

NATIONAL WORKSHOP ON SUCCESSFUL MODELS IN CAPACITY
DEVELOPMENT FOR LOCAL SELF GOVERNANCE TOWARDS URBAN
RENEWAL AND RURAL RECONSTRUCTION

**Experiences and Lessons of Devolution in Pakistan in
Improving Governance and Service Delivery**

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Mr. Sartaj Aziz, Panelists, Ladies and Gentlemen!

It is an honor and privilege for me to represent the National Reconstruction Bureau at this Workshop and share with you experiences and lessons of devolution in Pakistan. I am grateful to the organizers of the Workshop for the inviting me to address this august gathering. This session was to be addressed by Dr. Asim Hussain, Chairman, NRB. Due to his commitments abroad, he is unable to attend the session. He has desired that I should convey to the Minister for Local Government and the organizers his best wishes for the success of the seminar.

Ladies and Gentlemen!

At the outset, I may invite your attention to the fact that Pakistan's decentralization model has unique features which are not exactly comparable to other models of decentralization in the world. In the past seven years Federal and Provincial Governments in Pakistan have made substantial efforts to implement the decentralized systems. The way Provincial Governments

managed the transition phase in 2000 and 2001 that in itself offers lessons for change managers in Pakistan and around the globe. The capacity building efforts of the Federal and Provincial Governments ably supported by various donors suggest a number of lessons which can provide useful insight for capacity building initiatives of large magnitude.

The support of development partners in Pakistan like the UNDP, DFID, USAID, DTW, CIDA, SDC, NORAD, ADB, WSP, World Bank and JICA in the decentralization process has been remarkable. By several donors the support is continuing. The researches and scholars nationally and internationally have been studying the performance of the system. The Commonwealth Secretariat, the World Bank Institute and the Commonwealth Local Government Forum consider that the decentralized system introduced in Pakistan has all the potential for promoting the principles of local democracy and achieving the Millennium Development Goals.

Ladies and Gentlemen!

The Local Government Plan 2000 provides the fundamentals of devolution in Pakistan. Within the framework of Local Government Plan, the Provincial Local Government Ordinance, 2001 and the Police Order, 2002 were promulgated. In this context the subject matter of devolution in Pakistan is quite wide. In this session, I would, however, like to restrict myself to the political, administrative and fiscal dimensions of devolution.

I may point out that there are no two opinions about the significance of decentralization of power and authority and its positive impact on governance and improved service delivery. Several types of methodologies and institutional framework have, however, been adopted in various countries to decentralize and

devolve powers to the lower levels of government. Pakistan, in August 2001, introduced a three tier but federated local government system at the district level. It is important to note that the Medium Term Development Framework (MTDF) (2005-10) recognizes devolved development as a strategy for good governance.

Devolution in Pakistan has created new structures, institutions and relationships. The local governments, by law, function within the provincial framework to perform their assigned functions. The jurisdictions of the local governments at the district, tehsil/ town in a city district and union, have been defined in the Provincial Local Government Ordinances and further elaborated by the rules notified by the Provincial Governments. At least 25 types of rules have been notified. This number may vary in the Provinces. The local councils have, in some cases, also passed the bye-laws.

Political Devolution

Ladies and Gentlemen!

The local governments are functioning in 6631 local areas which include 111 Districts/City Districts, 395 Tehsils/Towns and 6125 Unions. In 2005 the number of seats in the Union Councils was reduced from 21 to 13. However, it was ensured that this change should not affect the representation of women in the Councils. Each level of local government has a Council which consists of members elected on general seats and the seats reserved for women, peasants/workers and minority communities. The current number of elected representatives in local governments is around 85,000. The experience of two local government elections held in Pakistan in 2001 and 2005 respectively indicates that in the realm of political devolution the results are quite

encouraging. The overall turnout in Union level elections in the second term of local governments was 47.5%. The enhanced participation of the people in the Local Government Elections, 2005 indicates their growing interest / confidence in the local government system.

There are complaints and questions about indirect election of Zila, Tehsil/Town Nazims as well as about keeping the political parties away from the local government elections. It is generally believed that direct election of Zila, Tehsil/Town Nazims and local government elections would strengthen local governments and reduce the role of money in these elections. The changes in the mode of election and party or non party basis are under consideration. Prime Minister has this morning announced that elections of the local governments will be held on party basis.

Village and Neighborhood councils have been assigned important role in the Law. The establishment of these councils shall strengthen democracy at the grassroots level and enhance citizen participation.

The relationship of the local government elected representatives and the parliamentarians is an important issue. Amendments made in the Local Government Ordinance in 2005 to resolve this issue should be fully implemented, and if required, this can be further refined.

Administrative Devolution

On administrative devolution, I would say that the scheme of decentralized offices and grouping of offices of local governments has allowed the local governments to make the development process people centered and local government offices service oriented. Along with the decentralization of the

district and tehsil/town offices of the Provincial Government to the local governments, the erstwhile municipal institutions were either integrated into the District Government set up or placed under the control of the local governments. However, decentralization of some of the district and tehsil offices like that of Public Health Engineering did not materialize due to various interests.

