

**DEVELOPMENT IMPACT OF NEW LOCAL GOVERNMENT SYSTEM IN
PAKISTAN**

By

AMER AFAQ

THESIS

Submitted to
KDI School of Public Policy and Management
in partial fulfillment of the requirements
for the degree of

MASTER OF PUBLIC POLICY

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ABSTRACT

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Decentralization and local government autonomy have become major features of reforms in governance over the past two decades. It is argued by policy analysts that decentralization is a step towards making governments more responsive, efficient and accountable to citizens as it improves public service delivery and enhances citizens participation. The results of decentralization, however, have been mixed and inconsistent across the globe.

This thesis is an attempt to analyze the new local government reforms introduced in Pakistan in 2001. The study finds that although decentralization has provided a mechanism for devolving power to the local level, the overall impact on improvement of public service delivery has been partial.

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Dedicated to my late father

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List of Acronyms

ACR	Annual Confidential Reports
ADB	Asian Development Bank
APT	Appointments, Promotion and Transfers
BHU	Basic Health Unit
CCB	Citizen Community Boards
CD	Community Development
DC	District/ Deputy Commissioner
DCO	District Coordinating Officer
DCs	Developing Countries
DFID	UK's Department for International Development
DPO	District Police Officer
DPS	District Public Safety
DSP	Decentralization Support Programme
EDO	Executive District Officer
FATA	Federally Administered Tribal Areas
FIR	First Investigation Report
GoP	Government of Pakistan
LDCs	Least Developed Countries
LFO	Legal Framework Order
LG	Local Government
LGO	Local government Ordinance
LHW	Lady Health Worker
MAO	Municipal Administration Ordinance
MNA	Member National Assembly
MPA	Member Provincial Assembly
NFC	National Finance Commission
NGO	Non Government Organization
NPE	Net Primary Enrolment
NPM	New Public Management
NRB	National Reconstruction Bureau
NWFP	North-West Frontier Province
OECD	Organization of Economic Cooperation and Development
OPD	Out Patient Department
PCC	Police Complaints Commission
PCO	Provisional Constitutional Order
PHED	Public Health Engineering Department
PIHS	Pakistan Integrated Household Survey
PSLSM	Pakistan Social and Living Standards Measurement Survey
PTA	Parent-Teacher Associations
SMC	School Management Committees
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
UN	United Nations

UNICEF	United Nations International Children Emergency Fund
US	United States
WB	World Bank
WHO	World Health Organization

Chapter1: Introduction

Over the past two decades, governments around the world have been undertaking decentralization in some form or the other. The reasons vary. They include demand from local communities for a greater say in the government of their community; bringing decision-making closer to those affected will produce better outcomes and greater accountability; and, less creditably, the desire of the central governments to offload some of their expenditures responsibilities.

Historically, the control of central government in administration, resource allocation, development management and decision making has been pivotal. In most of the developing countries of Latin America, Asia, Eastern Europe and Africa central planning was a dominant practice in order to run the government effectively in 1950s. It was however realized that central governance failed in social, political and economic development, eventually resulting in widening the gulf between the rich and poor classes of society. Many states thus started to look for new systems of administration and development management of public sector. The World Bank (1992) explains that prospects for development become elusive when the capacity of public service management is flawed. Public sector in the developing countries is usually characterized by the poor revenue collection, huge expenditures and large size but underpaid civil servants.

Despite criticism, decentralization, in its various forms has been favored by many policy analysts. 'Total centralization (all authority being vested in a single individual who takes decisions) is infeasible even for the most efficient autocrat in a micro state (Turner and Hulme, 1997:151)'. Proponents of decentralization have stressed upon numerous benefits that can be acquired with its appropriate practice and implementation e.g. Smith (1985) advocates democratic decentralization, arguing that it brings about

changes in civil society by political education, skill enhancement in political leadership, political stability and equality, accountability, participation and improved responsiveness of government.

‘Decentralization is usually understood to refer to the expansion of local autonomy through the transfer of powers and responsibility away from national bodies. Centralization and decentralization thus highlight different territorial divisions of power within the state between central (national) and peripheral (regional, provincial or local) institutions’ (Heywood 2000: 237). Devolution has been defined by Heywood (2000) as ‘the transfer of power from central government to subordinate regional institutions (to devolve means to pass powers or duties from a higher authority to a lower one). Devolved bodies thus constitute an intermediate level of government between central and local government.

This research probes into the development impacts, if any, that have been brought by the new local government system in Pakistan. Development itself is a very broad term however discussion of this research will focus only on improvements in public service delivery. Pakistan’s history since independence is chequered with political instability and economic turmoil’s with a few exceptions. The concept of decentralized local government is not new to Pakistan but it has been much of rhetoric than reality. Looking into its historical political context, it is very interesting to see that three most significant decentralization reforms in almost six decades old history of Pakistan were introduced in military regimes, the non-representative governments, including the existing one. Recent reforms introduced are rendered somewhat successful by the international multilateral institutions, at least in enhancing political representation and political participation of common man on the grass root level to some extent. Pakistan, ruled by the army for many years, hardly ever had a truly representative, elected government since its independence in 1947.

As argued by Cheema et al (2005), local government systems have been enacted by non representative governments in order to somehow legitimize their control over the state. ‘Legitimacy has been sought by creating a localized patronage structure that produces a class of ‘collaborative politicians’ who act as conduit between local constituencies and the non representative centers’ (Cheema et al 2005:24). Like always, in the current move towards decentralization reforms in Pakistan, there is hardly any incentive offered to the local level elected government for developing public service delivery. Management and control over the funds and resource allocations are still retained with central and provincial governments. Decentralization from provincial to local levels is said to be the government’s centre of focus so far which in turn recentralize the concentration of powers in to the hands of federal government. Despite a wide range of shortcomings and flaws in these nascent reforms, it would wrong to conclude that the reforms are futile.

Although it is hard to gauge the impact of decentralized government in provision of public social services like health, water & sanitation, education and law enforcement. However, a true representative local government at District, Tehsil ¹/Town, and Union levels, lower tiers of local governments, have started functioning to some extent in decision making processes. “While the local government still have little revenue raising abilities, and have effectively limited ability to decide their expenditures given that the majority expenditure is in the forms of fixed “establishment costs”, the delivery of most public services has now come under their purview. While these local governments’ future is still uncertain given their limited constitutional support and conflict with the provincial governments, what is clear is that if they remain, we are likely to see an

¹ There is no precise translation for tehsil. In Pakistan Districts are divided in to administrative units called tehsils that represents the middle tier of local government. Tehsils are further divided into Unions. (Williamson et al 2005).

impact on the delivery of these public services.” Cheema et al (2005: 32).

Another, salient feature of the new local government system is the enhanced public participation in the provision of basic services and development. This has been achieved through social development and empowering the local communities. For the first time in the history of Pakistan, Citizen Community Boards (CCB) are formed which are directly responsible for provision of basic services and development initiatives of a particular community. These boards are, in-fact, a step towards participatory development approach in which the local masses or their representatives are involved right from the planning phase till the completion of a project.

1.1 Research Questions

This research aims to study the overall development impact of the new local government system in Pakistan with a particular focus on public service delivery and social development. The study is aimed at assessing the outcomes of devolved powers to lower tiers of the society and analyzing the constraints of local governments which hinders their pace of improvement. The questions that the thesis will try to cover are:

- To what extent has decentralization occurred in Pakistan? Has the authority been delegated to the lower tiers of local government?
- What is the impact of new local governments on improvement of basic services delivery?
- Has the new local government system empowered the local level communities?
- What are the factors that hinder the achievement of progress, expected from the new system?

1.2 Aims and Objectives

This thesis is an attempt to study the new local government system in Pakistan. Particular focus on the impact assessment of decentralization reforms is of significant nature in this study. Relevant contributions of these reforms have been investigated e.g.

enhancement of political representation at lower tiers and changes in provision of service delivery. Initial complexities and vague policy frame work is analyzed in order to contribute in paving the way forward. Impacts of decentralization are inter-related and are mainly dependant on each other. Analysis of such changes and improvements, if any, is thus the primary objective of the research. It is quite possible that this study might breed new questions and identify problems and hence induce further research in the proposed area of knowledge.

1.3 Research methodology and strategies

In order to achieve the purpose of writing this thesis, a research strategy with two main components is applied. First, a wide and deep literature review; second, the analysis of the secondary data available on the subject under focus.

Deductive research strategy will be used in this study as the study aims to test the theoretical arguments put forward in favor of decentralization for better service delivery and social development. The conceptual link between decentralization, service delivery and social development will be applied to the decentralization process presently undergoing in Pakistan. The study will mainly rely on secondary sources like books, periodicals and research papers related to the impact of decentralization in Pakistan. The study is based on qualitative data with little involvement of quantitative data.

The secondary data that I will use in my analysis can be divided into three main areas: first, laws and regulations that constitute the legal framework of the local governance system in Pakistan; second, up-dated socio-economic statistical data and social indicators from several official statistical agencies in Pakistan, as well as regional and international statistical data, such as World Bank, Asian Development Bank; and, third, press reviews and news reports related to the topic.

1.4 Organization of the study

The Thesis has been divided into five chapters:

Chapter-1 is the introduction and it gives an insight into the research questions that the study will answer; research methodology, structure of the study and its limitations.

Chapter-2 would give an account of theoretical understanding of characteristics of good governance model, New Public Management (NPM) and decentralization as catalyst for improved public service delivery. It would also highlight general empirical evidences from the developing world.

Chapter-3 highlights salient features of the new local government system along with brief history of local governments in Pakistan.

Chapter-4 includes analysis of the impact of decentralization in Pakistan. This chapter studies the post-decentralization scenario of public services delivery sectors like health, education and water and sanitation.

Chapter-5 will summarize the main findings and conclude the study.

1.5 Limitations of the study:

Since the local government system has recently been introduced, availability of authentic reports on the impact of decentralization in Pakistan is limited. The new system was introduced in August 2001, and it is too early to say if it has been successful in achieving its objectives. However, there are some reports and studies available, which can tell us about the changing trends in services delivery and development.

Chapter 2: Decentralization and Service Delivery

The economic stagnation of 1970s and 80s, failure of centrally administered planning, increase in the level of poverty in developing countries despite more aid to them, the inefficient delivery of basic social services and clamor for more participation by poorer segments of society in public policies, and democratization at local level have forced many developing countries to decentralize authority and resources to local levels. The disillusionment with central governments to provide effective public services has been linked to over concentration of power and resources at the central level.

Centralization of power was considered necessary in 1950s and 60s for the efficient allocation of scarce resources for rapid economic growth and integration in the countries that secured independence from colonial powers. Centralization was also promoted to deal with escalating demands and mass mobilization unleashed by decolonization and modernization (Huntington, 1968). It was also consistent with the economic theories of the time promoted by World Bank (Cheema and Rondonelli, 1983). However, policies of centralization failed to materialize and thus the argument for decentralization was put forward to tackle diverse issues facing developing countries.

