

PUNJAB LOCAL GOVERNMENT POLICY REVIEW

**A REPORT ON THE
PUNJAB PROVINCIAL LOCAL GOVERNMENT
POLICY DIALOGUES**

VOLUME-I

FEBRUARY 2009

Table of Contents

Volume I	Page
Preface	i
Acronyms	iv
Executive summary	v
Chapter 1: Introduction and background	1
1.1 The context of local government review	
1.2 Outline of review process	
1.3 Thematic consultations	
1.4 Citizens perception and preferences survey	
1.5 Structure of the review report	
Chapter 2: Structure, functions and responsibilities of local governments	6
2.1 Introduction to the dialogue	
2.2 Framework for discussion	
2.3 Results of the discussion	
Chapter 3: Accountability, oversight and responsiveness of local governments	13
3.1 Introduction to the dialogue	
3.2 Framework for discussion	
3.3 Results of the discussion	
Chapter 4: Finance, budget, accounts and audit of local governments	20
4.1 Introduction to the dialogue	
4.2 Framework for discussion	
4.3 Results of the discussion	
Chapter 5: Personnel management in local governments	28
5.1 Introduction to the dialogue	
5.2 Framework for discussion	
5.3 Results of the discussion	
Chapter 6: Coordination and conflict management	35
6.1 Introduction to the dialogue	
6.2 Framework for discussion	
6.3 Results of the discussion	
Chapter 7: Building political senses	40
Chapter 8: Highlights of citizens' perceptions survey	42
8.1 Introduction	
8.2 Survey methodology and sample	
8.3 Key findings	
8.4 Policy implications	
Chapter 9: Comparative analysis of results of provincial consultations	53
9.1 Introduction	
9.2 Key findings from other provincial consultations	
Chapter 10: Conclusion and way forward	63
 <u>Volume-II</u>	
Summary	iv
Chapter 11: Structure, functions and responsibilities of local governments	01
Chapter 12: Accountability, oversight & responsiveness of LGs	18
Chapter 13: Finance, budget, accounts and audit of local governments	39
Chapter 14: Coordination and conflict management	80
Chapter 15: Human Resource Management in local governments	91

List of Tables and Figures

Table/Figure	Title	Page No
Table 1.1	Overview of stakeholders participation in thematic consultations	4
Table 1.2	Representation of female in the consultation process	4
Table 7.1	Representation of various parliamentary parties at plenary session	40
Table 8.1	UI/AC Neilson survey sample size	42
Table 8.2	UI/ACNeilson survey sample profile	43
Table 9.1	Schedule of thematic consultations	53
Table 9.2	Overview of stakeholders participation in thematic consultations	53
Table 9.3	Functions allocated to local governments in various provinces	54
Table 9.4	Overview of assignment of responsibility to the local governments	55
Table 9.5	Overview of recommendations for allocation of local taxes and fees	58
Figure 1	Citizens priorities for improvement of government services	xi
Figure 2	Citizens preference for provision of services	xii
Figure 3	Citizens perception on responsiveness of governments	xii
Figure 4	Citizens perception on honesty in government contracting	xiii
Figure 5	Thematic focus – newspaper articles on devolution reform	2
Figure 6	Accountability of provincial, district and Tehsil level governments	44
Figure 7	Informal payments for better social services	44
Figure 8	Honesty in contracting at various government levels	45
Figure 9	Ease of access to and visits to federal, provincial and local governments	45
Figure 10	Public consultations by provincial, District and Tehsil governments	46
Figure 11	Responsiveness of the federal, provincial and local governments	46
Figure 12	Satisfaction with various aspects of BHUs	47
Figure 13	Satisfaction with various aspects of secondary schools	47
Figure 14	Primary drinking water sources in urban and rural areas	48
Figure 15	Reasons for not having an individual water connection	48
Figure 16	Disposal of garbage by urban/rural respondents	49
Figure 17	Frequency of flooding of streets by urban/rural	49
Figure 18	Citizens first priority for improvement of government services	50
Figure 19	Citizens preference for provision of social and household services	50
Figure 20	Preference for direct election of government officials	51

List of Annexure and Appendices

Annex/Appendix	Title	Page
Annex 1	Proposed functions and extent of responsibilities of local governments	64
Annex 2	Proposed structure of local governments	66
Annex 3	Reassignment of functions as per proposed local government structure	71
Annex 4	Subordination of local governments	73
Annex 5	Recommendations on political accountability of local governments	75
Annex 6	Recommendations on legal accountability of local governments	81
Annex 7	Recommendations on inter-governmental accountability	84
Annex 8	Recommendations on local government own resources	85
Annex 9	Recommendations on provincial transfers	89
Annex 10	Recommendations on local budget	92
Annex 11	Recommendations on audit and accounts of local governments	101
Annex 12	Recommendations on personnel management in local governments	104
Annex 13	Recommendations on coordination mechanisms for local governments	117
Annex 14	Recommendations on management of local government properties	120
Annex 15	Recommendations on conflict management	122
Annex 16	Comparative analysis of provincial consultations on local government reform	125
Appendix A to Annex 2	Territorially organized local government structure – Proposal 1	68
Appendix B to Annex 2	Territorially organized local government structure – Proposal 2	69
Appendix C to Annex 2	Functionally organized local government structure – Proposal 3	70
Appendix A to Annex 5	Authority for exercise of various powers granted to local governments	79
Appendix B to Annex 5	Additional measures for responsiveness of local governments	80
Appendix A to Annex 8	Key decisions related to local taxes	87
Appendix B to Annex 8	Key decisions related to local fees	88
Appendix A to Annex 9	Local government share in national and provincial tax revenues	91
Appendix A to Annex 10	Implementation of decisions on limitations to local discretion to adopt budget	99
Appendix B to Annex 10	Proposed budget calendar	100
Appendix A to Annex 12	Recruitment of various local government staff	112
Appendix B to Annex 12	Performance appraisal of various local government staff	114
Appendix C to Annex 12	Promotion policy for various local government staff	115
Appendix D to Annex 12	Disciplinary procedures for various local government staff	116
Appendix A to Annex 16	Proposed list of local taxes	147
Appendix B to Annex 16	Proposed list of local fees	148
Annex-17	Minutes of the First meeting of Provincial Working Group Punjab	150
Appendix A to Annex-17	Notification of Punjab PWG	152
Appendix A to Annex-18	Attendance Sheet of Dialogue 1	153
Appendix B to Annex-18	Attendance Sheet of Dialogue 2	154
Appendix C to Annex-18	Attendance Sheet of Dialogue 3	155
Appendix D to Annex-18	Attendance Sheet of Dialogue 4	157
Appendix E to Annex-18	Attendance Sheet of Dialogue 5	158
Appendix F to Annex-18	Attendance Sheet of Consultation with Parliamentarians	159

Abbreviations

A	Acts of the local government i.e. resolutions, bye-laws etc.
AD	Administrative Department at the provincial government level
Admin	Administration
BHU	Basic Health Unit
C	Elected local council of a local government
CIET	Community Information Empowerment and Training
CM	Chief Minister of the province
DAO	District Accounts Officer
DCO	District Coordination Officer
DDO	Deputy District Officer
DHQ	District Headquarter Hospital
DO	District Officer
DG	District Government – a proposed district level functionally organized local government
DRG	District Rural Government – a proposed district level rural local government
DTW	Districts That Work
EDO	Executive District Officer
F	Full responsibility of a local government vis-à-vis a local function
G	Group
GDP	Gross Domestic Product
H	House
HRM	Human Resource Management
ISA	Independent Statutory Authority
L	Limited responsibility of a local government vis-à-vis a local function
LFA	Local Fund Audit – a provincial department for local government audits
LG	Local Government
LGC	Local Government Commission
NA	Not applicable
O	Order of a local government functionary
P	Partial responsibility of a local government vis-à-vis a local function
PFC	Provincial Finance Commission
PG	Provincial Government
PWG	Provincial Working Group
RD	Revenue Department
RHC	Rural Health Centre
S	Local government staff
TG	Tehsil Government – a proposed Tehsil level functionally organized local government
THQ	Tehsil Headquarters
TMO	Tehsil Municipal Officer
TO	Tehsil Officer
TRG	Tehsil Rural Government – a proposed Tehsil level rural local government
UA	Union Administration – existing Union Council level local government
UC	Union Council
UG	Union Government – proposed Union Council level functionally organized local government
UI	Urban Institute
UN	Union Nazim or the head of a Union Council level local government
URG	Union Rural Government – a proposed Union Council level local government
USAID	United States Agency for International development
WG	Working Group

Preface

The political and administrative authority of local governments in Pakistan has not been fully established despite repeated attempts. The latest of such attempts, ushered by the National Reconstruction Bureau in 2001, aimed at establishing autonomous local governments by devolving upon them the political, fiscal and administrative authority of the provinces¹. The legal framework and the theoretical basis of this arrangement have remained a subject of controversy and various demands had been surfacing from some sections for a serious review. These demands have become a major political and administrative issue since the February 2008 elections. In view of these considerations, the federal and four provincial governments initiated an inclusive review of local government system with the technical and administrative support of the USAID Pakistan, Districts That Work (DTW) Project. In case of Punjab, this review was steered by a Provincial Working Group (PWG) headed by the Minister Local Government.

There are two important aspects of the review which merit an explanation at the outset. Firstly, a strictly technical review was avoided by design and instead experience of practitioners and stakeholders in local government system was relied upon for defining the broad parameters of the possible reform. It is expected that technical expertise could then fill in the details. Secondly, in order to ensure a broader national consensus, the review was spread over two distinct stages. The first stage involved consultations with the key practitioners and stakeholders at the provincial level. At the second stage, the provinces are expected to share the results of these consultations between themselves and the federal government to firm up a shared view on local government reforms. As an ancillary measure, a nationwide survey to document citizens' expectations and preferences regarding local governments² was also carried out to incorporate their voice, inform the consultations and verify their results.

In this overall context, during its meeting held on September 25, 2008 the PWG decided to hold five thematic dialogues to consult stakeholders on various aspects of local government system. These dialogues were held at Lahore from October to December 2008.

This report puts together the results of thematic dialogues and the salient aspects of the aforesaid citizens' perceptions and preferences survey. The report will be reviewed by the PWG and after finalization it is expected to provide a policy framework for any structural changes in the local government system and consequent legislation. In addition, the report is also likely to provide an informed context to the debate on local governments which is essential for their political acceptability and therefore sustainability in the longer run.

The compilation of this report would not have been possible without the candid, non-partisan and invaluable contributions made by the participants of the thematic dialogues for which the authors are deeply indebted. The results reproduced here reflect exclusively the opinion of the participants and will be placed before the PWG for consideration and finalization.

¹ See preamble of the Punjab Local Government Ordinance, 2001.

² Urban Institute/ACNielsen (2008): Findings from Punjab – Local Government System Citizens Perceptions and Preferences. Similar reports are available on results from other provinces.

Executive Summary

A comprehensive review of the local government system was initiated by the Government of the Punjab in September, 2008 with the technical assistance of the Districts That Work (DTW) Project of the USAID Pakistan. This review is to be completed in two stages. The first stage involved province wide consultations with the key stakeholders on various aspects of the local government system. In the second stage, the results of the provincial consultations will be shared with other provinces and the federal government to firm up a shared view on local government reforms. A survey on citizens' perceptions and preferences on local governments³ was also carried out to document their views and support an informed consultation. The consultative process was steered by a Provincial Working Group (PWG) headed by the Minister Local Government.

During the provincial level consultations, five thematic dialogues were held on the following fundamental aspects of any local government system:

- a. Functions, responsibilities and structure of local governments;
- b. Accountability, oversight and responsiveness of local governments;
- c. Local government finance, budget, accounts and audit;
- d. Human resource management systems for local governments; and
- e. Coordination and conflict management

These dialogues were held at Lahore from October to December 2008 and were participated by all the key stakeholders including the provincial government, elected and non-elected officials of the local governments, and non-government sector. Additionally, selected local government experts were also invited to generate an informed debate.

The dialogues were supported by theme specific background papers. In order to allow the participants to arrive at a shared indigenous model of local governments of their own, each background paper unbundled the theme into issues and listed comparative responses against each issue for the participants to choose from according to their own experience. A brief overview of the results is as under:

a. Functions of the Local Governments

There was a complete consensus on the allocation of around 37 functions⁴ to the local governments. These functions pertained to the following broad areas:

- (1). Basic municipal services such as sanitation, sewerage, water supply, parks and local sports and cultural events etc.;
- (2). Education up to secondary level;
- (3). Preventive and primary health care i.e. management of dispensaries, basic and primary health units;
- (4). Primary livestock health care services;
- (5). Farm to market and intra-city roads;
- (6). Transport stations and bus stands etc;

³ Urban Institute/ACNielsen (2008): Findings from Punjab – Local Government System Citizens Perceptions and Preferences. Similar reports are available on results from other provinces.

⁴ This number is approximate as the precise number of functions depends upon the description of a function.

- (7). Spatial planning and building control; and
- (8). Miscellaneous services such as improvement of water courses, relief and disaster management etc.

It was viewed that the provincial government has a valid interest in the delivery of services listed at ser (2) to (8) above and therefore the local governments shall perform these functions as per policy directions of the provincial government. In case of basic municipal services, the local governments would be free to decide both on the policy parameters and operational management of the services.

There was also a complete agreement that the local governments shall not undertake functions related to energy, forest management, agriculture, literacy, information technology, civil defence, land records administration and industrial development which are currently assigned to them under the Local Government Ordinance, 2001⁵.

As regards the investment of various authorities of the local government pertaining to its functions, generally, the participants allotted legislative and oversight authority to the local council, policy authority to the elected head of the local government and executive authority to the local government staff.

b. Structure of Local Governments

There was an overwhelming support for the restoration of erstwhile structure of local governments⁶ under which separate local governments were provided for urban and rural areas. It was also agreed that a separate local government shall be provided for each urban area in a district. However, there was a difference of opinion as to whether the jurisdiction of principal rural local government shall coincide with the limits of a revenue district or revenue Tehsil. It was further proposed that larger urban local governments and all rural local governments may have subordinate local governments.

A minority, however, favoured the continuation of present structure with three functionally organized local governments⁷ viz District Government, Tehsil/Town Municipal Administration and Union Administration.

c. Local Government Elections

The participants supported direct election of members as well as the head of local governments. This is in contrast to the present electoral arrangement under which only head and members of Union Council level local governments are directly elected⁸. It was further suggested that the elections shall be held on non-party basis.

As regards the elected positions, the majority viewed that in addition to the position of the head of local government, each council shall also have a dedicated speaker and deputy head of local government.

⁵ For details see First Schedule of the Punjab Local Government Ordinance, 2001 and the Punjab District Government Rules of Business, 2001.

⁶ Refers to the structure provided under the Punjab Local Government Ordinance, 1979 and other previous local government laws.

⁷ A structure under which jurisdiction of local governments is decided on the basis of their functions and not territory. For more explanation refer section 2.2.

⁸ See Chapter XVII of the Punjab Local Government Ordinance, 2001

d. Accountability and Oversight of Local Governments

There was a complete agreement on the need to authorize provincial government to ensure that the acts and or orders of the local government comply with law (legal supervision) and are also based on merit (supervision of expediency). As regards the extent of supervisory authority, majority viewed that it shall be limited to the power to return a defective act and or order to the concerned local government who shall then be obliged to take up the issue again and adopt a new decision.

The participants also supported premature removal of a head of local government. Majority viewed that this authority shall be exercised by the local council with a two-third majority vote.

It was also agreed that it shall be mandatory for the local governments to share information with the citizens in specific cases through advance publication, open meetings and public hearing. Similarly, in order to ensure responsiveness to the local needs, it was also agreed that certain local activities shall be proposed and implemented by the community itself on the pattern of existing Citizen Community Boards. However, the participants suggested introduction of improved procedures to monitor community driven activities for ensuring transparency and fairness.

e. Local Government Finance

The participants were of the view that the local government moneys could come both from their own resources and through transfers from provincial government. Local government own resources may consist of the following incomes:

- (1). Proceeds from 15 local taxes and 21 local fees with respect to functions allocated to the local governments. All of these taxes and fees shall be defined in the law and the local governments would have no authority to impose any additional tax or fee.
- (2). Local donations/gifts and subject to the permission of the provincial government foreign donations/gifts
- (3). Proceeds from rent/ sale of local properties and interests on deposits.
- (4). Borrowings. However borrowings would be conditional to permission from the provincial government and only for the purpose of viable profit earning investments.

The participants observed that in view of the limited and inflexible nature of the local government own resources, a large measure of local government finance should come from the provincial resources through conditional or unconditional transfers. In order to ensure predictability and continuity, they recommended that a portion of the total provincial receipts shall be earmarked for transfers to the local governments. There was however, a disagreement as to what percentage of provincial revenues should be shared with the local governments with choices ranging from 40 to 50%. In addition it was also proposed that 5% of the total proceeds of GST collected by the federal government may also be transferred to the local governments.

It was agreed that the principles for determining the size of transfers to be made to a local government in a particular financial year shall be established by law while the actual size may be worked out administratively by a statutory body in accordance

with these principles. The size of the transfers shall, inter-alia, be based on fiscal performance and efficient expenditure management by the local governments.

f. Local Budgets

The participants viewed that both the local budget and a formal decision of provincial government shall constitute legal basis for appropriation of local expenditure. Local government budget shall cover one financial year and the local governments shall be allowed to carry over unspent moneys from the preceding financial year.

It was also unanimously agreed that the provincial government shall be empowered to impose following limitations on the financial authority of the local governments:

- (1). Limitations pertaining to approval of local budgets including those related to the requirement of balanced budget;
- (2). Certain limitations pertaining to local expenditure;
- (3). Certain limitations pertaining to the authority of local governments to raise revenues; and
- (4). Mandatory reporting requirements with respect to their finances.

It was also unanimously agreed that the provincial government shall be authorized to impose following sanctions in case of violation of the above limitations:

- (1). Requiring the local government to submit reasons for violation and a plan to correct the problem;
- (2). Administrative action against functionaries (both elected or non-elected officials as the case may be) responsible for the violation; and
- (3). Provincial government to authorize expenditures on interim basis.

There was, however, a disagreement with respect to the powers of the local government to impose fines on local governments, to withhold their unconditional grants, or to invalidate the local budget in case of violation of the limitations.

g. Audit and Accounts of Local Governments

It was agreed that the functions related to maintenance of accounts, pre-audit and post audit of local expenditure, and consolidation of local accounts shall be entrusted to a provincial entity. There was however a disagreement as to the choice of authority for the settlement of audit observations/financial irregularities. Majority view supported that this authority shall rest with the Accounts Committee of the Provincial Assembly being the ultimate custodian of all public moneys. It was also agreed that there shall be one uniform accounting procedure for each tier of local government in the province.

h. Personnel Management in Local Governments

The participants agreed to the requirement of six core staff⁹ which include the head of local administration, chief finance officer, chief planning officer, chief regulatory

⁹ Means the nucleus staff in the local government to support the head of local government in his functions.

officer, chief HRM officer and internal auditor. As regards the top managers¹⁰, a two tiered management structure was proposed instead of the present three tiered structure (EDOs, DOs and DDOs). However, a need for keeping the third tier was felt in case of education and health services on account of the large scale of operations involved. Top manager status was also recommended for the heads of important public entities such as larger hospitals, education institutions and water and sewerage authorities. It was also agreed that the local governments shall have the authority to determine their staffing requirements vis-à-vis top managers, service providers¹¹, secretarial and miscellaneous staff with the prior approval of the provincial government.

The participants viewed that the core staff, top managers and service providers may be appointed by the provincial government by posting from amongst its officers. All of these positions except that of the head of local administration shall also be open for the officers of a dedicated local government service¹². It was also agreed that the local governments may have the authority to recruit service providers, secretarial staff and miscellaneous staff. There was a disagreement on the mode of their recruitment, however, majority viewed that such recruitments shall be made through independent local level recruitment authorities and not by the local governments internally.

It was further recommended that an officer of the provincial government may be posted in a local government for a non-extendable period of three years. However a local government may, under certain conditions, initiate a request for early recall of an officer upon which the provincial government may decide after an independent inquiry. There was an agreement that appointment and continuance in a specific position shall be linked to training.

It was also agreed that the provincial government may prescribe performance appraisal, promotion and disciplining policies for the core staff, top managers and service providers. In case of secretarial and miscellaneous staff, these policies shall be prescribed by the local government in accordance with provincial guidelines. Similarly, the local governments shall have a role in performance appraisal and disciplining of core staff, top managers and service providers.

i. Coordination and Conflict Management

The overall responsibility for coordinating with the local governments was left to the local government department. However in order to ensure focus and objectivity, it was proposed that a specially constituted body may assist the department in this work. Other provincial departments and their subordinate agencies may also coordinate with the local governments directly in their specific areas of responsibilities. Within a local government, the main responsibility for coordination with the provincial government and internal coordination may rest with a local official; however, the head of local government may also coordinate on key issues.

It was agreed that coordination between local and provincial governments on key issues may be undertaken through formal consultations. The mode of representation of local governments during such consultations shall be determined by law. In case of a dispute between provincial and local governments, the decision shall be arrived

¹⁰ Means the staff who are responsible for organizing the provision of various services and supervision of staff responsible for service delivery

¹¹ Mean the employees responsible for delivery of service such as doctors, engineers, para medics etc.

¹² The existing Local Council Service

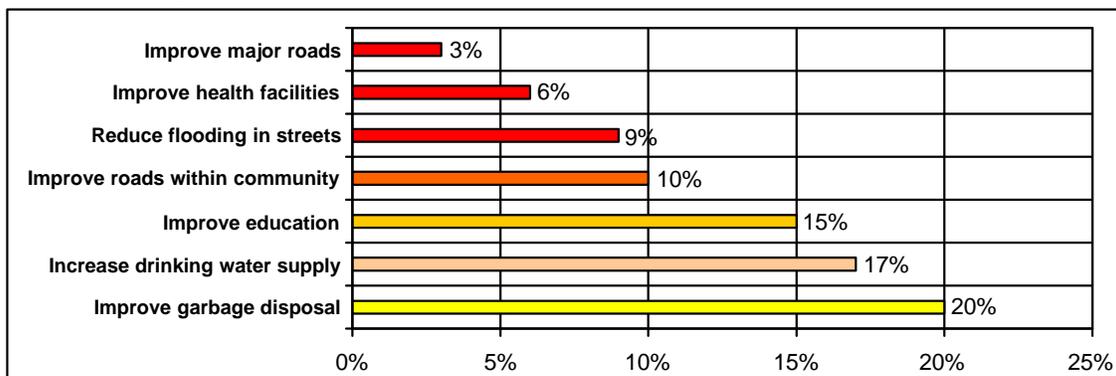
at through majority vote and in case of a tie the decision of provincial government may prevail.

It was also proposed the provincial government may initiate an administrative action against a local official (elected or non-elected) responsible for violation of its instructions. Majority also supported that in event of a serious non-compliance, the provincial government may take over a particular local function temporarily and send its own officers to implement its instructions. A minority also viewed that a local government may be suspended in case it becomes insolvent or more than half of its core functions are consistently found to be poorly performed. There was also a disagreement with respect to the mechanisms for coordination amongst the local governments. Almost equal number of participants supported that the coordination between local governments shall be undertaken by the provincial government, local governments directly and by a statutory coordination committee. The participants proposed constitution of a conflict resolution commission to manage disputes between local governments and provincial government and *inter se* local governments. The commission may comprise of equal number of representatives from local governments and provincial government and reputable technical experts. This commission may also assist local government department in coordination as aforesaid.

