of devolution by looking at its political, administrative, fiscal and development components. It identifies the specific problems being faced in implementation by various stakeholders and offers policy prescriptions to remedy the identified problems. The outcomes of the study target the government agencies involved in implementation of the process, various related agencies, donor organizations supporting the process and researchers and common people having interest in the subject.
1. Introduction

1.1. Decentralization, or decentralizing governance, refers to the restructuring or reorganization of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity (i.e. the local authorities will have the authority and responsibility to address all problems that are, in their determination, within their ability to solve), thus increasing the overall quality and effectiveness of the system of governance, while increasing the authority and capacities of sub-national levels.

1.2. Devolution, along with two other types of decentralization (fiscal and administrative), is the transfer of resources and power (and often, tasks) to lower-level authorities which are largely or wholly independent of higher levels of government, and which are democratic in some way and to some degree. Devolution/Decentralization is not unique to Pakistan, but a global trend. Most developing countries are embracing decentralization whether in Latin America, Europe or East Asia. Decentralization is a worldwide phenomenon for at least two reasons: a) need for political stability—decentralization means dispersion of formal political power to elected local level politicians. This dispersion of power is global trend. Political scientists suggest that this is an outcome of the declining credibility of the centralized state. In a fundamental sense, decentralization is a strategy to maintain political stability; and b) more effective and efficient service delivery. Decentralization is expected to achieve higher economic efficiency, better accountability, larger resource mobilization, lower cost of service provision and higher satisfaction of local preferences. According to this devolving resource allocation decisions to locally elected leaders can improve the match between the mix of services produced by the public sector and the preferences of the local population. Decentralization is thought to be particularly beneficial for rural development in disadvantaged jurisdictions. It usually entails a net transfer of fiscal resources from richer to poorer areas and leads to an increase in the quantity and quality of expenditures in these areas. Pakistan’s experiment in decentralization, termed devolution, is basically aiming at bringing the above-mentioned benefits to its population.

1.3. In October 1999, the politically elected government was overthrown as the military took power in Pakistan. The Military Government immediately came up with a “seven point agenda” to address the so-called institutional crisis and to advance “national reconstruction”. The seven point agenda included the following: i) rebuilding national confidence & morale; ii) strengthening the federation while removing inter-provincial disharmony; iii)...

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1 UNDP, 1999. Decentralization: A sampling of definitions
4 There is another argument cited in the literature- decentralization may actually cause a decline in the quality of public service. It is exactly this concern that has prompted many countries in Latin America to favor a slow pace of decentralization
reviving and restoring investor confidence; iv) ensuring law and order and dispensing speedy justice; v) depoliticizing state institutions; vi) devolving power to the grass root level; vii) ensuring swift and across the board accountability.

1.4. Consequently, the National Reconstruction Bureau, headed by a retired general, was entrusted with the task of undertaking the exercise with multiple aims of restructuring of political and service structures through devolution of power including empowerment of citizens, decentralization of administrative authority, decentralization of professional functions, and distribution of financial resources to the provincial and local governments with checks and balances against misuse of power and authority through the diffusion of power-authority nexus.

1.5. The task was controversial and massive by any definition. Controversial because a plan for local government was being prepared and implemented centrally by a military government. Massive it was as it involved creation of new structures and systems, as old ones were not considered sufficient, hold elections under the new system and provide the new setup with necessary legal cover, training and finances to play their anticipated role effectively. It needs special mention that the whole exercise was being undertaken in a country with population exceeding 140 million people. As if all these difficulties were not enough, the military government was also working against deadlines as per ruling of the Supreme Court of Pakistan where the power had to be transferred to the politically elected government within three years i.e. by October 2002.

1.6. The devolution exercise was being undertaken in a country, which was traditionally over-centralized right from its creation from British India. The centuries old setup specially that involving bureaucratic machinery was being revamped. All these factors called for a scrutiny of the whole exercise in order to find out problems, draw lessons and offer corrective policy recommendations. Hence came into being the current study with the following objectives:

1.7. Objectives of the research

1.8. This study is an overview of devolution in Pakistan, among the first studies on this topic. The challenge was to keep this study simple, focused, time bound and feasible. The Overview did not attempt to answer every possible question on decentralization. It is intended as a descriptive study of what is going on. The study has favored coverage over depth and description over analysis.

1.9. This Overview is structured around following themes:

1.9.1. Study the overall devolution program in terms of its content, implementation structures, processes, areas of concentration, and
political undertones and repercussions.

1.9.2. Analyze the actual implementation after holding of local body elections, transitional period between transfer of power and accompanying process of fiscal decentralization to find its status, effect and suggest corrective policy measures.

1.9.3. Identify the political implications of the devolution of power in terms of future policy making in the context of similar exercises (Basic Democracy System in Pakistan) undertaken in the past.

1.9.4. Compare similar exercises in other countries and ex-colonies for finding their experiences in devolution of power in terms of cross cutting themes such as political developments, impact on policy making, their methods, and overall success in terms of actual dissipation of centralized power for drawing lessons, if any.

1.9.5. Draw up a set of policy guidelines in matters relating to devolution, decentralization, political empowerment, and public policy.

1.10. These themes are analyzed along following aspects: (a) political decentralization, the transfer of policy and legislative powers to local councils that have been democratically elected and establishment of mechanisms of accountability to local constituents; (b) administrative decentralization, the transfer of functional responsibilities in various sectors as well as staff resources to the jurisdiction of elected local governments; (c) fiscal decentralization, the transfer of revenue, budgeting and expenditure authority to local elected bodies; and (d) development planning & management, although linked with the other themes but was looked at separately in order to see the outcome of the process on development.

1.11. The audience of the study is diverse. Among those it is directed at government agencies involved in the design of the process and those undergoing the change. The Overview hopes to offer them a structured and issue based discussion of where Pakistan is in the process of devolution. Others include donor agencies involved in supporting the process. The study will also serve as a reference for researchers and other private-sector entities interested in the subject.

1.12. **Research Methodology & scope of research**

1.13. The study is an overview and the methodology is simple. It is based on observation and common sense; although it is also supported by evidence collected through following methods: (1) review of the literature, relevant legislation\(^5\) (2) structured as well as non-structured interviews\(^6\) with a large number of stakeholders in capitals, districts, Tehsils & Unions; (3) an international comparison of key features of decentralization between Pakistan and other countries. Four provinces of Pakistan were visited. These visits included meetings at the provincial government and district levels.

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\(^5\) Devolution Plan, 2000, Local Government Ordinance, 2001 etc
\(^6\) Questionnaires for interviews may be seen as Annex 6
1.14. Given the nature and timing of the whole exercise, research material on the subject pertaining to Pakistan was limited. The preliminary comments started to come only after the devolution plan was first made public in March 2000 for debate. It must be mentioned, however, that there is a rich body of literature available on the subject of decentralization, its theory and some lessons from its implementation in different parts of the world. This literature provided the secondary source of research.

1.15. No specific framework was used to judge progress against standard decentralization and devolution indicators. The reason was preliminary stages of the whole set-up. The study, however, suggests a framework for future detailed study on analyzing devolution and decentralization in Pakistan in terms of its outputs rather than the processes, on which the present study focuses.

1.16. It is worth mentioning that the devolution plan was finalized in August 2000, just within four months of its uncovering. After that the process of elections began which was completed in August 2001. At this time, a Local Government Ordinance was promulgated to provide legal cover to the newly elected local governments. The research period (March 2002-2003) covers the elections of the local governments and their initial period of working. The same time period saw the elections to national and provincial legislatures and the resulting issues in terms of relationships between the local governments and other elected bodies. This paper, after contextualizing devolution, looks at the political, administrative and fiscal structures and systems as outlined by the new Ordinance and offers policy recommendations where problems have been identified.
2. Background – Local governments in Pakistan

2.1. Pakistan is an Islamic Republic, formed out of the partition of British India on 14 August 1947, and consisted originally of two wings, West Pakistan (now Pakistan) and East Pakistan (now Bangladesh) separated by 1,600 km of Indian territory. Pakistan today comprises Balochistan, North West Frontier Province, Punjab and Sindh; two federally – administered areas (Federally Administered Northern Areas (FANA) and the Federally – Administered Tribal Areas (FATA); Azad Jammu and Kashmir (AJK); and the Federal Capital Area (FCA) of Islamabad. With an estimated population of 145 million, Pakistan is the 8th most populous country in the world. Punjab is the most populous comprising more than half of the total population (estimated at 56 percent) compared to Balochistan, which has only about 5 percent of Pakistan’s population but 44 percent of the land area. Regional disparity between the four provinces is an important issue in Pakistan since they very greatly in terms of size, population and levels of development. The country’s population is relatively young, with approximately half of the population under 20 years of age and about 2 percent under the age of 19.

2.2. Pakistan has a federal administrative structure guided by the Constitution of Pakistan of 1973 with amendments. Parliament consists of the National Assembly and the Senate. National Assembly members are directly elected on adult franchise basis and have a term of 5 years in office. The National Assembly determines the major policy issues and passes annual budget and legislation. It elects the Prime Minister from among its members. The Prime Minister forms the cabinet from among members of the National Assembly and the senate. Provinces have their own elected legislative assemblies and Chief Ministers. Majority of the members of the Senate are elected by the Provincial Assemblies on the basis of proportional representation.

2.3. The allocation of functions of the federal government and the provincial governments is specified by the Constitution with the former having the authority to make laws with respect to any matter in the Federal Legislative List and the later in the Concurrent Legislative List. However in case of a dispute between the two, the writ of federal government shall prevail, hence providing for the root of centralization in Pakistan. Until the introduction of current legal changes, the Constitution of Pakistan did not fully recognize local governments as separate tier of government with their own powers and functions. They were essentially viewed as extensions of the provincial governments, having been created by the provincial legislation, through which some functions were delegated to them.

2.4. Pakistan has a poor track record of democracy as for more than half of its years of existence after independence, it has been ruled by the military. While the military governments always found faults with the politicians, it was always them who created the local government systems. Pakistan has

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7 For a background on Local Governments in Pakistan, this chapter draws on “Local Government Administration in Pakistan”, Applied Economics Research Center, University of Karachi, 1991.

experimented with two systems of local government before the present devolution plan. These were in 1959 and then in 1979, both during military regimes. The present devolution plan is also a brainchild of military government. History of local governments in Pakistan is characterized by two factors; Firstly, the local governments have never been autonomously functional in the presence of democratic governments. Secondly, every time a new system of local government was created, it was totally from a scratch with no linkages to the previous system.

2.5. Under the previous system of local government, there were four levels of municipal government in the urban areas: town committees, municipal committees, municipal corporations and metropolitan corporations. Members of the council elected the senior officers of these councils and the controlling authority was the elected house. There was a three-tier system of local government in operation in Pakistan in the rural areas, where Union Councils, Tehsil or Taluka Councils and District Councils were supposed to exist. However, provincial governments in practice usually abolished the middle-tier, the Tehsil/Taluka level. As a result mainly Union Councils and District Councils existed, which were elected on the basis of adult franchise. The elected members then elected the Chairmen of these councils themselves. Municipal status was primarily a function of population. Two types of functions were allocated to local governments—compulsory and optional. Compulsory functions for urban local councils included sanitation and garbage disposal, water supply, drainage, education (primary), fire fighting, public streets, street lighting, and social welfare. Whereas major functions of rural councils included provision, maintenance and improvement of public roads, water supply, drainage, primary schools, medical and veterinary services.

2.6. In practice, however, the councils were just performing some of the functions. It has been argued that the allocation of functions to the councils was very liberal. However, the availability of resources and institutional capacity for undertaking development work have been the operative constraints. Since local governments were not a central part of the Constitution and were delegated powers by the provincial governments, local governments actually owed their existence and powers to the provincial governments. Provincial governments could dismiss local governments by themselves or on the advice of the federal government. This was a subjective and dominating, relationship; local governments did not operate independently from the provincial government and could hardly exercise any influence. From senior appointments to requests for more resources or the permission to increase taxes and rates, local governments were dependent upon their provinces. It would not be unfair to say that provinces controlled local governments. Besides, the budgets of local councils had to be approved by the provincial government, who were entitled to make amendments and suggestions.9

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2.7. The purpose of giving an overview of the old system was to prepare a ground for comparison with what the new plan promises to offer by way of addressing the issues identified.

3.1. In October 1999, the politically elected government was overthrown as the military took over power in Pakistan. The Military Government immediately came up with a “seven point agenda” to address the so-called institutional crisis and to advance “national reconstruction”. The seven point agenda included the following: i) rebuilding national confidence & morale; ii) strengthening the federation while removing inter-provincial disharmony; iii) reviving and restoring investor confidence; iv) ensuring law and order and dispensing speedy justice; v) depoliticizing state institutions; vi) devolving power to the grass root level; vii) ensuring swift and across the board accountability.

3.2. Consequently, the National Reconstruction Bureau (NRB) was entrusted with the task of undertaking the exercise with multiple aims of restructuring of political and service structures through devolution of power including empowerment of citizens, decentralization of administrative authority, decentralization of professional functions, and distribution of financial resources to the provincial and local governments with checks and balances against misuse of power and authority through the diffusion of power-authority nexus.

3.3. NRB put forward the Local Government Plan in year 2000. According to this plan, "in the existing system of governance at the local level, the province governs the districts and tehsils directly through the bureaucracy at the division, district and tehsil levels. And the local government for towns and cities exist separately from those of the rural areas. The provincial bureaucratic set-ups are the designated ‘controlling authorities’ of the local governments, and tend to undermine and over-ride them, which breeds a colonial relationship of ‘ruler’ and ‘subject’. The separate local government structures engender rural-urban antagonism, while the administration’s role as ‘controlling authorities’ accentuates the rural-urban divide. These two structural and systemic disjoints, coupled with the absence of horizontal integration and the consequent inadequacy of functional coordination between the line departments at the division, district, and tehsil levels, lead to inefficiency and corruption, and are the root causes of the crisis of governance at the grass root level. This crisis appears to have been addressed through over-concentration of authority, particularly in the office of the Deputy Commissioner, which besides creating the potential for abuse of authority, diffuses operational focus and results in the expedient handling of routine functions through crisis management”.