Corruption, illiteracy, lack of basic and technical education, poverty and military dictatorships didn't allow standardized models of governance to yield considerable benefits in the developing world. The concept of good governance was hence introduced as a panacea for such problems and for more efficient use of resources. Although a consensus on standardized paradigm for efficient governance, which would fit into the political and social structures of all the nations of the world, is exceptional to find, a more general and broad framework has been proposed by many experts in this field. This chapter examines the concepts of governance and New Public Management (NPM) and establishes a link between decentralization and improvement in public

service delivery in theory and in practice.

2.1 Governance

Govern means to rule or control others. Heywood (2000) briefly defined various concepts in which governance can be perceived. The main characteristic of governance is the ability to make collective decisions and the capacity to enforce them. Governance is broader term than 'Government.' Governance refers to the various ways through which social life is coordinated. Principal modes of governance are markets, hierarchies and networks. Markets coordinate social life through a price mechanism which is structured by the forces of supply and demand. Hierarchy includes bureaucracy and traditional forms of government organization, operating through top down authority systems.

Networks are characterized by informal relationships between equal agents or social agencies. Governance reflects changes that have taken place within government as well as in society. These changes include development of new forms of public management in which government is increasingly confined to steering (setting targets and strategic objectives) as opposed to rowing (administration or service delivery). 'The word government is from a Greek word, which means "to steer." The job of government is to steer, not to row the boat. Delivering services is rowing, and government is not very good at rowing' (Saves, cited in Osborne and Gaebler, 1992: 25).

Hyden and Court (2002) defined governance as 'the exercise of economic, political, and administrative authority to manage a country's affairs at all levels.' According to them it comprises the mechanisms, processes, and institutions, through which citizens and groups express their interests, exercise their legal rights, meet their obligations, and mediate their conflicts. Governance is said to have three legs: economic, political, and administrative. So it can be conceived in political, institutional and socioeconomic aspects. Political setup of a country formulates laws for the citizens. Social aspect

implicates the way citizens are affected by politics. Economic aspect is concerned with laws and policies regarding markets, income, monetary and fiscal issues. World Bank (1992, cited in Allen & Thomas, 2000) identified four aspects of governance. They are public sector management, accountability, legal framework for development, and information and transparency.

Hyden and Court (2002:25) argued that governance is characterized by the following principles.

- **Participation:** Degree of involvement and ownership of affected stakeholders.
- **Decency:** Degree to which the formation and stewardship of rules are undertaken with out humiliation or harm of the people.
- **Fairness:** Degree to which rules apply equally to everyone in society regardless of status.
- **Accountability:** Degree to which public officials elected / appointed are responsible for their actions and responsive to public demands.
- **Transparency:** Degree to which decisions made by public officials are clear and open to scrutiny by citizens or their representatives.
- **Efficiency:** Degree to which rules facilitate speedy and timely decision-making.

2.2 New Public Management (NPM)

In 1980's and 1990's new managerial approaches emerged in public sector as a result of inadequacies of the traditional model of public administration. Pollitte (1990) named this approach as "Managerialism" while Hood (1991) called it New Public Management, abbreviated as NPM (Hughes, 1998). NPM, an emerging model in public sector is considered as the replacement of the traditional model of public administration. Manning (1996, cited in Minogue 2001) explains that financial, qualitative and ideological pressures led to emergence of NPM. NPM is considered as one of the most efficient model of good governance and decentralization.

Hughes (1998) favoring NPM argues that traditional bureaucratic model which had validity in its times was becoming obsolete. He considers it inappropriate to bifurcate politics from administration and believes that NPM would concentrate more on results and flexibility. However, NPM emerged with a lot of political and economical innovations for societies like decentralization, privatization, performance appraisals, contracts in public sector services, result oriented structural adjustments, more competition and blend of public and private sector.

NPM supports the notion of resource allocation through market supremacy as it is contemplated as the most efficient and effective way. Public managers would be more accountable. Public would have more options and better incentives would stimulate the performance of public servants. NPM requires government to minimize expenditures and think as business decision maker. State intervention is accepted and welcomed in situations like market failures but only as a coordinator and facilitator of market based economy. These arguments received criticism in return questioning the accountability of autonomous managers, conflicts arising from competition and the uncertainty factor in public sector service.

According to Hughes (1998), OECD countries are getting more inclined towards contractual, participative and less discretionary style of relationship between hierarchical levels and institutions whether public or private. Focus is on

- Improvement of production performance of public sector
- Greater use of private sector

Besides this consistency, accountability, transparency and performance of public sector were desired, whereas Hood (1991 , cited in Hughes 1998) considers Managerialism as a shift towards more internal changes, believing that it's about professional management, performance measurement, output orientation, decentralization, greater competition, private style of management and extreme vigilance in use of resources.

2.3 Decentralization

Decentralization is the shifting of authority from the central government to local level authorities, granting them relative autonomy and increased resources, along with the new responsibilities. It has been defined by various writers in numerous ways. But most of the writers on decentralization would agree that it involves delegation of authority, shifting of resources, and relative autonomy to lower tiers. B. C. Smith (1985:1) defines decentralization as ‘the delegation of power to lower levels in a territorial hierarchy, whether the hierarchy is one of governments within a state or offices within a large scale organization’.

Manor (1999:6) has defined devolution as the transfer of resources and power to lower level authorities, largely or wholly independent of higher levels of government, which are democratic to some degree. The definition reflects outcomes of increased participation, responsiveness, and accountability on top of democratic elections.

To Rondenelli and Cheema (1983) decentralization is the transfer of planning, decision making or administrative authority from central government to its field organizations, local administrative units, semi autonomous and parastatal organizations, local governments or non-governmental organizations. They further argue that different forms of decentralization can be distinguished primarily by the extent to which authority to plan, decide and manage is transferred from the central government to other organizations and the amount of autonomy the decentralized organizations achieve in carrying out their tasks.

Bardhan (1997) views decentralization from a different perspective. He distinguishes decentralization in the sense of devolution of political decision making from mere administrative delegation of functions of the central government to their local branches. He also separates the political and administrative aspect of decentralization from those

of fiscal decentralization. He cautions that not all these aspects of decentralization operate simultaneously in any particular case and that it is quite possible that a given economy may be decentralized in some aspects and not in others.

Aaron Schneider (2003:33) has divided decentralization in three different dimensions i.e. fiscal, administrative and political. According to him 'decentralized systems are those in which central entities play a lesser role in any or all of these dimensions. In such systems, central governments possess a smaller share of fiscal resources, grant more administrative autonomy, and/or cede a higher degree of responsibility for political functions'.

2.4 Forms of Decentralization

There are different forms of decentralization in practice. It includes administrative, political and fiscal decentralization. Administrative decentralization is the distribution of authority, resources and responsibilities among the different levels of government. Political or democratic decentralization gives more powers to local citizens and their representatives in any kind of decision making regarding local subjects. Fiscal decentralization is the transfer of decision making powers over raising taxes and the expenditure of that fund. Some other common types of decentralization are devolution, delegation and deconcentration.

2.4.1 Devolution

Devolution is the total transfer of powers and resources from the central government to the local units. Devolution is considered to be the strongest form of decentralization because it implies the complete transfer of administrative authority to the sub-national or regional governments (Katsiaouni, 2003). It enables the local authority to formulate policy and implement decisions on their own initiative without recourse to the central government.

2.4.2 Deconcentration

While devolution is the complete ceding of authority to the local governments on local subjects deconcentration is only the shifting of functions and resources including personnel from the centre to other locations. The logic behind deconcentration is that decisions can be made on the spot by the bureaucrats who are ultimately responsible to the centre. In this way more employment opportunities are created at the local level and services are delivered more efficiently while the centre still retains the power.

2.4.3 Delegation

Delegation is the transfer of functions and authority to semi-autonomous bodies or public enterprises. It implies transfer or creation of broad authority to plan and implement decisions concerning specific activities or a variety of activities within specific spatial boundaries to an organization that is technically and administratively capable of carrying them out without direct supervision by a bigger administrative unit (Rondenelli, A. and Cheema, S. 1983). The purpose of delegation is to bypass the central bureaucracy and avoid the day-to-day controls in running the new enterprise.

2.5 Decentralization and Development

Decentralization is regarded, today, as a panacea for most of the problems being faced by the developing world. There is a long list of the problems faced by developing world which decentralization is said to be able to address like delivery of public services, poverty reduction, participation, integration, etc. This development burden which is placed on decentralization according to Smith (1983) is too great for it to bear and Third World countries who find much promise in decentralization are often disappointed by the results which fall short of these expectations.

A large volume of theoretical arguments have been deployed to make the case that greater decentralization within the state will assist poorer countries to develop more rapidly, reduce poverty at the local level and facilitate provision of basic social services.

Smith (1983) categorizes the benefits of decentralization in six forms which include political education, training in political leadership, political stability, political equality, and accountability and responsiveness. Some of these benefits like political education and leadership training are rarely mentioned these days as benefits of decentralization. The emphasis that we see today is on accountability and responsiveness argument of decentralization which is seen as improving the quality of services delivered by state. Political participation and political stability are also commonly cited political benefits of decentralization claimed by contemporary national leaders (Turner and Hulme, 1997). Similarly, Rondenelli (1981) cites 14 specific benefits that may be gained from decentralizing authority and resources to lower levels.

Another theoretical argument for decentralization is that it improves participation of the people. In a decentralized political system citizens have more opportunities to participate in political decision making since the whole process of decision making is broken down to smaller units. Decentralized state apparatus therefore provides more access and control over the bureaucracy for its citizens than a centralized one. Ahmed J. et al (2005) elaborate this point of accountability. By devolving responsibility for public services to local level, according to them, means that politicians who are responsible are now locally elected. This would make them more accountable to the people as they can monitor them more closely and attribute changes in service quality to them more easily. This creates a web of accountability i.e. the accountability of local politicians to the citizens, service provider's accountability to the local politicians and of the local politicians to the policy makers at the centre. Azfar (2001) argues that devolving authority to the local level reduces corruption and brings productive efficiency in the government as sub-national governments are closer to the people where citizens are considered to be more aware of the actions of government than of the central government. Although Manor (2002) disagrees with him who says that it has limited

promise in reducing corruption and absenteeism.