A need was also felt to authorize the local governments to constitute joint authorities for the performance of certain functions to achieve economies of scale and pooling up of resources.

The second component of the consultation process, the perception survey, mainly touched upon the issues of citizens' priorities and preference with respect to various public services and the degree of responsiveness of various levels of governments to their needs. It is very interesting to observe that the results of the perception survey largely confirm the results of stakeholders consultations which indicates that there is a much broader agreement on the foregoing recommendations. For example, assignment of higher priority to a particular service by the citizens indicates the need for local provision of that service. In Punjab, the citizens accorded highest priority to basic municipal services such as improving garbage disposal (20%), increasing drinking water supply (17%) and improving education (15%). All of these services have been assigned to the local governments during the thematic consultations.

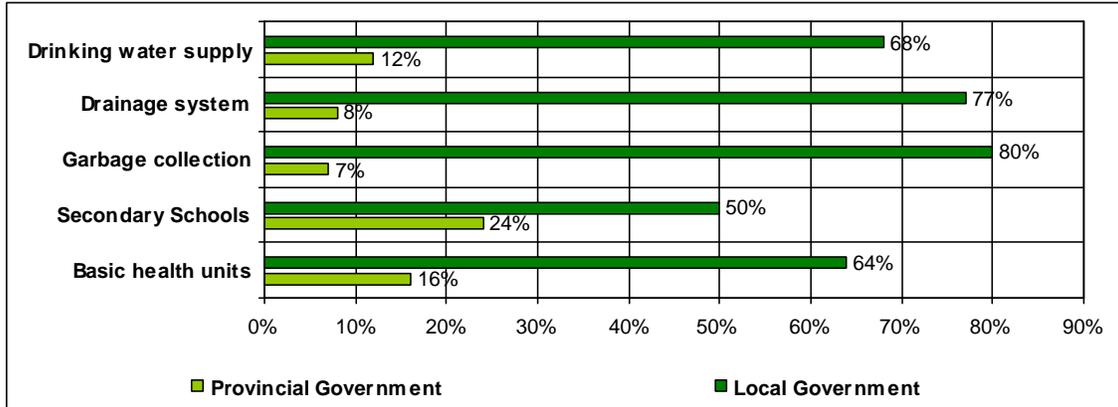
Figure 1: Citizens Priorities for Improvement of Government Services



Source: Urban Institute/Neilson Survey 2008

The responses received against survey question on citizens priorities as to which level of government may provide which public service further confirms the above findings. As indicated by Figure 2 below, in Punjab, a majority of citizens prefer that primary health care, primary and secondary education, drinking water, garbage collection and drainage services shall be provided by the local governments. This is more significant in case of later three primary household services.

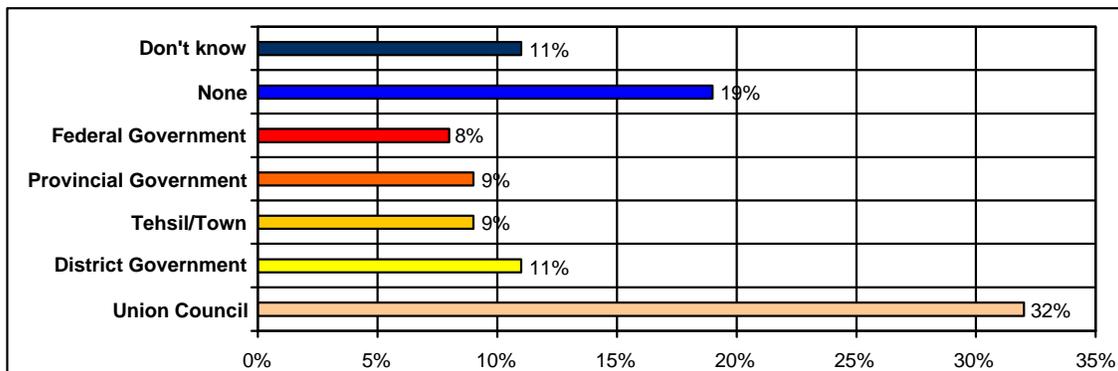
Figure 2: Citizens Preference for Provision of Services



Source: Urban Institute/Neilson Survey 2008

Similarly, as indicated by Figure 3, the survey also indicates that the citizens consider that Union Councils are the most responsive level of government. All other governments, including the provincial government, are equally less responsive. A significant number of respondents (around 19%) consider that none of the government is responsive to their needs. These results indicate the severity of citizens mistrust towards the public institutions.

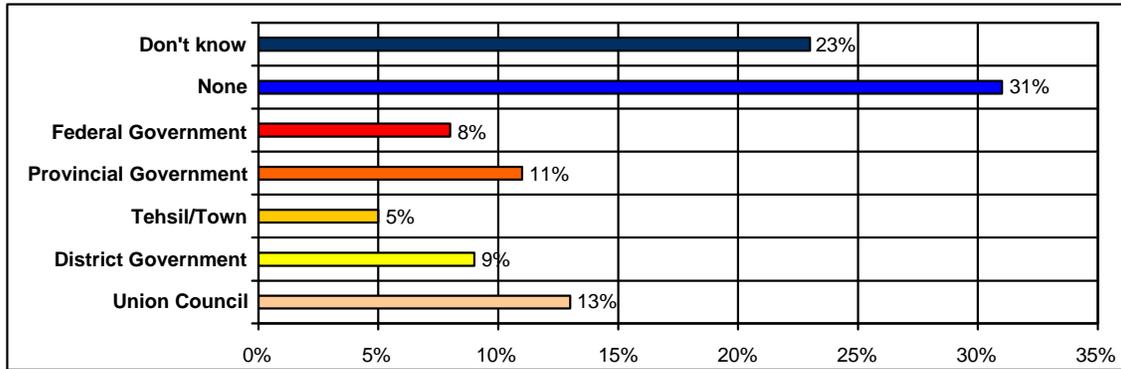
Figure 3: Citizens Perception on Responsiveness of Governments



Source: Urban Institute/Neilson Survey 2008

Similarly, as indicated by the following Figure 4, the citizens perceive all local governments except the Union Council to be less transparent than the provincial government. This confirms the recommendations made by the participants with respect to building a stronger accountabilities framework for the local governments in which a large part is assigned to the provincial government.

Figure 4: Citizens Perception on Honesty in Government Contracting



Source: Urban Institute/Neilson Survey 2008

The survey makes an interesting finding that the citizens consider Union Councils to be more responsive and transparent as compared to other local governments. Although the reasons for this phenomenon have not been documented, one of the possible reasons could be that the Union Councils are presently the only level of local government to which all members as well as the head of local government are directly elected. These results thus match the recommendation made by the stakeholders for direct election of members and head of local governments at all levels¹³.

¹³ See para 'c' at page vi ante.

CHAPTER 1

INTRODUCTION AND BACKGROUND

1.1 The Context of Local Government Review

The current local government system has been a subject of criticism since its inception in 2001. The concerns relate to the legitimacy and ownership of the Local Government Ordinance, 2001 which set up the system. Firstly, the 2001 Ordinance was drafted by a federal agency without considering the reservations of the provinces although the provinces believed that the local governments were exclusively a provincial subject¹⁴. Secondly, it was adopted by the provincial governors when the Constitution itself was held in abeyance¹⁵. In addition, in order to provide political and administrative space to the local governments, two major changes were brought about in the provincial administrative structures which are considered to be tumultuous by the critics. The first pertained to the abolition of the office of the Deputy Commissioner regarded as the mainstay of provincial administration at the local level. The second related to bringing in a new police structure to make the police autonomous¹⁶. The mainstream political parties considered this restructuring as a ploy to sidestep a truly democratic setup, create an alternate power structure and to encroach upon the authority of the provincial governments. The government functionaries also remained sceptical on the efficacy of the system due to lack of effective coordination and oversight mechanisms leading to poor law and order situation, poor enforcement of social regulation and hence deterioration in standards.

The system was however supported by its architects, the people elected into it, and some of the others stakeholders. There is empirical evidence that development expenditures increased after the introduction of the new local government system. There are assessment reports claiming that the existing LG system has led to an increased wastage of public resource, deterioration in quality of services or at least no positive impact on quality of services¹⁷.

As indicated by Figure 5 below, local government reform became a major political and administrative issue after February 2008 elections. The newly elected governments, both at the provincial and federal level, called for an immediate review of the local government system not only for the readjustment of the authority of the provincial governments but also to develop institutional mechanisms for improved participation of citizens and efficient delivery of municipal services.

In this context, two important consultations were held at Islamabad on April 28 and July 23, 2008 which were attended by various representatives from the federal, provincial and local governments. The key outcomes of these consultations are as under:

- a. Local government is a provincial subject and the four provinces should be autonomous to take policy and implementation related decisions related to the local government system;

¹⁴ Article 142 (c) of the 1973 Constitution provides that a subject not listed in Fourth Schedule is a provincial subject and only provincial assembly may legislate on such matters. Local government is not listed in Fourth Schedule.

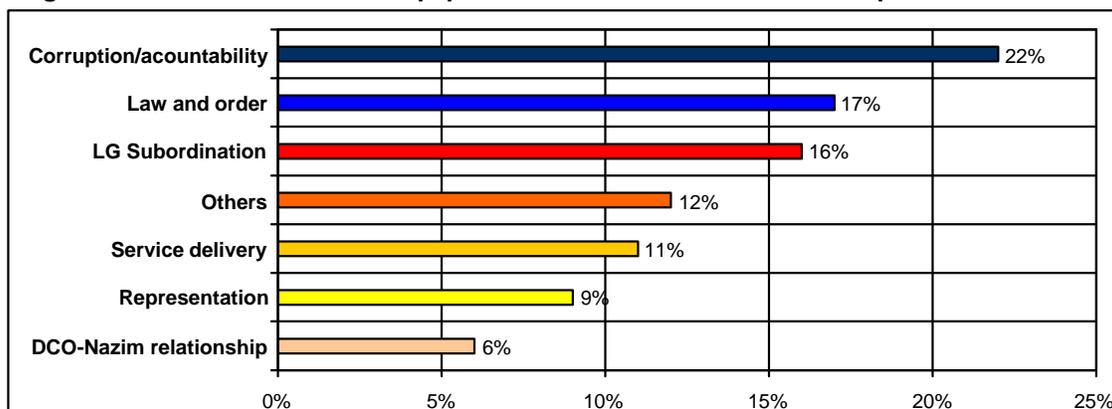
¹⁵ The 1973 Constitution was held in abeyance from October 12, 1999 under the Provisional Constitutional Order No. 1 of 1999 which remained in force till the Constitution was fully restored in December, 2003.

¹⁶ Changes in the police structure were introduced through the Police Order, 2002. The Order is criticized both on account of being an attempt at encroaching upon the autonomy of the provinces.

¹⁷ See for example Social Audit of Governance and Delivery of Public Services National Report 2002 and 2004 by National Reconstruction Bureau and CIET; Local Government Assessment, Pakistan Districts That Work Project, 2006; Social Development in Pakistan, Social Policy and Development Centre, 2007; Assessment Report: Pakistan Devolution Support Project Urban Institute, 2006.

- b. The new local government system should be based on independent elected institutions working within the overall framework and control of the provincial governments; and
- c. An inclusive and consultative review of the devolution process at the level of the provinces shall be initiated to set the course for possible local government reforms¹⁸.

Figure 5: Thematic Focus – Newspaper Articles on Devolution Reform April – October 2008



Source: Urban Institute/Neilson Survey 2008

The findings of the national level policy consultations were endorsed by the Prime Minister and Federal Minister for Local Government on August 18, 2008 during another workshop on local government structure held at Islamabad¹⁹.

Following this consensus, several meetings were held with the federal and provincial officials and accordingly it was agreed that the Districts That Work (DTW) Project²⁰ of the USAID Pakistan would support any effort of the provincial and federal governments towards carrying out a comprehensive review of their local government systems. It was emphasized that such support would aim at enabling the provinces to themselves identify a local government system which is best suited to their peculiar conditions through an inclusive and transparent process.

1.2 Outline of the Review Process

In this milieu, like other provinces, the Government of the Punjab also decided to undertake a comprehensive review of its local government system. In order to ensure a wider ownership of the reform by all important stakeholders and also to gain from their experience, it was further decided that this review shall be informed by an inclusive consultative process. The review is to be completed in two stages. The first stage involves consultations at the provincial level. During the second stage the results of the provincial consultations will be shared with other provincial governments to develop a broader consensus to negotiate

¹⁸ Report of the proceedings of the Local Government Reform Policy Dialogue, July 23, 2008 held in collaboration with Ministry of Local Government and Rural Development, Districts That Work Project and Pakistan Legislative Strengthening Project of the USAID Pakistan.

¹⁹ See report *ibid*. The endorsement came during a national workshop on 'Successful Models in Capacity Development for Local Self Governance' organized by the Ministry of Local Government, with the support of DTW Project.

²⁰ The Districts That Work Project is being administered by Urban Institute, a US based not for profit organization for non-partisan social and policy research. The project is funded by a grant of US\$ 26 million provided by USAID, Pakistan and aims at supporting responsive and accountable local governance. Presently it is providing technical and material assistance to federal and provincial governments and local government in 30 districts across Pakistan.

reform measures with the federal government. This is essential as under the present constitutional arrangements, the provincial governments are for the time being barred from amending or repealing the local government law except with the consent of the President²¹.

In order to provide a better focus and to guide, facilitate and oversee the review process on behalf of the provincial government, a Provincial Working Group (PWG) was constituted under the chairmanship of the Minister Local Government²² (See Appendix-A to Annex-17). Among others, the PWG comprised of the Secretaries of the Local Government, Finance, Education, Services and General Administration, Health, Home, and Law Departments of the provincial government. In its first meeting held on September 25, 2008 the PWG decided to hold five thematic consultations with the stakeholders on the following important and interconnected aspects of any local government system. Minutes of the PWG-Punjab are placed at Annex-17 of this report.

- a. Functions, responsibilities and structure of local governments;
- b. Accountability, oversight and responsiveness of local governments;
- c. Local government finance, budget, accounts and audit;
- d. Human resource management systems for local governments; and
- e. Coordination and conflict management.

Due to its close nexus with police and judicial institutions, regulation and enforcement, which is an important aspect of local governance was not included in this review.

In the same meeting, it was also decided that in order to develop a wider political consensus, the results of thematic consultations will be shared with all parliamentary parties in the province. The results of thematic consultations and feedback from the parliamentary parties will be compiled in the form a report which would be presented to the PWG for consideration and approval. The report may also be shared with other provinces and federal government as part of inter-governmental consultations and after finalization, the report will provide the basic policy parameters for any improvements in the legal frameworks governing the local governments in the province.

The review process was supported all along by the DTW Project. This support included logistic arrangements for the consultations as well as technical assistance to the PWG in preparation of background papers for each thematic consultation, recording of results and compilation of the review report. Assistance would also be provided to the government for giving legal shape to the results of the review as approved by the PWG. The technical support was operationalized through a team of well experienced international and domestic experts on the local government systems²³.

1.3 Thematic Consultations

Five thematic consultations on the aforesaid core aspects of the local government system formed the most important component of the review process. These consultations were attended by all major stakeholders including the provincial government, elected and non-elected officials of various tiers of the local government, representatives from the civil society and local government experts from across the province.

²¹ See Article 268 (2) read with Schedule 6 of the 1973 Constitution.

²² The Provincial Working Group was constituted vide the Government of the Punjab, Local Government and Community Development Department notification No. SO.D-III (LG) 2-48/2005 dated 1st September, 2008. A copy of this notification is available at Volume II of this report (See Appendix-A to Annex-17)

²³ In case of Punjab, the team included Francis Conway, Juliana Pigey, Saif Anjum, Inamullah Khan, Nazim Latif and Farhana Mazhar. They were supported by Kevin Curnow, Qaiser Pasha, Adnan Sher, Tariq Sheikh and Nazar Naqvi of DTW project.

Table 1.1: Overview of Stakeholders Participation in Thematic Consultations

Stakeholders	Representation ²⁴				
	Dialogue 1	Dialogue 2	Dialogue 3	Dialogue 4	Dialogue 5
Provincial government	11	05	09	07	07
Elected local officials	14	14	15	11	12
Non-elected local officials	07	08	16	09	09
Civil society	06	05	04	04	04
Local government experts	04	04	03	04	04
Total	42	36	47	35	35

Table 1.2: Representation of Female in the Consultation Process

Stakeholders	Female Participants				
	Dialogue 1	Dialogue 2	Dialogue 3	Dialogue 4	Dialogue 5
Provincial government	00	01	02	00	00
Elected local officials	03	03	06	03	03
Non-elected local officials	00	01	00	01	01
Civil society	01	01	01	02	02
Local government experts	01	00	00	01	01
Total	05	06	09	07	07

The consultations were held at Lahore on various dates between October and December 2008. The discussions were informed by theme specific background papers. Each background paper included a detailed account of the issues, a set of questionnaire and an array of options for the participants to choose from for each question and a reference to international practices to facilitate them in decision making. The intent was not to propose a particular model but to enable and facilitate a process through which the participants could define a shared local government model of their own. Before the commencement of a discussion, key issues pertaining to the related theme were unbundled through detailed briefings. In order to ensure a logical construct, each consultation built on the results of the previous consultations.

The recommendations of the participants were recorded by neutral facilitators²⁵ in the form of agreements i.e. where all participants agreed on a particular issue or where it was not possible as disagreement. Effort was made to record the relative proportion of participants supporting opposing views in the later case. During each consultation, the participants were first randomly divided into three working groups to discuss questions and record their individual opinions as agreement or disagreement on a particular issue. After the culmination of group discussion, a plenary session was convened to discuss such issues on which a disagreement of opinion seemed to emerge among the three working groups. The main aim of the plenary session was to reach a house consensus. This process helped in detailed analysis of the issue, developing a wider consensus among the participants and legitimizing differences in points of view by describing the range of viable options to address various policy issues.

The results of the discussions, in the form of agreements and disagreements both at the level of individual working groups and at the level of the house, were recorded in a tabulated form and a copy was shared with the participants immediately after the culmination of each session.

Copies of the background papers and list of persons who attended the consultations are available in Volume II of this report.

²⁴ Dialogues 1 to 3 were spread over more than one day. The number of participants of these dialogues has been expressed as an average of the participants attending the dialogue each day.

²⁵ The facilitators were fielded by DTW and in case of Punjab they were Anjum Saif, Inamullah Khan, and Nazim Latif,

1.4 Citizens Perception and Preference Survey

In October 2008, ACNielsen and Urban Institute²⁶ carried out an opinion survey of citizen's views on local governments in all the four provinces²⁷. The survey intended to represent citizens' voice which could be taken into account by the federal and provincial governments in their review of the local government system. This survey documented citizens' views with respect to the following areas:

- a. Quality of governance in local governments and related issues;
- b. Satisfaction with the services delivered by the local governments in terms of their efficiency, coverage and effectiveness; and
- c. Citizens' expectations for improvement.

The survey was based on data collected from 1939 households selected through random sampling from all over the Punjab including rural and urban areas. This sample size is statistically representative of the entire population. The results of the survey have been discussed towards the end of this report.

1.5 Structure of the Review Report

The report comprises of two volumes. The first volume covers the results of five thematic consultations, consultations with the parliamentary parties in the province and citizen perception survey on local governments. The second volume contains a record of the theme specific working papers, a complete listing of participants who attended the consultations and other supporting documents.

In addition to the preliminaries and executive summary, the first volume comprises of ten chapters. The first chapter introduces the background of the local government review. The next five chapters respectively deal with the results of the stakeholders consultations on five core aspects of the local government structure referred to in section 1.2 ante. Chapter 7 discusses the recommendations of the parliamentary parties on the results of stakeholders consultations while Chapter 8 summarises the results of the citizens perception survey on local governments. A comparison of the results of a similar review process carried out in other provinces is given at Chapter 9. Chapter 10 concludes the report and also provides a course of action for implementing local government reforms in light of the results of the review. In order to accurately represent the proceedings of the dialogues, Chapters 2 to 6 and 9 heavily rely on a number of appendices placed towards the end of this report. These chapters have been structured with a view to facilitate an essential understanding of the broader issues relevant to the corresponding theme, while those interested in specific details may refer to the appendices for further clarity.

It may be clarified that the contents of this report are based exclusively on the recommendations received during thematic dialogues. As explained earlier, these results are to be reviewed by the PWG before their adoption by the provincial government.

²⁶ Urban Institute is a US based non-profit organization committed to non-partisan social and policy research. More details on Urban Institute can be had from www.urban.org

²⁷ Urban Institute/ACNielsen (2008): Findings from Punjab – Local Government System Citizens Perceptions and Preferences. Similar reports are available on results from other provinces.

CHAPTER 2

FUNCTIONS, RESPONSIBILITIES AND STRUCTURE OF LOCAL GOVERNMENTS

2.1 Introduction to the Dialogue

Functions, responsibility and organizational structure are the most important aspects of any institution and therefore these were selected as the first theme for the review of local government systems and discussed by the stakeholders on 17-18 October 2008 at Lahore. The discussion was opened by Mr. Dost Muhammad Khosa, Minister for Local Government, Punjab. 42 participants representing the concerned provincial departments, elected and non-elected officials of various tiers of local government, civil society, academia and local government experts from across the province attended the discussion. A complete list of participants is available at Appendix-A to Annex-18 of this report.

The overall objective of the consultation was to identify conditions that could lead to improved performance of local governments in delivering public services. Within this framework the participants were required to consider that their recommendations:

- a. facilitate policy decision with regards to re-assignment of functions between the local and provincial governments;
- b. provide a clear and consistent definition of the nature and extent of responsibility for functions assigned to local governments;
- c. ensure that there is correspondence between the responsibilities assigned to local governments and the authority to conduct their affairs on day-to-day basis; and
- d. establish clearly as to what government (local or provincial government) is accountable and to what extent for the efficient and effective performance of a particular public service.

The consultation was guided by a working paper which was structured in the form of issues related to the theme and not the proposed answers. The intent was not to propose a particular model but to enable and facilitate a process through which the participants could themselves define a shared accountability model of their own. A copy of this working paper is available at Volume II of this report.

2.2 Framework for Discussion

It is totally insufficient to merely entrust certain functions to the local governments. Effective accountability and avoidance of inter-government conflicts require that the nature and extent of responsibility of local governments with respect to each of the assigned functions is clearly established. Lastly, and most importantly, it is meaningless to assign functions and responsibilities without conferring adequate financial, administrative and regulatory authority upon the local governments to perform these functions. A mismatch between responsibility, authority and accountability as it applies to a specific function undermines the delivery of public services. This discussion was accordingly designed to address these issues one by one as under:-

- a. How best the public affairs functions can be distributed between the local governments and the provincial government?

- b. What shall be the extent of responsibility of the local governments vis-à-vis each function assigned to them?
- c. How shall the local governments be organized to best perform the functions and responsibilities assigned to them?
- d. What shall be the distribution of functions and responsibilities among various local governments as per the proposed local government structure? and
- e. Which local government may be subordinate to which local government and for what functions?

No predetermined criteria were prescribed for the assignment of a particular function to the local governments. Instead the participants were required to base their decision on personal judgement. However, the following framework was used to define the nature and extent of responsibilities of local governments with respect to assigned functions:

- a. **Limited responsibility for the local governments:** The local governments deliver public services as instructed by the provincial government; it is the provincial government who decides “What to Do” and “How to Do”.
- b. **Partial responsibility for the local governments:** The local governments choose how best to deliver public services to achieve broad objectives established by the provincial government. It is the provincial government which decides “What to Do”, while “How to Do” is left to the local governments to decide in light of local conditions.
- c. **Full responsibility for the local governments:** The local governments determine what public services are necessary and how best to deliver them in order to respond to the needs of the population. “What to Do” and “How to Do” are decided exclusively by the local governments themselves.