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3.4. Consequently, the Plan proposed to address these issues by introducing a model described as 5Ds which is explained by the following diagram:

![5Ds of New Local Govt. System Diagram](source)

3.5. The Local Government Ordinances promulgated by the provincial governments in August 2001\(^1\) as per the model ordinance drafted by the NRB, embodies the practical aspects of this model. According to the Plan, “the system is designed to ensure that the genuine interests of the people are served and their rights safeguarded through an enabling environment, people’s participation, clear administrative responsibilities without political interference and making it answerable to the elected head of the district. At the same time it promises checks and balances to safeguard against abuse of authority”.

3.6. More specific objectives of changing the system have been given by NRB as follows:\(^2\) 1) Restructure the bureaucratic set up and de-centralize the administrative authority to the district level and below. 2) Re-orientate administrative systems to allow public participation in decision- making. 3) Facilitate monitoring of government functionaries by the monitoring committees of the local councils. Rationalize administrative structures for

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\(^1\) Sindh/Balochistan/North West Frontier/Punjab Local Government Ordinance 2001
\(^2\) NRB, 2001
improving efficiency. 4) Introduce performance incentive systems to reward efficient officials. 5) Ensure functioning of the related offices in an integrated manner to achieve synergistic effect and improve service delivery. 6) Eliminate delays in decision-making and disposal of business through enhanced administrative and financial authority of district and tehsil level officers. 7) Improve administrative and financial management practices in the district and management controls over operational units. 8) Redress grievances of people against maladministration through the office of Zila Mohtasib. The government functionaries will also be eligible to lodge complaints against the unlawful and motivated orders of the elected officials. 9) Enable the proactive elements of society to participate in community work and development related activities.

3.7. In accordance with the plan, elections for the new local government setup were held during December 2000 and September 2001. The Local Government Ordinance was promulgated in August 2001. Following are some of the features of the new local government system:

3.7.1. Removal of the district administration system, one of the last holdouts of the colonial order and creation of three countrywide levels of governments i.e. districts (Zila Councils headed by Zila Nazim), tehsils (taluqa in Sindh and town in City Governments, headed by Tehsil Nazim), and union councils (headed by Union Nazim).

3.7.2. Placing locally elected leaders in charge of out-posted bureaucrats

3.7.3. Reserving of one-third of seats for women and other marginalized groups like peasants, workers etc.

3.7.4. Providing local councils with the right to obtain information on departmental operations and to sanction non-performance

3.7.5. Allowing properly registered citizen groups to gain direct access to a proportion of the local councils’ development budgets

3.7.6. Creating a ‘municipal’ entity responsible for maintenance and development of basic municipal services such as water, sanitation, streets, lighting, parks, and business regulation.

3.7.7. Distribution of financial resources to local governments through formula based provincial fiscal transfers and decentralization of specified taxation powers to enable local governments to effect credible development and service delivery.

3.7.8. Creation of city governments in the provincial capitals with the possibility of allowing others to join later

3.7.9. The division as an administrative tier will cease to exist.

3.7.10. The institution of Citizen Community Boards has been created to enable the proactive elements of society to participate in community work and development related activities in both rural and urban areas.

3.7.11. For an overview of the distribution of functions and basic structure of the set-up, please see the table and diagram below.
Table 01

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>District/Zila</th>
<th>Tehsil/Taluka</th>
<th>Union Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>Primary &amp; Secondary Education, Literacy</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Health</td>
<td>Dispensaries &amp; Local Hospitals</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Roads</td>
<td>District Roads</td>
<td>Local Roads &amp; streets</td>
<td>Local Streets</td>
</tr>
<tr>
<td>Water</td>
<td>X</td>
<td>Water Supply System</td>
<td>Wells &amp; Ponds</td>
</tr>
<tr>
<td>Sewers &amp; Sanitation</td>
<td>X</td>
<td>Yes</td>
<td>X</td>
</tr>
<tr>
<td>Fire Services</td>
<td>X</td>
<td>Yes</td>
<td>X</td>
</tr>
<tr>
<td>Parks &amp; Playgrounds</td>
<td>X</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Animals</td>
<td>X</td>
<td>Slaughterhouses, Fairs</td>
<td>Cattle Ponds &amp; Grazing Areas</td>
</tr>
<tr>
<td>Cultural &amp; Sports Services</td>
<td>X</td>
<td>Fairs, Cultural Events</td>
<td>Libraries</td>
</tr>
<tr>
<td>Street Services</td>
<td>X</td>
<td>Street Lighting, Signals</td>
<td>Street Lighting</td>
</tr>
</tbody>
</table>

Key: “X” indicates no direct spending responsibilities; “Yes” indicates spending responsibility in City Districts, the Districts share some urban responsibilities normally exercised by Tehsil/Taluka with the Towns.

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4. Political structures & system

Decentralization Indicators: Political

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Macro (National)</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Decentralization</td>
<td>§ Elected intermediate and local governments</td>
<td>§ Importance of elected bodies in sector policy formulation</td>
</tr>
<tr>
<td></td>
<td>§ Multi-party national, intermediate, and local government elections</td>
<td>§ Importance of elected bodies in decisions about levels of sector funding</td>
</tr>
<tr>
<td></td>
<td>§ Secret ballot in national, intermediate, and local elections</td>
<td>§ Importance of elected bodies in sector service delivery</td>
</tr>
<tr>
<td></td>
<td>§ Elections held at regular intervals</td>
<td></td>
</tr>
<tr>
<td></td>
<td>§ Elections free and fair</td>
<td></td>
</tr>
<tr>
<td></td>
<td>§ Impartiality of the Judiciary</td>
<td></td>
</tr>
<tr>
<td></td>
<td>§ Independence of Central Bank</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Importance of elected bodies in sector policy formulation</td>
<td>§ Importance of elected bodies in decisions about levels of sector funding</td>
<td>§ Importance of elected bodies in sector service delivery</td>
</tr>
</tbody>
</table>

Source: World Bank, Decentralization Assessment Module, Rural Development Dept

Box 1

4.1. Local governments are formed at three levels: District, Tehsil, and Union. Each level comprises of its Nazim and Naib Nazim, its elected body (Zila Tehsil & Union Councils), and its administrative structures (District, Tehsil/Town Municipal and Union Administration). As of August 2002, the position is as under:

**Districts & Tehsils/Talukas**

<table>
<thead>
<tr>
<th>Provinces</th>
<th>Districts</th>
<th>City Districts</th>
<th>Total</th>
<th>Tehsils/Talukas</th>
<th>City Towns</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Punjab</td>
<td>33</td>
<td>1</td>
<td>34</td>
<td>116</td>
<td>6</td>
<td>122</td>
</tr>
<tr>
<td>Sindh</td>
<td>15</td>
<td>1</td>
<td>16</td>
<td>86</td>
<td>18</td>
<td>104</td>
</tr>
<tr>
<td>Balochistan</td>
<td>21</td>
<td>1</td>
<td>22</td>
<td>71</td>
<td>2</td>
<td>73</td>
</tr>
<tr>
<td>NWFP</td>
<td>23</td>
<td>1</td>
<td>24</td>
<td>34</td>
<td>4</td>
<td>38</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>92</strong></td>
<td><strong>4</strong></td>
<td><strong>96</strong></td>
<td><strong>307</strong></td>
<td><strong>30</strong></td>
<td><strong>337</strong></td>
</tr>
</tbody>
</table>

(This structure presently covers all Pakistan except for Islamabad Capital Territory, FATA and Cantonments, which will become towns and part of the relevant Districts)

4.2. The elections at the Union level constitute the backbone of the entire Local Government political system and structure. It is the one and the only level where all elections are direct. The direct elections in a Union constitute not only the Union Council but also bring into being directly elected Zila and Tehsil Councils through the Union Nazims and Naib Union Nazims respectively. Councillors, Nazims and Naib Nazims from all the union councils of a District elect the District Nazim and Naib Nazim as joint candidates. Similarly this electoral college will elect peasants (5%)/laborers, women (33%) and minority candidates. An example may be seen in box 1 below. Seats are reserved for women, peasant/workers and minorities. The composition of various councils may be seen in table 3 below. The life of

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these Councils is three years. The elections are to be held on non-party basis and the criteria for being a councilor is:

4.2.1. Minimum age 25 Years
4.2.2. Citizen residing in the relevant ward
4.2.3. Good Muslim Character (except for non-Muslims)
4.2.4. Not convicted
4.2.5. Not employee of Federal, Provincial or Local Governments
4.2.6. Minimum qualification Matriculation or Secondary School Certificate for Nazims and Naib Nazims

Composition of Union, Tehsil/Taluka & Zila Councils

<table>
<thead>
<tr>
<th>Council</th>
<th>Number of Members</th>
<th>Details of Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union</td>
<td>21</td>
<td>Nazim, Naib Nazim, 12 Muslim Members</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Including 4 Women, 6 Peasants including 2 Women, 1 Minority Member</td>
</tr>
<tr>
<td>Tehsil/Taluka</td>
<td></td>
<td>Union Council Nazims &amp; Naib Nazims plus 33% of the number of Union Councils as women councilors &amp; 5% each for peasants &amp; minorities</td>
</tr>
<tr>
<td>Zila</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 03

Note: The Union Council ‘s councilors are the Electoral College for the Zila, Tehsil/Taluka councilors at large and for the Nazim and Naib Nazims of these bodies none of which can be Union Council Councilors. Nazim and Naib Nazim run on a joint ticket.

Numerical Example

Assume a district with 60 Union Councils (UC), Regrouped in three equal Tehsils/Talukas (20 UCs per Tehsil/Taluka)

1. The electorate directly elects UC: 21 Councilors: of which 19 are elected at large. Also elected at large is one UC Nazim and one UC Naib Nazim on a joint ticket.
2. By virtue of this direct election, The UC Naib Nazim, is also (concurrently) directly elected to the Tehsil/Taluka Council (TC) as Tehsil Councilor;
3. Each of the three TCs is made up of one TC Nazim, one TC Naib Nazim, 20 UC Naib Nazims, and 9 additional councilors: 7 women councilors, 1 peasant/worker councilor and 1 minority councilor for a total of 31 members;
4. The TC Nazim, the TC Naib Nazim and the additional 9 councilors are elected by 1260 (21x60) UC councilors (thus of the 31, 20 of the councilors where directly elected by the people0
5. The UC Nazim is also directly (and concurrently under step1) elected to the District or Zila Council (ZC) as ZC councilor;
6. The ZC is thus made up of one Nazim, one Naib Nazim 60 UC Nazims and 26 additional councilors: 20 women councilors, 3 peasants and 3 minority councilors for a total of 88 members.
7. The ZC Nazim and Naib Nazim and the additional 26 councilors are elected by the 1260 UC councilors (thus of the 88 councilors, 60 are directly elected

Box 2

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15 Source: Charlton, Jackie et al, 2002
4.3. It is generally believed that the elections were held in a free and fair manner. Some interesting observations need special mention before any issues are identified:\(^6\)

- 79% of the councilor, comparing all kinds of reserved and general seats had not contested an election before and had entered for the first time in local government politics. 64% of them did not have any family members who had previously participated in the election. However, data varies when separated for each type of contested seats. The number reduces as 57% for Nazim and 75% Naib Nazim who had not contested elections before. The multivariate analysis shows that 54% of candidates were those who themselves and their families had never contested in elections before.
- The majority of councilors belonged to the younger strata of society. Around 74% of them are less than 46 years of age.
- Another encouraging finding is that 79% of the councilors were literate while 10% of them were F.A and 16% of them were B.A and above.
- Amongst the 21% of illiterate councilors, women constitute 69% of this category.
- Occupational background of the elected councilors also showed a thin distribution of the councilors into twelve different occupational categories. However, the majority of Nazims/Naib Nazims belong to influential families while most of the councilors belong to low-income groups.
- Due to the governments decision to hold the local government elections on a separate electorate basis, the majority of members of the minorities boycotted the elections leading to only 9% seats being contested for.

4.4. The assessment of the level of understanding and knowledge of the Devolution of Power Plan reveals that the majority of voters as well as candidates did not know the basic features of the Plan:\(^7\)

- In rural areas 68% and in urban areas 54% respondents of voters groups did not know how to cast their vote. In response to specific questions on the union council elections such as the number of seats in the union council, the category of seats, the number of ballot papers, the definition of peasants and workers and the mode of elections for tehsil and district Nazim/Naib Nazim, the maximum number of rural women who claimed awareness about either of the aspects was around 20% and that of rural men was 50%.
- While in urban areas, the maximum awareness for any aspect did not exceed 60%. Voters and candidates received information about the Devolution of Power Plan and election procedures from multiple sources.
- Despite the high level of illiteracy, the main source of information for the candidates turned out to be Newspapers and TV for the voters.
- Around 35% voters did not have Identity Cards, while 12% respondents did not have their names in the electoral rolls. However, there were gender and regional variations in this regard. A large number of 18 year olds who were allowed to cast their vote due to reduction in voting age

\(^6\) Pattan Development Organization, 2001
\(^7\) Pattan Development Organization, 2001
from 21 to 18, were not able to exercise their right due to non-possession of Identity Cards.

- Inaccuracy of electoral rolls was the biggest problem on the Election Day.

4.5. Women have been given 33% of seats on the local bodies. These elections, for the first time in Pakistan’s history, brought in 36,187 women councilors under the local government system. They are expected to make a significant impact on allocation of resources, design and implementation of social policies. While it provides a tremendous opportunity for them to play an important role, it also poses a number of challenges. Ingrained habits and customs based on centuries of usage and sometimes active resentment from the male members of the councils tends to marginalize them. It has already been reported that the recommendations of male councilors are taken more seriously. Women feel uncomfortable participating in meetings and many have faced ridicule from their male colleagues. It has also been reported that the access to bureaucratic authorities is gender differentiated. Before they can become effective in their work they have to overcome the mundane problems of obtaining office space and separate toilets, which are non-existent. The councilors are not paid any remuneration. The women are particularly disadvantaged because they often do not have an independent source of income. Even when they are working, they tend to occupy low paid jobs. This is likely to effect or even may undermine their effective participation in the work of the councils. The underlying problem that impedes women’s participation in social decision-making is the mindset based on religious practices, customs, cultural requisites and plane ignorance. This mindset results into an institutional inertia in male dominated institutions to implement changes in gender policies. Another important challenge stems from the fact that the women in general and those elected to local bodies lack skills to be effective in their role as councilors. Therefore at this stage, reservation of seats for women in the local bodies remains a necessary, but not a sufficient condition for effective participation and promotion of gender equality.  