The new relationships were defined with a focus on service delivery. The Executive District Officers are required to achieve synergistic effect by making best use of available resources and combined effort of related offices. Community Development and Finance and Planning offices in the District Governments have important roles for community development and ensuring judicious and transparent use of resources respectively. The Town Officer (Planning) is a new office to do planning for the entire tehsil/town. In each Union Administration up to three Union Secretaries are to be appointed. In the Province of Punjab the sanctioned strength of the employees in each Union has been increased from three to five.

Some view the restructuring and reorganization of the district, tehsil/town and union offices as an attempt to increase the cost of administration. Some raise the question about the ability of the Nazims to guide and supervise the local government Officers. The precise argument is how can an elected and matriculate Nazim write the ACR of a seasoned local government official. However you would seldom find a local government employee raising points for the creation of district service in accordance with the provisions of the Local Government Ordinance. There are issues of horizontal and vertical linkages. These need resolution through amendments in the law for a more coherent functioning of local governments.

No one can deny the importance of well organized bureaucratic set up to achieve the targets of service delivery. The Nazims have been placed on the top of the respective administrative set up to ensure that the local policies are framed and implemented in accordance with the local priorities and ambitions of the local people. The Nazim with the assistance of seasoned and experienced officers has to prepare local budgets and development program and seek approval from the local council before implementation. An analysis of the educational profile of the Zila and Tehsil Nazims indicates that a significant majority have attained higher levels of education and not just a matriculation certificate. The condition of Matriculation is the minimum requirement. The evaluation of the employee is to be made on the basis of performance and not on the basis of whims of a supervisor. There are countersigning officers and a mechanism for expunging the adverse remarks from the ACRs exists. It can be made more stringent if required to eliminate chances of bias of the Nazim.

Related to administrative devolution is the issue of maladministration. Since the office of Zila Mohtasib is yet to be established the citizen's grievances against maladministration and poor service delivery can not be addressed. The office of Zila Mohtasib must be established in accordance with the framework provided in the Third Schedule of the Local Government Ordinances. The main role of the Provincial Local Government Commission (PLGC) is to conduct annual inspection and check violation of rules and provisions of LGO, 2001. This must be performed.

The Internal Auditors provide useful information to the management for effective administration and to ensure adherence to rules and regulations particularly the financial rules. Although law requires establishment of offices of Internal Audit, these have not been established in the District Governments and TMAs as yet.

Financial Devolution

In the realm of financial devolution, fundamental changes have been made in the distribution of resources among the local governments, bottom up planning, access of the citizens to local government resources through the mechanism of Citizen Community Boards and audit of local governments. CCB mechanism allows greater citizen participation and encourages local government to work in close partnership with the community.

The establishment of new institutions with membership from amongst the elected representatives and civil society like the Provincial Finance Commissions, Provincial Local Government Commissions, Monitoring Committees, and Public Safety Commissions is a right step towards empowerment of people, transparency and accountability. In order to establish a transparent, credible, fair and accountable system of fiscal transfers to the local governments, the Provincial Local Government Ordinances, 2001 provide for the establishment of a Provincial Finance Commission as given in Chapter XII A of the Local Government Ordinance, 2001. The main function of the PFC is to distribute the provincial resources between the provincial Government and the local governments. Formula driven awards have been in practice since FY 2002-2003. Share of each local government is clearly identified in the awards and monies are transferred in the relevant accounts/funds. Fiscal transfer mechanism is in place and direct transfers to the bank accounts of local governments are taking place. The shares are being released on monthly basis in accordance with the notified PFC shares. Performance based grants system has been initiated at least in Balochistan.

The elected representatives in each council approve the development schemes. The investments are therefore demand driven rather than supply driven. Each District Government, TMA and UA focuses on service delivery. Each district can now be ranked on a variety of indicators and the best performers can be separated from the poor performers. Decision makers can now focus on the districts where service delivery is not optimal and relate it to financial flows and other inputs.

The concept of draft budget has been introduced to enable more discussion of the budget and to ensure transparency. The Auditor General of Pakistan is responsible for annual statutory audit of local governments. The Accounts Manual for local governments has been issued after necessary approvals by the competent fora in accordance with the constitutional provisions. Audit reports of District Governments for first four years have been prepared. The immediate requirement is that these are analyzed and action is taken against the culprits. There should be no compromise on accountability of local governments. The corrupt must be punished.

Transparency is the essence of Good Governance. Local Governments are required to provide reports to the Councils and to display all their accounts and service delivery data at a conspicuous place for the public.

Local taxes are being levied on approval by the councils. TMAs have been collecting taxes. A comparison of collection of taxes by TMAs four years before and four years after devolution shows substantial increase in collection of taxes in the post devolution period.