Accordingly, the decision making power of the local government is consistent with the extent of their responsibility. It is maximum in case of full responsibility and minimum in case of limited responsibility.

Basing on the functions assigned, the participants were required to decide on the structure of local governments. Following framework was used for deciding the structure of local governments:

- a. **Organization of local governments on functional basis:** Under this model, the jurisdiction of local governments is decided on the basis of their functions and not territories. This could mean that multiple local governments may be carrying out their respective but distinct functions in the same local area. Most functionally organized local government structures are horizontal i.e. there is no subordination relationship except in case of shared functions.
- b. **Organization of local governments on territorial basis:** Territorial organization of local governments means that the jurisdiction of the local governments is decided on territorial basis and not according to their functions. This means that within one local area, all local functions are performed by one local government. Subordination relationship may exist in territorially organized local governments.

Afterwards, the participants were required to re-assign the proposed functions between the various local governments as per the structures decided by them. No predetermined criteria were used for this purpose once again. As an ancillary part of this exercise, the discussions also focused on subordination relation *inter se* the local governments. However the

participants were required to consider that subordination relationship may only exist in case the subordinate local government performs certain functions on behalf of the principal local government.

2.3 Results of the Discussion

The recommendations of the participants on various issues and a brief account of the discussion on the background of these recommendations are briefly reproduced as under:

a. Functions of Local Governments

Results of the discussions on functions and responsibilities of the local governments are given at Annex 1. At the first stage, the three working groups respectively assigned 28, 32 and 4 functions to the local governments. However, during the plenary session, there was a complete consensus on allocating 37 functions to the local governments in eight broad areas as under:

- (1). Basic municipal services: 17 different functions such as sanitation, drainage, street pavement, street lighting and drinking water supply etc²⁸.
- (2). Social welfare: Social awareness, rehabilitation of poor, community mobilization and charitable work
- (3). Education: Education up to secondary level
- (4). Health services: Preventive health care and management of dispensaries, Basic Health Units and Rural Health Centres
- (5). Livestock services: Preventive health care, dispensaries, artificial insemination, livestock extension
- (6). Roads/communication: Intra-city and farm to market roads
- (7). Spatial planning: Spatial planning, building control, land use
- (8). Miscellaneous services: Disaster management, improvement of water courses

During the plenary session, a full consensus was reached as not to allocate following functions to the local governments as recommended by some of the participants during individual group work:

- (1). Higher education i.e. education up to college level;
- (2). Development of industrial estates;
- (3). Land records management; and
- (4). Agriculture and related services²⁹.

²⁸ For detail refer functions listed under ser A of Annex 1

²⁹ These functions are listed at serial 23, 42, 44 and 45 of Annex 1.

A disagreement persisted on the allocation of following four functions to the local governments. Majority (two-third of the participants) however viewed that these functions shall not be assigned to local governments:-

- (1). Special education i.e. education for disabled persons;
- (2). Technical education;
- (3). Health care up to secondary level i.e. management of District and Tehsil Headquarters level hospitals; and
- (4). Maintenance of law and order³⁰

While assigning functions to the local governments, the participants mainly based their decisions on the following considerations:

- (1). Whether a function could be better performed at the local level in view of the nature of the functions and economies of scales involved;
- (2). Frequency and extent of application of a function i.e. basing on their past experience how frequently and extensively the local governments have delivered services related to a function assigned to them currently under the Local Government Ordinance, 2001;
- (3). Past performance of the local governments in respect of functions assigned to them currently;
- (4). Existence of incentive in the local governments to perform a particular function;
- (5). Financial resources, capacities and level of skills likely to be available to the local governments;
- (6). The local governments may not perform such functions which involve adjudication of rights or impact private rights in a significant manner to avoid extraneous pressures.

The participants generally viewed that present arrangement of assignment of a large number of functions to the local governments in diverse areas has led to a loss of focus which has adversely impacted service delivery. Therefore, they recommended lean local governments with fewer responsibilities.

b. Extent of Responsibility of Local Governments

Recommendations with respect to the extent of responsibility of local governments³¹ in respect of each of the assigned function are also given at Annex 1.

There was a full consensus on the following aspects of the extent of responsibility of the local government in relation to various functions allotted to them:

- (1). Local government may bear full responsibility in case of all basic municipal functions except those related to registration of births and death, sports, cultural and recreational events, and management of open spaces.

³⁰ These functions are listed at serial 24, 24, 26 and 41 of the Annex 1. Further details on the disagreements/agreement are given at Annex 1 against these functions.

³¹ Framework and meaning of various extent of responsibility of local governments is given at section 2.2 ante.

- (2). Limited responsibility in case of registration of births and death i.e. both policy laying and operational management in this case shall rest with the provincial government and the role of local government would be limited to that of an agent only.
- (3). Partial responsibility in case of all functions other than the aforesaid functions i.e. sports, cultural and recreational events, and management of open spaces. This means that in respect of these functions broad policies and objectives would be laid down by the provincial government while the local governments would be free to decide as to how best to achieve these objectives.

An agreement on the extent of responsibility could not be reached in case of fire fighting function. However, majority (around two-third of the participants) favoured assignment of partial responsibility on local governments while minority supported full responsibility for this function.

The participants based their recommendations principally on a determination as to whether a function is purely local or otherwise. A function was defined to be a local function if the impact of that function was predominantly restricted to a local area or the local interest in the effective performance of that function was overwhelming. The local governments were assigned full responsibility in case of local functions. Local governments' responsibility in case of non-location functions was kept either partial or limited depending on the participants' appreciation of the extent of provincial control required over that function.

c. **Structure of Local Governments**

A detailed account of the recommendations on structure of local governments is given at Annex 2. Briefly stated, the participants could not reach at an agreement on any one structure. However, an overwhelming majority (around three-quarters of the participants) preferred territorially organized structure with separate local governments for rural and urban areas. However, the participants favouring territorially organized local governments split on details of the proposed structure and accordingly following two models were proposed:

- (1). Separate local governments for rural and urban areas with one district level rural local government. Rural local government has a subordinate rural local government at the Union level. Subordinate urban local governments were also recommended for larger cities. The district level rural local government would however have one deputy head of local government for every Tehsil in that district to allow supervise service delivery at the local level³². Pictorial representation of this model is given at Appendix A to Annex 2.
- (2). Separate local governments for rural and urban areas with one rural local government at each Tehsil in a district (no rural local government at the district level). Tehsil level local government would have one subordinate rural local government at Union level. Subordinate urban local governments were also recommended for larger cities³³. Pictorial representation of this model is given at Appendix B to Annex 2.

³² This model is similar to the local government structure defined in the Local Government Ordinance, 1979. The only difference is that the 1979 Ordinance did not provide supervision of service provision at Tehsil level by a deputy head.

³³ This model is similar to structure proposed under the Local Government Act, 1975.

The participants in favour of functionally organized local governments preferred the existing structure i.e. one local government each at district, Tehsil and Union Council level. Pictorial representation of this model is given at Appendix C to Annex 2.

It was very interesting to note that the participants having opposing views on local government structures used similar arguments in their favour. The main reasons put forward by them in support of their proposed structures are given in brief as under:

- (1). **Need for correct allocation of local revenue resource:** The participants in favour of territorially organized structure viewed that the present model of functionally organized local governments is leading to a transfer of resources from urban areas to rural areas and in some cases vice-a-versa. Therefore separate local governments for urban and rural areas can prevent this undesirable resource transfer. The participants in favour of the present structure considered that such transfers are in fact resulting in equitable distribution of resources within a district and is therefore a healthy policy.
- (2). **Need for specialization to cater for specific services:** The proponents of territorially organized structure viewed that separate urban and rural governments would allow specialization to cater for specific services required in the two areas. The opponents however viewed that functional organization itself promotes specialization as there is more opportunity for a local government to concentrate on a few specific services.
- (3). **Issue of political representation and local decision making:** The participants in favour of territorially organized structure viewed that their model would allow better representation of local interests and therefore lead to de-concentration of authority within the local governments. The opponents viewed that territorially organized model would lead to concentration of authority as all local government functions would be performed by one local government.
- (4). **Multiplicity of governments and issue of coordination:** Those in favour of territorially organized structure argued that multiplicity of governments in a given local area attached with functionally organized local governments leads to the issue of coordination. It also does not facilitate political accountability as citizens do not know as to which local government is responsible for which function. Their opponents, however, viewed that territorially organized structure are not free from multiplicity of local government problem either as it envisages various local governments in any given district. Hence the solution does not rest in territorially organized structure but devising effective coordination mechanisms.

d. Re-assignment of Functions as per Proposed Structure

As disagreement within the participants on the issue of structure could not be resolved, therefore the participants were regrouped as per their preference for a particular local government structure to obtain their recommendations on reassignment of functions *inter se* the local governments. The recommendations made by the participants in this manner are given at Annex 3.

The participants favouring functionally organized local governments distributed functions between district, Tehsil and Union Council local governments in a way not much different from the existing distribution. On the overall, the allocation followed the following pattern:-

- (1). The district level local governments were assigned major social services such as health, education, livestock, transport etc;
- (2). Tehsil level local governments were assigned a bulk of basic municipal services and a few social welfare related functions; and
- (3). Union Council level local governments were assigned functions related to registration of birth, deaths and marriages etc., maintenance of libraries and social welfare.

There was a complete agreement on the functions assigned to district governments except in case of fire fighting function where there was an equal split as to whether it may be assigned to district or Tehsil level local government. A few participants favoured assignment of some additional functions to the Tehsil and Union Council level local governments which led to a disagreement in this respect. Further detail on such disagreements is given at Annex 3³⁴.

In case of territorial models, there was no disagreement on the point of distribution of functions between urban and rural local councils except in the following cases:

- (1). Assignment of fire fighting, open markets and allotment of transport functions to the rural local governments; and
- (2). Assignment of cattle markets to urban local councils.

Further detail on the disagreements is available at Annex 3³⁵. The main reason for the disagreement related to various assessments of the needs of urban and rural areas by the participants.

e. **Subordination of Local Governments**

As subordination was inextricably linked to the proposed local government structures, therefore the groups constituted for re-assignment of functions were retained for this exercise as well. Although the matter of subordination was generally addressed in the recommendations on local government structures, during this session, the participants were further required to pin point the functions for which a relationship of principal and agent would exist between the two local governments.

The exercise began with the identification of such functions which were considered to be shared functions i.e. the functions for which more than one local government would be responsible for service delivery in a given local area. Afterwards, the participants put up their decisions as to which of these local governments should act as principal and agent governments in respect of that function. The recommendations of the participants in this regard are given at Annex 4.

³⁴ See against functions listed at serial 11, 12, 13, 16, 19, 20, 21, 27, 37, 38, 39 of Annex 3.

³⁵ See against functions listed at serial 8, 14, 15 and 35 of Annex 3.

CHAPTER 3

ACCOUNTABILITY, OVERSIGHT AND RESPONSIVENESS OF LOCAL GOVERNMENTS

3.1 Introduction to the Dialogue

This chapter documents the proceedings of the consultations on accountability, oversight and responsiveness of local governments held at Lahore on November 3 and 4, 2008 as part of a series of inclusive consultations for the review of local government system in the Punjab.

The dialogue was attended by 36 participants representing various provincial departments, elected officials and civil servants of various tiers of the local government, representatives of the civil society and local government experts from across the province. A complete list of participants is available at Appendix-B to Annex-18 of this report.

During the first dialogue, stakeholders recommended assignment of certain functions to local governments and also determined the extent of their responsibility with respect to each of the assigned functions³⁶. This second dialogue built on these results and addressed the all important question as to:

Who shall be accountable and to whom for the proper performance of functions assigned to each local government?

The mandate of the participants in this dialogue was to discuss and recommend appropriate processes for effective accountability of local governments to ensure improved delivery of public services. The discussion was informed by the following main considerations:

- a. The lines of accountability need to be clearly defined so as to remove any ambiguity with respect to responsibility for a particular function; and
- b. The accountability mechanisms need to be effective so as to ensure that accountability is actually exercised and leads to improvement of services.

The consultation was guided by a working paper which was structured in the form of issues related to the theme and not the proposed answers. The intent was not to propose a particular model but to enable and facilitate a process through which the participants could themselves define a shared accountability model of their own. A copy of this working paper is available at Volume II of this report.

3.2 Framework for Discussion

For the purpose of a common understanding, the term accountability was defined as a process by which institutions are answerable for their actions and the consequences that follow from them³⁷. The discussion was also informed by the fact that as institutions are not natural persons, therefore institutional accountability remains an amorphous concept unless some authority within an institution is made responsible for the actions of that institution. The recommendations on accountability processes therefore included identification of authorities responsible for and subject to accountability in the local and provincial government.

³⁶ The results of first dialogue are given at Chapter 2.

³⁷ Source: Global Accountability Project: Definition of Key Terms, <http://www.charter99.org/accountability/keyterms.html>

Within this overall context, the accountability processes were discussed from the following three different but mutually supportive perspectives:

- a. Political accountability i.e. how the local governments shall be answerable to the end users or beneficiaries (largely the local population) for the services provided by them.
- b. Legal accountability i.e. how shall the provincial government or a superior local government verify that acts and or orders of a subordinate local government comply with law. Legal accountability applies to the decisions of elected local authorities as opposed to the quality of public services they deliver. Legal accountability can be exercised in two ways i.e. legal supervision which is restricted to the verification that a particular act/order of a local authority complies with law and the supervision of expediency which involves verifying the merits of such act or order to determine its appropriateness and the need to modify it.
- c. Intergovernmental accountability i.e. how and to what extent a local government shall be answerable to another government, whether provincial or local. Two factors determine intergovernmental accountability with respect to a particular local function. First of these factors is the extent of responsibility of the local government vis-à-vis a function in question. Thus a local government is fully accountable to the provincial government for functions upon which it has limited responsibility and conversely there is no (or at best limited) inter governmental accountability in the case of functions for which it is fully responsible. Source of funding i.e. whether the function is funded by provincial or local government, is the second factor and becomes significant in case of functions for which the local governments are partially responsible. In respect of such functions, the local governments may opt to fund the function and avoid intergovernmental accountability. In such cases, the local government would be accountable to the end users or beneficiaries and not the provincial government³⁸.

As a matter of caution, it was emphasized that the supervision of acts and or orders of the local governments serves a legitimate purpose only when:

- a. One level of government acts as an agent of another in delivering public services; and
- b. A higher level of government verifies that other levels of government are acting in accordance with the existing laws. This may become even more important in an environment of low adherence to the rule of law.

Notwithstanding the merits of supervision, on the downside, excessive and poorly conceived accountability procedures can potentially undermine functions and responsibilities assigned to the local governments and may also result in centralization of decision making processes which adversely impacts service delivery. For this purpose, there it is very important to carefully balance the opposing needs for local autonomy and accountability.

Financial accountability, which is another important aspect of accountability, was discussed as a part of fiscal administration theme and accordingly the results relating to this aspect are given at Chapter 4.

³⁸ For an explanation of limited, partial and full extent of responsibility of local governments, please see section 2.2 ante.

3.3 Results of the Discussion

The results and a brief background of discussions on each of the aforesaid three aspects of local government accountability are given as under:

a. Political Accountability

The recommendations of the participants in a tabulated form on various aspects of political (end user) accountability of local governments are given at Annex 5. The discussions on political accountability focused on the following main issues:

(1). Direct accountability of Head and Members of Local Councils

During the plenary session, the participants unanimously viewed that both the members of local councils and heads of local governments shall be directly accountable to the local populations and therefore accepted the need for their direct election. However, initially, there was a difference of view on the issue of direct accountability of the heads of local governments. In that, a minority viewed that the heads may be accountable to the members of the concerned local councils as according to them the members were in the best position to exercise a continuous and effective check on them. However, around two-third of the participants viewed that given the present political culture, the requirement for maintaining continuous support of council members exposes the heads to extraneous pressures which adversely impacts transparency and good governance. Therefore the head of a local government shall be directly accountable to the local population. After a lengthy discussion, this view was accepted by the house unanimously³⁹.

(2). Positions of the Deputy Head and Council Speaker

There was a disagreement on the need for the position of a deputy head of the local government. Around two-third of the participants viewed that this position is essential as it would lead to de-concentration of powers within the local government and also ensure effective supervision of service delivery. However, the remaining participants disagreed as in their view an additional administrative position has the potential to initiate a power struggle within the local government which can adversely impact service delivery. The participants who recognized the need for the position of deputy head in turn split equally on the mode of appointment of the deputy head and whether there shall be one or multiple deputy heads in a local government. The dispute with regards to appointment pertained to the direct election of the deputy head. The proponents of direct election supported their view on the same grounds as were advanced for the direct election of the head of local government. However, indirect elections were supported primarily to avoid conflict between the head and deputy head of local government⁴⁰. It was agreed that if the deputy head is to be elected directly then both the head and deputy head shall run as joint candidates⁴¹.

³⁹See details against serial 1 and 2 of the table at Annex 5.

⁴⁰See details against serial 3 of the table at Annex 5.

⁴¹See details against serial 5d of the table at Annex 5.

There was a consensus on the need for the position of a speaker of the local council. It was also agreed that the speaker shall be elected by the council from amongst its members.

(3). **Method of Election**

The participants agreed to maintain the current method of elections. Very briefly this includes the principle of direct representation, first past the post system and multiple constituencies for the elections of members while single constituency for the election of head of the local government.

There was however a disagreement on the issue of affiliation of candidates. Around two-third of the participants viewed that the elections shall be held on non-party basis while the others (around one-third) favoured party based elections on the grounds that this would provide a basis for strengthening of political parties as well as a whole hearted acceptance of local governments by political parties which is essential for sustainability of local government systems in Pakistan. Their opponents however viewed that this arrangement would be counter productive as firstly due to their nearness to the local communities it is important for the local governments to maintain a totally non-partisan character and secondly under the current political culture the sustainability of an opposition party led local government would be highly questionable. The issue remained unresolved⁴².

(4). **Process for Removal of Head of Local Government**

There was a complete consensus among the participants for the need of a process to prematurely remove a head of local government from his office in appropriate cases. However there was a disagreement as to the removal process. Majority viewed that the authority to remove a head of local government shall rest with the local council and may be exercised by it after a public notice with a two-third majority vote. However, remaining participants preferred that instead of the local council, the authority to initiate a motion for removal of the head shall rest with the local population. They considered it necessary in view of the previous agreement in the house with respect to direct election of the head to avoid extraneous pressures. They viewed that such a motion may be brought through a petition signed by such number of local residents which is not less than 5% of the total vote cast in the relevant election. Such motion may be decided by the local council by a simple majority⁴³. However the issue remained unresolved.

There was a general agreement that the head of local government may be given some period to settle down in his office before a motion for his removal could be validly brought for consideration. Similarly it was also agreed that the removed head may be replaced through a fresh election. However there was a disagreement with respect to the period during which no removal motion could be brought. The recommendations varied between two years and one year grace period⁴⁴.

⁴² See details against serial 5c of the table at Annex 5.

⁴³ See details against serial 6 of the table at Annex 5.

⁴⁴ See details against serial 6 of the table at Annex 5.

(5). Exercise of Authority on behalf of Local Governments

The participants were required to indicate their preferences as to who among the local council, head of local government and the local government may exercise legislative, policy, executive and oversight authority pertaining to local functions. Their recommendations on this issue are given at Appendix A to Annex 5. Generally, the participants allotted legislative authority to the local council, policy and oversight authority to the head of local government and executive authority to the local government staff.

(6). Additional Measures for Responsiveness of Local Governments

Essentially, the additional measures discussed during the dialogue can be divided into two main categories. The first category pertained to the measures for sharing information on local government activities with the public. The participants agreed that it shall be mandatory upon the local governments to provide easy and timely access to information on their activities to the local population and to consult with them in advance of making certain key decisions⁴⁵. They also suggested certain methods for information sharing and consultations which are given at Appendix B to Annex 5. These involved advance publication of certain documents, requirement of holding open meetings and consultative hearings in various situations. The second category involved measures for ensuring responsiveness of the local governments to local needs. In this regard, the participants agreed that it shall be mandatory upon local governments to allocate some portion of their budget to specific activities related to the delivery of public services proposed and prioritized by the local population and implemented directly by them. This is similar to the concept of existing Citizen Community Boards. However the participants expressed their reservations on the efficacy of the existing procedures for the management of Citizen Community Boards and suggested that these shall be replaced by improved procedures to ensure transparency and effectiveness.

b. Legal Accountability of Local Governments

The recommendations of the participants in a tabulated form on various aspects of legal accountability of local governments are given at Annex 6. The discussions focused on the following main issues:

(1). Nature and Extent of Legal Supervision⁴⁶

The participants unanimously viewed that both the provincial and principal local governments shall be invested with the authority to exercise legal supervision over their subordinate local governments. However while there was a complete agreement that the supervisory authority of the provincial government may extend to both acts and orders of the local governments, no agreement could be reached with respect to the extent of supervisory authority of the principal local governments. Two-third of the participants viewed that their authority shall also extend to both acts and orders of the

⁴⁵ See serial 8 of the table at Annex 5

⁴⁶ For explanation of the term legal supervision see section 3.2 ante.

subordinate local governments, however, the remaining participants preferred that it shall be confined to orders only. This limit was considered necessary to preserve the higher sanctity of the acts as these represent the opinion of the house which may not be disputed between the local governments⁴⁷. The matter therefore remained unresolved to this extent.

(2). Nature and Extent of Supervision of Expediency

The participants unanimously viewed that both the provincial and principal local government shall be invested with the authority to exercise supervision of expediency over their subordinate local governments. As far as the extent of supervisory authority, there was an agreement that provincial government's authority shall extend only to such function for which the local governments have limited or partial responsibility. However there was a disagreement as to whether the authority of principal local government shall as well extend to functions for which the subordinate local governments have full responsibility. Around two-third of the participants viewed that it should not while the remaining viewed otherwise⁴⁸. The matter remained unresolved.

(3). Processes for the Exercise of Legal Accountability

There was a complete agreement among the participants on the following procedural aspects for the exercise of legal accountability by the provincial or principal local governments as the case may be:-

- (a). The provincial government shall exercise legal supervision through the concerned department depending upon the nature of a particular function. For example legal supervision in case of an act and or order concerning health services may be supervised by the Health Department. A specialized body would support the departments in this exercise;
- (b). It shall be mandatory upon the local governments to bring all applicable acts and or orders to the notice of the supervisory authority. The supervisory authority may also undertake periodic reviews on its own motion to ensure all applicable acts and or orders have been brought to its attention or scrutinized;
- (c). In case a discrepancy or defect is noticed by the supervisory authority, it may intervene by issuing a report to the concerned local authority describing its concerns regarding the acts and or orders in question;
- (d). The supervisory authority may exercise both *a priori* and *a posteriori* legal supervision; and
- (e). Both the concerned local government officer and a local resident affected by an act or an order of the local government shall have a right to challenge the legality of that act or an order before the supervisory authority.

⁴⁷ See recommendations against serial 1 of Annex 6

⁴⁸ See recommendations against serial 2 of Annex 6

There was however a disagreement as to whether the supervisory authority shall have the powers to direct the local authority to take up the issue again and adopt a new decision or the supervisory authority may replace the decision with a new decision of its own. Majority (two-third of the participants) favoured the former view⁴⁹. Similarly as against the majority (two-third of the participants), a minority also considered that the head of the local government shall have no capacity to challenge the legality of any act and or order of the local government⁵⁰. Both of these issues remained unresolved.