4.6. A survey has compiled the problems faced by the elected women councilors. During provincial visits by the author, many of the findings were reconfirmed during interviews and observations. A summary is presented in the following table:

---

18 Nasir Islam, Local Level Governance: Devolution & Democracy in Pakistan, University of Ottawa, April 2002
4.7.

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lack of funds for development work</td>
</tr>
<tr>
<td>2</td>
<td>Lack of power</td>
</tr>
<tr>
<td>3</td>
<td>Lack of information / knowledge</td>
</tr>
<tr>
<td>4</td>
<td>Lack of experience and skills</td>
</tr>
<tr>
<td>5</td>
<td>Lack of money to attend council session and other meeting</td>
</tr>
<tr>
<td>6</td>
<td>Lack of transport facilities in my area</td>
</tr>
<tr>
<td>7</td>
<td>Lack of proper roads etc.</td>
</tr>
<tr>
<td>8</td>
<td>Domestic work</td>
</tr>
<tr>
<td>9</td>
<td>Children</td>
</tr>
<tr>
<td>10</td>
<td>Lack of confidence</td>
</tr>
<tr>
<td>11</td>
<td>Discouraging attitude of male councilors</td>
</tr>
<tr>
<td>12</td>
<td>Discouraging attitude of community / biradari (clan)</td>
</tr>
<tr>
<td>13</td>
<td>Discouraging attitude of Nazim and Naib Nazim</td>
</tr>
<tr>
<td>14</td>
<td>Economic Activities/Job</td>
</tr>
<tr>
<td>15</td>
<td>Family Pressure</td>
</tr>
</tbody>
</table>

Ranking of Various Problems Faced by the Women Councilors

Source: Pattan Development Organization, 2001 Table 4

4.8. Issues

Decentralization Dimension

<table>
<thead>
<tr>
<th>Decentralization Dimension</th>
<th>Definition</th>
<th>Decentralization Dimension In The Context of Pakistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Decentralization</td>
<td>Transfers policy and legislative powers from central governments to autonomous, subnational assemblies and local councils that have been democratically elected by their respective subnational constituencies.</td>
<td>• Have district, Tehsil and Union Councils been elected under a democratic, constituency-based, free and fair electoral process? • Are Councils constitutionally recognized as levels of government? • Do they have a clearly assigned roles and functions vis-à-vis other levels? • Can Councils set policy within their jurisdictions—do their resolutions have legal weight?</td>
</tr>
</tbody>
</table>

Source: Adopted by author from Overview of Decentralization in India, World Bank, 2000

Box 3

4.8.1. It would be safe to conclude that political decentralization was fairly complete by various standards. Not only local councils were established through phased elections but substantial mandates were also transferred to them. Following issues have been identified in the set-up and its implementation in Pakistan.

4.8.2. Role & Responsibilities: There is no clarity about the roles and responsibilities of Union, Tehsil/Taluka and District Level councilors and governments. After having elected the district/Tehsil Nazims the councillors are feeling redundant, pressure of public expectations,
seeing no effective role for themselves is giving rise to frustration that is being expressed through motions of no confidence against Nazims and Naib-Nazims.

4.8.3. **Capacity:** The councilors elected lack knowledge, experience, and skill to understand and work under the new system. Capacity has emerged as one of the very important constraints on the functioning of the system.

4.8.4. **Social Setup:** The prevailing social setup of communities based on cast, tribes and families is the basic element of non-cooperation between the elected members of local government. At the same time, the expectations have been raised from the political set-up. This was aggravated by the fact that the elections were also seen as first step towards restoration of democracy in Pakistan under the military government.

4.8.5. **Continuity:** The question of continuity of system looms large in the minds of the elected representatives specially given the history of local governments in Pakistan and move towards restoration of national and provincial legislatures. This environment is not conducive for smooth running of the local governments.

4.8.6. **Constraints to Work:** Most of the elected councilors belong to blue-collar class and the delays in getting the travel allowance and stipend creates problems. One may argue that councilors are fixing high expectations from the system but the fact remains that no orientation has been given to them on what to expect. At the same time, not much thought has been given to the arrangements that would enable the elected representatives to work with ease.

4.8.7. **Relationship between Three Tiers of Local Government:** There is ambiguity in demarcation of roles between the three tiers of local government and distribution of development funds, which is creating confusion among the councilors thus leading to constrained relationships. Although the administration directly reports to the Councilors, many of them complain of helplessness in dealing with the bureaucracy.

4.8.8. **Relationship between Local, National & Provincial Governments:** With the arrival of elected national & provincial governments, the civilian government has announced development funds for the respective members without any consideration to the district governments. This is being viewed as interference in the local government system and has obviously created resentment for the local governments. An institution called the Local Government Commission (LGC) is to be established at provincial level as an oversight committee for the LGO. The purpose of the LGC will be the resolution of disputes between districts, between provincial departments and district
governments, or between District Nazims and District Ombudsman. However, these bodies have been established very late (2003) and have not performed the designated feature as yet.

4.8.9. **Relationship between Councilors & Member Provincial Assemblies:** The councilors especially at Union and Tehsil/Taluka level are under influence of MPA’s which results in defeating the purpose of grass roots approach.

4.8.10. **Political Affiliations:** Local Government Elections were held on non-party basis but the councilors elected have political affiliations and rivalry among the parties hampers the progress.

4.8.11. **Qualification Disjoint:** There is a qualification disjoint between the literate and illiterate members, which hampers in smooth implementation of new system.

4.8.12. It is increasingly evident that reservation of seats for Women alone is having little impact. Women Councilors complain about non-cooperation of Nazims and Naib Nazims in-connection with the release of funds, honorarium and traveling allowance. Another issue is the training of women councilors, which is very much required given their unprecedented number and expectations of their roles. Some programs have been started for the purpose but they don’t seem to be considering the diversity among the women councilors (79% first timers, 53% illiterate).
5. Administrative structures & systems

Decentralization Indicators: Administrative

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Macro (National)</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>▪ Location of smallest management unit for sector service delivery</td>
<td>▪ Location of smallest management unit for rural sector service delivery</td>
</tr>
<tr>
<td>Decentralization</td>
<td>▪ Level of government responsible for conditions of service of civil servants in the smallest management unit</td>
<td>▪ Level of government responsible for conditions of service of civil servants in the smallest management unit</td>
</tr>
</tbody>
</table>


Box 4

5.1. In accordance with the political structure of the local government, an administrative structure has been proposed at all three main levels of the government namely, District, Tehsil/Taluka and Union. The district administration is co-ordinated by a District Co-ordination Officers (DCO), and consists of up to twelve groups which are headed by the Executive District Officers (EDOs). District officers are in charge of sub-offices at the District Headquarter; While Deputy District Officers co-ordinate the work of the sub-offices.

Administrative Structure at District Level

5.2. The Tehsil Nazim is the executive head of the Tehsil Government, while the Naib Tehsil Nazim acts as the convener of the Tehsil Council. Under the

Source: NRB
Nazim there is a Tehsil Municipal Officer (TMO). There are four Tehsil Officers (TO’s) reporting to the TMO (Tehsil municipal officer), for 1. Finance, Budget and account 2. Municipal Standards and co-ordination, 3. Land Use Control 4. Rural-Urban Planning.

5.3. The Union Council has up to three secretaries (Secretary Union Committees, Secretary Municipal Functions and Secretary Community Development) who are under the executive control of the Union Nazim.

![Diagram of the Administrative Structure of Local Government]

Source: Pattan Development Organization, 2001
5.4. Local Government staff consists of both Federal and Provincial cadres, which remain their employer till the date of their retirement and also pay their pension. All civil servants move around both geographically and functionally during their service period. These movements are the result of decisions by their superiors but are usually linked to promotions or to postings to more desirable areas. As will be seen later, many of the issues stem from this vary reason.

5.5. The Federal and Provincial civil servants were 2,120,300 in the year of introduction of Decentralization/Devolution Plan i.e. 2000. Out of these 21% (440,300) were federal and remaining 79% (1,680,000) provincial civil servants, 42% of whom were primary school teachers. With devolution many of the provincial posts were transferred to the districts. With Decentralization/Devolution the civil servants changed employers but not locations.

5.6. The “District Coordinating Officer” (DCO) has replaced the former Deputy Commissioner (DC) and as a result of decentralization/devolution of power reports to an elected person i.e. District or Zila Nazim. Under the new system many legal powers of DCO’s have been curtailed which also include control on police. The DCO is the Accounting Officer for the District thus has significant executive and managerial responsibilities. The majority of DCOs belong to the District management Group of Federal Civil Services. They are posted by the provincial governments without consultation or right of refusal of the Nazims. Nazim can request the transfer of the DCOs, however subject to certain conditions.

5.7. Executive District Officers (EDOs) are responsible for various sectors e.g. education, health or literacy. The key change in the new system is that these EDOs now report to the DCO and not to the line ministries like in the former divisional/provincial hierarchy. However their parent provincial departments post them which, as will be seen later, are giving rise to a multitude of problems.

5.8. Under Decentralization/Devolution the district staffs remained to be provincial civil servants and for the first year were directly paid by the provincial governments.

5.9. Tehsil/Taluka Councils are staffed in entirely different manner. Many Tehsils/Talukas were successor bodies to the former Municipal Corporations, so they inherited the staff and organizational structures of these local bodies as well as their financial resource base. Provincial departments have also been posting staff to Tehsils/Talukas.
5.10. **Issues:**

### Decentralization Dimension

<table>
<thead>
<tr>
<th>Decentralization Dimension</th>
<th>Definition</th>
<th>Decentralization Dimension In The Context of Pakistan</th>
</tr>
</thead>
</table>
| Administrative Decentralization | Places planning and implementation responsibilities in the hands of locally situated civil servants. It takes three main forms, deconcentration, delegation, and devolution. (1) Deconcentration disperses staff of higher level governments into local areas by establishing field offices. (2) Devolution, the strongest form of administrative decentralization, places local staff under the jurisdiction of elected local governments. (3) In delegation, administrative powers and responsibilities for public services are transferred to semi-autonomous bodies which are ultimately accountable to the tier that delegated the powers. | ▪ How many major functions have been formally devolved to Councils?  
▪ Do civil servants and technical/ancillary staff working within the districts, Tehsils and Unions report to Councils at their respective levels?  
▪ Do Councils have administrative or technical control over programs administered locally?  
▪ Can Councils hire, fire, discipline, promote, or transfer technical or non-technical staff without first receiving permission from an outside (usually higher) authority?  
▪ Do Councils have their own technical staff?  
▪ Do Councils write or provide substantive input into the Annual Confidential Reports (ACRs) of technical staff working within the Council areas? |

Source: Adopted by author from Overview of Decentralization in India, World Bank, 2000

Box 5

5.10.1. Overall, administrative decentralization is a week part of the local government set-up in Pakistan. Local decision-making mostly remains in the hands of bureaucracy, despite they being responsible to the elected representatives and capacity issues. Sectoral decentralization is also weak. Some of the other issues are explained below.

5.10.2. **Working with Elected Representatives:** It’s for the first time in the history of Pakistan that there has been substantial effort to make the bureaucracy work under elected representatives. This has created lot of frustration in the ranks of civil servants. There is a lack of understanding between the Nazims and civil servants, which is hampering the smooth working in the district.

5.10.3. **Unclear coordination & multiple reporting channels:** As reported earlier, majority of the supervisory level positions are still manned by the provincial and federal cadres. What this means in practice is that the employees are made responsible functionally at the
district level but also report to the provincial departments. This duplication in the chain of command has led to many problems in the way things are managed. It’s because of this factor that many DCOs are facing problems in administrative matters in-connection with the EDOs of different sectors.

5.10.4. **Personnel issues:** The district governments are not allowed, in most of the cases, hire, fire or transfer of the employees. This is single most important issue in the administrative decentralization in Pakistan. It has resulted in uncertainty of management at various levels of local government. Postings and transfers of government functionaries have become a major source of conflict between the provincial governments and the district governments, and within the district governments between various tiers as well as between the political and civil arm of the district government. This conflict is delaying implementation, utilization of resources and affecting the quality of administration.\(^{19}\)

5.10.5. **Establishment of New Departments & Structures:** Decentralization has created quite a few new departments and structures across the board and without any consideration to the size, location of the district. This has resulted in false expectations, problems in implementation and unnecessary pressure due to thin spreading of resources. In addition there are so many structures, which may be good if established where required but have not been established as per the LGO. These include various monitoring committees, village councils, district ombudsman, district insaaf (justice) committees, reconciliation committees to name a few.

5.10.6. **Capacity:** The new system has led to the creation of new structures (departments), systems (rules/procedures), functions and relationships. This obviously requires investment of time and resources to build the skill mix at the lower levels. Capacity is emerging as an important limiting factor in the local government set-up specially relating to finance, audit & account and planning functions.

5.10.7. **Shortcomings in Smooth Transition:** The erstwhile position of the Deputy Commissioner (DC) at the district level stemmed from a number of laws and statutes. While the old position has been done away with by a stroke, numerous statutes/laws remain un-conferred, which has left a power vacuum and hampered smooth transition of powers.

5.10.8. **Law & Order:** With Police coming directly under Nazim, administrative structure feels left out and DCO complain about the use of police by Nazims. Ironically, the Nazims complain of absolutely having no control over police.

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6. Fiscal structures & systems

Decentralization Indicators: Fiscal

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Macro (National)</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Decentralization</td>
<td>• Share of revenues retained and internally generated by intermediate governments</td>
<td>• Level of government that pays salaries of staff of smallest unit</td>
</tr>
<tr>
<td></td>
<td>• Share of aggregate public expenditures over which intermediate governments have effective control</td>
<td>• Share of sector expenditures of smallest administrative unit derived from budgets of local governments</td>
</tr>
<tr>
<td></td>
<td>• Share of aggregate public expenditures over which local governments have effective control</td>
<td>• Share of sector expenditures of smallest unit, which is derived from user charges and other beneficiary cost recovery schemes.</td>
</tr>
<tr>
<td></td>
<td>• Share of sector expenditures of smallest unit, which is derived from user charges and other beneficiary cost recovery schemes.</td>
<td>• Level of government that determines the budget of the smallest sector unit</td>
</tr>
</tbody>
</table>

Source: World Bank, Decentralization Assessment Module, Rural Development Dept

Box 6

6.1. Fiscal structures and systems take into account the expenditure and revenue assignments and the structuring of intergovernmental relations surrounding theses. This section accordingly looks at these components in the context of decentralization in Pakistan.