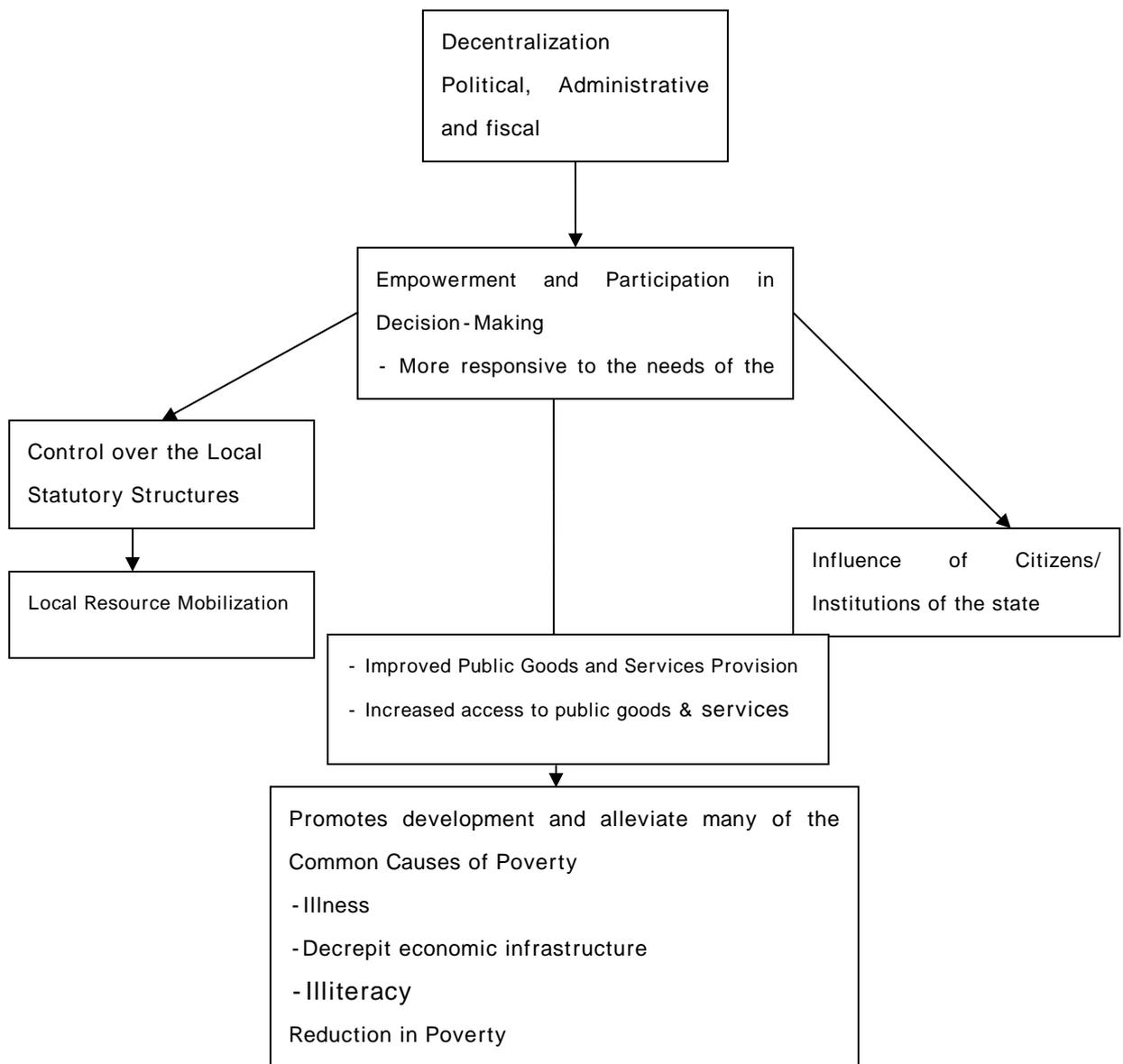
Manor (2002) asserts that decentralization enhances the uptake and thus the impact on health, education and environmental programmes. The reason of the impact in these areas is that decentralization makes it possible to adapt such programmes to local conditions and preferences. It also provides a framework to replicate development success from one arena into many others. Although, according to him, it has only limited utility in alleviating poverty and promoting economic growth, but by opening the policy and political processes to ordinary citizens it can do much to enhance their well being and to make their livelihoods and development more sustainable. He also has set some essential conditions for the success of decentralization in all these areas. These conditions are that decentralized authorities must be provided with adequate funds to accomplish important tasks; powers to make decisions required to complete such tasks; and reliable accountability mechanism to ensure both the accountability of elected representatives to citizens and the accountability of bureaucrats to elected representatives.

Paul Francis et al (2003) assert that decentralization is considered to be a cornerstone of good governance in promoting local accountability and transparency and in enforcing local participation, leading to improved efficiency of public service provision and more appropriate services for the poor.

Asante (2003) explains the link between decentralization, poverty reduction and service delivery through a diagram (Figure-1). The diagram shows that decentralization empowers the people and assures their participation in decision-making which would in turn make the representatives more responsive to the needs of the poor. Empowerment and participation have three-fold implications: control over the local statutory bodies, increased influence of the citizens over state institutions and, most importantly improved public goods and services provisions. The overall outcome is promotion of

development and alleviation of the many common causes of poverty.

Figure 1: Linkage between Decentralization, Service Delivery and Poverty Reduction



(Source: Asante, 2003)

International Financial Institutions are more focused on decentralized system for improving service delivery and poverty reduction than ever before. Under the ‘good governance’ agenda during 1990s funds were given only on the condition to promote

policies of good governance i.e. devolving authority to the lower tiers and bringing government closer to the people. World Bank Report (2004) making a case for decentralization says: 'Increasing poor clients' choice and participation in service delivery will help them monitor and discipline providers. Raising poor citizens' voice, through the ballot box and widely available information, can increase their influence with policymakers— and reduce the diversion of public services to the non-poor for political patronage. By rewarding the effective delivery of services and penalizing the ineffective, policymakers can get providers to serve poor people better' (WDR, 2004:1). An underlying aim of these policies is seen as curtailing the influence of central government in state affairs and making way for privatization.

Consistent with the above views, other authors point out more possible advantages of employing a strategy of decentralization including: increasing participation for the rural poor (Korten, 1980), decreasing the communication gap between the centre and the rural areas, improving local and regional planning, facilitating project implementation, increasing the capacity of local level administrators, and increasing local participation (Rondenelli, Nellis and Cheema, 1983; Bryant and White, 1982).

The mainstream economic arguments for decentralization focus on the proposition that public goods are best provided to self-governing individuals unless there are cost savings in joint provision. Decentralization can help the economy mainly in three ways. First, the share of all national tax revenues devolves from central government to the municipalities. Most importantly these funds can be allocated on per capita basis rather than any ad hoc political criteria. Second, the local committees can work more vigilantly to oversee the spending of funds. Third, local governments are better able to address preferences of local communities than central governments, thereby improving resource allocation (Mackintosh and Roy, 1999: 6-12).

In terms of economics, decentralization improves efficiency. It enhances the scope of consumers' choice between public goods. Decentralization reduces cost, improves outputs and utilizes human resources more effectively. Politically it consolidates the political skills, accountability and national integration by bringing governments closer to the citizens. It promotes liberty, equality and welfare. Decentralization has particularly been associated with pro-poor policies. Rondinelli (1983, cited in Smith 1985:186) believes that 'if development is to mean eradication of poverty, inequality and material deprivation it must engage the involvement and mobilization of the poor. Participation of poor in politics is assisted to a great extent by decentralization programmes, strengthening their material and political position. Decentralization is believed to improve access to administrative agencies (De Mello, 1981).

2.6 Decentralization in Practice

The practice of decentralization around the world shows mixed results. In some countries decentralization has been successful while in others it has failed to have any positive effects on improving service delivery and poverty reduction. The overall performance of decentralization is not as good as the arguments made in the theory. One of the reasons for the poor performance is that decentralization is not implemented with intentions of better service delivery and development but to achieve political goals like central control and political stability.

Bardhan (2002) cautions that although decentralization experiments are going on in many developing countries, hard quantitative evidence on their impact is rather scarce. He cites two successful cases of decentralization in Latin America for service delivery outcomes. One is the case of participatory budgeting in municipal government in Porto Alegre in Brazil, and another is the post 1994 decentralization initiatives in Bolivia. According to the first study, Porto Alegre has impressive results following assembly meetings of local citizens and neighboring associations in different regions where they

discuss investment priorities, review accounts and allocate available resources across wards. Between 1998 and 1996, access to basic sanitation as well as enrolment in elementary and secondary schools nearly doubled, while revenue collection increased by 48 %. And in Bolivia, in 1994, the number of municipalities, as well as the share of national tax revenue allocated to municipalities, doubled, along with devolution to the municipalities of administrative authority, investment responsibility and title to local infrastructural facilities.

Jutting et al's (2004) research in 19 developing countries shows that decentralization had negative or somewhat negative effects on the two third of these countries. While only one third of these countries showed some positive signs on improved developments after decentralization. The successful cases include, Bolivia, Philippines, India (West Bengal), China, Ghana South Africa and Mexico; and, among the worst cases include, Guinea, Mozambique, Malawi, India (Andhra Pradesh), India (Madhya Pradesh). In countries like Bolivia, Philippines and India (West Bengal) responsiveness to the needs of poor was very good. Because of reduction in voicelessness overall participation of public increased. More indigenous people were represented although the gender gap was not tackled seriously. Living conditions of the poor in these countries improved because of overall development and good infrastructure. In countries with large rural population agrarian reforms were carried out which left good impacts on the rural poor. Decentralization according to them is successful in these countries because it is generally supported by the government. The government has the ability and willingness to carry out reforms. The literacy rate in these countries is over 80%. These are generally less indebted and middle or lower middle income countries. All these factors contributed to the successful impacts of decentralization on poverty and service delivery in these countries.

On the other hand the worst cases have had no or very little impact on poverty reduction

of any of the decentralization programme. In these countries 'the overriding objective of the decentralization programme is political stability and the maintenance of central control through deconcentration rather than effective devolution.decentralization in these countries is not designed for its benefits in terms of democratization, greater responsiveness to local needs and community participation' (Jutting et al, 2004:16). All these countries are highly indebted and their infrastructure is very poor. The literacy rate in these countries is under 50%.

The failure of decentralization in these countries is because they do not meet the conditions essential for it. The intentions behind decentralization have not been the economic and social development of the people but consolidating the power of the military or non-military dictator.

Richard Crook (2001) asserts that though decentralization increased participation of the people in elections in South Africa, Ghana, Tanzania, Uganda and Cote d'Ivoire but the responsiveness to the needs of the people on the part of officials is still very low. Decentralization in these countries has no impact on development and growth because the funding from the centre to the local government is only a fraction of the GNP. According to him in none of these countries, "Decentralization will empower any real challenge to local elites who are resistant to or uninterested in development to pro-poor policies, except possibly South Africa, if the regime sees a political advantage in using local government for this purpose. On the contrary in most of the African cases 'elite capture' of local power structures has been facilitated by the desire of ruling elites to create and sustain power bases in the countryside" (ibid, 2001:86).