(4). **Supervisory Processes within the Supervisory Authority**

There was a complete agreement that in case of the province, the concerned provincial department shall exercise legal supervision on continuous basis and shall also be empowered to return an inappropriate act and or order. However there was a disagreement as to which authority shall be vested with the powers to rescind or annul a local government act and or order. The participants were equally divided on the choice between the office of the Chief Minister, Local Government Commission and the concerned provincial department. There was also a disagreement with regards to the authority within a local government to exercise supervision over its subordinate local government(s). The various choices included the head of local government, elected council and the local government staff⁵¹.

c. **Inter-governmental Accountability**

The participants agreed that the local authority, as represented by the local elected officials shall be accountable to the end user in such cases where the local authority accepts that the level of funding available is sufficient to achieve the policy objectives established by the provincial government. In such cases, the provincial government may not supervise the expediency of the acts and or orders of the local authority in that specific function. Further details are given at Annex 7.

⁴⁹ See recommendations against serial 5 of Annex 6.

⁵⁰ See recommendations against serial 7 of Annex 6.

⁵¹ See recommendations against serial 8 of Annex 6.

CHAPTER 4

FINANCE, BUDGET, ACCOUNTS AND AUDIT OF LOCAL GOVERNMENTS

4.1 Introduction to the Dialogue

This chapter documents the proceedings of the third dialogue on finance, budget, accounts and audit of local governments held on November 20, 21 and 22 at Lahore as part of a series of inclusive consultations for the review local government system in the Punjab.

The dialogue was opened by Additional Secretary of the Local Government Department and was attended by 47 participants representing various provincial government departments, officials from the provincial and federal audit and accounts department, elected officials and civil servants of various tiers of local government, representatives of the civil society and local government experts from across the province. A complete list of participants is available at Appendix-C to Annex-18 of this report.

This dialogue built on the outcomes of the first and second thematic dialogues during which the participants made several recommendations on the all-important issue of functions, responsibilities, structure and accountability of local governments. The dialogue addressed the following key question:-

What is the best arrangement for fiscal administration of local governments in view of their functions and responsibilities proposed during the first thematic dialogue?

The dialogue was based on the realization that legal authority of the local governments to perform proposed functions would be meaningless unless these are adequately funded to carry them out. Accordingly, the mandate of participants was to recommend mechanisms that are necessary for:

- a. ensuring that local governments receive adequate financial resources to enable them to perform their functions in an effective manner; and
- b. maintaining effective fiscal discipline in the local governments.

The consultation was guided by a working paper which was structured in the form of issues relating to fiscal administration of local government and not the proposed answers. Again, the intent was not to propose a particular model but to enable and facilitate a process through which the participants could themselves define a shared system for funding of local governments of their own. A copy of this working paper is available at Volume II of this report.

4.2 Framework for Discussion

The dialogue addressed local fiscal administration of local governments from the following four distinct perspectives:

- a. **Own financial resources** i.e. financial resources that could be generated by the local governments at their own. Own financial resources can come from many sources, however, local taxes and fees are the most important.
- b. **Provincial and federal sources** i.e. the resources that will be available to the local governments from provincial or federal sources. The assumption is that since provincial and national governments are the main recipient of tax and

other resources, therefore, inevitably, the local governments in the province need to depend to a significant degree on financial resources that they will obtain from national or provincial sources.

- b. **Local budget** i.e. the process and the document whereby local governments adopt, record and execute key decisions regarding the share of public affairs under their responsibility. The local budget may be subject to decisions taken by the provincial government that may impose limitations on local discretions pertaining to adoption of budget, determination of certain local revenues and making certain expenditures.
- c. **Accounts and audit of local governments** i.e. the manner and principles of keeping, consolidating and certifying accounts of the local governments including the scope for internal and external audit of accounts. The accounts and audits were also discussed as the main instrument for maintaining fiscal discipline in the local governments.

The details of the matters relating to intergovernmental fiscal relations were left for thematic discussion on coordination and conflict management.

4.3 Results of the Discussion

This section provides a brief account of the recommendations made by the participants on fiscal administration of local governments. Effort has also been made to provide very briefly a gist of the discussions held in reaching these recommendations. The recommendations would be covered in the same sequence as various aspects of local government finance are introduced in the preceding section.

a. Local Government Own Financial Resources

The recommendations made by the participants on various issues pertaining to local government own financial resources are given in a tabulated form at Annex 8. In brief, the participants fully agreed on the following proposals:

- (1). Local taxes and fees shall be limited to those defined by law i.e. local governments may not impose taxes or fees at their own discretion;
- (2). A single uniform method for calculating specific local fee shall be applied across the province and the local governments may be allowed to make adjustments in this method as per their local requirements;
- (3). In addition to the local taxes and fees, following moneys shall also be available to the local governments as part of their own financial resources:
 - (a). Local donations and gifts. Foreign donations and gifts may be allowed with the prior permission of provincial government;
 - (b). Fines and penalties allocated to the local governments;
 - (c). Proceeds from rent, lease, sale etc. of the local government properties; and
 - (d). Interests on deposits and investments made by the local governments.

- (4). In case of local taxes and or fees that are not administered directly by the local government, the administrator shall be responsible to deposit collected moneys as per the agreed time schedule and reconcile accounts on monthly basis. There was however a disagreement as to whether the administrator shall also be duty bound to assist the local government in preparing an estimate of expected incomes for the coming financial year. Majority (two-third of the participants) viewed that this shall be included in the obligations of the administrator⁵².

The participants were also required to suggest various types of local taxes/fees which may be allocated to the local governments. They were also required to indicate local authorities responsible for determining the basis for calculating, collecting and enforcing local taxes/fees. On the overall, the house proposed allocation of 15 local taxes and 21 local fees. There was however a disagreement with regards to the imposition of toll on roads, bridges and ferries etc. maintained by local governments. Majority (two-third of participants), favoured imposition of this tax to allow generation of funds for maintenance and development of local infrastructure. The tax was opposed on the ground that it is likely to cause inconvenience to the pliers as well as expose them to extortion⁵³. The matter however remained unresolved. Details of the proposed local taxes/fees and their imposition/enforcement authorities are given at Appendix A and B to Annex 8.

b. Provincial Transfers

The recommendations made by the participants in tabulated form are given at Annex 9. In brief, the participants fully agreed on the following proposals:

- (1). Financial resources available to the local governments from provincial resources may include financial resources provided directly to them through revenue sharing.
- (2). The overall size of the transfer pool shall be determined as a fixed percentage of the provincial revenues. However, the house could not agree as to what percentage of provincial revenue. The choices varied between 40-50% of the total provincial revenue⁵⁴.
- (3). Fiscal performance and better expenditure management by the local governments may also contribute towards the overall size of the transfer pool. Thus, the local governments may not be compensated for incurring higher expenditures nor penalized for efforts to reduce expenditures.
- (4). Local governments may also receive 5% of the total moneys collected by the federal government as General Sales Tax⁵⁵.
- (5). On the above basis, the overall size of transfer pool shall be determined by a specialized agency whose recommendation shall be mandatory on the provincial government.
- (6). The provincial government may transfer monies to the local governments both as conditional and unconditional grants from this transfer pool.

⁵² See details against serial 9 of the table at Annex 8

⁵³ For details refer Appendix A to Annex 8

⁵⁴ See details against serial 10 of the table at Annex 9

⁵⁵ See Appendix A of Annex 9. The local governments are also receiving a share in the General Sales Tax presently however this share is only 2.5% of the overall income under this head.

- (7). The purpose of conditional transfers shall be such as may be specified each year in the provincial budget.
- (8). Unconditional grants may include general purpose grants (to ensure financing of a basic level of services or of expenditure needs) and equalization grant (to address differences in local fiscal capacity and needs).
- (9). Following principles shall apply for allocating unconditional transfers to a particular local governments⁵⁶:
 - (a). Local government's potential to raise revenues (fiscal capacity) and not the actual revenues collected;
 - (b). Objective measure of local expenditure needs and not the actual expenditures incurred by the local government;
 - (c). Based on an objective formula-based calculation and not subjective judgments; and
 - (d). Predictable, known in advance of adopting the local budget;

The house could not agree as to the method for determining the size of unconditional transfers to a particular local government. Most participants (around two-third) considered that the principles which decide the size of allocation may be established by law while actual formula may be established administratively. They considered that this arrangement could ensure both predictability and flexibility to adjust the transfers in accordance with the fiscal space available to provincial government each year. The others were however of the view that both the principles and formula shall be prescribed under law to minimize the influence of provincial government in deciding the size of transfer pool⁵⁷. Similar disagreement also existed in the case of method for allocation of conditional transfers⁵⁸. Accordingly, both of these issues could not be resolved.

There was also a disagreement with respect to the permanency of the principles for allocation of transfers to the local governments. Around two-third of the participants favoured stable principles that are not subject to frequent modifications to ensure predictability. The others however considered that in this manner the principles may become inflexible and lead to disadvantage.

c. Preparation and Approval of Local Budget

The recommendations made by the participants in tabulated form are given at Annex 10. In brief, the participants fully agreed to the following proposals pertaining to various aspects of preparation and approval of local budgets:

- (1). Both the local budget as approved or amended by a local council and a formal decision of the provincial government shall constitute legal basis for the appropriation of local expenditure. However the provincial government may only make a formal decision for this purpose in the event of the failure of a local council to adopt budget before the commencement of the next financial year. Similarly, prior approval by

⁵⁶ There was however a disagreement as to how these principles shall be institutionalized. This issue has been discussed later in this section.

⁵⁷ See details against serial 5 of the table at Annex 9

⁵⁸ See details against serial 8 of the table at Annex 9

- the head of local government shall constitute legal basis for the authorization to pay local government expenditures.
- (2). The scope of the local budget shall be restricted to the revenues and expenditures of the related local government only. It shall not include the revenues and expenditures of public entities working under the control of local governments. Presently, such bodies include various water and sewerage boards, land development and building control authorities.
 - (3). The local budget shall cover a period of one financial year. There was a disagreement as to whether multiple-year budgets shall be adopted in case of capital expenditure. Around two-third of the participants did not support multi-year budgeting⁵⁹.
 - (4). The local governments may be allowed to carry over their unspent moneys from the previous financial year.
 - (5). Local governments may borrow money for viable profit earning investments subject to the permission of provincial government.
 - (6). The provincial government may impose certain limitations on local governments' authority to approve budgets, raise revenues and make expenditures and may also prescribe reporting requirements vis-à-vis formulation and implementation of local budget. This includes the power of the provincial government to declare certain expenditures as mandatory local expenditures.
 - (7). Provincial government shall also have the authority to impose certain sanctions against local governments in case they violate the aforesaid limitations. Such sanctions may include:
 - (a). Local government must submit reasons for violation and plan to correct problem;
 - (b). Provincial government may initiate administrative action against functionaries (both elected or non-elected official as the case may be) responsible for a violation;
 - (c). Provincial government may authorize local expenditures on interim basis; and
 - (d). The provincial government may invalidate budget or impose fine against the defaulting local government. However these sanctions were supported by two-third and less than one-third of the participants respectively.
 - (8). Both the provincial and local governments must share information on the local budgets. The exact nature of such information shall be determined by law or the rules.
 - (9). Only the institution where a local government keeps its official account shall receive public funds and make payments on behalf of a local government.
 - (10). A statutory fiscal officer shall sanction funds for a specific expenditure. This officer may modify the amounts within the same budget category up or down and exercise such other discretions as may be prescribed by law.

⁵⁹ See details against serial 3 of the table at Annex 10

- (11). There shall be uniform provincial standards for recording and reporting local financial information.
- (12). It shall be mandatory upon the local governments to share information with the general public on revenues received and expenditures made during a financial year within 30 days after the end of that financial year.

A brief background of major issues on which house could not reach a consensus is given as under:

- (1). First issue pertained to the deadline for the adoption of local budget. Around two-third of the participants viewed that the approval of local budget shall not be linked to provincial budget and rather it shall be independently adopted by the local council before the commencement of the next financial year. According to them, this arrangement could provide more time to a local council for preparation and approval of budget and also eliminate the chance of provincial intervention in case of delays in approval. This budget could then be amended if the size of actual provincial transfers sanctioned in the provincial budget is different from the indicated amount. However, the other participants viewed that local budget shall be passed only after the approval of the provincial budget as approved provincial budget is the only way of knowing the exact amount of provincial transfers. Additionally this could also help in avoiding the need for an amended budget⁶⁰. The matter however remained unresolved.
- (2). The second issue pertained to the question as to who in the provincial government shall have the authority to impose sanctions against a local government in case of violation of a limitation imposed by it. Two authorities namely the Secretary Local Government and an independent statutory authority were proposed by almost equal number of participants⁶¹. The factors considered by the participants for their choices included the need for ensuring that this decision is taken by a senior authority in the government, expected workload, and need for independent decision making.
- (3). Third issue pertained to the method for ensuring that limitations imposed by provincial governments are adhered to in the local budget. Around two-third of the participants viewed that local governments may obtain a prior confirmation of the draft budget from a provincial authority before its actual adoption by the local council. The main reason for this option was that prior confirmation could not only avoid sanctions but also maintain sanctity of the council decisions. However the remaining participants viewed that the local councils are responsible bodies and shall be trusted for ensuring that all applicable limitations have been complied with⁶².
- (4). Fourth issue pertained to the investment of cheque signing authority. Around two-third of the participants viewed that this authority shall be exercised by a statutory fiscal or budgetary officer. However, the rest of them viewed that this authority shall be jointly exercised by the elected head of local government and local officials⁶³.

⁶⁰ See details against serial 3 of the table at Annex 10

⁶¹ See details against serial 7e of the table at Annex 10

⁶² See details against serial 9a of the table at Annex 10

⁶³ See details against serial 9b(2) of the table at Annex 10

The participants were also required to recommend a model budget calendar which is given as Appendix B to Annex 10. There was a general agreement on the budget schedule except in case of the requirement of prior approval of the draft budget by the provincial government which was a corollary to difference of opinion given at serial (3) above.

d. Local Government Accounts and Audit

The recommendations made by the participants in tabulated form are given at Annex 11. In brief, the participants fully agreed on following proposals pertaining to various aspects of local government accounts and audit:

- (1). The local accounts shall be maintained both by the local governments and a provincial entity. Internal maintenance of accounts shall be undertaken by a statutory fiscal/budgetary officer.
- (2). Similarly, functions related to consolidation, external audit and certification of local accounts shall also be performed by a provincial entity.
- (3). There shall be one uniform accounting procedure for each tier of local government in the province. This means that there would be separate accounting procedures for each tier of local government depending upon their requirements however all local governments in that tier would follow the same uniform accounting procedures.
- (4). Payment authorization authority shall be exercised by a statutory local government officer.
- (5). The local governments shall be responsible for their internal auditing which shall be conducted by an auditor hired or deputized to the local government. In order to maintain their functional independence, the auditors shall be responsible only to the council or its committees.
- (6). Audit findings and recommendations shall be presented before the council and also shared with citizens through publication.
- (7). The head of local government, principal accounting officer and heads of various offices/departments shall be responsible to the respective local government accounts committee.

A brief background of major issues on which house could not reach a consensus are given as under:

- (1). First issue pertained to the scope of internal audit of local government. There was a complete agreement that the internal audit shall cover pre-audit of the local government expenditure. However there was a disagreement with respect to the extension of its scope to regulatory and risk based audit⁶⁴. The disagreement resulted from various appreciations of the value of such audits and the existence of capacities in the local government for this purpose.
- (2). Second issue pertained to difference of opinion on the authority responsible for pre-audit function. Around two-third of the participants viewed that this function shall be undertaken by a provincial entity to

⁶⁴ See details against serial 8 of table at Annex 11.

ensure independent scrutiny and stricter checks. The others however viewed that since pre-audit is an internal audit function so it shall be entrusted to local governments⁶⁵. The matter remained unresolved.

- (3). Third issue pertained to the authority for the settlement of audit observations relating to local accounts. Around two-third of the participants viewed that this authority shall rest with the Accounts Committee of the Provincial Assembly as all local moneys are ultimately provincial moneys. Additionally this could also ensure independent scrutiny of the audit observations. The other participants however viewed that accounts committees of local councils shall exercise this authority as these are the institutions which sanction expenditure in the first instance⁶⁶. Accordingly, the matter remained unresolved.

⁶⁵ See details against serial 9 of table at Annex 11.

⁶⁶ See details against serial 11 of table at Annex 11.

CHAPTER 5

PERSONNEL MANAGEMENT IN LOCAL GOVERNMENTS

5.1 Introduction to the Dialogue

This chapter documents the proceedings of the fourth dialogue on personnel management in the local governments held on December 22, 2008 at Lahore as part of a series of inclusive consultations for the review of local government system in the Punjab.

The dialogue was attended by 35 participants representing various provincial departments, elected officials and civil servants of various tiers of the local government, representatives of the civil society and local government experts from across the province. A complete list of participants is available at Appendix-D to Annex-18 of this report.

The dialogue built on the outcomes of the first and second thematic dialogues and aimed at arriving at an appropriate personnel management system for the local governments to support them in discharge of their functions and responsibilities in an effective, efficient and transparent manner. Effort was also made to ensure that the proposed personnel policy is informed by the existing government policy and human resource availability in the province in general. The dialogue covered all aspects of personnel management policy including those related to staffing requirements, recruitment, capacity development, promotions and incentives for staff retention.

The discussion was guided by a working paper which was structured in the form of issues relevant to personnel management in public institutions and not the proposed answers. The intent was not to propose a particular model but to enable and facilitate a process through which the participants could themselves define a shared local government personnel management system of their own. A copy of this working paper is available at Volume II of this report.

5.2 Framework for Discussion

The dialogue was based on an assumption that a good personnel policy needs to address specific requirements of various categories of local government staff. The discussions on personnel policy were accordingly informed by the following three main considerations:-

- a. The functions performed by a particular staff or category of staff;
- b. Whether the services of a particular staff or category of staff shall be available to one or several local governments; and
- c. If the services of a particular staff or category of staff are required by several local governments, what are the most appropriate mechanisms for sharing of their services?

In accordance with their functional differentiation, the local government staff was considered to comprise of the following five categories:

- a. **Core staff** to support the head of local government in his executive functions such as coordination, management, finance and regulation etc.
- b. **Top managers** i.e. staff responsible for planning and managing provision of local services and supervision of service delivery staff.

- c. **Service providers** i.e. staff tasked with the provision of services in relation to functions assigned to the local governments. Engineers, doctors, teachers, veterinarians etc. all fall in this category.
- d. **Secretarial staff** such as clerks, stenographers, office assistants, etc.
- e. **Miscellaneous staff** including skilled and semi skilled employees such as drivers, peons, dispatchers, guards etc.

On the basis of the availability of their services to one or more local governments, the staff was differentiated as under:

- a. The staff who provide services for a particular local government only and are not transferable to outside that local government.
- b. The staff that may move in and out of a particular local government. This movement may either be confined to movement across local governments or from a local government to the provincial government and vice-a-versa.

Movement of staff across the local governments was considered important to ensure availability of specialized services to a local government from a common staff pool and also for addressing the need for maintaining transparency, non-partisan character of service delivery structures, and standardization across the local governments.

In relation to the mechanisms for sharing of services of staff by various local governments, several options were considered with respect to appointment, retention, tenure protection, promotion and discipline systems. The need for maintaining an institutional relationship between provincial government and local governments on personnel management was also underscored. Possibilities related to oversight mechanisms without becoming too intrusive or overbearing on the staff were also shared with the participants.

Within this overall framework, personnel management systems were considered in relation to the following five important aspects:-

- a. Local staff requirement, recruitments and training;
- b. Compensation of local government staff;
- c. Performance appraisal systems for local government staff;
- d. Promotions of local government staff; and
- e. Discipline of local government staff and ancillary matters.

5.3 Results of the Discussion

The recommendations of participants on various aspects of personnel management in local governments in a tabulated form are given at Annex 12. A short account of the discussion and background of these recommendations is given as under:

a. Staff Requirement

There was a complete agreement among the participants on the following proposals with respect to requirement of staff in the local governments:

- (1). The core staff shall comprise of a head of local administration, chief finance officer, chief planning officer, chief regulatory officer, chief human resource officer and internal auditor.
- (2). The top managers shall comprise of the heads of particular services as well as the heads of important public service entities such as hospitals or large schools etc.
- (3). The exact number of positions of top managers, service providers, secretarial and miscellaneous staff shall be determined by the concerned local government with the approval of the provincial government. The assessment for this purpose may be undertaken yearly at the time of preparation of annual budget.

Presently service provision in the local governments is managed by a three tiered structure which comprises of Executive District Officers at the top tier, the District Officers at the second tier and the Deputy District Officers at the third tier. The first two tiers are usually located at the district level. The participants agreed that this structure is generally uneconomical and inefficient and therefore may be reduced to a two tiered structure. There was however a disagreement as to which of the three tiers shall be removed. One-third of the participants favoured the abolition of one of the tier at the district level (either of the Executive District Officer or the District Officer)⁶⁷. There was however a full agreement that in view of the scale of operations, a Tehsil level top manager shall be retained in case of health and education services

b. Appointment of Local Staff

There was a complete agreement that the core staff, top managers and service providers may be posted by the provincial government from amongst its officers or from the officers of a special service⁶⁸ maintained by it for this purpose. However, an officer of the special service may not be posted as the head of local administration⁶⁹. There was also a general agreement that the internal auditor and heads of important public service entities may also be appointed through initial recruitment. However, there was a disagreement with respect to the appropriateness of initial recruitment of other core staff and top managers. One-third of the participants viewed that these positions shall be open to regular civil servants only and may not be filled by initial recruitments⁷⁰. Lack of appropriate expertise in the market, requirement of previous experience and weaknesses in the regulatory and accountability mechanisms were cited as the main reasons for this preference. The majority however considered otherwise.

It was agreed that the provincial government shall retain the authority to appoint service providers by transfer from amongst its officers or from officers of the aforesaid special service. In addition, the service providers may also be appointed by the local government through initial recruitment. In contrast, secretarial and miscellaneous staff may only be appointed by the local governments through initial recruitment. It was also agreed that hiring qualifications for secretarial and miscellaneous staff shall be determined by the local governments in accordance with provincial guidelines. However there was a disagreement as to the preferred mode of initial recruitment. Around two-third of the participants viewed that the recruitments shall be made by a local recruitment committee which shall be independent of the

⁶⁷ See details against serial A 2.1 of the table at Annex 12

⁶⁸ Similar to the present local council service

⁶⁹ See serial A 1.2.2 of the table at Annex 12

⁷⁰ For details see Appendix A to Annex 12.

concerned local government⁷¹. This was considered essential for ensuring merit based appointments and maintaining a non-partisan character of the local staff. Further detail on recruitments is given at Appendix A to Annex 12.

All participants except five viewed that the provincial government's authority to transfer an officer to a local government shall not be subject to any agreement or prior consultation with that local government⁷². The participants viewed that a contrary arrangement would lead to extraneous pressures on local staff and therefore adversely affect transparency, good governance and service delivery.

c. Retention of local staff

The issue was discussed in relation to the arrangements relating to the retention of core staff and top managers posted to a local government from a common pool by the provincial government. In this regard, the participants fully agreed on the following proposals:

- (1). A core staff or a top manager shall be posted in a local government for a non-extendable period of three years. This tenure shall be protected through statutory guarantees.
- (2). The provincial government may recall its officer prematurely with the consent of the concerned local government.
- (3). A local government may also request the provincial government to recall an officer prematurely on grounds of misconduct, inefficiency, ineptitude or loss of confidence. The officer may not be recalled by the provincial government unless the allegations are confirmed through an independent inquiry.