6.2. Public finances in Pakistan have been characterized by high fiscal deficits, poor revenue mobilization, a persistent trend of centralization, massive vertical imbalances between federal and provincial governments (i.e. very large gaps between provincial governments’ expenditures and own revenues, which have to be made up by means of fiscal transfers from the federal government), weak financial management and lack of accountability of the public sector.20 Local governments have not been recognized by the constitution as a separate tier of government and existed only as extensions of the provinces with some functions delegated to them by the provinces. This has seriously affected the fiscal structure and related distribution of authority for revenue mobilization and expenditure obligations among different levels of government. The LG Plan 2000 recognizes the problems associated with the system by stating that “the transfer and grant system has been weak. There is no formula for distribution of funds to districts and provincial budgets do not specify district expenditures. Districts do not know, with certainty, what they will expect from the provincial departments, which affects planning negatively. This results in political machinations, ad-hocism, and lack of transparency”.

6.3. Main source for provincial revenues has been transfer based as a share of federal tax collections. The decision on the list of taxes to be shared (divisible pool), the ratio of the provincial/federal share of the pool, and the formula for its distribution to the provinces is to be fixed at least once every five years by the National Finance Commission (NFC). The divisible pool in 2001-2202 was about Rs.460 billion, made up of income tax, sales tax, revenues from customs, federal excises, wealth and capital value taxes. In addition various federally ceded taxes are returned to the provinces by the federal government on derivation basis net of a 2% federal collection charge; this includes royalties on petroleum and natural gas, surcharges etc. The current

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20 Reforming provincial finances in the context of devolution, World Bank, 2000
NFC Award, which was announced in 1997 and implemented with the 1997-98 budget brought some major changes in the formula and modalities for revenue sharing between the federal and provincial governments.

6.4. Under the new system the divisible pool of tax revenues has been expanded to incorporate all federally collected taxes. As against the previous Award, which allocated 80% of net receipts of taxes in the divisible pool to the four provinces, the new formula allocates 37.5% of the enlarged divisible pool to the provinces. The 1997 Award is under review; until the new Award is made and will be the bases for the allocation for 2002-2003.

6.5. Let us see the mechanisms and changes proposed to address these problems in the new local government system.

6.6. **Expenditure assignments**

6.6.1. A stable and meaningful decentralization requires an unambiguous and well-defined institutional framework in the assignment of expenditure responsibilities among the different levels of government. This is by no means the only condition, but it is the most important. For example it is also necessary to have sufficient budgetary autonomy to carry out the assigned responsibilities at each level of government.

6.6.2. According to the local government ordinance, the administrative and financial authority for the management of the offices of the Government specified in Part-A of the First Schedule of the Ordinance set up in a district shall stand decentralized to the District Government of that district:

- Provided that where there is no office of the Government in a district specified in Part-A of the First Schedule and the Government sets up an office on a subsequent date, such office shall be decentralized to the District Government from that date:
- Where in a district, there is no office specified in Part-B of the First Schedule, the Government shall set up such offices and post officers and staff in such offices.

6.6.3. The offices decentralized to the District Governments and offices set up by the Government shall be grouped in various groups specified in Part-C of the First Schedule:

- Provided that the Government may, for the reason of non-existence of any office or offices specified in the First Schedule in a district, in consultation with the District Government of such district, vary or amalgamate the grouping of offices for efficiency and effectiveness by notification in the official Gazette: Provided further that the number of groups of offices shall not exceed the number of groups specified in Part-C of the First Schedule.

6.6.4. Similarly, the administrative and financial management of the offices of Local Government and Rural Development Department, Public Health Engineering Department and Housing and Physical Planning Department which were providing services at the regional, zonal, circle, divisional, district and tehsil levels shall stand entrusted to respective Tehsil Municipal Administration or Town Municipal Administration, as the case may be, along with the employees working in such offices:
Provided that the Government may direct for retention of certain components of Housing and Physical Planning Department with the District Government along with the officers and members of staff working therein.

6.6.5. The decentralized offices are listed in Appendix - 4. A cursory look at the decentralized offices will reveal that virtually all social services and a major component of economic and community services, which have been the responsibility of provincial governments. In addition many new functions have also been created like information technology.

6.7. **Revenue Assignments**

6.7.1. The Local Government Plan acknowledges the importance of resources for the local governments in the following words:

“The principle of the formula for provincial to district transfers is that district and local government should generate their own resources to the extent possible. Incentives should always encourage financial self-sufficiency to the extent possible at each level. However, the current quantum of funds being used by the provinces will ensure the working of the district administration and the political system. Untangling provincial finances and simplifying funding processes and the financial plumbing will result in increased efficiency”.

6.7.2. Accordingly, it lists out taxes, which may be levied by various levels of the local government in the second schedule of the local government ordinance. The list may be seen as Appendix – 5.

6.7.3. The Constitutional amendments of 14th July 2002 propose to modify the allocation of taxes between the federal and provincial governments so as to allow the provinces to meet at least 40% of their revenue needs from their own revenue; this would be accomplished by the transfer of one buoyant tax to each of the provincial and local governments levels. The revenue assigned to the provinces is distributed among them on the basis of their respective populations according to the 1981 Census.

6.8. **Other Structures & Processes:**

6.8.1. **Provincial Finance Commissions:** The Devolution Plan envisages the setting up of Provincial Finance Commission (PFC) in each province to decide on the nature of fiscal relations between provincial and local governments. This body is expected to play a similar role as the National Finance Commission (NFC), which is constitutionally mandated (as per clause 160) to decide the distribution of revenues between the federation and the provinces. It is also significant to note that the Devolution Plan envisages transfers from provincial to District Governments only. Lower levels of local government like Tehsil/Taluka councils and Union Councils will receive whatever funds are required to execute their functions from the District Government and not directly from the provincial governments.
6.8.2. Provincial Finance Commissions replaced provincial Finance Committees in May 2002. They each made an interim award for 2002-2003 in June 2002. Table 5 below describes the total resources available to the provinces, their main sources and uses and the amount made available to the districts while Table 6 presents the horizontal distribution keys.

### Vertical Distribution Keys of Four Provinces for 2002-2003

<table>
<thead>
<tr>
<th>Item Examined/Provinces</th>
<th>Balochistan</th>
<th>NWFP</th>
<th>Punjab</th>
<th>Sindh</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Current Resources</strong></td>
<td>Revenue Receipts: 26,434,565,000</td>
<td>Revenue Receipts: 46,767,127,000</td>
<td>Revenue Receipts: 131,226,826,000</td>
<td>Revenue Receipts: 84,901,334,887</td>
</tr>
<tr>
<td><strong>Sources of Revenue</strong></td>
<td>Federal: 24,896,274,000 Main Items are: NFC: 8,439,259,000 Subvention: 5,236,990,000 Gas Surcharge: 6,735,540,000 Excise/Royalty on Oil &amp; Gas: 3,309,636,000 Provincial: 1,538,291,000 (5.8% of Total)</td>
<td>Federal: 43,102,461,000 Main Items are: NFC: 21,559,919,000 Hydel Profits: 15,904,000,000 (In Budget / PFC) Subvention: 3,898,002,000 Provincial: 3,664,666,000 (7.9% of Total)</td>
<td>Federal: 108,715,292,000 Main Items are: NFC: 85,200,873,000 Subvention: 3,898,002,000 Provincial: 11,985,044,000 (14.1% of Total)</td>
<td>Federal: 66,916,290,000 Main Items are: NFC: 37,069,000,000 Subvention: 3,898,002,000 Provincial: 11,985,044,000 (14.1% of Total)</td>
</tr>
</tbody>
</table>

| **Distribution Key** | - 31% of divisible pools to Districts, that is 7,240,000,000 -100% of 2.5% points of GST revenues to District development -Development fund to be shared with each District as follows: 40% for District, 25% for Tehsil/Taluka, 35% for Union Council | - Provincial Pool minus 16,361,000,000 (Debt servicing + repayment + Pension+ Subsidy+ GP Fund &Pensions+ Governor, Assembly & High Court)= Divisible Pool 19,334,576,000 - 60% of divisible pool to Districts (provincial allocable 11,600,746,000) - Development fund to be shared with each District as follows: 60% for District, 30% for Tehsil/Taluka (On the basis of # of UCs if more than one Tehsil/Taluka), 10% for Union Council (Equally) | Provincial Pool is defined as Resources (IDA excluded) Minus Debt servicing – Pensions, Subsidies & Charged Expenditures – 38.74% (51,576,000,000) of total Provincial Consolidated Fund (Divisible Pool is the District Share includes Development & 2.5% Points of GST), Current Expenditures are set at 42,576,000,000 - Development Expenditures were set at 9,000,000,000 out of 15,480,000,000 Allocable (IDA Excluded) - Development Funds to shared at Districts 75% to Districts (85% in Lahore) 25% to Tehsils (15% in Lahore) Distribution in a Tehsil is based on population | - The current expenditure divisible pool is defined as: NFC+ Straight Transfers+ Provincial Taxes (8,315,000,000); - 40% of this 64,231,000,000 is the District share provincial allocable amount 25,692,410,000; - The development divisible pool was set at 5,510,000,000 starting with a 7,000,000,000 budget and reserving amounts for counterpart funding and 5% for helping Districts disadvantaged by the Horizontal Distribution Formula (290,000,000) |

Source: Charlton, Jackie et al, 2002
Horizontal Distribution Keys- Four Provinces 2002-2003

(Amount in Pak. Rs.)

<table>
<thead>
<tr>
<th></th>
<th>Baluchistan</th>
<th>NWFP</th>
<th>Punjab</th>
<th>Sindh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Transfers</td>
<td>Same distribution between Districts as the 2001-2002 distribution, which was based on historical spending patterns</td>
<td>-Salaries are covered on the basis of 94% (to account for vacancies) of the establishment costs -Non salaries are funded for 90% according to a formula with three factors: -Population 50% -Backwardness 25% -Lag in Infrastructure 25% -The remaining 10% is distributed to cover the difference between past expenditures and the formula grant (this is called fiscal equalization)</td>
<td>Distributed according to the demands of the Districts and TMAs: No Formula A Formula will be prepared for the final Award in September 2002. Five indicators may be used: -Population -Underdevelopment -Performance in reducing current expenditures -Share of Development outlays in budget -% of expenditures covered by own resources</td>
<td>Distributed according to four factors: -Population 50% -Backwardness 17.5% -Tax Collections 7.5% -Transitional 25%</td>
</tr>
<tr>
<td>Development Transfers</td>
<td>Distributed according to two factors. Share of: -Population 50% -Area 50%</td>
<td>Same Formula as above</td>
<td>Distributed according to two factors: -Population 67% -Underdevelopment 33%</td>
<td>Distributed according to four factors: -Population 50% -Backwardness 30% -Equal Per District 10% -Backlog 10%</td>
</tr>
<tr>
<td>2.5% Points of GST</td>
<td>See Development Transfers</td>
<td>Amount of existing Octroi/Zila Tax grant to be transferred to Tehsil (Octroi) and Union Council (Zila) minus 10% for Districts. Excess amount of 2.5%points of GST to be transferred according to the current spending formula</td>
<td>-Current amount of transfers to be maintained (6,162,000,000) -Reminder of 800,000,000 to be distributed as follows 300,000,000 to UC 200-300 million to be distributed to financially weak Tehsils Reminder to be allocated in final award</td>
<td>6,500,000,000 to be distributed on the basis of past Octroi/Zila Tax collection; 2,800,000,000 to be used as replacement for KPP and distributed on the basis of population (70%) and backwardness (30%); 30% of this amount goes to Talukas Residual (700,000,000) goes to smaller Districts on the basis of backwardness</td>
</tr>
</tbody>
</table>

Table- 06

Source: Charlton, Jackie et al, 2002

6.8.3. District budgets for 2001-2002 were prepared using line ministry information on past budgets and information from Accountant General on spending in each district. Until then, Finance department was not involved in allocating current spending across districts. Formulas were used by some line departments to make these allocations. The Budgets of 2001-2002 prepared by the provincial finance departments had to be approved by the Zila Councils. These approvals led to
demands for more resources, which were met in some cases. The provincial finance departments also prepared some components of the district budgets for fiscal year 2002-03.

6.9. Issues

Decentralization Dimension

<table>
<thead>
<tr>
<th>Decentralization Dimension</th>
<th>Definition</th>
<th>Decentralization Dimension In The Context of Pakistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Decentralization</td>
<td>Accords substantial budget autonomy to intermediate and local governments. This autonomy includes the means to generate substantial revenues internally, and effective control of expenditures made with these revenues and with transfers from higher-level subnational governments and central government.</td>
<td>▪ What is the degree of revenue autonomy of Councils—can they raise their own tax and non-tax revenues? ▪ How dependent are Councils on fiscal transfers from Provincial governments? How much discretion do Councils have in expenditures—from own revenues as well as from transfers? ▪ What share of transfers from higher levels are block or specific purpose grants? ▪ Are Councils authorized to raise funds from other sources such as Banks? ▪ Do Councils pay the salaries of local staff? ▪ Is there a clear, transparent intergovernmental fiscal formula for transfers to each Council level? ▪ What share of the development and non-development budgets has been devolved to Councils?</td>
</tr>
</tbody>
</table>

Source: Adopted by author from Overview of Decentralization in India, World Bank, 2000

Box 7

6.9.1. **Dependency on Federal/Provincial transfers:** Given the nature of public finances in Pakistan, the local governments are still dependent on the provincial and federal governments for many reasons. Till the time that the provincial governments keep on posting their employees to the local levels, this dependency is unlikely to change. In addition, provinces still exercised substantial control over the budget preparation process of the district governments.