Van Braun and Grote (2000) find some positive impacts of decentralization in war torn societies like Ethiopia, Bosnia & Herzegovina, Uganda and South Africa. In Ethiopia decentralization has played a great role in reducing the secessionist tendencies. In Bosnia & Herzegovina it has provided an institutionalized mechanism for bringing the

divided groups into a rule bound bargaining process. In Uganda and South Africa decentralization has paved the path for peace. In the absence of such a mechanism it would have been difficult to bring peace in these multi-ethnic societies where people belonging to one ethnic group would not trust another group to hold all the powers. This has also impacted on development because violence and conflicts is one of the causes for underdevelopment and public services. Absolute poverty expressed in terms of hunger is concentrated in countries affected by internal wars and conflicts. Although decentralization is not a panacea for bringing peace and sometimes, it may even exacerbate violence between two groups, but it can at least provide rule bound mechanism which is likely to lead to peace.

Conclusion

This chapter examined some of the attempts to define decentralization. It also reviewed the development and decentralization link in the theory which showed that decentralization is all good for development and service delivery outcome so far as the theory is concerned but in practice decentralization fall short of expectations. In theory decentralization is regarded as improving accountability, responsiveness, participation, raising poor citizen's voice, reducing corruption all leading to efficient delivery of public services and poverty reduction. However, the practice of decentralization in the developing countries is not consistent with the theoretical arguments put forward in support of decentralization. The successful cases show that it improved participation and empowerment to some extent but it has not resulted in the reduction of poverty or efficient delivery of public services.

The next chapter will focus specifically on the history of decentralization in Pakistan with a detailed analysis of the current local government system.

Chapter 3: Local Government system in Pakistan

Pakistan is a country of 155 million people, estimated in 2006 (Government of Pakistan, 2006) and has a GNP per capita of US \$ 510. It was created in 1947 as a result of partition of united India by the British. As of today, review of the development scene and service delivery arrangements at the ground level point out that the quality and quantum of development are far from satisfactory, in substance or speed. Social indicators are dismal and significantly worse for women. Poverty has been rising through the 1990s and almost one-third of the population lives below \$1 a day (Asian Development Bank, 2003). There is an impressive portfolio of schemes and projects, which have been implemented in the past decades, but they have not succeeded in generating a development process, i.e., activating the local community and local resources in a manner that they could mover forward with diminishing development intervention from the state in line with global trend. Pakistan's history over the last two decades is story of reform postponed-both political and economic. Political history is marred with intermittent military rule (Leftwich, 1993). Since independence in 1947, there have been four martial laws under different dispensations and three constitutions have been enacted (1956, 1962 and 1973).

Historically, local governments have been existed in the Indian subcontinent for many centuries, with the first municipal corporation set-up in Madras in 1688 by the British East India Company. In Karachi, the Board of Conservancy was established in 1846. After creation of Pakistan in 1947, invariably every military rule has patronized and introduced its own brand of grass-root democracy; present regime being no exception (See Table I), situation of LG during political interregnum is reflected in Table II. Surprisingly, LGs performed far better under the military rulers than they have otherwise. It is also interesting to note that a large number of those who have been

elected as members of the national and provincial assemblies began their political careers in local politics. Shah, Anwar (1997:10) describes why the social structures in Pakistan are loaded against decentralization. According to him political instability and feudal interest have always worked against decentralization. Military rulers and feudal influence in the intervening periods favored centralized systems. Central government weakened local government by channeling development funds through members of parliament and at times simply disband local government institutions.

Table I

Martial Laws /Military Rule

Tenure	No. of years	Leaders	LG brand	Distinguishing feature
1958 to 1969	11	Gen. Ayub Khan	Basic Democracy (BD)	BD system substituted universal suffrage as it served as an electoral college for the election of the President.
1977 to 1988	11	General Ziaul Haq	No specific brand	LGs revived under provincial laws. 3-4 successful terms completed under this system.
1999 till date	7	General Pervez Musharaf	Devolution of Power	Based on the principle of subsidiary. Radical departure from all previous system. Launched in pursuance of Structural Adjustment Programme of donors and resuscitate collapsing services delivery system. Devolution accompanied by taxation, civil services and police reforms.

Here, it is interesting to note that India, by 1959, all States had not only passed Panchayat Acts, but also set up panchayats over most parts (Jain, 1985). Jain (1985)

however indicates that there was lack of interest in problems of common welfare of the villagers.

Table-II

Political Interregnum

Tenure	Political Situation	Remarks
1947-1958	No constitution, no elected government	Urban Councils and Districts Boards in rural areas continued according to law left by the British Govt.
1971-1976	First elected national /provincial government	Despite promulgation of LG law, no elections held for LGs, throughout this period local bodies were managed through official administrators.
1988-1999	Several elected political governments remained in power.	All elected LGs dismissed. New LG elections never held though announced and scheduled several time elections were held in certain provinces in 1988, but representatives never assumed office.

3.1 The New Local Government System

In Pakistan, like any other developing country, problems have aggravated as a result of heavy concentration of powers by the federal and provincial governments in the matter of public services and infrastructure development. There was little coordination between different offices at the district level, and secondly, all important aspects of public service delivery were under bureaucratic control without any contribution from elected politicians at the local level or members of the public. Elected bodies controlled few and relatively less important aspects of public service delivery. Due to the nature of the system, the provincial and central government did the policy making and district

authorities acted as the implementation staff with little say in decision making. The crisis of confidence in government led to alienation and low levels of citizens' participation, creating a vicious cycle of even more top-down and less responsive government. Coupled with these facts, weak administrative capacity and lack of resources had seriously hampered service delivery capabilities. Precisely, Building the institutions for a capable public sector is essential to enhancing state effectiveness, but also immensely difficult. Once poor systems are in place, they can be very difficult to dislodge. Strong interests develop in maintaining the status quo, however inefficient or unfair (The World Bank, 1997:79). With these classical symptoms rampant in the country, the Government of Pakistan launched its programme of "Devolution of Power and Authority" under the aegis of National Reconstruction Bureau (NRB). This dedicated department was established in Chief Executive's Secretariat. The NRB presented the new local government system after a hectic process of consultation and deliberations within a short period of about twenty months. Thus the new system was made effective with effect from 14th August 2001, the 54th birthday of Pakistan.

For the past six years a radical program of reforms in local governments has been underway in Pakistan. It was first outlined in the 2000 Devolution Plan², and then promulgated in the 2001 Local Government Ordinances (LGO 2001). The reforms relate to devolution of power to the lower tiers of the local governments. The devolution plan and local government ordinances brought about a wholesale transformation in Pakistan's system of government, especially at the local level. A three-tier local government structure comprising of three categories of local government at districts, tehsils³ and unions⁴ was brought in. The new system is based on the principle of subsidiary involving devolution of power from provinces to districts and other lower

² The plan introduced by the regime of President Musharraf for decentralization of local governments.

³ A local government area or jurisdictional unit.

⁴ A local government area or constituency unit.

levels. Union government (lowest rung), Town or Taluka/Tehsil government (intermediary tier) and district government are in place. All provincial capitals have city districts governments. An elected Nazim (mayor) now runs each district with the support of district officials. Although many details still need to be worked out, this is one of the most fundamental changes in governance in Pakistan since independence in 1947.

A key aim of the programme is to improve delivery of public service to citizens and improve current unacceptable performance on key social and poverty indicators. The local government reform represents a bold attempt to empower the citizens of Pakistan and transform an over centralized and ineffective service delivery system into a decentralized, responsive and accountable one. Most of the district *nazims* come from prominent political or business families but many of the councillors are new to politics and one-third of the councillors are women, facts indicating towards social change! (Bari, 2001). Under the new system, district government have taken responsibility for Agriculture, Health, Education, Community Development, Information Technology, Finance and Planning and Revenue from the provinces and are now financially competent in relation to financially transferred funds and local taxes (National Reconstruction Bureau, 2001). Town /*taluka* government have taken over some of the functions of the former municipal authorities. (e.g., in relation to water, sanitation, roads and waste disposal) and are financially competent for their share of property tax and general sales tax (GST), and the local taxes. The union councils are the main focus of monitoring and oversight of service delivery as well as undertaking small developmental projects. Union councils receive funds directly from the district and collect some local taxes. Features introduced for the first time in the history of Pakistan are cited below point wise in Table III:

Table-III

A. Electoral	Voters age reduced from 21 to 18 years to bring youth into main stream politics.
	Minimum educational qualification prescribed for the Nazims (Mayor) to bring in more educated people at elected slots.
	Manifesto mandatory for candidates of District and Town / Taluka Nazims (Mayors).
	Training made mandatory for elected representatives.
	Elections conducted by central Election Commission of Pakistan instead of provincial election authorities, to ensure better transparently and fair free conduct of elections.
	Local government election held in phases for better management and coordination.
	Seats for women enhanced to 33% in all tiers of LG.
B. General	Divisional tier (between districts and provincial government) abolished.
	Office of the Deputy Commissioner abolished and replaced by senior District Coordination Officer (DCO) reporting to Nazim (mayor). Interaction of DCO with provincial government through mayor.
	Magistracy abolished.
	Mayor made chief executive of respective local government with wide ranging administrative and financial powers.
	Elaborate mechanism for internal and external recall of elected representatives prescribed under the law. Similarly, officials enabled to seek recourse against motivated or illegal order of Nazims.
C. Finance	Provincial Finance Commission constituted for allocation of resources from provinces to districts, based on population, fiscal capacity, fiscal effort and specific needs, etc. of districts.
B. Police	Police Act of 1861 replaced after nearly 150 years. Law and order is made responsibility of <i>Zila Nazim</i> (District Mayor), but District Police Chief is responsible to his own professional hierarchy in matters of crime prevention, investigation and personnel management of force. This arrangement checks patronage by political leadership and highhandedness of police while facilitating dispensation of justice.
	District Public Safety Commission constituted, comprising of elected and non-elected members. The commission acts as a safety valve providing recourse to both police officer and mayor, in case of motivated action or order on part of either party.
	Police Complaint Authority is introduced to deal with serious complaints against police.

3.2 Citizens Community Boards (CCB)

Understanding the need of local participation in development activities the new local government system provides for establishing CCBs to ensure the participation of local community. These are voluntary, non-profit associations of local people who mobilize local people to participate in development and non-development activities. Community participation in local government is very important to ensure that planning and development are carried out in accordance with the local need and to monitor service delivery and promote transparency and accountability.

These Boards performs functions like identify development and municipal needs and mobilize resources; develop, manage and maintain public facilities, help the handicapped, destitute, widows and families in extreme poverty; and form stakeholder associations like parent-teacher associations and patient-hospitals associations. 25% of the local government funds are reserved for CCBs while they have to raise 20% of funds for a project themselves (DSP, 2003).

3.3 Local Government Finance

The new local government system envisages formula-based fiscal transfers to the districts through Provincial Finance Awards. It is a development grant to each District on the recommendations of the Provincial Finance Commission (based on the principles of fiscal need, fiscal capacity, fiscal effort and performance) established for the purpose (Charlton et al, 2002). The Minister for Finance of the Provincial Government heads the commission with Secretary Local Government, Secretary Finance and Secretary Planning and Development as its members. One District Nazim, one Tehsil Nazim and one Union Nazim along with three professional members from the private sector are also its members.