The participants considered that the above measures are essential for effective and transparent administration of local governments and inclusive delivery of public services to all sections of the local communities.

d. Training of local staff

The participants were generally concerned about the quality of present regime for the training local government staff. In order to affect improvement, they unanimously made the following recommendations:

- (1). There is a need for determination of training requirement of local staff in an objective manner. In case of core staff and top managers, the training requirement may be worked out by the provincial government in consultation with the local governments. In other cases, the local government may prescribe training requirements in accordance with general guideline provided by the provincial government.
- (2). The training of local staff may be conducted at provincial, local or private facilities. Core staff, top managers and service providers may also receive training at foreign facilities on need basis.
- (3). Wherever the nature of training so requires, the training shall be formally evaluated.

⁷¹ For details see Appendix A to Annex 12.

⁷² See details against serial 1.2.4 and 2.2.4 of table at Annex 12.

- (4). Posting to certain specific positions shall be linked to training. Continuous training and skill enhancement may also be a mandatory requirement for continuation in certain specific positions. In addition, training outcomes may also carry weight towards promotion and award of performance incentives to individual officers.

There was no major disagreement among the participants on various training related issues discussed during the consultation.

e. Remuneration of local staff

The participants emphasized the importance of adequate compensation of local staff especially for the purpose of attracting quality human resource and reducing corrupt practices. For this purpose, there was a complete agreement that the local governments may be authorized to determine terms and conditions of the staff working with them. Nevertheless, there was a disagreement as to how such terms and conditions may be arrived at. Around one-third of the participants viewed that in order to avoid discrimination, a uniform pay policy shall apply for the entire local staff. The majority (around two-third of the participants) however viewed that while a uniform pay policy may apply for the majority of local staff positions, a few positions need to be paid market based salaries to attract quality human resource for improved service delivery⁷³.

It was also agreed that provisions may exist for providing incentive to local staff for extra work and or better performance. This incentive may be provided as performance pays and one-time bonuses to the deserving staff. It may be pointed out that no such incentives are available presently.

d. Performance appraisal

As regards the authority to determine performance appraisal policy and actors involved in performance assessment of various staff, following agreements were reached between the participants:-

- (1). Performance appraisal policy in respect of core staff, top managers and service providers may be determined by the provincial government.
- (2). The local governments may determine performance appraisal policy in respect of secretarial and miscellaneous staff with the approval of the provincial government.
- (3). Both the provincial and local governments may be involved in performance appraisal of core staff, top managers and service providers.
- (4). Only the local governments shall carry out performance appraisal of secretarial and miscellaneous staff.

Further detail on these issues is available at Appendix B to Annex 12.

The participants also agreed that performance appraisal of the local government staff may be undertaken annually. In addition performance appraisal may also be

⁷³ See details against serial B 1.1 of the table at Annex 12.

undertaken in special circumstances on requirement basis any time during a year. It was also agreed that in contrast to the existing arrangements, different performance evaluation criteria and formats may be used for various staff in accordance to their job description.

e. Promotion of local government staff

There was an agreement that promotion policy in respect of core staff and top managers shall be determined by the provincial government. Similarly, there was also an agreement that promotion policy in respect of miscellaneous staff may be determined by the local governments. However, there was a disagreement as to the authority for the determination of promotion policy in respect of service providers and secretarial staff. Around two-third of the participants viewed that promotion policy for service providers shall be determined by the provincial government and not the local governments. This view was based on an earlier recommendation that the positions of some of the service providers may be filled through officers transferred by the provincial government from a common pool. Additionally, it was also considered that such an arrangement would be essential for allowing upward movement of service providers in the provincial entities. As regards the secretarial staff, around one-third of the participants considered that the local government's authority to determine their promotion policy only after seeking a prior approval from the provincial government⁷⁴. Further detail on these issues is given at Appendix C to Annex 12.

The participants also agreed that the following factors shall determine the criteria for promotion of the local government staff:

- (1). Seniority;
- (2). Good health;
- (3). Previous performance appraisal reports;
- (4). Acquiring mandatory training;
- (5). Passing mandatory examination;
- (6). Skills acquired;
- (7). Rotation of job;
- (8). Job complexity; and
- (9). Clear disciplinary record.

In general, the participants viewed that the service structure of the local government staff may be designed in a manner which facilitates their career growth. They considered it essential not only for retention of quality human resource but also for transparent, productive and improved performance of the staff.

f. Discipline and related matters

As regards the authority to determine discipline policy, the participants fully agreed on the following recommendations:

⁷⁴ For details see Appendix C to Annex 12.

- (1). in respect of core staff and top managers, such authority shall rest with the provincial government; and
- (2). in respect of miscellaneous staff, such authority shall rest with the concerned local government.

However, no agreement could be reached as to where such authority shall rest in respect of other categories of local government staff. Almost half of the participants viewed that this authority shall be exercised by the local governments independently while the other half favoured that the authority of the local government shall be subject to provincial approval⁷⁵.

As regards the implementation of discipline policy, there was an agreement that the local governments shall solely implement discipline policy in respect of secretarial and miscellaneous staff. No agreement could be reached in case of other categories of staff⁷⁶.

Further details on this issue are available at Appendix D to Annex 12.

⁷⁵For details see Appendix D to Annex 12.

⁷⁶For details see Appendix D to Annex 12.

CHAPTER 6

COORDINATION AND CONFLICT MANAGEMENT

6.1 Introduction to the Dialogue

This chapter documents the proceedings of the fifth and last dialogue on coordination and conflict management in the local governments held on December 23, 2008 at Lahore as part of a series of inclusive consultations for the review of local government system in the Punjab.

This dialogue was attended by 35 participants representing various provincial departments, elected officials and civil servants of various tiers of the local government, representatives of the civil society and local government experts from across the province. A complete list of participants is available at Appendix-E to Annex-18 of this report.

The discussions built on the outcomes of the first, second and third thematic dialogues and aimed at arriving at effective coordination and conflict management arrangements for the local governments. The scope of the discussion extended to both inter and intra-local government and inter provincial and local government conflict situations and coordination frameworks. However, conflict situations arising between the local governments and citizens were not discussed as these are more appropriately dealt with in a rule of law context. Efforts were made to ensure that recommendations help in avoidance of potential conflicts, development of institutional synergies and concerted development and planning.

The discussion was guided by a working paper which was structured in the form of issues relevant to various aspects of coordination and conflict management arrangements and not the proposed answers. The intent was not to propose a particular model but to enable and facilitate a process through which the participants could themselves define a shared system of their own for effective coordination and conflict management. A copy of this working paper is available at Volume II of this report.

6.2 Framework for Discussion

The dialogue was based on a common observation that the relations of local governments with each other and the provincial government are often beset by conflict. The causes of such conflict can be traced to ambiguities with respect to their functional jurisdictions, financial constraints and mistrust regarding the intentions or capacities of the other government. Some conflicts can be resolved by a clear delineation of roles and responsibilities of various levels of government, however, these can be further mitigated by coordination and conflict management mechanisms.

The discussion treated coordination and conflict management as two separate themes. Coordination was essentially taken to mean as the mechanisms for avoidance of potential conflicts while conflict management related to mechanisms for managing and mitigating conflicts when they occur despite coordination.

The dialogue assumed that intergovernmental coordination is inevitable as the provincial and local governments operate within the same political and administrative space and the local governments do not stand to earn by a weak centre. The dialogue approached coordination mechanisms from the following three distinct perspectives:

- a. Vertical coordination i.e. coordination between the provincial government and local governments or vice-a-versa and also between principal and subordinate local governments;
- b. Horizontal coordination i.e. coordination between local level provincial government agencies dealing with various aspects of local government functioning and between local governments not reporting to each other.
- c. Internal coordination i.e. coordination within a local government and or between private actors in the area of a local government.

The dialogue assumed that the need for vertical coordination increases where a function is of a limited or partial nature. In other words where local authorities are given the authority to make decisions, need for coordination with province lessens. However the need for coordination may markedly increase in situations where regulatory powers are shared. Again the importance of coordination is directly proportional to the number of actors, concerns, interests, dimensions and institutions in an area. Coordination in a large urban centre may therefore prove to be more important and complex as compared to coordination in a small towns or rural areas.

Coordination also impacts local planning. On a policy plane, local planning has to take note of national and regional policies. This is often done in spatial planning and environment and comparatively less in socio-economic development.

Management of local properties was also discussed as a sub-theme of coordination.

The dialogue further assumed that while better coordination may minimize conflict, conflicts are inevitable in certain situations. In such situations, the conflict needs to be managed. The dialogue accordingly covered types of conflicts, conflict management strategies and conflict management mechanisms.

For the purpose of this dialogue, conflict resolution was considered to be a part of conflict management mechanisms. Such conflict resolution may take place through negotiated settlements, resolution through courts and or specifically appointed statutory bodies.

6.3 Results of the Discussion

The recommendations of participants on various aspects of coordination and conflict management in local governments in a tabulated form are given at Annex 13, 14 and 15. A short account of the discussion on the background of these recommendations is given as under:

a. Vertical coordination⁷⁷

There was a complete agreement among the participants on the following proposals with respect to coordination between the local and provincial governments:

- (1). Overall coordination between provincial and local government may be carried out by the Local Government Department. The Department may be assisted in this task by a specially constituted body whose role and duties may be defined under the law. Coordination on specific activities may be undertaken by the concerned provincial department

⁷⁷ For an explanation of the term vertical coordination please refer section 6.2 ante

or specially constituted bodies for that specific activity working under the provincial control.

- (2). The head of the district administration may undertake coordination with the provincial government on behalf of the local government. The elected head of the local government may also coordinate on certain key issues.
- (3). The local and provincial governments may realign and harmonize their planning and development decisions by having a representative from the concerned government on planning bodies to ensure compliance with relevant policies and parameters.
- (4). Coordination on key issues may be undertaken through a formal consultation between the provincial and local governments. Such consultations may be undertaken annually as well as on requirement basis. The decisions at the consultations may be arrived at through majority vote and in case of tie, provincial decision may prevail.

The participants generally viewed that vertical coordination remained a major issue in the current local government structure. Accordingly, they emphasized the need for a clear demarcation of responsibilities of subordinate local governments in this respect.

b. Horizontal coordination⁷⁸

No agreement could be reached as to who shall be made responsible for undertaking horizontal coordination. Almost equal number of participants viewed that this type of coordination shall be undertaken by the provincial government, a local government directly or a statutory coordinating committee⁷⁹. There was however a complete agreement on the need for the constitution of joint authorities of the local governments to undertake such part of their functions as may be decided by them jointly. This recommendation was supported to achieve economies of scale, pooling of resources and also for the purpose of generating institutional synergies.

c. Internal coordination

It was agreed that both the elected head of local government and the head of local government administration shall be responsible for internal coordination. However, the participants viewed that coordination with private entities may be undertaken by the elected head only.

d. Management of local properties

As regards the management of local government properties, the participants unanimously made the following recommendations:

- (1). Local government properties shall consist of movable, immovable and intangible properties.
- (2). Only such specific properties which are used in relation to functions in respect of which a local government has either full or partial

⁷⁸ For an explanation of the term horizontal coordination, please refer to section 6.2 ante.

⁷⁹ See serial B1 of the table at Annex 13

responsibilities shall vest in them. All other properties under the use of previous local governments shall stand transferred to the provincial government.

- (3). The local governments shall have limited propriety rights. Accordingly, the local government would not hold authority to provide property in concession, or to donate it or to sell it below market price. Similarly the local governments would not be competent to sell or exchange any of their properties. However, the local government may sell or exchange movable properties.
- (4). The local governments shall be responsible for recording and reporting the nature and extent of property and other fixed assets.
- (5). In case the provision of a particular local service is outsourced to a public service enterprise, the property rights of the local assets used by the public service enterprise for this purpose would remain with the local government and may be made available to the public service enterprise on concession.

A complete detail of the response of the participants on various issues relating to this subject is given at Annex 14.

e. **Conflict Management**

There was a complete agreement among the participant on the following aspects of conflict management mechanisms:

- (1). Provincial and local governments may actively work to avoid conflict. If a government suspects the likelihood of the emergence of a conflict with any other government on any issue, it may initiate conflict management process by addressing in writing to the other party, followed by talking, proposing a solution and if this does not work by referring the matter to a dispute resolution body.
- (2). Where the provincial government requires a local government to act in a particular manner with regard to partial and limited functions it may issue instructions, carry out inspections, ask for reports or prescribe pre-arranged reporting mechanisms to find out whether that action has been taken and to the extent prescribed.
- (3). Where the provincial government believes that an instruction has not been complied with and the local government believes that it has been complied with and the provincial government feels that punitive action against the local government is called for, the matter may be settled through reference to a dispute resolution body.
- (4). Where it is determined that a local government has failed to comply with a key instruction of the provincial government, the provincial government may initiate administrative action against the responsible elected or non-elected officials.
- (5). If one or more local governments or the provincial government wants to establish a joint authority for performing a limited or partially devolved function due to capacity, efficiency or other reasons and one or more local governments are not agreed to such a proposal, the

matter may be resolved by making a reference to the dispute resolution mechanism.

- (6). A statutory commission shall perform the function of the conflict resolution body. The commission shall have equal representation from the provincial government, local governments and reputable professional/ technical persons. The head of the commission shall be elected by the members from themselves while the secretary of the commission may be appointed in consultation with the commission. The term of the commission shall roughly coincide with the term of the local governments.
- (7). The conflict resolution commission may also undertake coordination functions of the special body as well as discussed in the aforesaid part.

However, agreement could not be reached on two important issues. The first pertained to the authority of the provincial government to temporarily takeover a function of the local government or to supersede them in case of poor performance or insolvency. One-third of the participants viewed that such authority is necessary for effective discharge of local functions. However, the others feared that such provisions may be used for exerting extraneous pressures on local governments and weakening them and therefore rejected them out rightly⁸⁰. The second issue pertained to the authority for initiating action on behalf of the provincial government if a conflict arises. Two-third of the participants viewed that such authority shall rest with the Secretary of the concerned department⁸¹.

A complete detail of the response of the participants on various issues raised in the working paper on this subject is given at Annex 15.

⁸⁰ See serial A9 and 10 of table at Annex15

⁸¹ See serial A2of the table at Annex 15

CHAPTER 7

BUILDING POLITICAL CONSENSUS

With a view to develop a wider political consensus on the results of the thematic dialogues and also to incorporate their views on local government reform, a plenary session was held with representatives of the parliamentary parties in the Punjab on January 19, 2008. The session was opened by Minister Local Government and was attended by 21 members of the Provincial Assembly from the ruling coalition as well as opposition parties. A complete list of participants is available at Appendix-F to Annex-18 of this report. A brief analysis of representation of various parliamentary parties at the plenary session is as under:-

Table 7.1: Representation of Various Parliamentary Parties at Plenary Session

Political party	Affiliation	MPAs in attendance
Pakistan Muslim League (N)	Ruling coalition	8 (including 2 ministers)
Pakistan Peoples Party	Ruling coalition	6
Pakistan Muslim League (Q)	Opposition	6
Pakistan Muslim League (F)	Ruling coalition	1
Total number of parliamentarians attending the session		21

The session commenced with a briefing on the results of the citizens perception survey and the thematic dialogues. The session was then opened for discussion. The discussion was kept unstructured to allow maximum inputs from the participants.

There was a general consensus among the participants that the present local government system was flawed and has failed to deliver. It was also considered to be a ploy for creation of an alternate power base and perpetuation of an undemocratic regime. The system was also criticized on account of lack of ownership and infringement of provincial autonomy. Despite their criticism of the present local government system, the participants did not deny the need for local governments to deliver certain public services to the communities at the local level but under an improved and broadly agreed framework. A comprehensive reform of the present local government system was accordingly supported.

As far their functions, it was generally observed that the local governments have been vested with a very large number of diverse functions for which they have no incentive and institutional or fiscal capacity. This has had adverse impact on delivery of core municipal services. In this regard, the Minister Local Government cited that presently, over 60% of water supply schemes in Punjab are non-functional. Similar views were expressed by Ms Shehzadi Tiwana, Malik Khurram Khan, Ms Faiza Malik, Rai Shahjahan, Mr. Karam Elahi Bandial and several other parliamentarians. All of them expressed the need for a limited set of functions for local governments restricted mainly to the core municipal services.

No clear consensus could develop on the issue of local government structure. Dr. Saima Amjad favoured the present structure of three functionally organized local governments at district, Tehsil and Union Council level all of whom are directly responsible to the provincial government. However, Ms Shehzadi Tiwana and Mr. Naveed Chaudhary supported abolition of the Tehsil level tier. Malik Khurram Khan and Mr. Karam Elahi supported constitution of separate local governments for urban and rural areas to cater for the specific needs of the two areas. Such a structure was however, opposed by Rai Shahjahan on the grounds that it can lead to differential treatment of rural areas. He further observed that present arrangements which do not distinguish local areas on urban and rural basis lead to equitable resource sharing between the two areas and therefore may be continued. Most participants

however stressed the need for strengthening of Union Council level local governments due to ease of access and in the interest of dealing of public affairs at the grass root level. Mr. Naveed Chaudhari also expressed the need for establishing the role for federal government in relation to the local governments. He viewed that this could ensure uniformity in local government structures across the country and could also bring cohesion in the system.

The participants were especially critical of irresponsiveness and wastage of public funds by the local governments. A recent report of the Auditor General which indicates lack of financial discipline and heavy irregular expenditure by local governments was repeatedly cited to substantiate this assertion. They considered absence of effective provincial controls on the local government affairs as the main reason for this situation. Accordingly, a need for effective supervisory and accountability methods was expressed particularly by the Minister Local Government, Ms Shehzadi Tiwana and Mr. Karam Elahi Bandial. Mr. Karam Elahi Bandial also expressed the need for re-introduction of the office of the Deputy Commissioner – a local level provincial officer – to monitor local government performance.

There was a substantial support for the direct elections to all levels of local governments. Ms Shehzadi Tiwana supported direct elections to ensure better end user accountability. Mr. Karam Ellahi Bandial favoured direct election of the heads of local government to undo the use of monetary and other extraneous incentives during the elections and to ensure that the heads are relatively independent from councillors during their office. He also viewed that local government elections shall be held on party basis. This last proposal was endorsed by Rai Shahjahan, Chaudhary Tariq Gujjar and Mr. Naveed Chaudhari. It was also viewed that party based election would also facilitate direct election the head of local government. Mr. Naveed Chaudhari also pointed out the need for consideration of proportional representation in the local governments.

Ms Afifa Mamdot pointed out the need for a system of performance monitoring of the local governments by the provincial government. She also suggested the need for proper auditing of local funds. She suggested that being the ultimate custodian of the public funds, the accounts committee of the Provincial Assembly shall have the final decision on audit reports and disposal of cases of irregular expenditure. Chaudhary Tariq Gujar expressed the need for the establishment an independent audit authority. This proposal was supported by Rai Shahjahan however he differed from Ms Afifa Mamdot with regards to the choice of authority for disposal of audit reports and irregular expenditure. He viewed that this authority shall rest with accounts committee of the concerned local council.

Present arrangements for coordination between local and provincial governments were also debated and considered to be highly deficient. Ms. Fiaza Malik therefore emphasized that effective coordination and conflict management systems shall form a main theme for any exercise at local government reform. Mr. Naveed Chaudhary expressed the need for a role for the members of the Provincial Assemblies in development planning by the local governments. Chaudhary Tariq Gujar viewed that coordination and supervision of local governments may be entrusted to an independent statutory body to ensure transparency and fairness. Mr. Mohsin Legahari suggested that good coordination can only be ensured if both the provincial and local governments and their functionaries work within their own mandates. Non-interference in others domain is the key to good relation and avoidance of conflict and for this reason, he viewed, a large responsibility rest with the parliamentarians as not to involve in local government affairs.

CHAPTER 8

HIGHLIGHTS OF CITIZENS' PERCEPTIONS ON LOCAL GOVERNMENTS

8.1 Background

Being the ultimate beneficiaries, it is quite obvious that the citizens are the most important stakeholders in the local government reform. Accordingly, parallel to the aforesaid thematic consultations, a nationwide survey to document citizens' perceptions and preferences on local governments was also carried out by Urban Institute/DTW Project through ACNielsen in October, 2008. This survey provides an objective and statistically representative data on public opinion on the following aspects of the current local government system:-

- a. Quality of governance determined on the basis of degree to which various levels of governments can be held accountable, are transparent in their working, are accessible and responsive to citizens needs.
- b. Satisfaction with the quality of services delivered by various levels of local government. The services studied include health, education, drinking water, garbage disposal, street cleanliness and drainage.
- c. Citizens' expectations for improvement. This included information on their priorities with respect to local election systems, service improvement and provision of selected social and household services by various levels of government.

The results of the survey have been published separately⁸² and also shared with important stakeholders in the Punjab on November 10, 2008. Salient features of this survey and results are being reproduced in this report to assist in a citizen centred and informed policy making.

8.2 Survey Methodology and Sample

The survey is based on a total sample of 4002 nationally and provincially representative households from across the country. The respondents represent a mix of urban and rural dwellers, male and female, from various cities and villages of the four provinces identified as per the geographical spread.

Table 8.1: UI/AC Neilson Survey Sample Size

Province	Urban		Rural		Total Sample
	Male	Female	Male	Female	
Punjab	456	475	500	508	1939
Sindh	363	355	191	192	1101
North West Frontier Province	108	112	192	193	605
Baluchistan	69	72	110	106	357
Total	996	1014	993	999	4002

Source: Urban Institute/Neilson Survey 2008

The survey was conducted through a pre-tested questionnaire. In the case of Punjab, the data was collected from 17 urban localities and 84 rural localities representing all 35 districts.

⁸² Urban Institute/ACNielsen (2008): Findings from Punjab – Local Government System Citizens Perceptions and Preferences. Similar reports are available on results from other provinces

Data collection was based on random sampling technique. A multi-stage stratified cluster sampling method was used along with Probability Proportionate to Size (PPS) technique to select the target number of cities and villages for the urban and rural sample. The margin of error for urban and rural sample was kept at 2.19% and 2.20% respectively at a confidence level of 95%. To give adequate representation to urban and rural dwellers, a disproportionate allocation was required. However to accommodate this disproportionate allocation, the final data was weighted back to the actual proportions.