6.9.2. **Delayed announcement of PFCs:** There were considerable delays in establishment of PFC as anticipated in the local government ordinance. This caused lot of resentment and uncertainty and affected the budget formulation process as well. The institution of PFC is still in nascent stages and will require substantial assistance for it’s strengthening. The working of PFCs needs improvement, as there is shortage of staff for budgeting and implementation and the meeting of PFCs are not on regular bases. The interim awards are not finalized. Funds are not being transferred to the Local Governments directly on monthly basis in accordance with the Award. The PFCs are not holding regular meetings.

6.9.3. **Expenditure restrictions on districts:** The districts have many restrictions especially in terms of personnel related expenditures. They
are not authorized to hiring of required resources. However, the positive departure from the past is that they do not have to go back to the provincial governments for those projects where they have their own resources for funding them. But the districts, at present, do not have much maneuverability with the development budget as more than 90% of the total budget still goes to non-development expenditures. The local government ordinance has provided for creation of so many new departments and services without giving enough thought to their requirements across the board or their budgetary needs. This has led to a situation where many of the envisioned structures could not be established.

6.9.4. **Revenues:** There are many cases where there is a duplication of tax authority between the provinces and districts. Property tax is one such example. Overlapping tax bases or tax base sharing between different levels of government increases taxpayers’ complications and leads to spatial variation in effective tax rates, with associated distortions. It is further observed that the new taxes allowed to various levels of the district government are not buoyant enough to yield good returns. A major problem with regard to revenues is that many urban areas generate more revenues than rural or undeveloped areas. While part of this problem is addressed by the equalization grants from the provinces but still it leads to dependency of these areas further on the provinces.

6.9.5. **Audit & Accounting Issues:** Many delays were reported in establishment of accounting/audit structures and posting of finance office staff. The accounts manual is not complete and notified at all levels of local government and no training has been given to the personnel dealing with the accounting under the new system. Pakistan had, with the assistance of World Bank, embarked on a program to reform the audit and accounting structures through a project called PIFRA. No system is in place for bridging the interface of PIFRA and the new system of accounting of the local governments. The offices of Accountant general of Pakistan have not carried out the certification of District accounts for the financial year 2001-2002. System is not in place for timely submission of audit reports and resolution of audit objections by the concerned officers. Due to these reasons, much of the budgets could not be utilized in time.
7. Development planning & management

7.1. Decentralization or devolution is not an end in itself. It is only a mean to achieve certain objectives, development by improving governance being the most important one. Despite an average growth in GDP of 6% per annum over many decades, Pakistan’s performance in the social sectors has lagged behind many countries in the region and elsewhere in the world. In early 1990s, realizing the lagging behind of social sectors and their role in economic development, a Social Action Programme (SAP) was launched in collaboration with bilateral and multilateral donors. SAP was to take an integrated approach to four key social sectors - primary education, primary health, rural water supply and population welfare. They were chosen for being the most basic services needed by population and because of their obvious linkages and potential for synergy. Two phase of SAP have been completed with a mix of results but all falling short of achieving their objectives.

7.2. Some of the shortcomings and reasons for failure are summarized below:

- Inefficiency and cost ineffectiveness in the provision of social services.
- Lack of financial sustainability.
- Centralization and lack of devolution.
- Duplication and dichotomy.
- Lack of accountability.
- Misuse of discretionary powers.
- Over staffing.
- Selection by patronage.
- Excessive transfers and absenteeism
- Lack of community participation.
- Lack of approved policies at provincial level.
- Lack of inter-sectoral synergy.
- Lack of monitoring and evaluation.

7.3. Problems of development management relating to any social service in Pakistan comprises of two levels i.e. project planning and implementation and maintenance and quality improvement of built or existing facilities and services. Resource constraints at provincial level, which are historically entrusted with the delivery of social services but rely on the federal government for fiscal transfers, warrant, at least till the time that their resource position improves, federal projects and specially those funded by the donors. This left little room for the districts, the actual place for all action, to participate in the process of planning and management. For example, ADB is currently funding 4 projects in education sector, which will continue till 2004, if the implementation remains smooth. Then there are upcoming projects included in the pipeline (e.g. DEEP, Sindh) for the education sector. On the government side, ESR related activities are all federally planned and supervised including resource transfers. All this entails continued interaction between federal government, provinces and districts in the realms of

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21 Social Policy & Development Centre, Review of SAP, 1997,
planning, implementation and finances but little independence for the districts to determine their priorities. The second kind of intergovernmental and institutional arrangements revolve around maintenance of existing and newly established facilities in the district, mechanisms for increased community participation and related financial and personnel administration matters.

7.4. One of the implied purposes of introducing the new local government system was to improve governance in its various dimensions in such a way as to address some or all of the problems identified above and lead towards better standards of living for the people. This section looks at some of the major mechanisms instituted in the local government plan for development and its various mechanisms and themes.

7.5. The local government system aims to provide both systems and structures to provide enough authority to people to address challenges in development through political, administrative and fiscal decentralization. In addition, it also provides a mechanism for accountability that will create sufficient pressures on relevant powers to deliver.

7.6. The development at the level of all tiers of local government is to be governed by the Citizen Community Boards (CCB). The CCB are designated agents of change and catalysts for activity. This institution has been created to organize and enable proactive elements of the society to participate in community work and undertake development-related activities in both rural and urban areas following a bottom-up and participation based approaches.

7.6.1. Need: In the previous system, administrative control as well as development planning was carried out through a centralized system. It was essentially a top-down approach in which the people, for whose alleged benefit the development was being done, were conspicuous by their absence in the entire decision-making process. By creating an enabling environment, the people are themselves involved in arranging and managing various kinds of social and developmental projects.

7.6.2. Formation: In a local area, a group of non-elected citizens may set up a voluntary organization with the name of CCB. The creation of CCBs is formalized through registration. Unlike NGOs, which are registered under various laws; the CCBs are registered with the Community Development Office of the respective District under the Local Government Ordinance. The CCB has a general body, comprising all its members, which elects a Chairman, Executive Committee and a Secretary of the Board for carrying out its functions. A CCB may raise funds through voluntary contributions, gifts, donations, grants and endowments for its declared objectives, i.e. establishing a needed welfare or development project for the community. It may also receive project-based cost-sharing support from any local government in accordance with the provisions of the Local Government Ordnance.

7.6.3. The law lays down that at least 25 per cent of the District development funds will be reserved for projects that will be identified, planned and
sponsored by the CCBs. The Boards will submit the details of their development projects along with the proof that they have collected at least 20 per cent of the estimated cost specifically for that project. The Union Council and the Union Administration will then take up the project either with the Zila Council or the Tehsil Municipal Administration for approval and grant of the matching funds at the Union and/or Tehsil and/or District levels. Depending on the socio-economic characteristics of the Union, the District Government or the Tehsil Municipal Administration may grant funds up to 80 per cent of the total estimated cost. Since development funds are available at all three levels, the Boards may seek funding from any level. Following the selection and approval of the project proposal by the Council, an agreement will be signed between the authorized official of the Local Government and the CCB.
7.7. The current status of the registration of Citizen Community Boards is shown in Table 6.

<table>
<thead>
<tr>
<th>Province</th>
<th>CCBs Applied For</th>
<th>CCBs Registered</th>
<th>Level of Work</th>
<th>Sector of Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Punjab</td>
<td>1580</td>
<td>1066</td>
<td>Union/Tehsil</td>
<td>Water, Sanitation, Education, Health</td>
</tr>
<tr>
<td>NWFP</td>
<td>292</td>
<td>224</td>
<td>Union</td>
<td>Water, Sanitation, Education, Health</td>
</tr>
<tr>
<td>Sindh</td>
<td>254</td>
<td>213</td>
<td>Union/Taluka</td>
<td>Water, Sanitation, Education, Health</td>
</tr>
<tr>
<td>Balochistan</td>
<td>10</td>
<td>05</td>
<td>Union</td>
<td>Water, Sanitation, Education, Health</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2136</strong></td>
<td><strong>1508</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6

Source: National Reconstruction Bureau

7.8. Issues involving CCBs

7.8.1. **Slow registration of CCBs at all levels**: A major problem has been the non-establishment/registration of CCBs. It is taking a lot of time for people to grasp the idea of the concept. This is also affecting the utilization of allocated funds for development projects to be implemented through the CCBs.

7.8.2. **Operational issues**: In situations where CCBs have been established and registered, capacity of these entities and those of its members has found to be very weak. They have not been able to formulate projects to benefit from funding allocated by the local governments. Some CCBs are finding it difficult to arrange for 25% contribution to initiate projects. Non-cooperation of the bureaucracy and elected councilors are also cited as some of the operational constraints. In many cases the required personnel of department for community development have not been posted. The new system tends to isolate the existing local organizations as it puts additional demand on them to fulfill various procedural requirements. It is also contended that in the plans proposed by CCBs are crowded by those put forward by the district development Committees.

7.9. The new system calls for a number of structures to improve accountability in the system. These include Village / Neighborhood Councils, Monitoring Committees (District, Tehsil, Union), Musalihat (Reconciliation)Committee (By Unions), Zila Mohtasib (District Ombudsman) Ethics Committee at each level, Insaf Committee, Zila Mushawirat Committee (District Consultation Committee) etc. Unfortunately, none of these structures have been realized to exert any influence on the system.

7.10. The possibility for effective accountability is further reduced due to unclear
responsibilities and allocations of functions at all levels. Another factor is the lack of systems and structures to bring improvements in information availability for people. Common people which are aware do not have access to information while others are outright unaware.

7.11. In addition to all the above, it is imperative to find ways and strategies to reduce projects and programs involving transfers from federal levels to the districts, especially those funded through foreign aid and districts be given resources to spend as per their own priorities.
8. Sampling from international experience

8.1. A rich body of literature exists on the subject of decentralization and how it has fared in various parts of the world. This section aims to provide a sampling of international experiences in decentralization in order to provide a ground for concluding the findings on decentralization in Pakistan. Since the present study is looking at the process of implementation of decentralization in Pakistan including its design structures, the sampling makes a deliberate attempt to select related literature. It also looks at service delivery related experiences since that is the output of any decentralization effort.

8.2. Manor\(^\text{22}\) provides broad but crucial conditions for the success of decentralization. According to him, decentralized systems must have:

- Sufficient powers to exercise substantial influence within the political system and over significant development activities;
- Sufficient financial resources to accomplish important tasks;
- Adequate administrative capacity to accomplish those tasks; and
- Reliable accountability mechanisms — to ensure both the accountability of elected politicians to citizens, and the accountability of bureaucrats to elected politicians.

8.3. A number of other conditions are less than crucial, but their presence is quite helpful. It is especially helpful if a country has had some experience of democracy at higher levels prior to decentralization. Two other important and closely related factors are the existence of a lively civil society (organized interests with a significant degree of autonomy from the state) and the availability of social capital. It is nearly always helpful to have the former. The author goes on further and reassures that assertions about “Preconditions” for Successful Decentralization, including land reform and market orientation and private sector development as unfounded.

8.4. Azfar\(^\text{23}\), on the other hand argues that decentralization improves governance and public service delivery by increasing:

- *Allocative efficiency*—through better matching of public services to local preferences.
- *Productive efficiency*—through increased accountability of local governments to citizens, fewer levels of bureaucracy, and better knowledge of local costs.

8.5. According to the author, however, this argument assumes that the devolution of functions occurs within an institutional environment that provides political, administrative, and financial authority to local governments, along with effective channels of local accountability and central oversight. These channels include:

\(^\text{22}\) Manor, J. The political economy of democratic decentralization, World Bank 1999
- Voice mechanisms for citizens to express their views to government bodies.
- Exit mechanisms for citizens to switch to nonpublic service providers or to move to other localities.
- Central government laws, rules, budget constraints, and oversight over local government operations, and channels for local governments to influence central government decisions concerning them.
- Public sector management arrangements that promote accountability—such as merit-based personnel policies and rules and arrangements promoting fiduciary accountability and constraining corruption.

8.6. According to research conducted in Philippines and Uganda, several conditions must be met before the full benefits of decentralization can be reaped. First, for decentralization to increase allocative and productive efficiency, local governments need to have the authority to respond to local demand as well as adequate mechanisms for accountability. Second, functions need to be devolved to a low enough level of government for allocative efficiency to increase as a result of decentralization. Third, citizens should have channels to communicate their preferences and get their voices heard in local governments. Citizens need to have information about government policies and activities.

8.7. A study by UNDP\textsuperscript{24} involving nine countries looked into role of participation in improving service delivery and provides important lessons as follows:

- The broader enabling environment for decentralization, including government policies and attitudes about local governments, is typically important for reform, but the degree of significance varies.
- Carefully crafted new institutional structures that go beyond the common “businesses-usual” approach and alleviate the resistance of existing institutions to change can play an important role in supporting decentralization.
- Enhanced community and neighborhood participation, if appropriately structured and implemented, are often critical in improving successful local government activities.
- Appropriately designed partnerships among different interested parties can lead to major improvements in the way local governments do business.
- Decentralization is normally thought of as a central government undertaking, but motivated actors from various levels of government and society can play a crucial role in initiating and/or energizing decentralization and local government reforms.
- Decentralization reform programs need to integrate key components of local governance and service delivery systems rather than focus on single dimensions.