In addition to the grant from the provincial government, local governments are allowed to levy local taxes from a specified list given in the LGO (2001). While the local

governments are allowed to tax for some services, they are still dependent to a large extent on the transfers from the provincial government which make them dependent on the provinces. The baseline assessment made on the eve of promulgation of LGO (2001), was assessed as at more than 95 % for district governments and ranged from 50 % to around 90 % for TMAs in 2001, in various provinces⁵ were dependent on the provinces for funding. But the formula based awards under PFC seem to balance the effects of this dependence to make the districts operate independently of the provinces.

⁵ Cyan, Musharaf (2001), cited in '*Devolution in Pakistan*' Annex 1—*Recent History* (2004)

Chapter 4: Impact of new local government system on service delivery

Local government reforms were intended to bring about core structural changes in the administrative machinery of the government. They included separation of powers, relocation of functions, bringing the state closer to citizens, and bridging the gap between central government and local population. Devolution in Pakistan is meant to bring justice to the doorstep and improve the performance of the local administrations, courts, and police. It was aimed that basic human rights would be better recognized and protected under devolution (Cyan and Porter 2004). The most imperative reason presented by the government for the implementation of these reforms was to devolve the decision making powers to the grass root levels of civil society. However, positive impacts of these reforms on the public service delivery may take some time to substantiate.

Cheema et al (2005) had presented the new lines of task, jurisdictional demarcation and transfers of functional and authoritative responsibilities into the lower tiers of government. Administration of teaching hospitals, agricultural research and development, supervision of foreign funded projects, and regulation of medical standards have remained at the provincial level even after the devolution of other activities in these departments. Certain budgetary heads of expenditures have effectively been retained at the provincial level e.g. salary and allowance expenditures of all department employees.

Primary health care and management of district and Tehsil hospitals, assessment and collection of land taxes, agricultural income tax, agricultural extension and farm water management, planning and design of district roads and buildings are now devolved to the district governments from the province. Services such as the establishment of new

schools, up gradation of existing schools, and the maintenance and inspection of schools that were under control of provincial government are now the responsibility of the district governments. Services provided by the provincial local government department, housing department, urban development, and (PHED) public health engineering department have been devolved from the provincial to the tehsil level. Key municipal services such as water supply, sewerage, sanitation, drainage schemes and street lights have also been devolved.

The new system of local government is in place since 2001. Statistical data from various sources is analyzed to determine the trends in the sectors like health, education, water and sanitation, and police and justice. This chapter would give a broader view of public services analysis. Based on field visits to three districts of Pakistan Williamson et al (2005) studied improvements in post devolution social service deliveries, visiting primary schools, BHUs (Basic Health Unit), and water supply schemes. Special reference is given to this study in this chapter. Following are the findings of this research on key sectors of public services.

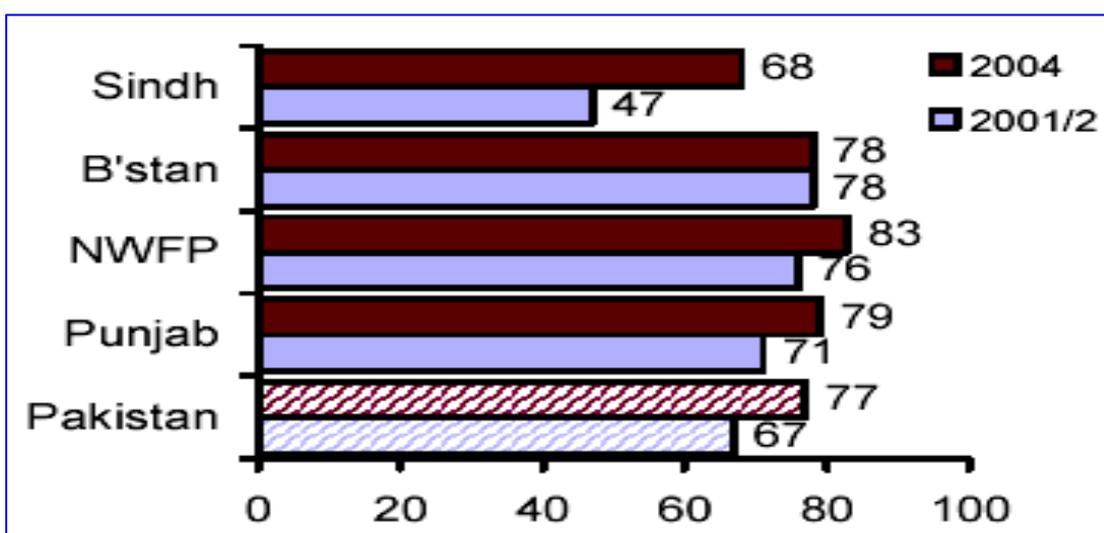
4.1 Health

The administration of health sector which was previously managed by the provincial health department has largely been devolved to the district level. The position of Executive District Officer Health (EDO-H) has been created and is filled in all districts. All the health facilities, including district headquarters hospitals, except teaching hospitals, have been placed under this office. The teaching hospitals have been given autonomy although still operating under provincial control. EDO health reports to District Coordination Officer (DCO) who reports to District Nazim (Mayor) which makes them indirectly accountable to the public.

Early indications show that there are some improvements in the delivery of health services. Statistics provided by Federal Bureau of Statistics show an increase in the

access to health facilities in 2004 as compared to figures in 2001. 77% of households had access to health facilities according to the survey conducted in 2004 as against 67% in 2001 when the process of devolution was started (Pakistan Social and Living Standards Measurement Survey, PSLSM, 2004-05 figure-2). But the same survey shows that although access to health facilities has increased, satisfaction of the people regarding health facilities have decreased. 24% of the households were satisfied with the health facilities in 2004 as against to 27% in 2001 (ibid, 2004-05). This shows that the government has only focused on increasing the number of health facilities such as Basic Health Units (BHU) and Rural Health Centers (RHC) while ignoring the most important aspect such as staff absenteeism, poor motivation and staff attitude with the public. In a study conducted by Williamson et al (2005) reported that 12% of people in urban localities cited the lack of staff courtesy as their reason for not seeking medical attention at a government health facility. This has affected the overall use of government health facility which has fallen from 32% to 26% between 2001 and 2004 in Pakistan (Cockcroft et al, 2004-05).

(Figure 2) percentage of households with access to government health services



(Figure:2)

Source: PSLM 2004-05

Staff absenteeism and poor motivation is the biggest obstacle in the delivery of social services. Williamson et al (2005) reported that in a visit to local BHU in Abbottabad⁶ district, their team found that only chowkidar (security guard) was present at the facility. A doctor had not been posted there in 10 years while rest of the staff remained absent while receiving their salaries. There is no organized mechanism to keep check over staff attendance. While LGO (2001) provides for the establishment of monitoring committees, only few districts have formed these committees which are ineffective in tackling this problem as they do not have any powers of firing or rewarding the staff. The powers of appointment, postings and transfers (APT) have not been devolved to the districts and are retained by the Provincial Government. Lacking these powers the people's representatives have little incentives to make front line staff accountable to them.

The government of Pakistan has increased the allocation of funds to health sector. Overall health spending was 7 % of total national spending in the year 2003-04 which was 40% higher than the previous year spending (GoP, 2005), but this is still very low as compared to a poor country like Uganda, with half the per capita income to that of Pakistan, which provides higher funding to health than Pakistan. The per capita spending, according to Williamson et al (2005), in the district Abbotabad and Dera Ismail Khan was Pak Rs. 4 as compared to Pak Rs. 40 (in equivalent currency) in Uganda. The low spending in the health sector has made it difficult to maintain quality standards in the health facilities. Fed up with the low standard and high cost of medicines in government facilities people are generally inclined to approach private practitioners who are usually unqualified. Pakistan saw an increase in the use of private unqualified practitioner which rose to 22% in 2004 as compare to 13% in 2001

⁶ A district in NWFP Province

(Cockcroft et al, 2004-05). Lack of medicines, distance of the health facilities and high cost of medicines are cited as the main reasons why the number of people using government facilities has declined (ibid, 2004-05).

The procurement process for obtaining medicines is still carried out by the provincial government, which often delays medicine procurement until after the end of the first quarter and sometimes as late as the end of the second quarter of the financial year. Thus, even though, district governments have the legal and institutional authority to provide various health services, their ability to effectively manage these services is constrained by the provincial bureaucracy's administrative control over district staff (Nayyar-Stone et al, 2006). Districts' own source of revenue is very narrow and funding for the health services are provided by the provincial government. The user fees that the districts collect are deposited in the provincial government account which is distributed by the province according to Provincial Finance Commission (PFC) award's formula and not according to the actual amount collected in each district. Thus the district government has been left to rely on provincial government in every aspect.

It was found by ADB/DFID/World Bank post devolution study (2004) that some health committee in Karachi claimed to have both increased the attendance of staff by 20% and improved the quality of maintenance and repair. This claim was generally verified by NGOs and journalists. Similarly, the city health committee stated that it had visited 25 hospitals in the last year to oversee the quality of service and reduce absenteeism. The committee members believe that this improvement has been achieved because of their consistent monitoring. Reports are common that doctors are more often present in health facilities and teachers in schools as compared to the case before devolution. The increasing availability of staff can lead to the increased chances that local facilities, particularly for health, will actually have medicines available for the treatment. With the full devolution of procurement, public medical facilities are now well stocked and

therefore more used. But such exceptions are seldom observed and in many cases, restricted to some large cities.

ADB/DFID/World Bank (2004) mentions a case about user fees in health. In Killa Saifullah and Karachi districts, no OPD (Out Patient Department) fee was charged, but other receipts were deposited into the provincial account. In Bannu and Bahawalpur districts, the OPD fee and other user charges were deposited into the provincial account. In Khairpur, by contrast, OPD fees are collected and deposited in a joint account of the facility and Naib Nazim⁷ of the union council concerned to be spent on small day to day requirements of the facility. In Faisalabad, OPD fee and other receipts do benefit the district as they are deposited in district account.

Concluding the above discussion post decentralization health sector facilities has not been able to show improvement except for some nominal variations in urban areas. Rural areas which are in desperate need of benefits of these reforms are still deprived of their basic provisions. Statistics clearly show the imbalanced approaches in this regard. The rural urban division remains completely enacted in practice if not in policy and records.

4.2 Education

Under the new local government system education has largely been devolved to the district and tehsil (sub-district) level. The districts are now responsible for primary, secondary and higher secondary education. The head of the education department at the district level is Executive District Officer (EDO) education assisted by District Officer (DDO) and Assistant District Officer (ADO). The devolution has led to a decrease in the total number of senior education staff. Previously there were four District Education Officers (two for boys' and girls' primary schools and two for boys' and girls' secondary

⁷ Deputy Mayor

schools) who had equal powers and authority to monitor schools. Now there are only three: the EDO-E and DO (male) and DO (female). The district government can recruit school teachers upto BPS-16 (Basic Pay Scale) and below but the authority over staffing-hiring, firing, and transfers for BPS-17 and above remains with the provincial government. Thus, even though district governments have the legal and institutional authority to provide educational services, their ability to effectively manage service provision in the sector is constrained by the provinces' administrative control over district staff (Nayyar-Stone et al, 2006).

