



Project Proposal on Redesigning Local Governance in Pakistan

I. High level meeting on “Capacity Development for Local Self Governance”

Many countries in the region have witnessed a variety of administrative reform efforts as a means to promote sound and sustainable development under the concept of promoting “Good Governance.” With the change of Government in Pakistan, the new Government, whose manifesto focuses on good governance and delivery of services at the doorsteps of the common people under the famous slogan of Roti, Kapra aur Makaan (provision of bread, clothes and shelter to every citizen), started critically looking into the effectiveness and usefulness of District Government System introduced under the auspices of military Government of Perwez Musharaf through Local Government Plan 2001.

The Ministry of Local Government & Rural Development, Government of Pakistan, in collaboration with its development partners including CIRDAP, organized a national workshop on Successful Models in Capacity Development for Local Self Governance towards Urban Renewal and Rural Reconstruction, on 18-19 August 2009 in Islamabad. While inaugurating the workshop, Prime Minister of Pakistan, Mr. Yousif Raza Gilani underlined the need for more coherent and consistent effort to strengthen the local governments in Pakistan. He emphasised the need for legitimate local government institutions supported by all the federating units of the country. In order to provide professional support and services to the local governments of Pakistan, he announced some administrative changes in the existing training and research institutions of Ministry of Local Government & Rural Development. He said that the NCRD would become School of Local Governance and both the sister institutions i.e. NCRD and MTRI will work as Centres of Excellence at the federal level with transfer of PARD to the provincial government.

The Workshop reviewed a wide-range of issues relating to the local governance amongst elected representatives, administrators, donor agencies, academics, researchers, civil society organizations and others concerned. They viewed that the evolution of local governance in Pakistan has remained inconsistent, unpredictable and, at times, subjected to political manoeuvring of military dictators. As a result, the local government bodies have been weak and dependent on the goodwill of the centre. The participants were engaged in conducting a situation analysis exercise as well as identifying possibilities for change, focusing particularly on the experiences of last seven years with regards to the implementation of the existing district government system under Local Government Ordinance 2001 and developing capacities for local governance to deliver its functions. The situation analysis included a stock-taking of the national experiences with decentralization, and state of the country’s urban and rural institutions and participatory development process, leading to identify key lessons, particularly in terms of what has and has not worked in the local governance process.

The forward-looking part of the dialogue span a number of domains through which even small changes can affect large numbers of people. These domains included, among others; organizational structures, policies, regulatory frameworks, institutions and resources etc. Several best practices and success stories were presented so that the

directions of changes may be viewed in concrete terms, and with the help of successful examples from Pakistan, India, and Nepal etc.

II Presentation and Discussions

The overall focus of the workshop was on local governance in urban and rural areas, and how capacities of local governance can be improved which can affect the people living in these areas. Several papers and experiences were presented and discussed in the workshop, which can be grouped in the following major themes:

a. Reviewing the policy framework of local Governance

The local government system of Pakistan was established over the last seven years by means of the Local Government Ordinance 2001. There have been a number of legislations/ordinances in devolution of authority and resources to local institutions. Similarly, the federal government also transferred authority and resources to lower bureaucratic levels, such as state level and de-concentrated government's agencies, together with the resources for implementing specific tasks and delivering specific services. Several presentations pointed out a mix set of responses and results of these measures. It was also argued that many of these arrangements have remained ad-hoc and subjected to change with the wishes of the central leadership. Thus, it has given rise to calls for in-depth review and critical analysis and adjustments within the system in order to improve service delivery and results. It was also pointed out that the Inter-Provincial Committee of the Ministers of Local Government and Rural Development, in its meeting of 22 July 2008, constituted a committee of all the Provincial Secretaries of Local Government and Rural Development, with the Federal Secretary as its Chair, with the mandate to carry out a comprehensive review of issues leading to appropriate recommendations.