\textsuperscript{24} UNDP, The Role of Participation and Partnership in Decentralized Governance: A Brief Synthesis of Policy Lessons and Recommendations of Nine Country Case Studies on Service Delivery for the Poor
Certain vital support components are required to operationalize and sustain decentralization reforms. Decentralization is often seen as a goal or an output, but in fact, successful decentralization is a process—of gradually and strategically building capacity and trust. There is a need for a clear and specific legal framework for decentralized governance that includes the constitutional devolution of political, financial and administrative powers to lower level units. A long term developmental perspective on good local community governance should be encouraged that allows adequate time frames for learning-by-doing supplemented with demand-driven capacity development rather than the imposition of central standards and supply-driven training by means of rational project management mechanisms. The enlargement of decentralized programs or the delegation of responsibilities for local services to lower level units must take the subsidiarity principle into account and involve commensurate transfers of financial resources and fiscal powers to ensure continued quality, coverage and sustainability of service delivery. In creating effective decentralizing policies, strategic decisions relative to cost effectiveness and the extent of delegation of responsibilities need to be taken in a manner that ensures quality service delivery and accountability. Devolution of powers should also assess how increased costs for infrastructure and personnel are mitigated, public/private competition is accounted for, and accountability is structured. Policies are needed for local government and those participating in it to have a stronger basis to increase transparency and improve accountability. These include developing indicators and standards for measuring performance in service delivery at the local level, strengthening guidelines for internal managerial controls, and broadening the role of oversight institutions which perform financial and service delivery audits, investigate corruption and irregularities and report to the public on their findings. Capacity building is needed for all stakeholders. This includes training for Mayors and city councils, as well as community members, NGOs, CBOs and the private sector in participation and partnership methods and skills. Local leaders should play an active role in harnessing government resources for the local programs and services and provide leadership in advocacy for and mobilization of adequate financial resources to sustain services. At the same time, they should continue to motivate and mobilize the local community to participate actively in ensuring that community standards and goals of the well-being of all members are met. Local success might lead to its own undoing if it became flooded with increased demand from outside its jurisdiction. A successful innovative approach should be quickly replicated in order not to create demands that cannot be met by the innovative system and to ensure equity in service delivery.
8.8. On specific components of decentralization, Shah\textsuperscript{25} provides important lessons for reform of fiscal systems in developing countries from various experiences. They include:

- Enabling environment for decentralization i.e. institutions of citizen participation and accountability must be addressed in any serious reform of fiscal systems.
- Societal norms and consensus on roles of various levels of governments and limits to their authorities are vital for the success of decentralized decision making.
- Civil service reform is critical to the success of a decentralization program.
- Evaluation capacity development is of fundamental importance in public sector reform in developing countries.
- Traditional administrative capacity matters but should not be considered as an impediment to decentralization.
- A major separation of spending and taxing decisions leads to lack of accountability in the public sector.
- Sharing of revenues on a tax-by-tax basis distorts incentives for efficient tax collection.
- Successful decentralization cannot be achieved in the absence of a well-designed fiscal transfers program.
- The role of fiscal transfers in enhancing competition for the supply of public goods should not be overlooked.
- A developing country institutional environment calls for a greater degree of decentralization than needed for an industrialized country.

8.9. Bahl\textsuperscript{26} explains twelve implementation rules for fiscal decentralization. They are as follows:

| RULE #1 Fiscal Decentralization Should Be Viewed As A Comprehensive System |
| RULE #2 Finance Follows Function |
| RULE #3 There Must Be A Strong Central Ability To Monitor And Evaluate Decentralization |
| RULE #4 One Intergovernmental System Does Not Fit The Urban And The Rural Sector |
| RULE #5 Fiscal Decentralization Requires Significant Local Government Taxing Powers |
| RULE #6 Central Governments Must Keep The Fiscal Decentralization Rules That They Make |
| RULE #7 Keep It Simple |
| RULE #8 The Design Of The Intergovernmental Transfer System Should Match The Objectives Of The Decentralization Reform |
| RULE #9 Fiscal Decentralization Should Consider All Three Levels Of Government |
| RULE #10 Impose A Hard Budget Constraint |
| RULE #11 Recognize That Intergovernmental Systems Are Always In Transition and Plan For This |
| RULE #12 There Must Be A Champion For Fiscal Decentralization |

8.10. Bird & Smart\textsuperscript{27} provide general insights into intergovernmental transfers, which are part of working of any government machinery.

\textsuperscript{25} Shah, Anwar, Balance, accountability and responsiveness: lessons about decentralization, World Bank, 1998
\textsuperscript{26} Bahl, Roy, Implementation rules for fiscal decentralization, 1999
- *First*, as a rule there is a role for both general purpose transfers and for special purpose matching grants (e.g. for infrastructure).
- *Second*, it is generally advisable, from the points of view of both the grantor and recipient governments, that the total pool of resources to be distributed in general purpose transfers be set in a stable but flexible way (e.g. as a percentage of central taxes, adjustable every few years).
- *Third*, general purposes grant should take into account both need and capacity, but it should do so in as simple, reliable, and transparent a fashion as possible.
- *Fourth*, if the general purpose grant is properly designed, and if local governments have some discretion in tax policy, there is no need to include specific incentive features to encourage additional tax effort.
- *Fifth*, as a rule no conditions should be imposed (e.g. through earmarking or mandates) as to how such general purpose grants are spent.
- *Sixth*, on the other hand special purpose grants should usually have a matching component, which probably should vary both with the type of expenditure and the fiscal capacity of the recipient.
- *Seventh*, in particular to the extent such grants are intended to finance infrastructure, recipients should be required to satisfy technical conditions sufficient to ensure that the money is properly spent.
- *Eighth*, and finally, all local governments should be required to manage financial matters in accordance with standard procedures, to maintain adequate and current accounts, and to be audited regularly and publicly. Similarly, although central governments should not pre-approve or direct in detail local government budgets and activities, they should maintain up-to-date and complete information on local finances and make such information publicly available. In the world of intergovernmental fiscal relations, better information is not a luxury. It is an essential component of a well-functioning system.

8.11. The theory of decentralization and experiences in its design and implementation clearly point towards some basic elements for success of decentralization. These elements include clear framework for decentralization under a recognized law, suitable responsibilities along with corresponding financial resources, participation of people, transparency and accountability. It is also clear that accountability is a long and demanding process requiring constant monitoring, updating and cannot be achieved overnight.

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27 Bird & Smart, Intergovernmental fiscal transfers: some lessons from international experiences, University of Toronto, 2001
9. Conclusions & policy recommendations

9.1. It is too early to assess the success or the failure of this experiment in decentralization and institutional reform in Pakistan. At this stage there are broader questions than answers; what were the intentions of military rulers given the history of local governments in Pakistan? What will be the status constitutional provisions guaranteeing the local governments in Pakistan, which have not been approved by legislatures and are already under fire after elections to national and provincial legislatures? Given the history in Pakistan, how will the local government system co-exist with the other tiers of government? Is it a suitable approach to have one formula for all of diverse Pakistan, if not, how will and to what extent will it be possible to bring suitable changes without compromising the status of local governments and accommodating the concerns of the provinces? When and how will issues in administrative decentralization be addressed which require substantial changes and reforms in the civil services of Pakistan? When and how fiscal issues faced by the system are addressed? How long will it take to bring changes in common attitudes about rights & responsibilities in Pakistan? What will it require? Will institutional changes be enough to bring about these changes?

9.2. The system obviously has its strengths, weaknesses, offers opportunities and faces a number of threats. For the first time, many important elements have been made a part of the setup involving checks & balances and oversight over administration. Various levels of local institutions have elected thousands of men and women (for the first time). The local government ordinance empowers them to make important decisions dealing with not only local government functions but also the Annual Development Programs as well as poverty reduction programs. Conventional Civil Society theory (Putnam and others) stipulates that face to face interaction in resolving common problems would foster a tolerant political culture, moderate and pragmatic local leadership and shared power structures. There is enough evidence that institutional change brings a change in attitudes and behavior, albeit, very slowly. Women have been given 33 % of seats on the local bodies. Resultantly, around 40,000 women have been elected to local bodies. This has provided an unprecedented opportunity for women’s participation in the political process. Women councilors are expected to be more sensitive to the needs of their own gender and children. They are expected to make a significant impact on allocation of resources, design and implementation of social policies.

9.3. Weaknesses of the system stem from unclear responsibilities and roles specially the unclear fate of numerous laws from which the office of DC drawn its power, gaps in interrelationships among various actors, “one formula for all” approach, absence of devolution from federal to provincial levels, failure to undertake financial repercussions, issues relating to the

Islam, Nasir, local level governance: devolution & democracy in Pakistan, University of Ottawa, 2001
capacity of both elected and other officials and bottlenecks in implementation. The set-up however offers many opportunities in the shape of hopes for empowerment of people and resolution of their local problems at local levels. The system is receiving unprecedented support from international partners as well. But at the same time, the system is at risk due to political reasons and troublesome constitutional position.

9.4. Given the scope and objectives of the study, the following section provides policy recommendations in the light of its findings.

9.5. Since the current study focused on the initial implementation of the local government and decentralization in Pakistan, it only measures the progress and not impact. It is proposed to conduct a detailed study on the impact of decentralization under the new local government after next elections to the local government are held. The study will aim at measuring the extent of decentralization in Pakistan on the pattern of similar studies conducted elsewhere.29 These studies not only measure the extent of decentralization but also test various hypotheses relating to its impact on various services. These studies also verify many of the theoretical benefits of decentralization as accruing to an area or population. In case of Pakistan, it would be appropriate to test the levels of participation, accountability mechanisms, impact on service delivery and transparency.

9.6. Policy Recommendations

9.6.1. General
   9.6.1.1. Institutional reform is a time consuming and demanding process. All stakeholders in the process should recognize this fact. While continuity is the key to success, it must be insured that suitable mechanisms are installed which will facilitate constant monitoring and troubleshooting of the process.
   9.6.1.2. Political will to undertake this reform process should continue.

9.6.2. Political
   9.6.2.1. Independence for provinces to manage local govt. through constitution of a high-powered body from LGs.
   9.6.2.2. Ending uncertainty on constitutional position of LGs.
   9.6.2.3. Holding of next elections in one go for each province.
   9.6.2.4. Special focus on women councilors for enabling them to play a meaningful role
   9.6.2.5. Mechanisms for creating symbiotic relationship between LGs and other political tiers
   9.6.2.6. Translate Devolution Plan and LGO in regional and national language for wider dissemination and increased understanding.

9.6.2.7. Advocacy and awareness for better understanding about the Devolution of Power Plan to increase the demand from people over the system.

9.6.2.8. Urgent need for focused training of elected councilors for:
• Better understanding about working of councils
• Individual capacity building
• Working across party lines for communal development
• Understand rights & duties, inter and intra council
• Gender mainstreaming

9.6.2.9. Effective media campaigns for voter’s education

9.6.2.10. The LGO should have “assigned functions” for women as well so that male councilors do not sideline them

9.6.2.11. A set timing and place be designated and notified for holding of council sessions to avoid political or administrative manipulation and for convenience of women

9.6.2.12. Election Commission should have a vigilant system for setting up of polling stations and occasions of obstruction to the right to vote especially for women

9.6.2.13. Systematized database for enlisting and updating electoral rolls of LG Election

9.6.2.14. Efficient arrangements for provision of ID cards

9.6.2.15. Systematized infrastructure arrangements for holding LG elections.

9.6.2.16. Continuous dissemination of information especially to political parties for better understanding and support of Devolution Plan

9.6.2.17. Nazim be elected through direct election for increased accountability and reducing invisible political and related pressures

9.6.2.18. Honorarium system be streamlined, across provinces, especially for women and they be also provided equivalent amount from same date

9.6.2.19. Holding of elections on regular basis with provision for filling of vacant seats on immediate basis.

9.6.3. **Administrative**

9.6.3.1. Initiating comprehensive civil service reform involving creation of local government service and corresponding changes in existing service structures and occupational groups.

9.6.3.2. Clarification of roles & responsibilities and reporting channels for the administrative entities.

9.6.3.3. Clarification of the rules/statutes/laws, which have not been conferred to any entity after the so-called dismantling of the office of the Commissioner and Deputy Commissioner.

9.6.3.4. Strengthening the administrative coordination within a district.

9.6.3.5. Initiating steps for stopping uncalled for transfers and postings specially those without the consent of the elected local representatives.

9.6.3.6. Removing bar from local governments on hiring & firing where
they can take up the costs.

9.6.3.7. Allowing regrouping of the decentralized offices as per requirements of diversity.

9.6.3.8. Focused and continuous mechanisms for training of the government officials at all tiers of LG level to:
   - Better understand LG system
   - Clarify their role and responsibilities vis-à-vis elected representatives
   - Gaining recognition and respect of the elected representative

9.6.3.9. Better coordinating mechanism between elected representative and govt. officials through scheduled meetings at least once a month for effective service delivery

9.6.3.10. Committees under LGO be given orientation and training for coming up with holistic and cohesive work plans

9.6.3.11. The improvisation in the LG systems as identified by provinces to be incorporated before conduct of new LG elections

9.6.3.12. Establishment and strengthening of LG commissions at Provincial level

9.6.3.13. Establishment of National and Provincial Public Safety Commission of police down to the Union Council level

9.6.4. Financial

9.6.4.1. Strengthening & activation of Provincial Finance Commissions

9.6.4.2. Further streamlining of processes for transfer of funds from province to districts and further down.

9.6.4.3. Improving coordination between Govt. officials and Council on budgetary issues

9.6.4.4. Timely release of development funds should be ensured

9.6.4.5. Audit and Accounts departments of government should come up with manual (systems & procedures) to manage finances

9.6.4.6. Issues of generation of taxes and its disbursement needs clarification and better understanding both for officials and councilors through effective training

9.6.5. Development

9.6.5.1. A quarterly meeting of MNA, MPA and District Nazims to chalk out development strategies and synchronize allocation and utilization of development funds for the area.

9.6.5.2. Provision of support (funding/technical assistance) for formation and activation of CCBs.

9.6.5.3. Allocation and distribution of development funds should be equal between men and women councilors.

9.6.5.4. Representative on reserved seats should also be allocated development funds with defined parameters for expenditures

9.6.5.5. Allocation of development funds should be devoid of political affiliations.

9.6.5.6. Activating of monitoring committees after analysis for utility.
9.6.5.7. Creation of funds designed specially for district governments to enable them to plan and implement priority programs. These funds may be created for only those services that are the responsibility of districts and not those involving either inter-district or inter-provincial coordination or requiring cost affectivity considerations.

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7. Guidelines For Monitoring Committees of Local Governments
8. Guidelines For Preparing District Government Transition Report (DGTR)
10. Guidelines for Transfer of Functions Through Mutual Agreement
12. Legal Framework Order (LFO) 2002
13. List of Model Laws/Rules, Manuals, Reports and Guidelines prepared / issued by National Reconstruction Bureau
15. Police Order 2002
16. Political Parties Order 2002
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### APPENDIX-1

**UNION COUNCIL ELECTIONS IN PAKISTAN 2000-2001**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Districts</td>
<td>18</td>
<td>20</td>
<td>20</td>
<td>31</td>
<td>11</td>
<td>100</td>
</tr>
<tr>
<td>Number of Union Councils</td>
<td>959</td>
<td>1459</td>
<td>1577</td>
<td>1677</td>
<td>353</td>
<td>6022</td>
</tr>
<tr>
<td>Number of Union Council Seats</td>
<td>20076</td>
<td>30639</td>
<td>33117</td>
<td>35217</td>
<td>7143</td>
<td>126462</td>
</tr>
</tbody>
</table>

**Source:** Local Government Elections 2001 by Pattan Development Organization & DIFD

**Note:** The table reports elections to 100 District while the text states the number 96; this is a result of merger of 5 Karachi Districts after the elections. The table shows the potential total of Union Councilors (6022x21) however, not all seats were filled.