Table 8.2: UI/ACNeilson Survey Sample Profile

		Number	%age
Gender	Male	956	49%
	Female	983	51%
Age	18-24	488	25%
	25-34	509	26%
	34-44	458	24%
	45-54	251	13%
	55-64	129	7%
	64+	104	5%
Household size	2	66	3%
	3	119	6%
	4	173	9%
	5+	1581	82%
Education	Primary or below	837	43%
	6-9 years of school education	463	24%
	Secondary or Higher Secondary	483	25%
	Graduation and above	156	8%
Community	City District	710	37%
	Other urban	221	11%
	Rural	1008	52%
Household income	Rs. 3000 or less	67	3%
	Rs. 3001 to 7000	518	27%
	Rs. 7001 to 11000	387	20%
	Rs. 1101 to 15000	188	10%
	Rs. 1501 to 20000	85	4%
	Rs. 2001 to 25000	33	2%
	Rs. 25000 and above	64	3%

8.3 Key Findings of the Survey

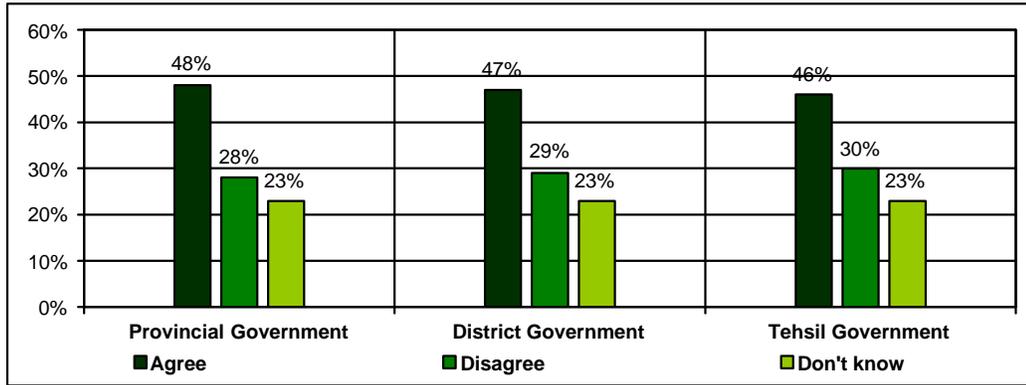
The survey addressed various issues related to governance, service delivery and citizens' expectations for improvement. Detailed results of the survey are available separately. A few of the important results which are important in relation to the areas discussed during the thematic discussions are given as under:

a. Governance

The quality of governance was judged on the basis of a comparative assessment of various level of government (federal, provincial and local governments) by the citizens on four counts namely their perceived ability to hold the government accountable, degree of transparency in government working, accessibility, openness and lastly responsiveness of the government to their needs.

Accountability was measured in terms of vertical accountability i.e. the capacity of citizens to hold a government responsible for its performance. As the following figure illustrates, citizens considered that both the provincial and local governments were less accountable. However, the provincial government fared a little better and Tehsil level local governments came off worst albeit to a minor degree only.

Figure 6: Accountability of Provincial District and Tehsil Governments

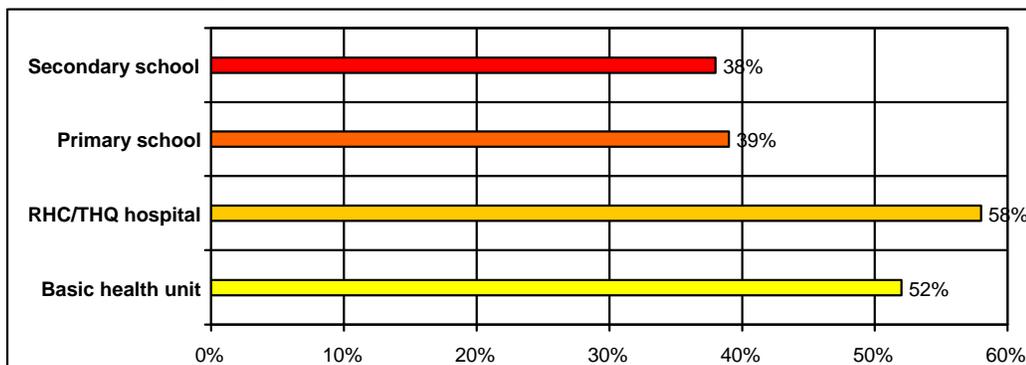


Source: Urban Institute/Neilson Survey 2008

Transparency is important as it generates pressure for greater accountability. The issue of **government transparency** was addressed from two aspects. The first related to the direct experience (being a victim) of corrupt practices while the second related to perceived level of corruption at various levels of government.

Whether the citizens expected to receive better public services by making informal payments was used as a proxy for direct experience of corrupt practices. The results are indicated by the following figure:

Figure 7: Informal Payments for Better Social Services



Source: Urban Institute/Neilson Survey 2008

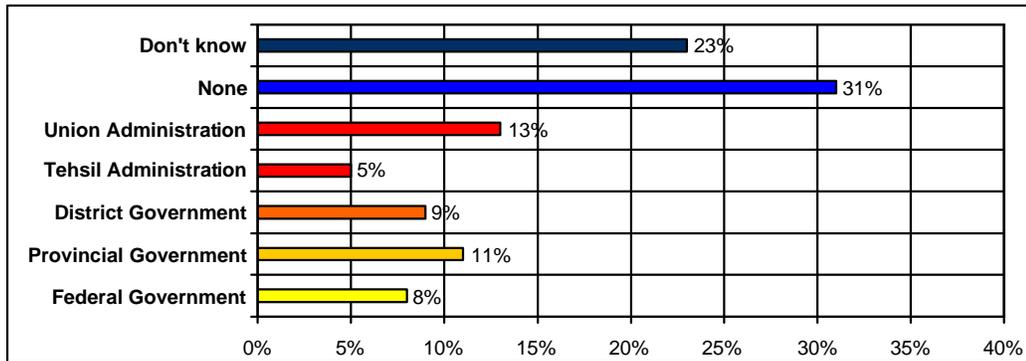
The survey indicates that a large number of citizens perceive that informal service can ensure better access to social services. This parallels the findings of other surveys⁸³. Corruption victimization seems more pronounced in case of health service

⁸³ See for example Transparency International 'National Corruption Perception Survey, 2006'.

than in education. It may be pointed out that both health and education functions are presently decentralized to the local governments.

On the issue of **perceived corruption** at various levels of government, around one-third of the respondents viewed that no level of government is honest which indicates a highly critical public view on the transparency in the government. However, out of those considering any government to be honest, 13% voted for Union Council level local governments followed by 11% votes for the provincial government. Tehsil level local governments came off to be the least honest as only 5% of the respondents considered them to be the most honest.

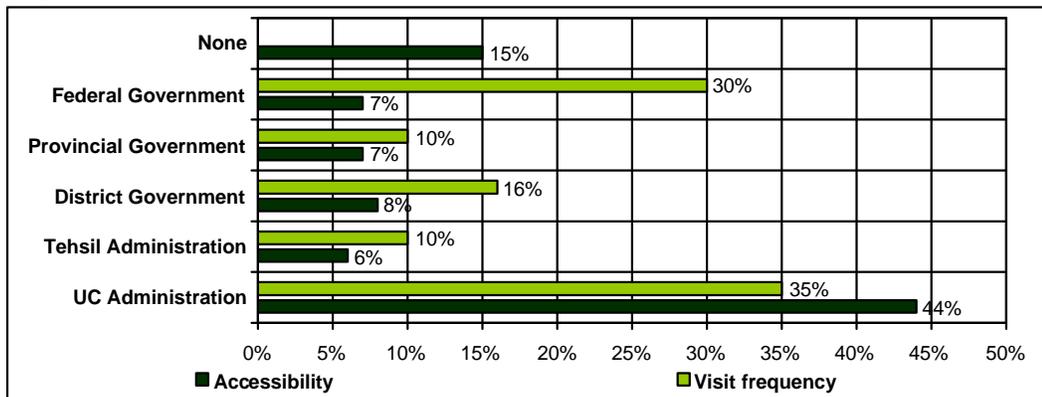
Figure 8: Honesty in Contracting at Various Government Levels



Source: Urban Institute/Neilson Survey 2008

Access to government was approached from two angles. On the one hand, effort was made to know as to what level of government is considered to be most easily accessible by the citizens. On the other, citizens were asked to indicate as to which office is most frequently visited by them. Interestingly, both of the approaches bring out quite similar results. Union Council level local governments are the most frequented government and is also perceived to be most accessible. The only anomaly is the case of Federal government which though perceived to be lesser accessible is comparatively more frequently visited. On the overall, 15% of the respondents viewed that none of the government is easily accessible for them.

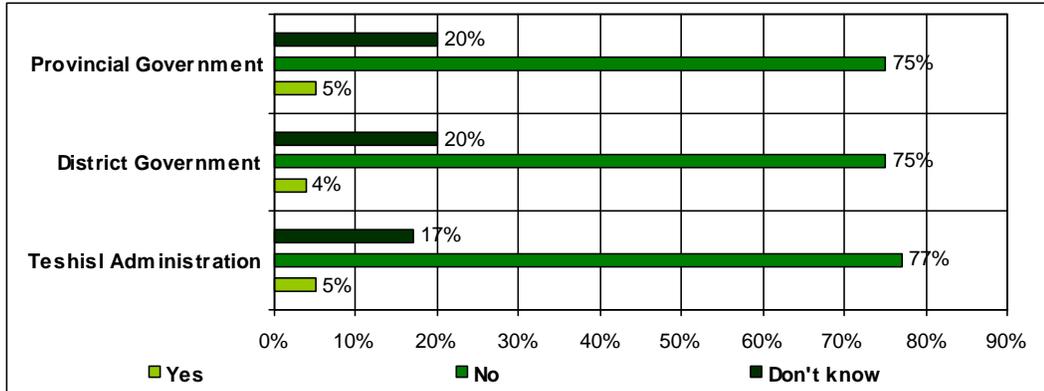
Figure 9: Ease of Access to and Visits to Federal, Provincial and Local Governments



Source: Urban Institute/Neilson Survey 2008

Openness to consultation referred to consulting citizens in government functioning. This can be done through information sharing, public hearings, open meetings and informal meetings. Openness and citizens participation is one of the major arguments for decentralization. However, as indicated by the following figure, the government as a whole is seriously lacking in consulting the citizens. During the survey, only 5% of the respondents agreed to a suggestion that the governments arrange public meetings to discuss their decisions or policies. The situation was a shade worst for Tehsil level local governments as around 77% of the respondents considered that they do not consult citizens.

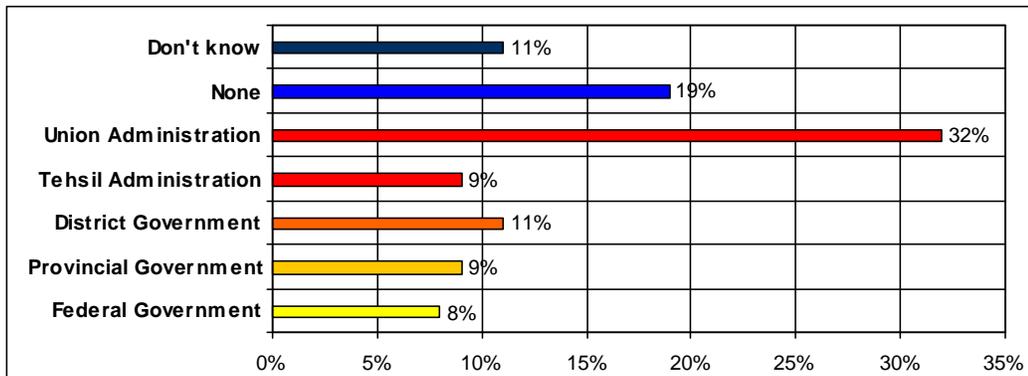
Figure 10: Public Consultations by Provincial, District and Tehsil Governments



Source: Urban Institute/Neilson Survey 2008

Responsiveness was taken to mean as the degree to which citizens see that government decisions, policies, budgets, projects respond to their preferences, and their perceptions on whether as a citizen they can influence government decision making. The most frequent reply to a question as to which level of government is more responsive to their needs was none, around 19% the total respondents reflecting the very critical view on quality of governance prevailing at the time. Nonetheless, Union Councils received 32% mentions making these as the most responsive level of government. The score of the other local governments did not vary much from the score obtained by the provincial government.

Figure 11: Responsiveness of the Federal, Provincial and Local Governments



Source: Urban Institute/Neilson Survey 2008

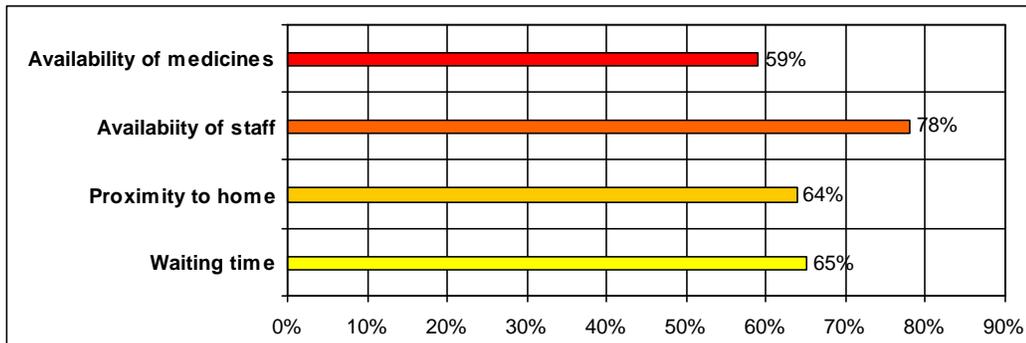
Similar results were received in response to a question as to which level of government attempts to learn citizen's opinions. Around 30% of the respondents considered that none of the governments attempts to learn their opinion. Tehsil Administration came off worst once again with only 9% respondents rating them favourably on this account.

b. Service Delivery

Local governments have presently been entrusted with a whole range of service provision. The survey however focused on health, education and various household services such as drinking water, garbage disposal, drainage and sanitation which are considered to be a major concern for the citizens.

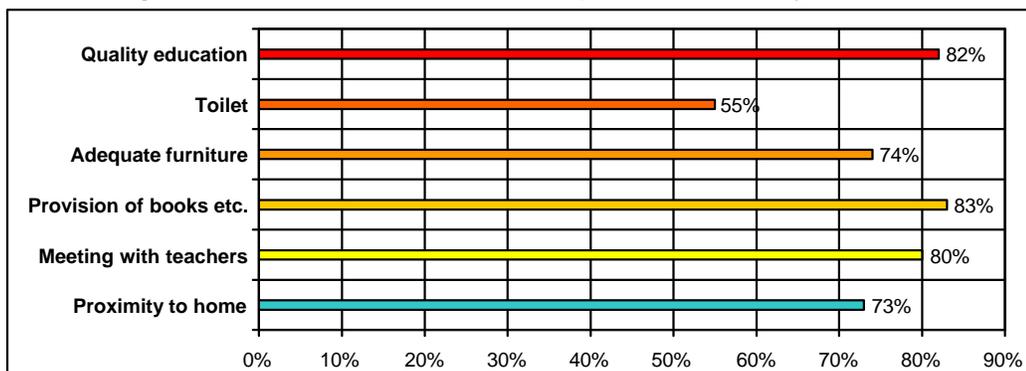
As indicated by the following figures, the respondents seemed to be quite satisfied with the functioning of Basic Health Units (BHUs) and government run schools. This is quite in contrast to the common public opinion.

Figure 12: Satisfaction with Various Aspects of BHUS



Source: Urban Institute/Neilson Survey 2008

Figure 13: Satisfaction with Various Aspects of Secondary Schools

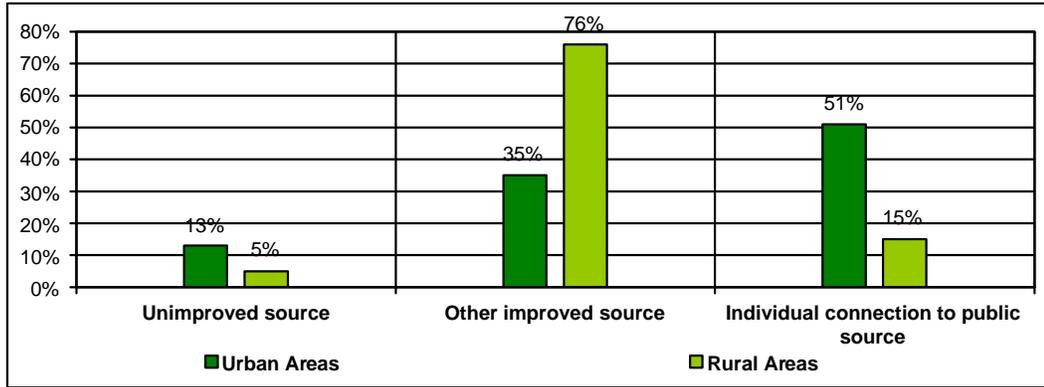


Source: Urban Institute/Neilson Survey 2008

Satisfaction with the household services was assessed both in term of their coverage and quality. The survey discussed four primary household services namely drinking water supply, garbage disposal, drainage and street cleanliness. As indicated by the following figures, the quality and coverage of the household services seems to be poor and furthermore firmly divided along urban and rural areas.

As regards the extent of coverage of drinking water supply services, an individual connection from a government run waters supply scheme comprised the primary drinking source for 51% of urban respondents. However this ratio sharply dropped to 15% in case of rural areas.

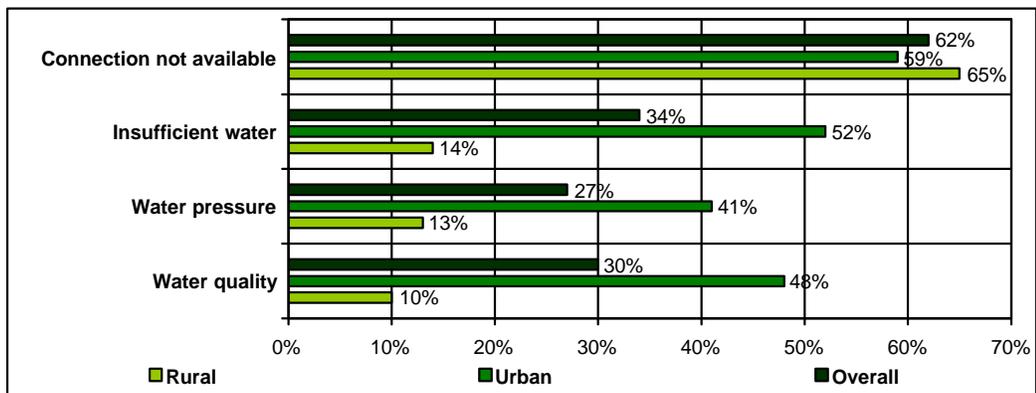
Figure 14: Primary Drinking Water Sources in Urban and Rural Areas



Source: Urban Institute/Neilson Survey 2008

A similar gap exists in the quality of drinking water supply services in urban and rural areas. Following results on citizens' perceptions on availability of water connection, sufficiency of water, water pressure and water quality illustrate this point quite well. Additionally, the results also reflect on the overall poor quality of the service as well. In response to another question, 25% of urban respondents and 18% of rural respondents believed that someone in their family became sick of the drinking water in the past 6 months which again indicates the poor quality of the service.

Figure 15: Reasons for not having an Individual Water Connection

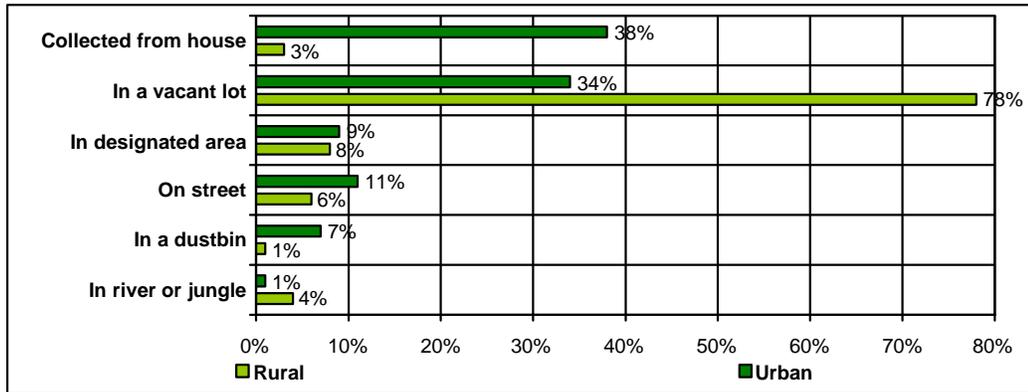


Source: Urban Institute/Neilson Survey 2008

Similar trends are visible in the case of garbage disposal services. Survey results indicate that around 88% of rural respondents disposed off their garbage haphazardly in a vacant lot, on the street or in a river or jungle as compared to 46% of the urban respondents. Similarly the number of urban respondents reporting that garbage is collected from their houses was around thirteen times greater than the rural respondents. This however does not mean that garbage collection services in

the urban areas were any satisfactory as more than 54% of the respondents did not have any proper access to garbage disposal. Similarly, around 59% of the urban respondents and 82% of the rural respondents viewed that cleanliness in their locality was either bad or very bad.

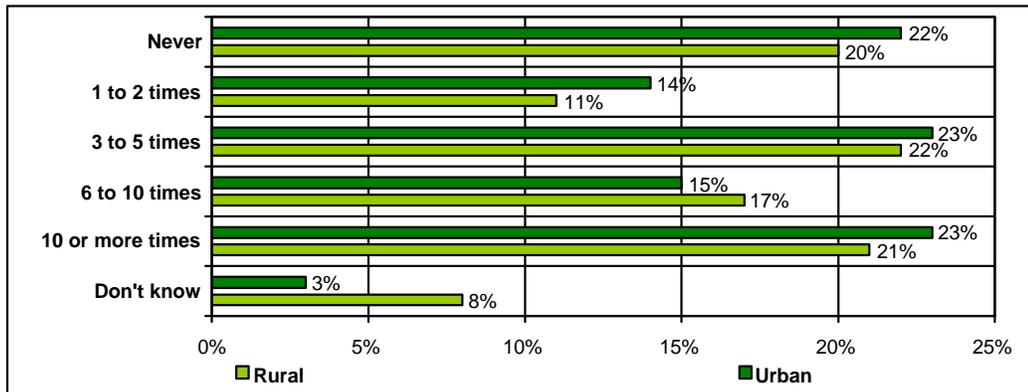
Figure 16: Disposal of Garbage by Urban/Rural Respondents



Source: Urban Institute/Neilson Survey 2008

As for the coverage of drainage system, around 26% of rural respondents reported no drainage system in their locality as against 2% of the urban respondents. The poor quality of drainage system can be observed from the frequency of flooding of streets during the last monsoon season as indicated by the following figure:-

Figure 17: Frequency of Flooding of Streets by Urban/Rural



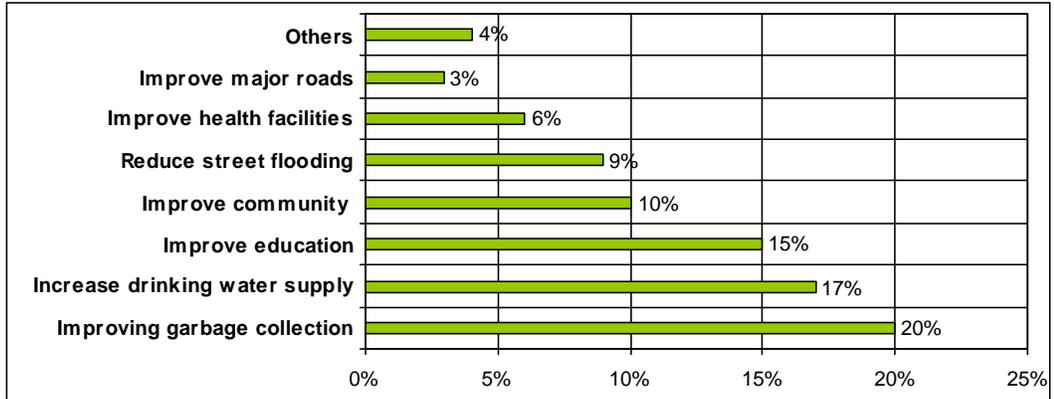
Source: Urban Institute/Neilson Survey 2008

c. Citizens Expectations for Improvement

This part of the survey intended to document citizens' views on possible government reforms. For this purpose, it touched upon a number of issues of which three are significant for this report. These include citizens priority for improvement of government services, their preference between various levels of government for the provision of certain social and household services and how local governments shall be elected.