The provincial and the district governments after the decentralization have undertaken a wide variety of reforms in the education sector for achieving long term economic development and poverty alleviation. Under the new system of local government, SMCs (School Management Committees) have started functioning. Head teachers have the influence in most of the cases and they select members. ADB/DFID/World Bank (2004) mentions that in many districts of Sindh, Union Nazims (Mayor) were serving as chairpersons of SMCs, In some cases, active encouragement of SMCs by district or union Nazim (mayor) have resulted in significant improvements in school quality. Khairpur is amongst the most innovative districts in terms of community involvement in service delivery. SMCs, with the help of union councils, have been given the responsibility to construct schools. Not only 35 schools have been completed, but with community monitoring, their construction cost was around Rs.200,000-250,000, compared to approximately Rs.780,000 for similar ones previously built by the Education department.

Audit of social service delivery in Pakistan by Cockcroft et al (2005) found that net school enrolment (in any school or grade) among children aged 5-9 years increased from 70% in 2002 to 77% in 2004. Out of all 5-9 year old children in 2004, 43% were

enrolled in government schools, 30% in private schools, 3% in Madaris⁸ and 1% in non-formal schools. Between 2002 and 2004, there was a 2% increase in enrolment into government schools and a 3% increase in enrolment into private schools. The percentage of enrolled children in government schools fell because of the greater increase in enrolment into private schools. Two reasons which parents gave for sending a child to a government school were ease of access and the low cost incentives. In 2004, 73% of parents of children in a government school were satisfied with the school, compared with 91% for children in a private school.

The government's action plan for education sector reforms has set a goal of raising NPE (Net primary enrolment) from 66% in 2001 to 76% in 2004 (Ministry of Education, GoP 2002). According to the Ministry of Economic Affairs and Statistics, GoP (2002), the figure for NPE in 2001 was 66%. PIHS (Pakistan Integrated Household Survey) from the 1990s depicts that overall enrolments were low and they exhibited persistent, large gender, urban-rural, and rich-poor gaps. Primary gross enrolment rates among the top 3 deciles, by per capita consumption, were around 90%, whereas that among the bottom 3 deciles was around 50%. Similarly, in Sindh only 25 percent of girls living in rural areas were enrolled in primary school, compared to 62 percent in its urban areas (Keefer et al 2005). UNICEF's NPE figure for Pakistan during the period 1996-2003 is 56% i.e. 62% male and 51% female (Cockcroft et al 2005). The Pakistan Social and Living Standards Measurement Survey (PSLSM) (2004-05) had recently reported a NPE figure of 52% (Federal Bureau of Statistics 2005).

From the preceding discussion it is obvious that the education indicators in the country are still relatively low. The main reasons for these low indicators are said to be inadequate financial resources; physical inaccessibility of many areas; poorly trained

⁸ Plural of Madrasa, a religious (Muslim) education institute.

and ill paid teachers; inadequate supply of instructional materials and poor physical facilities in schools; weak institutional capacity and lack of community involvement in the affairs of the school (MoE, 2005). The total literacy rate which was 44% in 2001 has improved considerably but is still marked by a high gender gap. In a survey carried out by National Reconstruction Bureau (2002), the most common reason given by parents for not sending their children to school was their inability to afford the cost of schooling.

4.3 Water and Sanitation

Access to water and sanitation services has improved after the enactment of the new local government system, although, it cannot be ascertained how far the decentralization has contributed in the improvement of these services. Over 70 % of the household in Pakistan had access to government water supply in 2004 as compare to only 46 % in 2002 (Cockcroft et al, 2004-05). While in rural areas the situation is not as good as in urban areas where a high number of 46 % still do not have access to potable water supply (Williamson et al, 2005). Unlike education and health sector not only has access to the services in water and sanitation improved but the satisfaction with the services also increased. Over 30 % of people expressed their satisfaction with water and sanitation services in 2004 as against 27 % in 2002 (Cockcroft et al, 2004- 05). Satisfaction with services in this sector has largely been the result of development programmes like Rural Water Supply and Sanitation Project (RWSSP), School Sanitation Programme (SSP), and Water Quality Assessment (WQS) programme, assisted and funded by ADB, DFID and UNICEF. ADB along with DFID is also working in collaboration with Government of Pakistan on the institutional capacity building in the districts to help strengthen local institutions to manage these schemes by themselves (Ahmed, 2006).

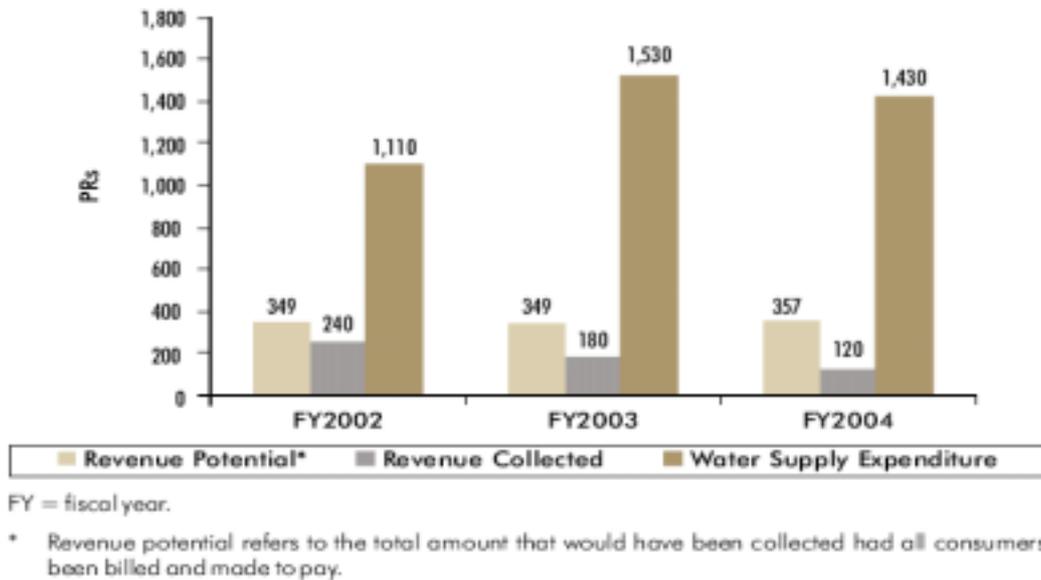
Provincial Public Health Engineering Department (PHED) was mainly responsible for the development and maintenance of water and sanitation services, specifically for large

projects in rural areas. Development Authorities (DAs) and Water and Sanitation Authority (WASA) were providing similar services in large, urban centers. ADB/DFID/World Bank (2004) reported that although according to the government sources water and sanitation are now clearly assigned to Tehsils or towns, the situation of arrangements reveals the incompetence of provincial control. Each province has devolved PHED in a different way. The pre-devolution structure of the department was the same in all four provinces. In NWFP, PHED had initially been devolved to the district and not to TMA level, but was subsequently recentralized to the division or circle level. Sindh and Punjab were good examples of implementation of the LGO, but even there, it was mostly the provincial control. Progress of decentralized government can hardly be judged in a fair manner as most of the management still remains out of local government's control.

Despite improvements in water and sanitation services the contribution of local governments in the improvement of water and sanitation services have been marginal. Tehsil Management Administrations (TMAs), who are responsible for water and sanitation services in the devolved government, have often been found to have employed a barrage of staff adding to the already high water production costs. Williamson et al (2005) report that Dera Ismail Khan water supply system has a staff of 28, operating its 417 connections compared to the international benchmark of 5 staff members for that number of connections. This over staffing is the result of politics of patronage where local as well politicians at the national level are involved in providing individual benefits to make their own vote bank. TMAs have also been found to be reluctant in collecting water bills regularly because of the high political cost of cutting off water supply to defaulters (ibid, 2005). TMAs are often unable to pay their electricity costs which accumulate over the years in arrears. These are often covered by mainstream TMA revenues in urban areas which results in shrinking the already short

funds available to be spent on development. In rural areas the schemes maintained by Village Development Organizations (VDO) often do not have funds to cover the costs and are left disuse. (Figure 3 shows high cost of electricity in Dera Ismail Khan).

Figure: 3 Low Revenues and High Expenditure in Dera Ismail Khan's Water Supply Scheme



(Source: DI Khan District Local Government (2004) ' Budget for the year 2004/05, Cited in Williamson et al, 2005)

The rationale of decentralizing water and sanitation services was to involve community in initiation and maintenance of projects in this sector. The local people still have very little say in the projects initiated by local governments apart from the projects funded by ADB and DFID. In some schemes the communities are expected to contribute 20 % to 30 % of the costs and to take full responsibility of Management and Operations (Ahmed, 2006). Looking at the poor conditions of the people where they are even unable to pay for the high bills, 20 % direct contribution to the project is a big amount to be expected from local communities.

4.4 Police and Justice

One major reform of the new local government system was the abolishment of the office of deputy commissioner and the division of these powers in to the offices of the district and session judge, district Nazim, the DCO, and District Police Officer (DPO)⁹ This is argued to be a contribution towards the independence of the judiciary by taking away special and discretionary powers from the executive.

Under the new decentralized system, the accountability of the police has now been reworked through new structures of District Public Safety Commission, Police Complaints Authorities, and the judiciary. However, some critics of the new system think that under the new system police have been given even more powers than they previously had and more opportunities to escape accountability (ADB/DFID/WB, 2004). The District Police Officer (DPO) is not responsible to any executive head in the district. And District Nazim has only some limited oversight functions over the police. The powers of the Nazim to write annual confidential report (ACR) of the police have not been used in any district. Either the Nazims do not know of these powers or even if they know, these are largely ineffective as the reports are to be countersigned by the provincial police officer and Chief Minister.

Survey carried out by Cockcroft et al (2005) report satisfaction with police as 52 % in Pakistan. In NWFP in 2004 satisfaction with the police services remained unchanged at 40 % both in 2002 and 2004. This could probably the reason for a drop in the number of people who contacted police. Some 54 % people reported contact with police in NWFP 2004 as against 57 % in 2002 (Cockcroft et al, 2005). Corruption is reported to have

⁹ Whereas the district police have been made responsible to the District Nazim under the Police Order 2002, the investigative, prosecution and administrative functions of the district police do not fall under the purview of the district government.

risen in the police department after the separation of investigation and 'watch and ward' functions of police as the public is required to cut a deal with two sets of police officers (ADB/DFID/WB, 2004). It is also reported that the officers in the investigation wing are comparatively incompetent and have no specialist skills because the low budget allocated to this wing has made it relatively less attractive for the police officers who are reluctant to be posted to that wing (ibid, 2004).