b. Rural-urban linkages and urban management

Over the past few decades, Pakistan witnessed a high level of migration from rural and backward areas to the urban municipalities. The rapid increase in the urban population has resulted into many socio-economic problems and infrastructural scarcity. On the other side, most of the municipal authorities are ill-equipped to manage the challenges of infrastructure, employment opportunities and welfare services to this high influx of migration. As a result, size of the urban squatters and slums as well as the number of urban poor has increased manifold. One of the reasons of rapid migration to the urban areas is believed to be the lack of security, employment and income generating opportunities in the rural areas. Indeed, the rural areas, particularly the periphery of the urban centres could have been developed as the production areas of the urban consumers. Thus, it calls for immediate interventions by the central Government to keep the rural-urban balance at track and to create socio-economic activities in the rural areas so that rural-urban migration can be minimized. At the same time, the management issues of the municipal authorities need to be carefully reviewed. Linkage between rural and urban areas is required to be incorporated in the policies. There is therefore a need to have clear-cut guidelines of the rural and urban development on short, medium and long-term basis. Similarly, planning of urban centres is required to be tackled together with the rural development policy.

c. Institutional Building and Capacity Development

The capacity development theme of the workshop, though emphasizing local self-governance, recognized that high quality professional services such as developing guidelines of the participatory local development process, training the local functionaries on these guidelines, and monitoring implementation of the policies are very crucial to achieve the desired results. Similarly, several actors including the local government representatives need to be trained for improving the local governance process. In fact, there are already a number of national level

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professional institutions such as NCRD, MTRI and PARD, among others, which have good infrastructure facilities. Their capacities need to be enhanced. Hence, it would require an in-depth review of institutional and management structures of research and training institutions and suggest measures so that these institutions could tackle the developmental challenges of the country.

Similarly, in order to generate knowledge on area specific problems and potentialities, the GIS technique, which has been successfully developed in Nepal, was discussed. It was recommended that this model could be replicated in Pakistan. The GIS can be a useful tool for training as well as for area specific planning for local governments.

d. *Building the legitimacy of LG*

The history of Local Government Systems in Pakistan reveals that several of these initiatives were mainly changed/ scrapped/ replaced by non-elected governments including dictators who ruled the country for several years. Perhaps all the times, legitimacy of the systems came into question by the successive elected and democratic governments. For example, during the past 7 years the century old system which was established by the British regime, was scrapped and replaced with the existing district government system by introducing the fundamental changes in the civil bureaucracy like abolishing the Commissioners and deputy Commissioners posts from all over the country which were replaced with District Coordination Officer (DCO), representing central government and responsible to them unlikely to the provincial governments. The whole system was changed by a presidential order without even making the parliament and democratic institutions into confidence. The weakness in this decision could be witnessed in the recently held announcement of the Punjab Government by showing its urge to revive the abolished positions of Commissioners and Deputy Commissioners. This gives an ample evidence to institutionalize a legitimate local government system which could be owned and sustained by the people of Pakistan.

III. Major Recommendations of the Workshop

After discussing several key issues, the workshop came to the conclusion that “an overall reform of the local governance system is the call of the day”. Accordingly, the workshop made the following recommendations, among others:

- Policy reform:

1. The Constitutional recognition of local governance as a separate or third tier of government.
2. Defining the role of the centre and the provinces, the vertical and horizontal linkages between centre and provinces and among the smaller units within the provinces,
3. Autonomy and legitimacy of the local governance system
4. A legal/constitutional cover, powerful component of accountability and transparency, extent of tax bases and jurisdictions, the scope for borrowing at local or district level,
5. Standards for financial management and accountability at provincial, district and local level, the equalization formula for the general grant allocation, the size of special allocations,
6. Enhancement of the management capacity by, among others, transfer of civil servants etc.
7. Inclusive democratic institution for participation of all the stakeholders,

8. Equity and equality, gender inclusiveness
9. Establishment of Inter-provincial Advisory Council as an important coordinating and autonomous body with equal representation from central and provincial governments which can play a prime role in the coordination and harmony among all the federating units of Pakistan.

b. Capacity Development of Rural Governments and Urban Municipalities

- (1) Capacity building of all Nazims and elected representatives
- (2) Development of management capacity
- (3) Mapping of urban/rural areas using GIS system
- (4) Effective coordination among all agencies
- (5) Financial autonomy and accountability of all local institutions.
- (6) Capacity building and empowerment of community
- (7) Human resources development

c. Developing capacity of research and training institutions (Rural / Urban)