### APPENDIX – 2

**UNION COUNCILORS’ LITERACY LEVELS**

<table>
<thead>
<tr>
<th>Category</th>
<th>Nazim</th>
<th>Naib</th>
<th>General</th>
<th>Female</th>
<th>Peasant/Workers</th>
<th>Minority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illiterate</td>
<td>0%</td>
<td>0%</td>
<td>11.4%</td>
<td>45%</td>
<td>18.3%</td>
<td>42.7%</td>
</tr>
<tr>
<td>Literate</td>
<td>100%</td>
<td>100%</td>
<td>88.6%</td>
<td>55%</td>
<td>81.7%</td>
<td>57.3%</td>
</tr>
</tbody>
</table>

**Source:** Local Government Elections 2001 by Pattan Development Organization & DIFD

### APPENDIX – 3

**GENDER PROFILE OF LOCAL ELECTIONS PAKISTAN 2000-2002**

<table>
<thead>
<tr>
<th>Province</th>
<th>Union Council Level</th>
<th>Tehsil/Taluka Council &amp; District Council</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women Nazims</td>
<td>Women Union Councilors</td>
</tr>
<tr>
<td>Punjab</td>
<td>2</td>
<td>13457</td>
</tr>
<tr>
<td>Sindh</td>
<td>-</td>
<td>4095</td>
</tr>
<tr>
<td>Balochistan</td>
<td>-</td>
<td>2807</td>
</tr>
<tr>
<td>NWFP</td>
<td>-</td>
<td>1605</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2</strong></td>
<td><strong>21964</strong></td>
</tr>
</tbody>
</table>

**Source:** Local Government Elections 2001 by Pattan Development Organization & DIFD
Decentralised Offices
(i) Civil Defence
(ii) Agriculture (Extension)
(iii) Livestock
(iv) On-Farm Water Management
(v) Soil Conservation
(vi) Soil Fertility
(vii) Fisheries
(viii) Forests
(ix) Labour
(x) Social Welfare
(xi) Sports and Culture
(xii) Cooperatives
(xiii) Boys Schools
(xiv) Girls Schools
(xv) Technical Education
(xvi) Colleges, (other than professional)
(xvii) Sports
(xviii) Special Education
(xix) Accounts, (excluding District Accounts Offices)
(xx) Basic & Rural Health
(xxi) Child & Woman Health
(xxii) Population Welfare
(xxiii) Hospitals
(xxiv) Environment
(xxv) Land Revenue, Estate,
(xxvi) Excise and Taxation
(xxvii) Housing Urban and Physical Planning and Public Health Engineering
(xxviii) Local Government & Rural Development
(xxix) District Roads and Buildings
(xxx) Transport.

Part-B
Other Offices
(i) Coordination
(ii) Human Resource Management
(iii) Community Organization
(iv) Registration Office
(v) Enterprise and Investment Promotion.
(vi) Legal advice and drafting
(vii) Planning & Development
(viii) Public Health
(ix) Information Technology Development
(x) Information Technology Promotion
(xi) Database
(xii) Literacy Campaigns
(xiii) Continuing Education
(xiv) Vocational Education
(xv) Energy (Micro energy development / generation projects for use at local community level)
(xvi) Finance & Budget

Part-C
Groups of Offices
(i) District Coordination:
Coordination, Human Resource Management and Civil Defence.
(ii) Agriculture:
Agriculture (Extension), Livestock, Farm Water Management, Soil Conservation, Soil Fertility, Fisheries, and Forests.
(iii) Community Development:
(iv) Education:
Boys Schools, Girls Schools, Technical Education, Colleges, (other than professional) Sports (Education) and Special Education.
(v) Finance and Planning:
Finance & Budget, Planning & Development, Accounts, Enterprise and Investment Promotion.
(vi) Health:
(vii) Information Technology:
Information Technology Development, Information Technology Promotion, and Database.
(viii) Law:
Legal advice and drafting, and Environment.
(ix) Literacy:
Literacy Campaigns, Continuing Education, and ocational
Education.

(x) **Revenue:** Land Revenue & Estate and Excise and Taxation.

(xi) **Works and Services:** Spatial Planning and Development, District Roads and Buildings, Energy and Transport.

**Part D**

**Group of Offices**

(i) Public Transport
Public transportation and mass transit
Passenger and freight transit terminals
Traffic planning, engineering and parking

(ii) Enterprise and Investment
Promotion Industrial estates and technological Parks Cottage, small and medium sized enterprise promotion
Investment promotion and protection

(iii) Depending upon the economies of scale and nature of infrastructure the City District Government may vary grouping of offices contained in Part-C and set up district municipal offices for integrated development and management of the following services:

a. Water source development and management, storage, treatment plants, and macro-distribution.
b. Sewage tertiary and secondary network, treatment plants, and disposal.
c. Storm water drainage network and disposal.
d. Flood control protection and rapid response contingency plans.
e. Natural disaster and civil defence planning.
f. Solid waste management, treatment and disposal, including land fill sites and recycling plants.
g. Industrial and hospital hazardous and toxic waste treatment and disposal.
h. Environmental control, including control of air, water, and soil pollution in accordance with federal and provincial laws and standards.
i. Master planning, land use, zoning and classification, reclassification.
j. Urban design and urban renewal programme; promulgation of building rules and planning standards.
k. Parks, forests, play grounds, sporting, and other recreational facilities.
l. Museums, art galleries, libraries, community and cultural centres.
m. Conservation of historical and cultural assets

n. Landscape, monuments, and municipal ornamentation.
o. Urban and housing development, including urban improvement and upgrading, and urban renewal and redevelopment, with care being taken to preserve historical and cultural monuments.
p. Regional markets and city-wide commercial centres.
## Appendix - 5

### TAX JURISDICTION OF LOCAL GOVERNMENTS

#### District (Zila) Council

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Education Tax</td>
</tr>
<tr>
<td>2</td>
<td>Health Tax</td>
</tr>
<tr>
<td>3</td>
<td>Tax on vehicles other than motor vehicles</td>
</tr>
<tr>
<td>4</td>
<td>Any other tax authorized by the Government</td>
</tr>
<tr>
<td>5</td>
<td>Local rate on lands assessable to land revenue</td>
</tr>
<tr>
<td>6</td>
<td>Fees in respect of schools, colleges and health facilities established or maintained by the district government</td>
</tr>
<tr>
<td>7</td>
<td>Fees for license granted by the district government</td>
</tr>
<tr>
<td>8</td>
<td>Fees for specific services rendered by a district government</td>
</tr>
<tr>
<td>9</td>
<td>Collection charges for recovery of tax on behalf of the government</td>
</tr>
<tr>
<td>10</td>
<td>Toll on new roads, bridges within the limits of a district, other than national and provincial highways and roads</td>
</tr>
</tbody>
</table>

#### Tehsil/Taluka/Town Councils

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Local tax on services</td>
</tr>
<tr>
<td>2</td>
<td>Tax on transfer of immovable property</td>
</tr>
<tr>
<td>3</td>
<td>Property tax on annual rental value of buildings and lands</td>
</tr>
<tr>
<td>4</td>
<td>Fee on advertisements and billboards</td>
</tr>
<tr>
<td>5</td>
<td>Fee for fairs, agricultural shows, cattle fairs, industrial exhibitions, tournaments and other public events</td>
</tr>
<tr>
<td>6</td>
<td>Fee for approval of buildings plans and erection and re-erection of buildings</td>
</tr>
<tr>
<td>7</td>
<td>Fee for licenses or permits and penalties or fines for violation of the licensing rules</td>
</tr>
<tr>
<td>8</td>
<td>Charges for execution and maintenance of works of public utility like lighting of public places, drainage, conservancy and water supply</td>
</tr>
<tr>
<td>9</td>
<td>Fee on cinemas, dramatical, theatrical shows and tickets thereof and other entertainment</td>
</tr>
<tr>
<td>10</td>
<td>Collection charges for recovery of any tax on behalf of the Government, District Government, Union Administration of any statutory authority</td>
</tr>
</tbody>
</table>

#### Union Councils

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fees for licensing of professions an vocations</td>
</tr>
<tr>
<td>2</td>
<td>Fee on sale of animals and cattle markets</td>
</tr>
<tr>
<td>3</td>
<td>Market fees</td>
</tr>
<tr>
<td>4</td>
<td>Fees for certification of births, marriages and deaths</td>
</tr>
<tr>
<td>5</td>
<td>Charges for specific services rendered by the union council</td>
</tr>
<tr>
<td>6</td>
<td>Rate for the remuneration of Village and Neighborhood guards</td>
</tr>
<tr>
<td>7</td>
<td>Rate for execution or maintenance of any work of public utility like lighting of public places, drainage, conservancy and water supply</td>
</tr>
</tbody>
</table>
### Functioning of new Structures

1. **District Public Safety Commission (DPSC)**
   - i. Has the DPSC been constituted? [Yes] [No]
   - ii. If yes,
     - a. Have the election of members of DPSC from Zila Council been held? [Yes] [No]
     - b. Have the other half number of DPSC been nominated? [Yes] [No]
   - iii. Have the DPSC started functioning? [Yes] [No]
   - iv. Has the linkage between Union Public Safety Committees and DPSC been established? [Yes] [No]
   - v. By what date the constitution of commission is planned? …………………………………………………………………………………

2. **Zila Mohtasib (ZM)**
   - i. Has the Zila Mohtasib been appointed? [Yes] [No]
   - ii. If no, has the selection been finalized? [Yes] [No]
   - iii. If yes, by what date the ZM shall finally be constituted and commence functioning? …………………………………………………………………………………

3. **Zila Mushawarit Committee (ZMC)**
   - i. Has the ZMC been constituted? [Yes] [No]
   - ii. If yes,
     - a. Has it started functioning? [Yes] [No]
     - b. Does it have a secretariat? [Yes] [No]
     - c. What agenda has been carried out for ZMC? ……………………………………………………………………………………………
   - iii. If no, by what date the constitution of ZMC is planned? ……………………………………………………………………………………………

4. **Monitoring Committees (MCs)**
   - i. Have all the monitoring committees been elected? [Yes] [No]
   - ii. Have the MCs started functioning? [Yes] [No]
iii. Have the MCs compiled quarterly reports and submitted to the Zila council?  
   
iv. What is disposal of quarterly reports submitted by MCs?  
   
5. Complaint Cell (CC)  
   i. Has the Complaint Cell been organized?  
      Yes  No  
   ii. What is composition of the Cell?  
      ………………………………………………………………………………………  
   iii. What role have this cell been assigned?  
      ………………………………………………………………………………………  
   iv. If the cell has started functioning what type of complaints are generally being received?  
      ………………………………………………………………………………………  
   v. What is disposal of complaints?  
      ………………………………………………………………………………………  

6. Citizen Community Boards (CCBs)  
   Has any CCB been registered with EDO (CD)?  
      Yes  No  
   a. How many?  
      ………………………………………………………………………………………  
   b. What is the nature of work?  
      ………………………………………………………………………………………  
   c. What is the progress?  
      ………………………………………………………………………………………  

7. District Groups of Offices  
   i. Have all EDOs been posted for all the offices?  
      Yes  No  
   ii. What is the state of posting of lower staff i.e. DOs and clerks etc in case of each office?  
      ………………………………………………………………………………………  
   iii. What/how is the inter office functioning of the district offices?  
      ………………………………………………………………………………………  

District Groups of Offices

District Coordination (DCO):
- Coordination
- Human Resource Management
- Civil Defence

Agriculture (EDO):
- Agriculture (Extension)
- Livestock
- Farm Water Management
- Soil Conservation
- Soil Fertility
- Fisheries
- Forests

Community Development (EDO):
- Community Organization
- Labour
- Social Welfare
- Sports and Culture
- Cooperatives
- Registration office

Education (EDO):
- Boys Schools
- Girls Schools
- Technical Education
- Colleges
- (Other than professional) Sports (Education)
- Special Education

Finance and Planning (EDO):
- Finance & Budget
- Planning & Development
- Accounts
- Enterprise & Investment Promotion

Health (EDO):
- Public Health
- Basic & Rural Health
- Child & Woman Health
- Population Welfare
- District and Tehsil (Hqrs.) hospitals

Information Technology (EDO):
- Information Technology Development
- Information Technology Promotion
- Database

Law (EDO):
- Legal advice and Drafting
- Environment

Literacy (EDO):
- Literacy Campaigns
- Continuing Education

Vocational Education

Revenue:
- Land Revenue & Estate
- Excise and Taxation

Works and Services (EDO):
- Spatial Planning & Development
- Districts Roads and Buildings,
- Energy & Transport
8. **NARIMS**

Is the office of EDO (IT) equipped to operate PC-1?

- a. Does it have qualified staff?  Yes  No
- b. Does it have the required Software & Hardware?  Yes  No
- c. Is the district able to work through PC-1?  Yes  No
- d. What is the stage of training/preparation of the staff?

9. **Lady Councillors (LCs)**

- i. What is the approach/attitude of Lady Councillors?

- ii. Are the lady Councillors satisfied with the working of Council?  Yes  No
- iii. Do they play any role in the development work?  Yes  No
- iv. Do they enjoy full rights as Councillors?  Yes  No
- v. Do they have any complaints and what is the nature of complaints?

- vi. What is your attitude towards LCs?

10. **Devolved Departments (DDs)**

- i. Have the departments like PHE, LG&RD and H&PP been devolved to the TMA?  Yes  No

- ii. What is the status of these departments?

- iii. Are they fully under TMA or are still having provincial links/functioning?