The judiciary has now been completely separated from the executive. Before devolution executive members like Deputy Commissioners (DC) and Assistant Commissioners (AC) had the powers of executive magistrates at the district level. These powers have now been taken from them and given to the District Session Judges (DSJs). The initial impact of such separation was the overburdening of courts with petty cases that used to be decided by Executive Magistrates. But with the introduction of alternative court resolutions, like resolving petty civil issues by the union council members, has reduced delays in the dispensation of justice.

The District Session Judges (DSJs) have now been empowered with powers like calling for and inspect the daily diary of a police station to ensure compliance with the law under Art. 167(2), of the Police Order (2002). DSJs have also to Act ex officio in their respective districts as Chairperson of a seven-member District Criminal Justice Coordination Committee, the meetings of which are required to take place at least once a month (Article 111(2)). All High Courts have now established Member Inspection Team (MIT) to look at the complaints and corruption in Judiciary at lower level. While MIT is generally not known to the public, the LGO seeks to encourage access to the MIT by establishing district and tehsil insaaf committees whose function it is to help citizens pursue complaints about the functioning of subordinate courts. Unfortunately such committees have not been established in many of the districts (ADB/DFID/WB, 2004). LGO (2001) also provides for Citizens-Court Liaison committees but these

committees are not functioning at the moment.

Although the perception of the people that the courts are there to help them increased from 48 % in 2002 to 62 % in 2004, the households contact with the court declined from 6 % in 2002 to 5 % in 2004 (Cockcroft et al, 2004-05). The decline shows less confidence of the people of the resolution of disputes by courts. Another reason for the decline is an increase in the number of people who used the alternative mechanism of Union Council to resolve their problems. The PSLSM Survey (2004-05) reported that, in response to a single question on satisfaction with the police, only 6.5% of households said they were satisfied with police services (Federal Bureau of Statistics, 2005). Similarly Cockcroft et al (2005) found out that in 2004, in response to an open question about who they would contact for a problem of personal safety, 25% of household respondents mentioned the police.

4.5 Poverty Reduction

Although there is no evidence of a direct link between decentralization and poverty reduction but it is believed that decentralized government can provide space for people to participate in local development; it can ensure a more efficient allocation of resources (including development aid), enhance local resource mobilization and improve local governance. This, in turn, may pave the way for more effective poverty reduction strategies (Bossuyt and Gould, 2000).

Decentralization does have positive impacts on poverty reduction. Asante (2003:2) has asserted that the virtues of decentralization such as democracy, popular participation, responsiveness, accountability and equity have led to the belief that decentralization will lead to greater responsiveness to the poor.

In a participatory poverty assessment study (2003), poverty and vulnerability in Pakistan were identified with illiteracy, inadequate access to goods and public services, social exclusion and stigma, remoteness and physical isolation, and insecurity and lack

of peace, among others. It was hoped that with decentralizing power and authority to the local level many of the above causes of poverty would disappear thereby bring reduction in the level of poverty. The above analysis shows that although in Pakistan the number of people with access to these facilities has increased, the quality of services has not improved. The problem of poverty mostly remains intact and addressing the issue will need more sincere and continuous efforts on the part of policy-makers.

4.6 Factors Hampering Efficient Delivery of Services

Jutting et al (2004) argues that decentralization is successful in the countries like Bolivia, Philippines, India (West Bengal), China, Ghana, South Africa and Mexico because the government has the ability and willingness to carry out reforms. The literacy rate in these countries is over 80%. These are generally less indebted and middle or lower middle income countries. All these factors contributed to the successful impacts of decentralization on service delivery in these countries.

Pakistan lags behind the international standards laid down for effective decentralization of authority and resources. The ability and the willingness, on the part of the government are somewhat not clear because the devolution of power was introduced partly to legitimize military government and partly because of the pressure of the International Financial Institutions who have made public management reforms as a condition for providing aid. Devolution of power for bringing efficiency in the delivery of services was a secondary objective before the current military government. This lack of willingness and lack of ability on the part of government is hampering the process of devolution to deliver better services. People do not have enough information about local governments and their functions and the government has not made enough efforts to make people aware of their rights and duties under devolved government as is shown by the survey conducted by Williamson et al (2005:29). The greatest number of people who approached the Union Councilors was for financial support and less than 2 %

approached them in relation to health and education services.

Education is an important factor in the success of decentralization. Government figures show that literacy rate in Pakistan is about 65% which also include those who can only write their name but do not understand many of the complexities of modern government. The actual rate of people who have gained education up to secondary or higher secondary is far below the 65%. Lack of education is particularly responsible for the lack of accountability of the service deliverers. Decentralization, as argued by Smith (1985), promotes political education at the local level. In Pakistan, people do not know much about local politics except polling votes at ballot boxes. This lack of education has contributed to the little success of decentralization in improving the delivery of services.

Pakistan is one of the highly indebted and lower income countries in the world. 33 % of people live below poverty line. Pakistan's position on the UNDP Human Development Index is 138 which are among the lowest in the world (UNDP, 2002). While it is not a pre-requisite for the success of decentralization to be a high income country or to have low poverty indicators, poverty of the people does play a role in the success or failure of decentralization. All the successful cases studied by Jutting et al (2004) are less indebted and middle income countries. Poverty in this sense is hampering the impacts of devolution to be felt by the people.

Fiscal decentralization is also limited and nominal because districts governments have the same limited tax collection authorities. Local governments are still dependant, for most of their expenditures, mainly on provincial and ultimately federal funds, through the provincial finance commission awards. They have been assigned user fees and some categories of taxes, the most important being urban property tax. Councils are increasing collections but the outcomes remain low and there has been no shift in overall dependence on fiscal transfers. Elected leaders are extremely hesitant to

significant local taxation, particularly in this infant stage.

The provincial assembly members consider the councilors and the Nazims as their political competitors in the constituencies where the Nazims now control more resources for delivery of benefits directly to the constituents (Cyan and Porter, 2004). Schneider (2003) was of the opinion that poor people may be discouraged from organizing to secure their rights or access the benefits through decentralized systems. Hasnain (2005) further added that elected politicians in Pakistan appeared to be far more concerned with patronage, or with targeted favors to a small number of privileged groups, rather than on providing public goods that would benefit the majority of citizens.

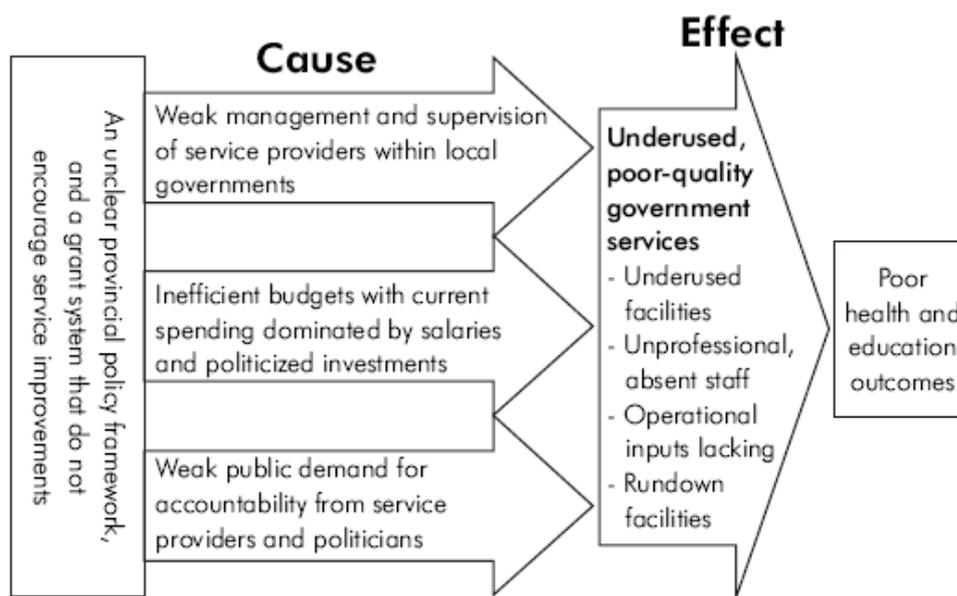
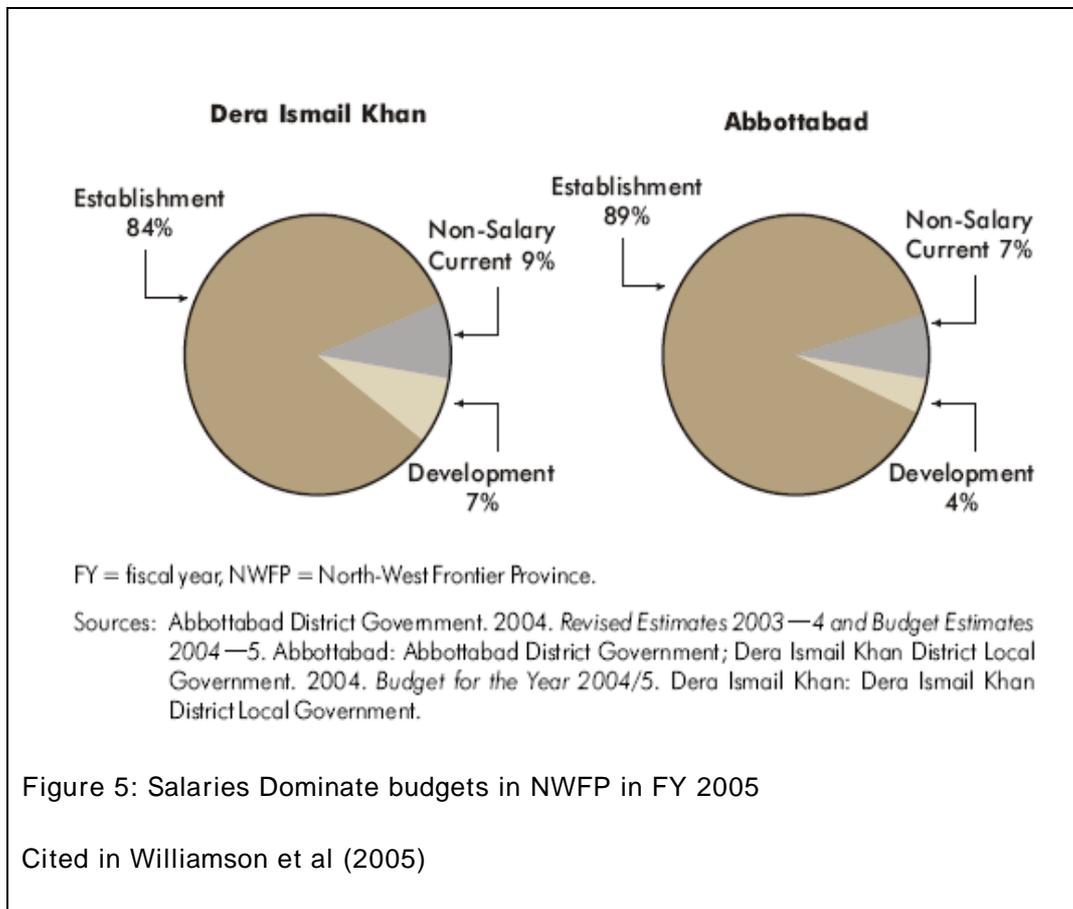


Figure 4: Causes and Effects: Reasons for poor quality public services

Source: Williamson et al (2005).