- (1) Overall reform the policy framework of the existing research and training institutions
- (2) Development of skilled researchers and trainers Training institutions.
- (3) Motivation of researchers and trainers
- (4) Autonomy and accountability of institutions
- (5) Linkage of the institutions with universities, international institutes and other research centres
- (6) Ownership of provincial and federal government of research training institutions
- (7) Imparting need-based training and certified programmes

IV Follow-up actions

Based on the proceedings of the workshop and the recommendations mentioned above, there is a need for a major decision to be taken at the federal level as to:

- a. Whether to try to rebuild and simultaneously reform existing structures of district government system introduced in 2001, or
- b. to go back to the old system introduced in 1979 under Local Government Ordinance, or
- c. to entirely redesign a new Local Government System from scratch on the aspirations of the peoples' demands and in line with the changing requirements of the provinces.

Before the concrete proposal is recommended by the Task Force, already constituted by the Government of Pakistan with the mandate to review the existing district government system and offer its recommendations for its continuation or replacement, it is necessary to analyze the strengths and the flaws of the current system. The reservation shown by the provincial governments especially by two provinces Punjab and NWFP on the existing system was mainly focused on the legitimacy of the local government system. In their view the central Government, while by-passing its federating units, tried to influence into the affairs of provinces directly. In a way it was considered to be more centralized system rather than decentralization and devolution of authority at the local level. It was emphasized in the discussion that the current system was a weak system on the accountability factor and, hence, had opened up the new areas of corruption for the elected Nazims. For example, it is not clear under in the current LG system that in whose jurisdiction (central or provincial governments) the auditing of local bodies was tasked. Some observations show that during the past 7 years, only 2 percent of the local bodies were audited. It was due to the already over burdened Auditor General of Pakistan who was mandated for the audit of all the districts. At the same time, the real audit departments at provincial levels were

kept aside from the whole process. This could be judged in the recently conducted audit of 9 districts of the largest province of Punjab where millions of corruption and financial embezzlement cases were found in all the audited districts. Thus, it leaves a million questions as to how the accountability part was found missing from the entire system.

Therefore, a systematic approach could be applied to develop a new system of local governance in Pakistan. It is gigantic task. Accordingly, it is proposed that the whole process of redesigning the local governance system, may be taken up in the following three phases.

Phase	Main activities	Time frame
<u>Phase I:</u>		
Review and preparation	<ul style="list-style-type: none"> b. Reviewing the existing structure and process c. Understanding its strengths and weaknesses d. Discussion with the main stakeholders e. Finalizing concrete proposals 	6-9 months
<u>Phase II:</u>		
Legislating laws and by-laws	<ul style="list-style-type: none"> a. Preparation of the Act(s) b. Legislating through the national parliament c. Preparation of by-laws and manuals and get approved from the government 	1-2 years
<u>Phase III:</u>		
Implementation and monitoring	<ul style="list-style-type: none"> (a) Preparation of training materials, leaflets and charts for mass awareness (b) Training of trainers on the new system (c) Training and awareness meeting at various levels (d) Training of local development functionaries and local representatives about the new participatory development process (e) Monitoring the implementation of the new system at various stages (f) Research of various specific areas for improvements (g) Review meetings and advocacy 	3-5 years

V. Activities of Phase I:

Based on the above discussions, the following policy level studies are proposed for Phase I:

- a. **Reviewing the policy framework of Local Government.** The major areas would be:
 - i. Reviewing the Local Government Ordinance 2001 in, among others,
 - a. Institutional arrangements at Federal, Provincial, District, Tehsil/Taluka and Union Level

- b. Mechanism for representation and inclusiveness (gender, tribal and vulnerable groups)
- c. Devolution/delegation of powers, authority etc.
- d. Sharing of resources and accountability
- e. Devolution of taxation areas and local resources mobilization
- f. Special arrangements for tribal/northern areas
- g. Local bureaucracy and management
- ii. Proposals for an inclusive, autonomous and accountable local governance system
- iii. Areas of devolution of power and resources at various levels. Mechanism for transparency and accountability
- iv. Coordination mechanism between sectoral agencies, NGOs/CBOs and local governments.