As indicated by the following figure, improvement in basic household services is the highest priority for the citizens. Among them garbage collection stood as the most important area followed by improvement of drinking water services.

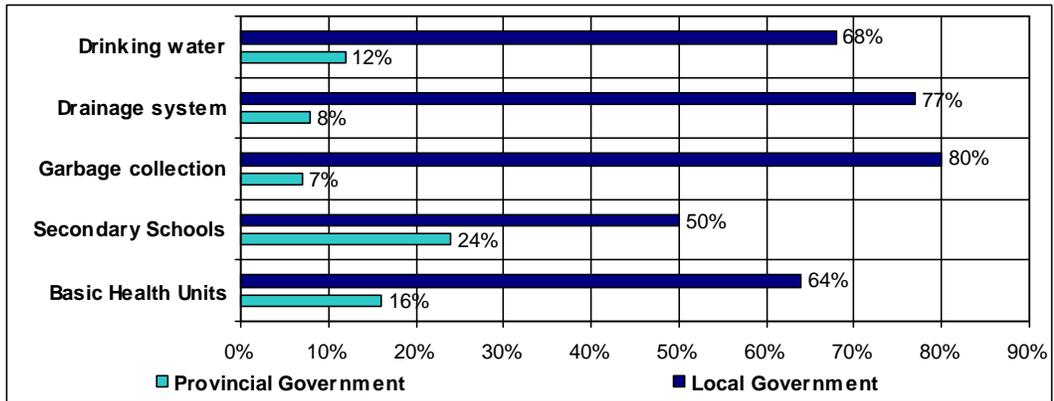
Figure 18: Citizens First Priority for Improvement of Government Services



Source: Urban Institute/Neilson Survey 2008

With regards to the question as to which level of government the respondents considered to be the best suited to provide various services, a clear preference for local government was exercised in case of Basic Health Units, secondary level schools and the aforementioned household services. Further details are indicated by the following figure.

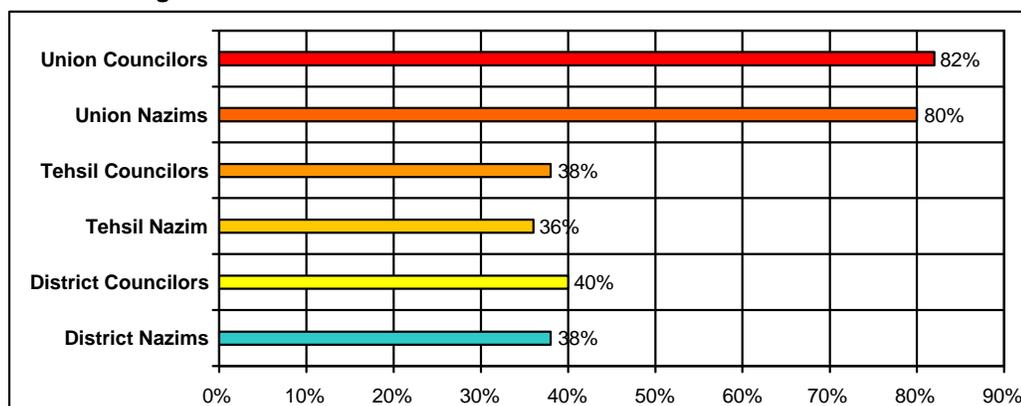
Figure 19: Citizens Preference for Provision of Social and Household Services



Source: Urban Institute/Neilson Survey 2008

The respondents were also asked as to which of the public officials to various levels of government shall be directly elected. The results are represented in the following Figure 20. A majority of the respondents favoured direct elections of MPAs and MNAs in contrast to the direct election of head of local government at District and Tehsil level. The highest level of support for direct election of public officials was received for the members and head of the Union Council level local government.

Figure 20: Preference for Direct Election of Government Officials



Source: Urban Institute/Neilson Survey 2008

8.4 Policy Implications

The results of the survey are important for the on going local government review in many ways. Some of the important policy implications are briefly discussed as under:-

- a. A large number of citizens are not satisfied with the services provided by local governments. The situation seems to be much worse in case of the basic municipal services which are presently being provided by Tehsil/Town Municipal Administrations. This indicates that several problems exist in the present arrangements for delivery of these services.
- b. Despite the general dissatisfaction with the quality of services, citizens still prefer that certain basic social services such as primary health care, secondary education and basic municipal services like drinking water supply, garbage disposal, drainage and sanitation shall be undertaken by the local governments and not by any other level of government.
- c. There is a sharp difference in the quality and coverage of local services in rural and urban areas. This may possibly be linked to the present structure of local governments under which some local governments cater for both rural and urban areas. The local governments seem to be hard pressed to adequately provide for urban areas let alone rural populations which are far more dispersed. This indicates the need for re-exploration of organizing the local governments on urban and rural basis.
- d. Citizens generally distrust all levels of government on account of lack of transparency, openness, responsiveness and accessibility. However, Union Administrations, which are geographically closest to the communities, fare much better in their eyes on these scores. This observation may provide a good ground for strengthening of Union Council level local governments and enhancing representation and access to local decision making at all other levels.
- e. Accountability is a major issue with regards to local governments. Citizens not only consider that the local governments are not transparent in their working, a little less than half of them consider that they are incapable of holding the local governments accountable for their actions. This raises the need for introduction of robust frameworks for effective exercise of political accountability as well as accountability by the provincial government.

- f. There is a significant support for direct election of the members and heads of all levels of local governments. While the case of Union Administration does prove the value of direct election, the direct election of heads of district and Tehsil level local governments need careful examination on account of the size and geographic expanse of the likely constituency.

It is pertinent to note that the citizens' opinion as expressed by the survey largely matches with the recommendations received during thematic dialogues and consultation with the parliamentary parties which further substantiates the veracity of the two parallel exercises.

CHAPTER 9

COMPARATIVE ANALYSIS OF THE RESULTS OF PROVINCIAL CONSULTATIONS

9.1 Introduction

As pointed out earlier, a similar consultation process for review of local government system was carried out in all the four provinces. This chapter aims at providing a comparative analysis of these consultations to underline areas in which there is either an agreement or disagreement in the views of key stakeholders across the provinces and thereby facilitate a broader national consensus on local government reform. By listing a wider range of options available against specific issues, the analysis may also prove useful for a better informed policy making.

The consultation process in all of the provinces except the North West Frontier Province was steered by the respective provincial working groups. In the case of North West Frontier Province, a committee of the provincial cabinet headed the review process. Consultations in each province addressed the following five themes:-

- a. Functions, responsibilities and structure of local governments covered in Dialogue 1;
- b. Accountability, oversight and responsiveness covered in Dialogue 2;
- c. Local government finance, budget, accounts and audit covered in Dialogue 3;
- d. Human resource management covered in Dialogue 4; and
- e. Coordination and conflict management covered in dialogue 5.

The consultations were held at respective provincial headquarters from August to December 2008. All key stakeholders including the respective provincial government, elected and non-elected officials of the local governments, and non-government sector were represented in the consultations. Additionally, selected local government experts were also invited to generate an informed debate.

Table 9.1: Schedule of Thematic Consultations

Policy Dialogue	NWFP	Sindh	Punjab	Baluchistan
Dialogue 1	20-21 Aug 08	24-25 Oct 08	17-18 Oct 08	24-25 Oct 08
Dialogue 2	18-19 Sep 08	31 Oct, 1 Nov 08	3-4 Nov 08	27-28 Oct 08
Dialogue 3	05-07 Nov 08	10-12 Nov 08	20-22 Nov 08	17-19 Nov 08
Dialogue 4	26 Nov 08	22 Dec 08	17 Dec 08	2 Dec 08
Dialogue 5	27 Nov 08	23 Dec 08	18 Dec 08	3 Dec 08

Table 9.2: Overview of Stakeholders Participation in Thematic Consultations

Stakeholders	Representation					Total
	Dialogue 1	Dialogue 2	Dialogue 3	Dialogue 4	Dialogue 5	
Baluchistan	37	31	48	44	37	197
Sindh	24	37	45	20	20	146
NWFP	34	32	45	31	31	173
Punjab	42	36	47	35	35	195
Total	137	136	185	130	123	711

Standard background papers were used in all the four provinces to facilitate a structured discussion and allow inter-provincial comparison of results. As mentioned earlier, these background papers included a detailed account of the issues, a set of questionnaire and an array of options for the participants to choose from for each question and a reference to international practices to facilitate them in decision making. The intent was not to propose a particular model but to enable and facilitate a process by which participants could define a shared local government model of their own.

Decisions were recorded in a manner similar to the one explain under Chapter 1. In that the recommendations were recorded in the form of agreements i.e. where all participants agreed on a particular issue or where it was not possible, as disagreement. Effort was made to record the relative proportion of participants supporting opposing views in the later case.

9.2 Key Findings from other Provincial Consultations

A detailed comparative analysis of the results of thematic discussions held in the four provinces is given at Annex 16. As the details indicate there are numerous aspects of local government reform on which there is a complete agreement between the stakeholders across the four provinces. A brief account of the key findings of inter-provincial comparison is given as under:-

a. Functions and Extent of Responsibility of Local Governments

Recommendations from Punjab and Sindh favoured a limited set of functions for the local governments (37 and 39 functions respectively). In the case of NWFP and Baluchistan, however, the stakeholders preferred to retain majority of the functions which are presently vested in the local governments.

Table 9.3: Functions Allocated to Local Governments in Various Provinces

Broad Areas	Rough number of Functions Assigned ⁸⁴			
	Baluchistan	NWFP	Punjab	Sindh
Civil Defence	01	01	-	-
Agriculture	09	05	-	02
Livestock	04	04	04	03
Fisheries	03	03	-	-
Forest management	-	02	-	-
Community development	07	07	04	03
Education	05	06	01	01
Technical Education	01	01	-	-
Special Education	-	01	-	-
Industrial and enterprise development	04	07	-	01
Public health services	06	06	02	02
Population Welfare	01	01	-	-
Environment protection	02	02	-	02
Land revenue and estates	04	06	-	01
Infrastructure development	01	01	02	01
Transport and traffic	03	03	02	03
Basic municipal services	11	11	16	12
Spatial planning	02	02	03	03
Fire fighting	01	01	01	01
Miscellaneous	01	01	02	04
Total	66	71	37	39

⁸⁴ The exact number of local government functions depends upon the description of a particular function or the broad area. The number of functions reflected here is therefore strictly indicative.

A broad consensus among the provinces existed on the allocation of functions pertaining to delivery of basic municipal services, spatial planning, social welfare, sports, disaster management and fire fighting. Allocation of functions related to special education, excise and taxation, and land revenue and estates management was recommended only in the case of NWFP. While all stakeholders from all the four provinces agreed on the need for the retention of health and education functions with the local governments, there was a disagreement on the level up to which these functions may be decentralized as given under:-

- (1). In case of education, recommendations from Punjab and Baluchistan favoured decentralization up to the level of secondary education. The stakeholders from NWFP however pitched a higher demand for decentralization up to college level while Sindh remained on a lower side to primary education.
- (2). In case of health, stakeholders from all the provinces agreed to assign preventive health care services to the local governments. There was however a difference of opinion on the extent of local government control over other health services. In that the stakeholders from NWFP and Baluchistan favoured decentralization of primary and secondary health facilities (dispensaries, Basic Health Units, Rural Health Centres, Tehsil and District Headquarters Hospitals) while the recommendations from Punjab and Sindh preferred decentralization only up to the level of primary health care facilities (dispensaries, Basic Health Units and Rural Health Centres).

On the issue of extent of responsibility⁸⁵, there was a general agreement amongst the provincial stakeholders that the local governments may be given full responsibility in case of basic municipal services while in case of other functions their responsibility may either be partial or limited. In case of NWFP and Baluchistan, full responsibility was also assigned in case of functions other than basic municipal services.

Table 9.4: Overview of assignment of responsibility to the local governments

Extent of LG responsibility	Number of related functions			
	Baluchistan	NWFP	Punjab	Sindh
Full responsibility	22	32	12	26
Partial responsibility	32	32	23	09
Limited responsibility	12	07	01	04
Total functions	66	71	36⁸⁶	39

b. Structure of Local Governments

Structure of the local governments remained a contentious issue in all the four provinces and no agreement on this issue could be reached during any of the provincial consultations. Nonetheless, overwhelming majority of the stakeholders in Punjab and Baluchistan favoured a territorial model⁸⁷ with separate local governments for rural and urban areas. In case of Sindh, the opinion was equally split on the choice between territorial and functional models. Stakeholders from

⁸⁵ Framework used during the consultation for deciding the extent of responsibility of a local government is given at section 2.2 ante.

⁸⁶ In case of one function there was a disagreement on the extent of responsibility and therefore, the total does not tally with the total number of functions given at table above

⁸⁷ For an explanation of territorially organized local governments refer section 2.2 ante

NWFP proposed a three tiered functionally organized local government structure comprising of a district, Tehsil and Union Council level local governments. However, a disagreement between them prevailed on the issue of hierarchy between the three tiers with majority opinion favouring subordination of Union Council to the Tehsil and Tehsil to the district level local government.

In case of all territorial models, a separate local government was proposed for each urban area in a district. In addition, subordinate local governments were also proposed for rural areas at the Union Council level and in case of larger urban areas. NWFP model did not provide for separate local governments for urban and rural areas.

c. Local Government Elections

A complete consensus existed in NWFP, Punjab and Sindh with respect to direct election of members at all levels of local governments. Even in the case of Baluchistan, direct election of members was favoured by a definite majority (2/3 of the participants). In addition, majority of the stakeholders from NWFP, Punjab and Baluchistan also favoured direct elections of the head of local governments at all levels as well. Sindh, however, opted for indirect election of the heads. This recommendation is important as under the present arrangements, only the members and heads of Union Council are elected directly⁸⁸.

On the issue of candidate affiliations, the participants from all the provinces except Punjab considered that the local government elections may be held on party basis, while in Punjab only a minority supported this arrangement.

As regards other elected positions in a local government, there was a complete agreement on the need for a speaker of the council. Recommendations from NWFP, Punjab and Sindh also favoured an elected position of the deputy head of local government to support the head of local government in his executive functions.

d. Accountability and Oversight of Local Governments

Majority of participants from all the provinces except Baluchistan agreed to authorize provincial governments to ensure that the acts and or orders of local governments comply with law (legal supervision) and are also based on merit (supervision of expediency). In case of Baluchistan, no agreement could be reached on the issue of authority of provincial government to exercise legal supervision over the acts (resolutions, bye-laws etc.) of the local council. In case of NWFP and Sindh, majority of the stakeholders viewed that the provincial government may not exercise legal supervision on the acts and or orders of the Union Council level local governments and this matter may be left to the principal local governments to whom they are subordinate.

As regards the extent of supervisory authority, majority of the stakeholders from all the provinces except Sindh viewed that it shall be limited to the power to return a defective act and or order to the concerned local government who shall then be obliged to take up the issue again and adopt a new decision. In case of Sindh, it was also viewed that the provincial government may also have powers to declare an act

⁸⁸ See Chapter XVII of the Punjab Local Government Ordinance, 2001

and or order as null and void and replace it with a new decision. Such views were as well shared by a minority in case of Punjab.

Except in the case of Sindh, majority of the participants supported premature removal of a head of local government. However, a general disagreement prevailed during all provincial consultations as to who may exercise authority to remove a head of local government before the expiry of term. Accordingly, following two recommendations were received from all the provinces:-

- (1). The authority to prematurely remove a head of local government may be exercised by the local council. There was however a difference of opinion as to whether this authority may be exercised by the council through a 2/3 majority vote (recommendation from Punjab and Baluchistan) or a simple majority (recommendation from NWFP and Sindh).
- (2). A motion for premature removal of a head of local government may be initiated only by the local population through a joint petition signed by a specified number of local residents.

It may be pointed out that majority of the stakeholders (2/3 in case of Baluchistan, Punjab and Sindh, and 1/2 in case of Sindh) supported the former recommendation.

In case of Sindh, stakeholders viewed that premature removal of the head may only be allowed where the head is indirectly elected. Only a minority supported premature removal of a directly elected head.

It was also agreed that it shall be mandatory for the local governments to share certain information with citizens in specific cases through advance publication, open meetings and public hearing. Similarly, in order to ensure responsiveness to local needs, it was also agreed that certain local activities may be proposed and implemented by the community itself on the pattern of existing Citizen Community Boards. In case of Sindh, however, it was felt that communities may only propose certain local activities and not implement them.

e. **Local Government Finance**

The consultations in all the four provinces concluded that local government moneys could come both from their own resources as well as through provincial transfers. Local government own resources would consist of the incomes from following sources:

- (1). Local taxes and fees with respect to functions allocated to the local governments. All of these taxes and fees would be defined in the law.
- (2). Local donations/gifts
- (3). Proceeds from rent/sale of local properties; and
- (4). Interests on deposits.

There was however a disagreement on the issue of capacity of local governments to borrow moneys. Borrowing was not supported by the stakeholders from Sindh and Baluchistan. In Punjab and NWFP, however, the majority of participants considered borrowing as necessary for raising investment capital by local governments. In case

of Punjab the borrowing was made conditional to a prior permission from the provincial government and only for the purpose of viable profit earning investments.

Recommendations from Baluchistan and NWFP favoured fewer local taxes as compared to recommendations from Punjab and Sindh. However, almost equal numbers of local fees were proposed in all the four provinces as indicated by the following table. Further details in this regard are available at Appendix A and B to Annex 16.

Table 9.5: Overview of Recommendations for Allocation of Local Taxes and Fees

Province	No. of local taxes	No. of local fee
Baluchistan	03	23
NWFP	05	21
Punjab	15	21
Sindh	16	19

There was also a general consensus that in view of the limited and inflexible nature of local government own resources, a large measure of local government finance may come from provincial resources through conditional and unconditional transfers. In order to ensure predictability and continuity, the stakeholders recommended that a portion of the total provincial receipts shall be earmarked for transfers to the local governments. In case of Baluchistan, there was an agreement that this portion may be fixed at 40% of the provincial revenues. The participants from Sindh and NWFP favoured that this share may be equal to the percentage fixed under the current PFC award. A disagreement was, however, recorded in the case of Punjab with recommendations varying from 40-50%. In addition, stakeholders from all provinces less Baluchistan also recommended that the local governments may receive 5% of the proceeds of the General Sales Tax (GST) from the federal revenues over and above the share in the provincial revenues. In case of Baluchistan, the stakeholders recommended that 5% of the entire federal revenues may be shared with the local governments. Similarly, recommendations for sharing of 1% of the income tax of the local area and 50% of excise duty on natural resources with the local government were also received from Sindh.

It was generally agreed that the broad principles for determining the allocation to a particular local government from the provincial revenues in a financial year shall be established by law while the actual size may be worked out administratively by a statutory body in accordance with these principles. It was felt that the recommendations of such statutory body shall be binding on the provincial government. There was a slight difference on the last issue in case of Baluchistan where the effect was recommended to be advisory only.

f. **Local Budgets**

In the case of Punjab and Sindh, it was recommended that both the local budget and a formal decision by the provincial government may constitute the legal basis for appropriation of local expenditure. The stakeholders from NWFP and Baluchistan however viewed that such authority shall rest with the local council only.

There was a complete agreement across the provinces that provincial governments need to be empowered to impose following limitations on the financial authority of the local governments:

- (1). Limitations pertaining to the approval of local budgets including those related to the requirement of balanced budget;
- (2). Certain limitations pertaining to local expenditure;
- (3). Certain limitations pertaining to the authority of local governments to raise revenues; and
- (4). Mandatory reporting requirements with respect to their finances.

It was also unanimously agreed that the provincial government may be authorized to impose following sanctions in case of violation of the above limitations:

- (1). Requiring the local government to submit reasons for violation and a plan to correct the problem;
- (2). Administrative action against functionaries (both elected or non-elected officials as the case may be) responsible for the violation; and
- (3). Provincial government to authorize expenditures on interim basis.

There was, however, a disagreement amongst the stakeholders with respect to the powers of the provincial government to impose fines on local governments, to withhold their unconditional grants, or to invalidate the local budget in case of violation of the limitations.

g. Audit and Accounts of Local Governments

Except in the case of Sindh, there was a general consensus that functions relating to the maintenance of local accounts may be undertaken by a provincial entity. An entity of local government was preferred for this purpose in case of Sindh. However, stakeholders from across the provinces considered that pre-audit and post audit of local expenditure, consolidation and certification of local accounts shall be entrusted to a provincial entity. The stakeholders from NWFP however differed from this view only to the extent of district level local governments and considered that in their case post audit function may be undertaken by the Auditor General who is a federal entity. It may be reminded that most of the functions relating to maintenance of accounts, pre-audit and post audit of local expenditure, certification and consolidation of local accounts are presently being undertaken by the Auditor General and the Controller General of Accountants who are federal entities⁸⁹.

There was however a disagreement as to the choice of authority for the settlement of audit observations/financial irregularities of the local governments. Stakeholders from provinces other than Punjab viewed that this authority may be vested in the accounts committee of the concerned local council. In case of Punjab, it was considered that being the ultimate custodian of all provincial moneys, this authority may be exercised by the Accounts Committee of the Provincial Assembly alone. It was, however, agreed there shall be one uniform accounting procedure for each tier of local government in the province which may be prescribed by the provincial government.

⁸⁹ See Sections 114 and 115 of the Punjab Local Government Ordinance, 2001.

h. Personnel Management in Local Governments

There was a general agreement on the need for five core staff namely the head of local government administration, chief finance officer, chief planning officer, chief regulatory officer and chief HRM officer. The stakeholders from all the provinces except Punjab agreed to the need for maintaining the existing three tiered structure for provision of various local services (EDOs, DOs and DDOs). In case of Punjab, a two tiered structure was preferred to ensure a lean bureaucracy. However it was felt that a third tier of managers may be required in case of education and health due to the scale of operations. Top manager status was also recommended for the heads of important public entities such as larger hospitals, education institutions and water and sewerage authorities. Except in case of Sindh, it was also agreed that the local governments shall have the authority to determine their staffing requirements vis-à-vis top managers, service providers, secretarial and miscellaneous staff with the prior approval of the provincial government. Majority of stakeholders from Sindh considered that this authority may be exercised by the local governments on their own.

It was also agreed that the core staff, top managers and highly skilled service providers may be appointed by the provincial government from amongst its officers. There was however a disagreement on the issue of appointment of various core staff and top managers through direct recruitment both at the provincial and inter-provincial levels. Similar difference existed on the method of appointment of the staff. However there was a general agreement that the tenure of the provincial staff in a local government may be fixed under law. There was however a disagreement as to what shall be the minimum tenure. Stakeholders from all provinces except Baluchistan preferred that the tenure shall be fixed for three years. A disagreement also prevailed as to premature recall procedures. In case of Punjab and NWFP the stakeholders viewed that a staff may be recalled on a complaint of a local government after an independent inquiry. Stakeholders from Baluchistan considered that a staff may only be recalled with the consent of the local government. Opinion in Sindh was equally divided on the choice between no recall provision and recall after an independent inquiry as in case of Punjab and NWFP.

Some of the other important recommendations on which there was a general agreement between the provinces are given as under:-

- (1). Training requirements of top managers, service providers, secretarial staff and miscellaneous staff may be determined by the provincial government in consultation with the local governments.
- (2). Training may be mandatory for appointment against a position and continuation in that position, promotion to a higher position and availing of performance incentives.
- (3). Performance appraisal, promotion and discipline policy for the core staff, top managers and service providers may be prescribed by the provincial government. In case of secretarial and miscellaneous staff, there was however a difference of opinion as to whether such policies may be determined by local governments on their own or in consultation with the provincial government.