The budget constraints can also lead to unpredictability in the flow of resources to local governments, thus reducing their ability to plan and manage resources efficiently and undermining operational performance (World Bank, 1998 cited in ADB/DfID/World Bank, 2004). Another reason for poor performance by local government is that PFC and vertical programmes adversely affects the efficiency of resource allocations as it widens

The gap between salary and non-salary expenditures. **(Figure 5)**



Many EDOs, TMOs and DCOs lack managerial skills required in a system where administrative powers have been devolved, and there appears little interaction between managers across sectors. This is pointed out by Williamson et al (2005)

He argues that many EDOs who are teachers and doctors by profession, and have had no previous experience in managing staff and allocating budgets are now required to carry out such roles. It is common to find an EDO Finance and planning with a background unrelated to finance and planning. He also noted reasons for the approach of people to their Nazims. It was mainly for financial assistance, less than 2% approached them in relation to health and education service provision (Table -4). Public

perception is that politicians implement development schemes such as roads, water points or electricity etc.

(Table: 4)

Reason	% of Male Respondents	% of Female Respondents
Financial Support	12	27
Water Supply Problems	17	15
Provision of National Identity Cards/Certificates	17	14
Construction/Repair of Roads/Streets	12	6
Provision of Electricity	10	8
Provision of Sewerage/Drains	8	7
Community Disputes	6	5
Property/Land Issues	3	4
Police-Related Issues	3	3
Garbage Collection/Disposal	4	2

Source: National Reconstruction Bureau, 2002. *Social Audit of Governance and Delivery of Public Services: Baseline Survey 2002*. National report. Islamabad: Government of Pakistan and Canadian International Development Agency.

Table 4: Reasons for approaching Union Councilors

Cited in Williamson et al (2005)

4.7 Service delivery and Jurisdictional constraints

The most frequently discussed issue in the recent devolution reforms in Pakistan is the problem of jurisdictional overlap between different tiers of government and bureaucracy (Federal and provincial government's employees). The public can not assess a particular service provided by a particular politician or level of government when many levels of government are involved in delivering the same services. According to the ADB/DFID/World Bank (2004), the overlap thus weakens incentives to perform well on service delivery and encourages politicians to target services to their core supporters. Jurisdictional overlap is particularly an issue in the education and health sectors. Federal

and provincial vertical programs in those fields are still the main decision makers in promoting national policy priorities and hold sway in local government expenditures on service delivery.

Since the provincial government remains the EDOs employer, it holds APT powers over them. This is highly politicized arrangement to influence transfers in the district. By the threat of unpleasant transfer, or the promise of an attractive one, the senior staff members can be under the pressure to agree to the transfer of the junior staff (World Bank, 2004). Senior District managers are employed by the provincial government therefore they are bound to the provincial orders. There is a common complaint by the councilors that local government managers are not responsive to their concerns. Hassan (2002) argues that the provincial supporting authorities tend to keep a tight control both on authority and resources of the Local Governments and the Federal Government and the Federal political authorities have the same approach towards provinces.

Nazim's control over local police head is still very vague. The ability of local governments to implement local and special regulations has been affected because there are no procedural details and because of the vertical relationship of the police chief with his departmental hierarchy stand in the way of implementing the new arrangements under the Police Order. Jurisdictional demarcation is also required in health and education sector, absence of which would ultimately deteriorate the relationship between the service providers and the citizens as well as between the policy makers and the service providers.

Concerned by political interests, district staff transfers within and across the districts were considered to be the main reasons of conflict between provincial and local governments (ADB/DFID/World Bank 2004). Study explains that the relationship between the district nazim and the senior staff in the district, particularly the DCO and DPO, can be mostly vulnerable. Nazimeen have very little effective authority over these

staff as writing the Annual Confidential Reports (ACRs) of DCOs is just a nominal mechanism for enforcing accountability. Tehsil level managers possess greater control over preparing salary budgets and over local personnel, their recruitment and transfer. However, in the districts, it's the other way round. District officials, have weak control over staff numbers. They cannot, on their own, decide their salary budgets or sack the extra staff and can only recruit within instructions given by the provinces. Formulation of pay policy is neither in district nor tehsil authorities' jurisdiction.

The above discussion concludes that there are serious loopholes present in the new local government system with reference to the jurisdictional limitations of each tier of local government.

Chapter 5: Conclusion

In this study several questions were investigated regarding the development impacts of new local government system in Pakistan with a particular on service delivery. Though the initial results and analyses of the new system is not encouraging yet it is hoped that current reforms is a step in the right direction.

Decentralization has not been fully implemented as it is found in the LGO (2001). Many of the institutions and monitoring committees like Parent Teachers Associations (PTA), Citizen-Police liaison committees etc. that the LGO (2001) provide for have either not been formed or ineffective in performing their functions. In districts where these committees are operating it is generally found that their members are unaware of their functions and responsibilities. Lack of capacity at the local level is the biggest problem facing decentralization in Pakistan. The decentralization plan was implemented before the requisite capacity being developed for it at the local level.

Discrepancies can be found in administrative, political and fiscal decentralization. In the areas where political and administrative authority is devolved fiscal authority has been held by the Provincial government which enables the provincial government to exercise significant control over both local administration and local finances. Fiscal decentralization to the local level is limited and nominal because district governments still have the same conventional limited tax collection authorities and spending remains at the whim of provincial government. Politicians are more concerned with patronage and consolidating their vote bank with help of targeted favors to privileged groups rather than providing public goods and services that would benefit majority of the citizens.

One of the underlying reasons for devolving authority to the local level was to make the decision-makers and service providers more accountable to public. The accountability

of the service providers to the elected representatives and of the representatives to the public is not working as envisaged by LGO (2001). While in theory the officials at the local level are responsible to the elected representatives, they can easily escape this accountability because the elected representatives do not have the powers of appointment, postings and transfers of the officials working at the district level. These officials consider themselves to be the employees of provincial government and not the district government.

Different tiers of government and government functionaries are involved in delivering the same services. Credit or blame can not be assigned to any of them and they have this advantage of pointing their fingers towards each other when things go wrong and unfortunately this happens quite often. Bureaucrats are employed by the provincial government; naturally they are bound to the provincial instructions and provincial governments being their employer, holds APT powers over them. The senior staff members can be under the provincial pressure to comply with the transfer instructions of the subordinate staff. Provincial authorities try to keep a tight control on authority and resources of the Local Governments. Federal Political Authorities have the same approach towards provinces. Nazim's/Mayor control the over the EDOs and local police head is insignificant.

A more lenient examination of decentralization reforms may come up with somewhat encouraging picture, specifically when the 'infancy' factor is brought under the consideration. As stated in the first chapter, this is not to say that the new system is absolutely futile. Notwithstanding all the flaws explicated in the analysis, the new system shows great signs of hope for better prospects. High level of engagement of the public with the new local governments, especially the union councils, is encouraging.

Services from Tehsils i.e. the middle tier in particular seem to be doing well. There is a continuing increase in net school enrolment among 5-9 year old children. While the

increase since 2002 is more into private schools, government schools are apparently catering more for girls and children from vulnerable households. There is little evidence of increased public willingness to contact the police; the increase in those who said they would use the police for a problem of personal safety was confined to non-vulnerable households. The police continue to have a bad reputation among the public. While there is evidence that people believe the courts ought to help them, the use of the courts remains low.

Policy implications of this study are augmented by the recommendations of policy analysts who investigated the devolution reforms. The local government tiers of district government, tehsil administration and union administration desperately need harmonized planning and coordinated provision of services. These are imperative conditions without which, local governance can not make efficient use of resources. For the formulation of a system of fiscal transfers between different levels of government, it will be important to ensure transparency and to give local governments the authority to raise additional resources. Awareness and education is required to be disseminated in the public about the devolution, their rights, and privileges and what they should expect of newly elected representatives and the local government executive (Cyan and Porter 2004).

As suggested by Cockcroft et al (2005), the strongest individual factor in users' satisfaction was the user report of receiving medicines in government facilities. Reducing leakage of medicines and transparent accountability measures, which allow the clients to know the exact situation about medicines in the facilities, can help in this situation. To improve the interaction between doctors and other health care providers and their patients, a solid customer oriented approach would be a better panacea. Institutional capacity building mechanisms are needed which would diminish the tendency of patronage by politicians e.g. establishment of independent Public Service

Commissions that are given supervisory role in the recruitment and career management of key service delivery personnel; improvements in the legal, and regulatory framework for procurement in order to provide citizens with access to key public records (Hasnain, 2005).

International experience also shows that policies that increase the information available to citizens, particularly specific information regarding particular government actions, can have a significant impact on increasing citizen pressures for improving services. For example, use of Public Expenditure Tracking Surveys, and publicizing these results, have had some successes in countries such as India, Uganda, Philippines, and Ukraine in enhancing the public awareness. Williamson et al (2005) was of the opinion that Local government managers must be equipped with the appropriate skills and resources. Local government staff's conduct can be improved by giving local government managers APT powers.

There should be innovative solutions developed to encourage staff to serve in remote areas i.e. provide additional allowances, building residential facilities at remote areas for teachers and health workers along with all facilities. Checks and balances by district health and education staff, monitoring committees, and by the provincial governments can be carried out. Communities and union councilors should monitor staff's attendance. Attendance lists could be displayed on school or health center's notice board to make this information public. Complaint cells can be formed in districts and TMA councils for public consumers wishing to complain about the performance of teachers and health workers (Williamson et al 2005).

The Local Government Development Program (LGDP) in Uganda was created to provide a common set of standards for judging performance and at the same time to channel resources to local governments in ways that allowed local councilors to decide how they would be allocated. All local governments have access to a formula-based

local government grant, however their access and level of funding is dependent on the annual local-government assessment. Local governments are assessed on their corporate performance, against minimum requirements and benchmarks related to areas such as planning, budgeting, financial management, engineering capacity. The LGDP framework has provided a strong incentive for local governments to upgrade their corporate performance (ADB/DFID/World Bank 2004). A somewhat similar system, tailored in accordance with local political, social, and economical conditions, of grants from the centre can stimulate the pace of development in Pakistan.

Decentralization itself is neither good or bad. It is a means to an end. Successful decentralization improves efficiency and responsiveness of public sector. This also requires educated leadership and literate masses. Similarly conducive environment like economic stability, capacity, awareness and civil society is also a prerequisite. It can be concluded from the aforementioned discussion that the current local government reforms agenda of government of Pakistan is an effort to devolve responsibility to elected local governments in order to facilitate the transition to good governance.

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