b. Decentralized planning and development framework

- i. Existing planned development process (which include planning, implementation, monitoring, operation of projects) at:
 - a. Union level
 - b. Tehsil/Taluka level
 - c. District level
 - d. Province level
 - e. Federal level
- ii. Resource utilization and accounting/ auditing system
 - a. Timely allocation and utilization of resources
 - b. Local resources mobilization (local taxation and labour contribution)
 - c. Auditing and accounting
- iii. Coordination and synchronization of programs with
 - a. Sectoral agencies
 - b. NGOs/ CSOs/ CBOs
- iv. Proposals for resource sharing and generating local resources
- v. Enhancing local capacity for resources generation and utilization
- vi. Controlling mismanagement of resources and increasing transparency and accountability.

c. Urban Management

- In-depth review of the existing policies and organizational structure of urban municipalities in the areas of:
 - Institutional arrangements
 - Representation and inclusiveness
 - Planned development process
 - Urban poverty
 - Resources availability and local resources mobilization
 - Management capability

- Rural urban linkage
- Proposals for the development of capable and autonomous urban municipalities
- Public-private partnership in infrastructure development and management
- Rural urban continuum for development of production areas for the urban consumers
- Sustainable, healthy and safe urban area development process.

d. Capacity Building of National Level Research and Training Institutions

- i. Review of the existing policy framework of national level rural and urban development institutions
- ii. Review of the institutional and professional capabilities
- iii. Resource availability (from government allocations and donors) and use
- iv. Coordination and cooperation among the institutions
- v. Proposals for strengthening the national level institutions in the areas of:
 1. Autonomy and accountability
 2. Policy level research and advocacy
 3. Training local leaders and functionaries
 4. Development, incubation and dissemination of rural technology
 5. Human Resource Development
- vi. Coordination among national level research and training institutions and with provincial level research and training institutions
- vii. Resource allocation, utilization and accountability

e. Poverty Monitoring through the Applications of GIS

- Review of the existing capabilities on GIS in national level research and training institutions
- Infrastructure development for GIS
- Methodology for data collection, collation and application in GIS
- Capacity building of local staff at various levels
- Application of GIS maps for local level planning

All the proposed research studies will be discussed at the national workshop, where policy makers, academics and stakeholders from various fields will be invited. The comments and suggestions of the national workshop will be incorporated in the final reports, which will be the basis for task force to develop policy proposals in Phase II.

VI. Schedule of Activities of Phase I

- (i) Preparation of the research design by the consultant
- (ii) Identification of the researchers
- (iii) Researchers' meeting to finalize the research design and methodology
- (iv) Conducting research studies in the respective fields
- (v) National level workshop for discussing the findings

- (vi) Finalization of the reports after incorporating the comments and suggestions of the national workshop
- (vii) Publication and dissemination of the reports

Schedule of activities of Phase II and III will be determined after the completion of the Phase I.

VII. Budget

(d) Honorarium of a consultant (for project designing, monitoring and editing the final reports) for 3 months	US\$ 3000 x 3 =	9,000
(e) For each of the 4 studies:		
I. Principal researcher @ US\$ 2000 x 6 =		12,000
II Research Associates 2 @ US\$ 1000 x 2 x 6 =		12,000
iii. Travel and DSA for field study		4,000
iv. Secretarial service (data analysis and report preparation)		3,000
v. Miscellaneous		2,000
	Sub- Total	US\$ 33,000
Sub- Total for 4 studies	33,000 x 4 =	US\$ 132,000
(ii) GIS Study		
I. Honorarium for the consultant from Nepal (US \$ 3000 x 2 months =)		6,000
II. Travel and DSA for the consultant		13,000
III. Research Associates 2 @ 1000 x 2 x 2 =		4,000
IV. Travel and DSA for field study		4,000
V. Secretarial service (data analysis and report preparation)		3,000
VI. Miscellaneous		2,000
	Sub- Total	US 32,000
(iii) 4. Researchers' meeting for 2 days (4 international participants)		20,000
(iv) National workshop for 3 days (6 international resource persons)		40,000
(v) Coordination for Phase I activities (for CIRDAP)		10,000
(vi) Publication and dissemination of reports		10,000
(vii) Miscellaneous		5,000
	Sub-total	US\$ 85,000
	Grand total (1-8)	US\$ 258,000

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