

# POLICY PAPER<sup>1</sup>

## Devolution in Pakistan: Issues in implementation & options for reform

### Introduction

- 1.1. 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”. Devolving power to the grass root level was one of them. Consequently, the **National Reconstruction Bureau** 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.
- 1.2. 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.
- 1.3. 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

---

<sup>1</sup> The research for this paper was supported by the Foundation Open Society Institute – with the contribution of the International Policy Fellowships of OSI-Budapest–Hungary, which is gratefully acknowledged.

policy recommendations. Hence came into being the current study, which looked at various aspects of implementation of devolution in Pakistan including political, administrative, fiscal & development related issues.

1.4. The devolution plan subsequently led to holding of elections to the local government, promulgation of local government ordinance and establishment of a revamped system. On a political level, the system created a three tier local government at district, tehsil/taluka and union level headed by Nazim & Naib-Nazim and councils. Correspondingly, an administrative system was also created at all these three levels with separate responsibilities and an elaborate system of checks & balances. The system also called for establishment of many new offices at local levels, additional and changed roles both for elected and other officials and gave rise to whole set of problems associated with any reform process which is in teething stages. The implementation was accompanied by a certain degree of hype was generated a lot of interest and expectations.

#### 1.5. **Issues & problems:**

##### 1.6. *Political domain*

1.6.1. **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 councilors 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.

1.6.2. **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.

1.6.3. **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.

1.6.4. **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.

- 1.6.5. **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.
- 1.6.6. **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.
- 1.6.7. **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.
- 1.6.8. **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.
- 1.6.9. **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.
- 1.6.10. **Qualification Disjoint:** There is a qualification disjoint between the literate and illiterate members, which hampers in smooth implementation of new system.

1.6.11. **Women Councilors:** 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).

## 1.7. *Administrative domain*

1.7.1. **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.

1.7.2. **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.

**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.

1.7.4. **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.

- 1.7.5. **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.
- 1.7.6. **Failure of 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.
- 1.7.7. **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.

## 1.8. *Fiscal domain*

- 1.8.1. **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.
- 1.8.2. **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.

**1.8.3. 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.

**1.8.4. 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.

**1.8.5. 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.

## 1.9. *Development domain*

- 1.9.1. **Slow registration of CCBs at all levels:** A major problem has been the non-establishment/registration of CCBs, the set-up's main vehicles to promote community-centered development. 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.
- 1.9.2. **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.
- 1.9.3. 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.
- 1.9.4. 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.
- 1.9.5. 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.

## 1.10. **Policy Options**

1.10.1. 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.

1.10.2. Weaknesses of the system stem from unclear responsibilities and roles, 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 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.

1.10.3. Given the status of development in Pakistan, issues in participation, development management and social services, reversal of the policy of local government development through devolution is not an option. Rather steps need to be initiated which will enable removal of bottlenecks faced by the setup in order to bring the fruits associated with devolution to the people of Pakistan.

## 1.11. **Conclusions & Recommendations**

### 1.11.1. **General**



1.11.1.1. 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.

1.11.1.2. Political will to undertake this reform process should continue.

1.11.2.           **Political**

1.11.2.1. Independence for provinces to manage local govt. through constitution of a high-powered body from LGs.

1.11.2.2. Ending uncertainty on constitutional position of LGs.

1.11.2.3. Holding of next elections in one go for each province.

1.11.2.4. Special focus on women councilors for enabling them to play a meaningful role

1.11.2.5. Mechanisms for creating symbiotic relationship between LGs and other political tiers

1.11.2.6. Translate Devolution Plan and LGO in regional and national language for wider dissemination and increased understanding.

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

1.11.2.8. 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

1.11.2.9. Effective media campaigns for voter's education

- 1.11.2.10. The LGO should have “assigned functions” for women as well so that male councilors do not side line them
- 1.11.2.11. 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
- 1.11.2.12. 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
- 1.11.2.13. Systematized database for enlisting and updating electoral rolls of LG Election
- 1.11.2.14. Efficient arrangements for provision of ID cards
- 1.11.2.15. Systematized infrastructure arrangements for holding LG elections.
- 1.11.2.16. Continuous dissemination of information especially to political parties for better understanding and support of Devolution Plan
- 1.11.2.17. Nazim be elected through direct election for increased accountability and reducing invisible political and related pressures
- 1.11.2.18. Honorarium system be streamlined, across provinces, especially for women and they be also provided equivalent amount from same date
- 1.11.2.19. Holding of elections on regular basis with provision for filling of vacant seats on immediate basis.

#### 1.1.1. **Administrative**

- 1.1.1.1. Initiating comprehensive civil service reform involving creation of local government service and corresponding changes in existing service structures and occupational groups.
- 1.1.1.2. Clarification of roles & responsibilities and reporting channels for the administrative entities.
- 1.1.1.3. 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.

- 1.1.1.4. Strengthening the administrative coordination within a district.
  - 1.1.1.5. Initiating steps for stopping uncalled for transfers and postings specially those without the consent of the elected local representatives.
  - 1.1.1.6. Removing bar from local governments on hiring & firing where they can take up the costs.
  - 1.1.1.7. Allowing regrouping of the decentralized offices as per requirements of diversity.
  - 1.1.1.8. 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
  - 1.1.1.9. Better coordinating mechanism between elected representative and govt. officials through scheduled meetings at least once a month for effective service delivery
  - 1.1.1.10. Committees under LGO be given orientation and training for coming up with holistic and cohesive work plans
  - 1.1.1.11. The improvisation in the LG systems as identified by provinces to be incorporated before conduct of new LG elections
  - 1.1.1.12. Establishment and strengthening of LG commissions at Provincial level
  - 1.1.1.13. Establishment of National and Provincial Public Safety Commission of police down to the Union Council level
- 1.11.4.           **Financial**
- 1.11.4.1. Strengthening & activation of Provincial Finance Commissions

- 1.11.4.2. Further streamlining of processes for transfer of funds from province to districts and further down.
- 1.11.4.3. Improving coordination between Govt. officials and Council on budgetary issues
- 1.11.4.4. Timely release of development funds should be ensured
- 1.11.4.5. Audit and Accounts departments of government should come up with manual (systems & procedures) to manage finances
- 1.11.4.6. Issues of generation of taxes and its disbursement needs clarification and better understanding both for officials and councilors through effective training
- 1.11.5.           **Development**
  - 1.11.5.1. 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.
  - 1.11.5.2. Provision of support (funding/technical assistance) for formation and activation of CCBs.
  - 1.11.5.3. Allocation and distribution of development funds should be equal between men and women councilors.
  - 1.11.5.4. Representative on reserved seats should also be allocated development funds with defined parameters for expenditures
  - 1.11.5.5. Allocation of development funds should be devoid of political affiliations.
  - 1.11.5.6. Activating of monitoring committees after analysis for utility.
  - 1.11.5.7. 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.