- iv. Are these departments fully functional at TMAs as provided by the law?  Yes  No

- v. If no, why?
1. Administrative/Political
   Functioning of Zila Council
   • How is the Zila council functioning?
   • Are the meetings held regularly every month?
   • Is there any workload problem of Nazim / Naib Nazim?
   • How is the agenda for ZC meetings prepared?
   • How and how many days in advance the members are informed about the agenda and
   the meetings?

   Intergovernmental relationships
   • What is the nature of relationship (cooperation, attitude) of district nazim / ZC with
     o Provincial government
     o Local Administration
     o Law enforcement agencies

2. Development Planning
   • What are the main development challenges faced by the Zilla?
   • Who carries out the need assessment of the projects?
   • Do the district development plans and budget reflect these problems / projects?
   • If not, why? What are the problems faced in this respect?
   • How are the projects discussed/approved in the council?
   • How the budget is presented and approved or otherwise?
   • How are the allocations of funds for various projects carried out?
   • Are any funds allocated for individual members as well?

3. Financial matters
   • What is the financial position of the Zilla?
   • Are any new taxes imposed?
   • What is the position of tax collection in the zilla?
   • What problems are being faced in revenue generation by the zilla?
   • What is the status of following the accounting and auditing procedures in districts?
   • What kinds of problems are being faced in financial matters with respect to provinces?
   • What kinds of problems are being faced in financial matters within the zilla and with
     Tehsils and Unions?

4. Responsiveness, participation and service delivery
   • What is the people’s response to various committees?
   • Have the monitoring Committees prepared and submitted quarterly reports to the
     council?
   • How the reports or points raised by monitoring committees are tackled/problems and
     issues resolved?
   • Has the ZC prepared any resolution authorizing the Nazims to take action on identified
     issues?
   • What has been the impact of devolution on various services (social & others) after the
     devolution plan? (In terms of attendance of employees, number of complaints, speed of
     processing of routine services (e.g. domicile, registration of births, land transfers etc)

5. What would you suggest for improving the working of ZC and district government?
**Tehsil Municipal Administration:**

**Check List**

1. **Village/Neighborhood Councils (VCs/NCs)**
   i. Have all the village/neighborhood councils been notified by the council?  
      ![Yes/No]
   ii. If yes, have all the village/neighbourhood councils been elected?  
       ![Yes/No]
   iii. If yes, how is the VC/NC functioning?  
        …………………………………………………………………………………
        …………………………………………………………………………………
   iv. What is the type of inter play of UCs with the VCs/NCs?  
        …………………………………………………………………………………
   v. Are UCs using VC/NC for any role of public welfare/interest related assignments?  
      ![Yes/No]

2. **Citizen Community Boards (CCBs)**
   Has any CCB been registered from your area?  
      ![Yes/No]
   If yes,
   a. How many?  
      …………………………………………………………………………………
   b. What is the nature of work?  
      …………………………………………………………………………………
   c. What is the progress?  
      …………………………………………………………………………………

3. **Tehsil/Town Offices**
   i. Have all the Tehsil/Town offices been completed?  
      ![Yes/No]
   ii. Have all the TOs been posted?  
       ![Yes/No]
   iii. Have the required staff been posted to the Tehsil/Town offices?  
        ![Yes/No]
   iv. How is TMA functioning?  
        …………………………………………………………………………………
   v. Is the TMA functioning as provided in the law?  
      ![Yes/No]
   vi. Any interference from district in the TMA’s affairs?  
       ![Yes/No]
   vii. If yes, What kind of the interference is there?  
        …………………………………………………………………………………
   viii. Has any function of TMA been taken over by the district?  
        ![Yes/No]
   ix. Has the TMA’s joint committees been formed?  
      ![Yes/No]
x. How is it functioning?

 xi. How many meeting have been held till today?

 xii. Is TMA getting fiscal transfer/grants from the districts? Yes No

4. Lady Councillors (LCs)

 i. What is the approach/attitude of Lady Councillors?

 ii. Are the lady Councillors satisfied with the working of Council? Yes No

 iii. Do they play any role in the development work? Yes No

 iv. Do they enjoy full rights as Councillors? Yes No

 v. Do they have any complaints against TMA and what is the
type of complaints? 

 vi. What is your attitude towards LCs?

5. Devolved Departments (DDs)

 i. Have the departments like PHE, LG&RD and H&PP been devolved to the TMA? Yes No

 ii. What is the status of these departments?

 iii. Are they fully under TMA or are still having provincial
links/functioning?

 iv. Are these departments fully functional at TMA as provided by
the law? Yes No

 v. If no, why?

 vi. Who is performing the following functions?

   a. Water supply, sewerage, drainage;

   b. Sanitation;

   c. Katchi abadi regularization/upgrading;

   d. Internal roads and street lighting.
6. Staff Posting
Report on appointment:
   a. TMO
   b. TO Infrastructure and services
   c. TO Regulation
   d. TO Finance
   e. TO Planning
   f. Cos

ii. Report on posting of other staff.

iii. What are the staff posting?

7. Chief Officer units
i. Is the former Chief Officer (CO) Unit operational?

ii. Is CO unit getting funds for:
   a. Operational cost?
   b. Salaries?
   c. Development?

iii. What functions CO unit is performing and what function previously were performed by it as Town/Municipal Committee and Municipal Corporation?

iv. What are the problems and issues in the CO units?

v. Has service delivery been reorganized:
   a. In CO unit?
   b. Outside CO unit (rural areas, villages)?

vi. Are there any plans to extend service delivery to areas outside CO unit?

8. Reporting Systems
i. Internal Reporting:
   a. What systems have been introduced for internal reporting (i) between various offices of the TMA (TO offices and CO unit) and the TMO? (ii) Between CO unit and various TO offices?

   b. Is there a coordination mechanism at TMO level or at TOs level?
ii. External Reporting.
   a. What reports are being sent to (i) District government, (ii) Provincial government?
      .................................................................
   b. Are reports being sent to district government in continue or on specific enquiry by them?
      .................................................................
   c. Do any of the TO offices report to any department of the Provincial government other than Local Government dept?
      Yes  No
      If yes, why: on specific request or demand, or in routine?
      .................................................................
   d. Are the PHED Staff in the TO (I & S) reporting to any other level (i) directly or (ii) through TMO?
      Yes  No
      If yes, why and for what particular purpose?
      .................................................................

9. Service Delivery
   i. What is the status of service delivery carried out by the TMA?
      .................................................................
   ii. Are the rural water supply schemes formerly run by PHED now being run by TMA?
      Yes  No
      If yes, 
      a. Details of funds provided by the provincial government to run these schemes?
         .................................................................
      b. If funds from provincial government have not been received to cover operational cost, how are these schemes being operated?
         .................................................................
   iii. Are any functions/services being considered for transfer to Union Administration?
      Yes  No
      If yes, what functions/services are being considered?
      .................................................................

10. Octroi Compensatory Grant
   i. Has OC Grant being received?
      Yes  No
   ii. If yes, how many transfers, amounts, regularity?
      .................................................................
   iii. What deductions have been made by provincial government:
      a) amount  b) purpose (for what)?
      .................................................................
iv. a. Have the functions transferred from former town/municipal committees and municipal corporations (health centers/dispensaries, schools, industrial homes, library, vet dispensaries, etc) to the district government been handed over?  
Yes No

b. What staff adjustments for these have been made?

c. Are the funds to pay salaries and operational cost for the transferred functions deducted from the Octroi Compensatory Grant or from other transfer from provincial government?  
Yes No

If yes, give details.

11. Property Tax
i. Is the Property Tax being transferred to the TMA?  
Yes No

ii. a. Are there any deductions being made from the Property Tax?  
Yes No

b. If yes, for what?

c. Have the details of the deductions been provided?  
Yes No

d. If they have been provided, have they been reconciled by the TMA from its own account books/records?

iii. Give details of total Property Tax due
a. As per last year,

b. Transfers this year so far, and

c. Deductions made from transferred accounts this year.

12. KPP Funds
i. a. Have KPP funds for TMA’s exclusive functions been transferred by provincial or district government?  
Yes No

b. If so, what proportion of total funds of district?

c. Are their any conditions attached to these funds?  
Yes No
d. Who approves KPP schemes for TMA’s exclusive functions?

ii. Provide details: Schemes, total funds required, amount transferred, approval procedure, etc.

13. Development Funds

i. Are funds for development transferred to TMA by
   a. provincial government
   b. district government
   c. provincial government through district government.

ii. Are the funds transfers according to:
   a. (i) pre-approved schemes or (ii) lump sum by sector or (iii) totals not allocated by schemes or sections, or, (iv) something difference.
   b. provide details of amounts, schemes, transfer etc.

1. Administrative/Political

   Functioning of Tehsil Council
   - How is the Tehsil council functioning?
   - Are the meetings held regularly every month?
   - Is there any workload problem of Nazim / Naib Nazim?
   - How is the agenda for TC meetings prepared?
   - How and how many days in advance the members are informed about the agenda and the meetings?

   Intergovernmental relationships
   - What is the nature of relationship (cooperation, attitude) of tehsil nazim / TC with
     o District government
     o Local Administration
     o Law enforcement agencies
     o Line departments

2. Development Planning

   - What are the main development challenges faced by the Tehsil?
   - Who carries out the need assessment of the schemes?
   - Do the tehsil development plans and budget reflect these problems / schemes?
   - If not, why? What are the problems faced in this respect?
   - How are the projects discussed/approved in the council?
   - How the budget is presented and approved or otherwise?
   - How are the allocations of funds for various schemes carried out?
   - Are any funds allocated for individual members as well?

3. Financial matters

   - What is the financial position of the Tehsil?
   - Are any new taxes imposed?
   - What is the position of tax collection in the Tehsil?
   - What problems are being faced in revenue generation by the Tehsil?
   - Is there a change in collection of user charges by the tehsil?
• What is the status of following the accounting and auditing procedures in tehsils?
• What kinds of problems are being faced in financial matters with respect to districts?
• What kinds of problems are being faced in financial matters within the Tehsil and with Unions?

4. Responsiveness, participation and service delivery
• What is the people’s response to various committees?
• Have the monitoring Committees prepared and submitted quarterly reports to the council.
• How the reports or points raised by monitoring committees are tackled/problems and issues resolved
• Has the TC prepared any resolution authorizing the Nazims to take action on identified issues
• What has been the impact of devolution on various services (social & others) after the devolution plan? (In terms of attendance of employees, number of complaints, speed of processing of routine services (e.g. domicile, registration of births, land transfers etc), collection of user charges/fees)

5. What would you suggest for improving the working of TC and Tehsil Administration?
Union Administration:

Check List

1. Musalihat Anjuman (MA)
   1. Has the MA been constituted?  
      If yes,  
      a. Has the MA started functioning?  
      b. What type of disputes/matters are referred to MA?  
      c. What modalities are being followed by MA for dispute resolution?  
      d. Have some minor cases been referred to MA by the Courts?

2. Citizen Community Boards (CCBs)
   Has any CCB been registered from your area?  
   If yes,  
   a. How many?  
   b. What is the nature of work?  
   c. What is the progress?

3. Union Council (UC)
   i. How the UC is functioning
   ii. What are work load distributions of Union Nazim and Naib Union Nazim?
   iii. a. Has the Union got any grants/funds allotted from the Province?  
       b. District?  
       c. Tehsil?  
   iv. Is there any development project at Union level identified or executed?
   v. What is role/functioning of union councils?
4. Lady Councillors (LCs)
   i. What is the approach/attitude of Lady Councillors?
   ii. Are the lady Councillors satisfied with the working of Council?
   iii. Do they play any role in the development work?
   iv. Do they enjoy full rights as Councillors?
   v. Do they have any complaints against UA and what is the nature of complaints?
   vi. What is your attitude towards LCs?

5. Union Public Safety Committee (UPSC)
   i. Has the Committee been constituted?
   ii. Has the Committee started functioning?
   iii. How the Committee is functioning?
   iv. Is there any interaction with the Local Police?
   v. How the excesses by police against public are identified?
   vi. What is the method of reporting about police excesses?
   vii. How the public safety committees created linkage with DPSC?
   viii. What actions are taken by Union Nazim on the reports of public safety committee?

6. Reporting System
   i. Is there any coordination mechanism at UA level?
   ii. What reports are being sent to:
      a. TMA
      b. District government

1. Administrative/Political Functioning of Union Council
   • Is the Union Council meeting regularly every month?
   • What are workload distributions of Union Nazim and Naib Union Nazim?
• How is the agenda for the Union Council meetings prepared and members informed?
• How and how many days in advance the members are informed about the agenda and the meetings?

Intergovernmental relationships
• What is the nature of relationship (cooperation, attitude) of union nazim / UC with
  o District government
  o Tehsil Administration
  o Local Administration
  o Law enforcement agencies
  o Line departments
  o Village / Neighborhood councils

2. Development Planning
• What are the main development challenges faced by the Union?
• Who carries out the need assessment of the schemes?
• Do the tehsil development plans and budget reflect these problems / schemes?
• If not, why? What are the problems faced in this respect?
• Is there any development project at Union level identified or executed?
• How are the projects discussed/approved in the council?
• How is the budget presented and approved or otherwise?
• How are the allocations of funds for various schemes carried out?
• Are any funds allocated for individual members as well?

3. Financial matters
• What is the financial position of the Union?
• Has the Union got any grants/funds allocated from the Province, District and Tehsil?
• Are any new fees / rates imposed?
• What is the position of fees / rates collection in the Union?
• What problems are being faced in revenue generation by the Union?
• Is there a change in collection of user charges by the Union?
• What is the status of following the accounting and auditing procedures in Union?
• What kinds of problems are being faced in financial matters with respect to districts, Tehsils?
• What kinds of problems are being faced in financial matters within the Union?

4. Responsiveness, participation and service delivery
• What is the people’s response to various committees?
• Have the monitoring Committees prepared and submitted quarterly reports to the council.
• How are the reports or points raised by monitoring committees are tackled/problems and issues resolved?
• Has the UC prepared any resolution authorizing the Nazims to take action on identified issues?
• What has been the impact of devolution on various services (social & others) after the devolution plan? (In terms of attendance of employees, number of complaints, speed of processing of routine services (e.g. domicile, registration of births, land transfers etc), collection of user charges/fees)

What would you suggest for improving the working of UC and Union Administration?