At present over 40,000 CCBs comprising one million non elected people exist in the country. It is estimated that around Rs.5 billion have been invested

through CCB projects. This community empowerment in the country is unprecedented. The CCBs invest 20% of the project cost. The UNDP led consortium which supports the Devolution Trust for Community Empowerment (DTCE) has made a substantial contribution for making CCB movement a success. The progress in DTCE partner districts is encouraging. However it is necessary to take action for simplification of CCB rules and saving the CCBs from mafias and elite capture.

Ladies and Gentlemen!

On account providing justice to the people at the doorstep Pakistan's experience through the institution of Musalihat Anjuman is important. The project of the UNDP through the Ministry of Local Government offers a lot to be replicated in all the districts of Pakistan. It may be noted that through this project the capacity of Musalihat Anjumans is being developed in the selected districts of Pakistan. Reportedly over 4000 cases have been disposed of by the Musalihat Anjumans in the selected districts.

The enforcement of local and special laws had been a contentious issue. During the period 2003-05 extensive consultations with the provincial governments resulted in the inclusion of a new chapter on enforcement of local and special laws in the Provincial Local Government Ordinances. The Inspectors have now been empowered to issue tickets and a part of the fine amount can be given to the Inspector as an incentive. A district gazette is to be compiled by the District Government. The issue of magisterial powers is being reviewed in consultation with the Ministry of Law.

The people's rights are being safeguarded through the legal system also as courts are passing judgments on the provisions of the Local Government Ordinance.

In order to promote use of Information Technology in the District Governments, the NRB has provided the NARIMS software to all District Governments through Provincial Governments in the provinces of Sindh and Punjab in 2007. UNDP project in the NRB provided useful support. NARIMS for districts in NWFP and Balochistan has been finalized and will be handed over to the Provincial Governments on the 23rd August 2008. A capacity development program in NARIMS for 16 officials nominated by the provincial Governments will be held in NRB from 25th to 28th August 2008. This effort will facilitate the replication of NARIMS in the Districts.

Improved Service Delivery – Evidence is Encouraging

The level of service delivery is normally judged through departmental data e.g. Health Management Information System (HMIS), Education Management Information System (EMIS) etc. Each office of the local government compiles the relevant statistics on monthly basis. Some of the data is being consolidated at the provincial level. The other important source of data is through surveys conducted by the Provincial and Federal Governments and other government and non-government research institutions. On the Government side the Pakistan Social and Living Standards Measurement Survey (PSLM) conducted by the Federal Bureau of Statistics is the main survey for assessing the service delivery in the social sectors. The last survey for which the report is available was conducted in 2006-2007. The local governments were introduced in 2001. According to the findings of the survey and comparison with the earlier surveys the social indicators were stagnant till 2001 and have shown a marked

improvement since then. Mr. Sartaj Aziz, in his speech this morning, mentioned about the improvements in education and health sectors.

The provincial governments have invested heavily on the capacity building of local government elected representatives. This has created social capital in the country. Citizens now are more concerned about the delivery of services. Efforts are being made to upgrade the capacity of the existing local government training institutions.

This workshop focuses on capacity issues. In the past seven years or so a lot of activities have been organized to reduce the knowledge gap. The media in Pakistan has made useful contribution. The press clubs and Bar councils have also been contributing towards this goal. Capacity building programs have been organized for enhancing capacity of the local government functionaries by institutions such as National Institutes of Public Administration (NIPAs), Akhtar Hameed Khan National Centre for Rural Development & Municipal Administration (AHKNCRD&MA), Municipal Training & Research Institute (MTRI), Pakistan Academy for Rural Development (PARAD) and Provincial Local Government Training Academies and other institutions. Like-wise Decentralization Support Programs like ADB-DSP and CIDA-DSP etc., sponsored various capacity building programs. NRB provided necessary technical input in the conduct of these courses. Pakistan's experience on this account provides lessons for development of social capital. Over 200,000 people have benefited from the capacity building programs. The amount of material generated by the capacity building activities sponsored by UNDP, JICA, DFID, ABD, CIDA, WSP, SDC, USAID, and DTW is unprecedented.

Pakistan devolution requires continues focus on the capacity development of local government elected and non elected functionaries. The curricula and facilities in local government institutions have to be upgraded and in an

institutionalized manner. Honorable Prime Minister has this morning given the strategic direction. Federal & Provincial Governments have to allocate more funds for the training programs. NRB had in 2005 assessed that \$ 500 million is required for capacity development of local government elected and non elected functionaries.

I am conscious of the fact that I have not focused on the performance of the democratic institutions created under the Police Order 2002 and law and order issues in the districts. It requires a separate session and a thorough debate for which NRB remains available.

Before I conclude, May I point out that necessary changes in the relevant legislations should be made to consolidate the local government system in consultation with Nazims, councilors, Provincial Governments, civil society, development partners and associations of councils. I believe that law is a living entity. It has to be transformed on the basis of consultations and experience. The development partners must continue their efforts as they have contributed in the past.

I thank you for your attention.