There was however a disagreement across the provinces as to whether the authority to determine training requirement of core staff may be exercised by the provincial government on its own or in consultation with the local governments. Majority of the

stakeholders from Baluchistan and NWFP favoured the former option while there was a complete consensus in Punjab and Sindh on the later.

A disagreement with respect to authority and method for determination of terms and conditions of local staff also prevailed across the provinces. In case of Baluchistan and NWFP it was preferred that this authority may be vested in the provincial government. However, in case of Punjab, it was recommended that this authority may be exercised by the local governments but after seeking a prior approval from the provincial government. Stakeholders from Sindh went a step further and favoured that terms and conditions may be determined by local governments independently. Recommendations from Sindh and Punjab also proposed market based salaries for some positions determined by the local council to attract quality human resource.

i. **Coordination and Conflict Management**

It was agreed in all the four provinces that the overall responsibility for coordinating with the local governments shall rest with the local government department while other provincial departments may coordinate with respect to their specific functions. However, except in case of Punjab, no agreement could be reached among the provincial stakeholders with regards to the need for a specially constituted body to assist the local government department in coordination function. As regards coordination related responsibilities within a local government, it was agreed that coordination with the provincial government and internal coordination may be looked after by the head of local government administration, however, the elected head of local government may also coordinate on key issues.

It was also agreed that coordination between local and provincial governments on key issues may be undertaken through formal consultations. The mode of representation of local governments during such consultations shall be determined by law. These consultations may be convened at fixed dates as well as on requirement basis.

It was also proposed that the provincial government may initiate an administrative action against a local official (elected or non-elected as the case may be) responsible for violation of its instructions. The stakeholders from Punjab and Sindh also supported that in event of a serious non-compliance, the provincial government may take over a particular local function temporarily and send its own officers to implement its instructions. A minority in Punjab also viewed that a local government may be suspended in case it becomes insolvent or more than half of its core functions are consistently found to be poorly performed. In the case of Baluchistan, a minority viewed that instead of exercising any of the above options, the provincial government may merely refer the matter of violation to an independent statutory body for resolution.

There was also a disagreement with respect to the mechanisms for coordination amongst the local governments. The stakeholders from Baluchistan and NWFP viewed that this may be undertaken by a statutory coordination committee. In case of Punjab and Sindh however, there was an equal on the choice between a statutory coordination committee and the provincial government undertaking coordination directly.

The stakeholders from all the provinces proposed constitution of a conflict resolution commission to manage disputes between the local governments and provincial government and *inter se* local governments. The commission may comprise of equal

number of representatives from local governments and provincial government and reputable technical experts.

A need was also felt to authorize the local governments to constitute joint authorities for the performance of certain functions to achieve economies of scale and pooling up of resources.

CHAPTER 10

CONCLUSION AND WAY FORWARD

Following the elections of February 2008, one of the priorities of the Federal and Provincial Governments was to reform the local government system in Pakistan to improve and protect service delivery as well as to increase the access and participation of citizens' in governance processes. The need for an inclusive review of the local government system was understandable, as such.

The specific results of the consultative process carried out in Punjab have already been discussed in the preceding chapters; this part examines major implications of the results and outlines next steps in the local government review.

A felt need for comprehensive improvements in the present local government system is perhaps the most important indication of the consultation process. As regards the outline of the desired improvements, there appears to be a general consensus that unlike the existing arrangements, the local governments need to be lean, focusing primarily on the delivery of basic municipal and social services, and working under the control and supervision of the provincial governments. Such views are shared even by the persons elected into the local governments which confirm desirability of such reforms.

One of the interesting finding of this report is the existence of a larger agreement between the key stakeholders and citizens at large on the issues in present local government system and possible reform measures. This fact validates the findings of both the consultations and the citizen perception survey and thus adds weight to the recommendations reproduced in this report.

The report also indicates that there are some broad areas and several technical details on which a disagreement exists between the stakeholders. Various arguments adopted by the stakeholders in these cases can provide a range of policy options to the policy practitioners for consideration while finalizing future reforms. Similar difference of opinion is also visible across the provinces. This reflects the need for considering province specific approaches to local government reforms in certain areas. Accordingly, there is a strong argument for provinces view that local government reform may be led by them and not the federal government.

The results of thematic dialogues and citizen perception survey have already been shared with parliamentary parties in the province with a view to develop a broader political consensus. This report is now to be placed before the Provincial Working Group for consideration, review and finalization. After finalization, the report is likely to provide a policy document for the local government reforms in the Punjab. It may also be used for consultations with other provinces and the federal government to develop a broader national consensus on reform measures. Approved recommendations may also be used for legislative purposes. The Districts That Work Project of the USAID Pakistan has already aligned technical assistance to facilitate provincial governments in giving a legal shape to the approved results of the consultations.

As explained earlier, a consultative process has already been initiated at the federal level and in other provinces. It is hoped that this report can enrich this process and thereby lead to the establishment of a system of effective, transparent and responsive local governments not only in Punjab but in other provinces as well.

Annex 1

Proposed Functions and Extent of Responsibilities of Local Governments in Punjab

Ser	Local Government Functions	Recommendations by Working Groups											Recommendations of the House				
		Assigned by			Extent of responsibility									Whether assigned to local governments by House	Extent of responsibility		
		Group 1	Group 2	Group 3	Group 1			Group 2			Group 3				Limited	Partial	Full
					Limited	Partial	Full	Limited	Partial	Full	Limited	Partial	Full				
A Basic municipal services																	
1	Sanitation		√	√						√			√	√			√
2	Solid waste management		√							√				√			√
3	Sewerage and drainage	√	√				√			√				√			√
4	Street lighting		√							√				√			√
5	Street pavement		√							√				√			√
6	Water supply	√	√				√			√				√			√
7	Slaughter houses		√							√				√			√
8	Fire fighting	√	√			√				√				√		x	x(1)
9	Registration of births, deaths and marriages	√	√		√			√						√	√		
10	Establishment and maintenance of libraries		√							√				√			√
11	Sports		√						√					√		√	
12	Cultural and recreational events		√						√					√		√	
13	Local fairs and exhibitions		√							√				√			√
14	Cattle markets		√							√				√			√
15	Open and temporary markets		√							√				√			√
16	Parks and play grounds	√	√				√			√				√			√
17	Management of open spaces	√					√							√		√	
B Social welfare																	
18	Social awareness	√					√							√		√	
19	Community mobilization	√	√				√			√				√		√	
20	Relief/rehabilitation of poor, orphans and widows	√					√							√		√	
21	Charitable activities	√					√							√		√	
C Education services																	
22	Education up to secondary level	√	√	√		√			√			√		√		√	
23	Higher education	√			√												
24	Special education	√			√									x (1)	x		
25	Technical education		x (1)											x (1)		x	

Ser	Local Government Functions	Recommendations by Working Groups											Recommendations of the House				
		Assigned by			Extent of responsibility									Whether assigned to local governments by House	Extent of responsibility		
		Group 1	Group 2	Group 3	Group 1			Group 2			Group 3				Limited	Partial	Full
					Limited	Partial	Full	Limited	Partial	Full	Limited	Partial	Full				
D Health services																	
26	Health care up to secondary levels (District level, Tehsil level and rural health facilities)	√	√			√			√					x (1)	x		
27	Primary health (Basic Health Units/dispensaries)			√									√	√		√	
28	Preventive health care	√	√			√			√					√		√	
E Livestock related services																	
29	Livestock dispensaries	√	√			√			√					√		√	
30	Preventive health care for livestock	√				√								√		√	
31	Artificial insemination	√	√			√			√					√		√	
32	Livestock extension	√				√								√		√	
F Roads and communication																	
33	Intra-city roads	√	√			√			√					√		√	
34	Farm to market roads	√	√			√			√					√		√	
G Transport and related services																	
35	Transport stations, bus stands and bus stops		√						√					√		√	
36	Allotment of intra-city and intra-district transport		√						√					√		√	
H Spatial planning services																	
37	Spatial planning	√	√			√		√						√		√	
38	Building control	√	√			√		√						√		√	
39	Land use control	√	√			√		√						√		√	
I Miscellaneous services																	
40	Disaster management and relief	√	√			√			√					√		√	
41	Maintenance of law and order		√						√					x (1)	x		
42	Development of industrial estates	√				√											
43	Improvement of water courses	√				√								√		√	
44	Land records management less adjudication	x (1)			√												
45	Agriculture			√									√				

Notes:

1. √ indicates consensus on a particular issue within a working group or house
2. x indicates a disagreement on a particular issue within a group or house.
3. Figure within the parenthesis next to 'x' indicates number of participants (in case it is reflected under a group) or number of group(s) (in case it is reflected under the house) disagreeing with the majority opinion.

Annex 2

Proposed Structure of Local Governments

Ser	Question	Response				Remarks/explanation
		Group 1	Group 2	Group 3	House	
1	Separate local governments for urban and rural areas					
	Yes	x	x	√	x	Group 1 and 2 were almost half split on this issue and were accordingly divided into sub-groups on these lines.
	No					
2a	If yes,					
	In case of urban areas should there be					
	one local government for all urban areas in a district					For correct interpretation of results pertaining to questions 2 to 5, please see note 1 below.
	separate local government for each urban area in a district	√	√	√	√	
	more than one local government in one urban area					
	Yes	√	√	√	√	
	No					
	If yes,					
	multiple local governments in all urban areas in a district					Larger urban areas shall have subordinate local governments which shall perform delegated functions.
	multiple local government only in large urban areas	√	√	√	√	
2b	In case of rural areas should there be					
	one local government for all rural areas in a district			√	x (1)	For further explanation of these options refer response to question 3 below
	separate local government for each rural area in a district	√	√		x (1)	
3	Jurisdiction of a rural local government shall be based on					
	Limits of a village					Group 1A and Group 2A opted for: a. One local government for each Tehsil in a district b. One local government at Union level which shall be subordinate to Tehsil government c. No district level rural government. Group 3 opted for: a. One local government at District level b. One local government at Union level which shall be subordinate to District government. c. No Tehsil level rural government. However one Deputy Nazim shall look after the affairs of the District government for each Tehsil.
	Multiple villages as current union councils	√	√	√	√	
	Boundaries of a Tehsil	√	√		x(1)	
	Boundaries of a District			√	x(1)	
4	Should there be more than one local government in one rural area					
	Yes	√	√	√		
	No					
5	If the answer to question 1 is no, i.e. local governments are to be organized on functional basis:					
a	should there be three local governments (Union, Tehsil and District Governments) as they exist in a district currently:					
	Yes	√	√			
	No					
b	If no which government shall be deleted/added					

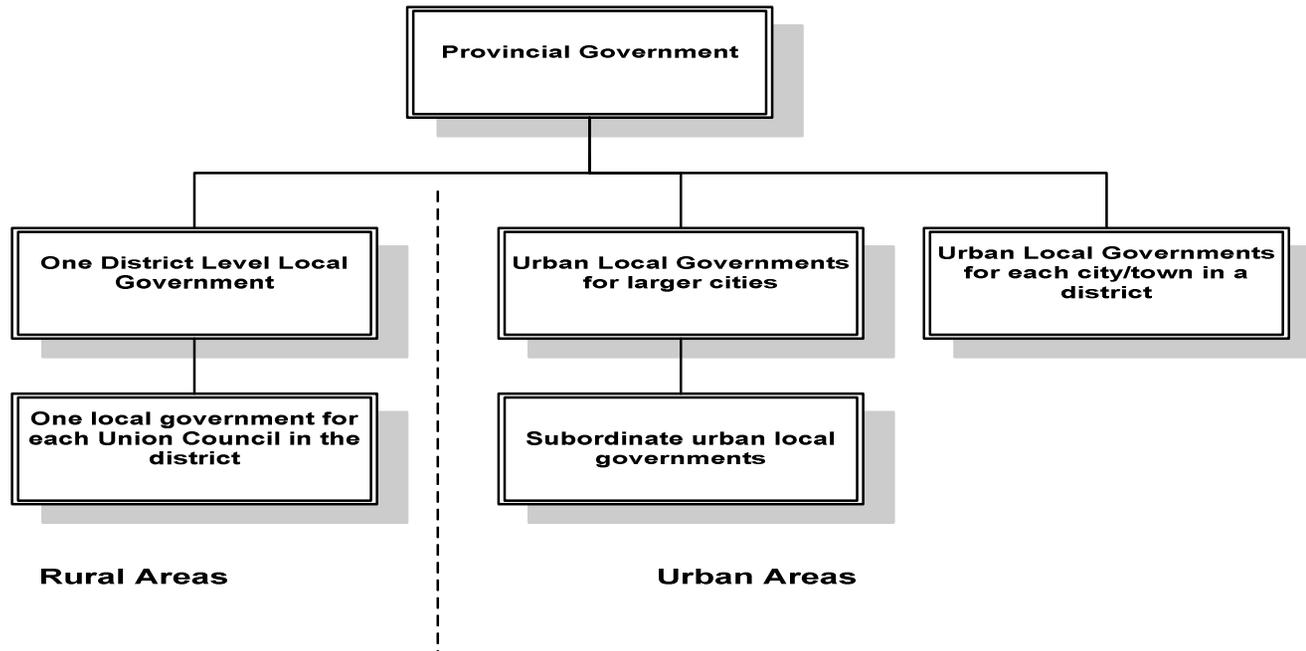
Ser	Question	Response				Remarks/explanation
		Group 1	Group 2	Group 3	House	
6	Should various local governments in a district be:					
	Subordinate to each other		√	√		
	Independently responsible to provincial government	√				

Notes:

1. Divided opinion on Q1, precluded the possibility of any consensus within Group 1 and 2 or house consensus on answers to question 2-5. The groups and house were therefore considered to have been split into sub-groups/sub-houses as under:
 - a. Group 1 and 2A/House A: participants who were pro territorially organized local governments; and
 - b. Group 1 and 2B/House B: participants who were pro functionally organized local governments
 Consequently, group/house consensus/disagreement reflected against questions 2-4 refers to consensus or disagreement within Group 1 or 2A/House A only and not that of a group or house in total.
2. √ indicates consensus on a particular issue within a working group or house
3. x indicates a disagreement on a particular issue within a group or house. Figure within the parenthesis next to 'x' indicates number of group(s) disagreeing with majority opinion.

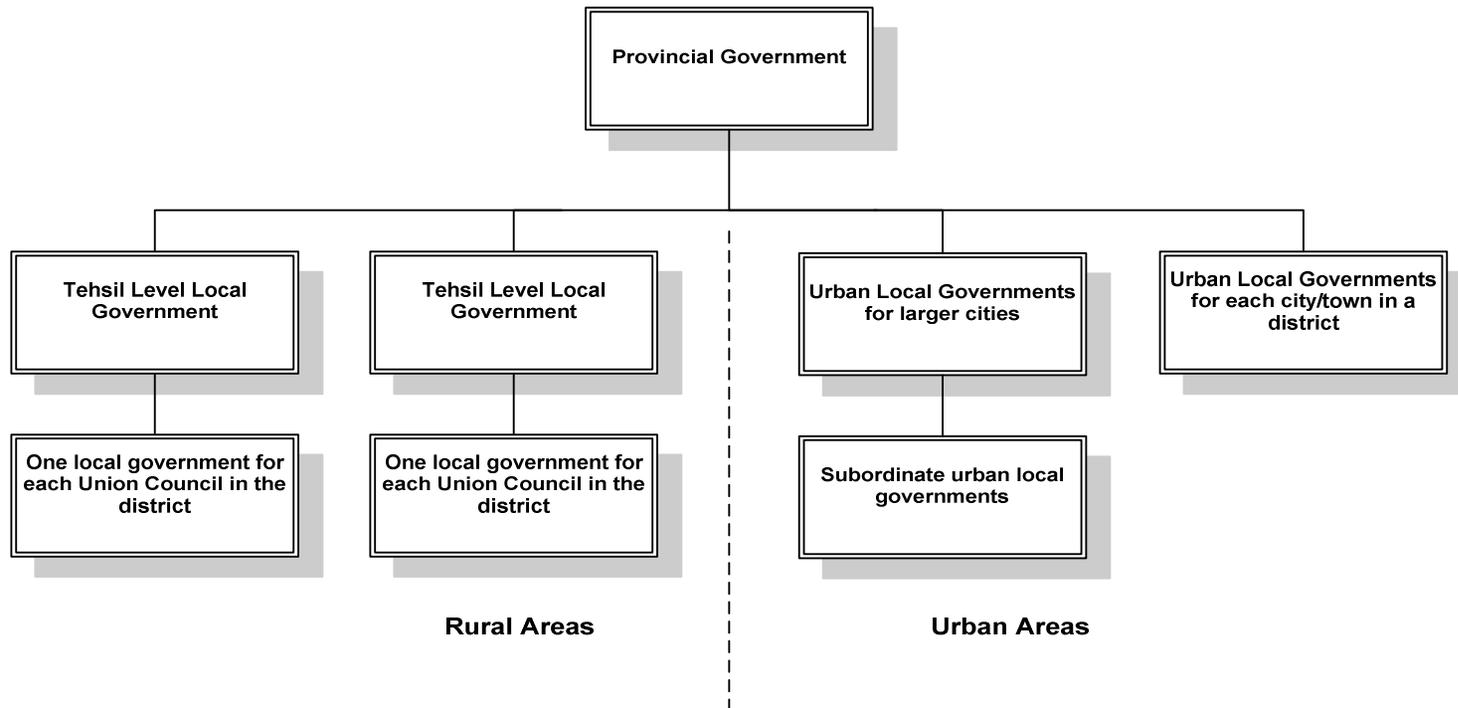
Appendix A to Annex 2

**Territorially Organized Local Government Structure – Proposal 1
(Separate Local Governments for each Urban Area and one District Level Rural Council)**



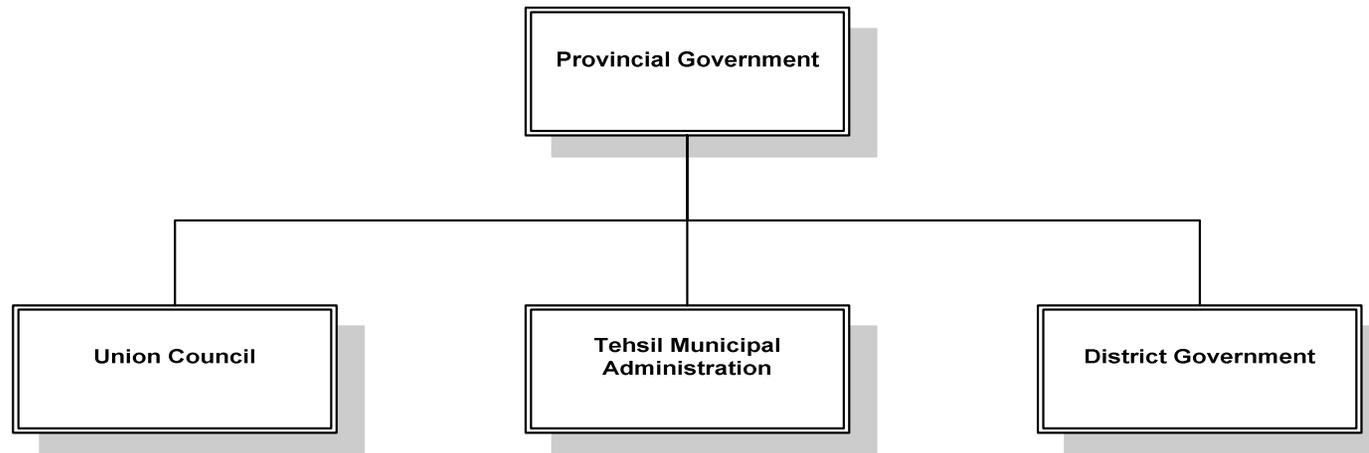
Appendix B to Annex 2

**Territorially Organized Local Government Structure – Proposal 2
(Separate Local Governments for each Urban Area and Multiple Tehsil Level Rural Councils in a District)**



Appendix C to Annex 2

Functionally Organized Local Government Structure – Proposal 3



Annex 3

Reassignment of Functions as per Proposed Local Government Structure

Ser	Local Government Functions	Functionally Organized Local Governments						Territorially Organized Local Governments					
		Group 1			Group 2			Group 1A		Group 2A		Group 3	
		District Level Local Government	Tehsil Level Local Government	Union Level Local Government	District Level Local Government	Tehsil Level Local Government	Union Level Local Government	Urban Local Governments	Rural Local Governments	Urban Local Governments	Rural Local Governments	Urban Local Governments	Rural Local Governments
A	Basic municipal services												
1	Sanitation		√			√		√	√	√	√	√	√
2	Solid waste management		√			√		√	√	√	√	√	√
3	Sewerage and drainage		√			√		√	√	√	√	√	√
4	Street lighting		√			√		√	√	√	√	√	√
5	Street pavement		√			√		√	√	√	√	√	√
6	Water supply		√			√		√	√	√	√	√	√
7	Slaughter houses		√			√		√	√	√	√	√	√
8	Fire fighting	√				√		√	√	√	√	√	√
9	Registration of births, deaths and marriages			√			√	√	√	√	√	√	√
10	Libraries	√		√	√		√	√	√	√	√	√	√
11	Sports	√		√	√		√	√	√	√	√	√	√
12	Cultural and recreational events	√		√	√		√	√	√	√	√	√	√
13	Local fairs and exhibitions	√	√	√	√		√	√	√	√	√	√	√
14	Cattle markets		√			√		√	√	√	√	√	√
15	Open and temporary markets	√	√		√	√		√	√	√	√	√	√
16	Parks and play grounds	√	√	√	√	√		√	√	√	√	√	√
17	Management of open spaces	√			√			√	√	√	√	√	√
B	Social welfare												
18	Social awareness	√	√	√	√		√	√	√	√	√	√	√
19	Community mobilization	√	√	√	√		√	√	√	√	√	√	√
20	Relief/rehabilitation of poor, orphans and widows	√			√	√		√	√	√	√	√	√
21	Charitable activities	√	√	√	√		√	√	√	√	√	√	√
C	Education services												
22	Education up to secondary level	√			√			√	√	√	√	√	√
23	Special education	√			√			√	√	√	√	√	√
24	Technical education	√			√			√	√	√	√	√	√

Ser	Local Government Functions	Functionally Organized Local Governments						Territorially Organized Local Governments					
		Group 1			Group 2			Group 1A		Group 2A		Group 3	
		District Level Local Government	Tehsil Level Local Government	Union Level Local Government	District Level Local Government	Tehsil Level Local Government	Union Level Local Government	Urban Local Governments	Rural Local Governments	Urban Local Governments	Rural Local Governments	Urban Local Governments	Rural Local Governments
D	Health services												
25	Health care up to secondary levels (District and Tehsil Headquarters facilities)	√			√							√	
26	Primary health (Basic Health Units/dispensaries)	√			√		√	√	√	√	√	√	
27	Preventive health care	√	√		√		√	√	√	√	√	√	
E	Livestock related services												
28	Livestock dispensaries	√			√		√	√	√	√	√	√	
29	Preventive health care for livestock	√			√		√	√	√	√	√	√	
30	Artificial insemination	√			√			√		√		√	
31	Livestock extension	√			√			√		√		√	
F	Roads and communication												
32	Intra-city roads	√			√		√		√		√		
33	Farm to market roads	√			√	√		√		√		√	
G	Transport and related services												
34	Transport stations, bus stands and bus stops		√			√		√	√	√	√	√	
35	Allotment of intra-city and intra-district transport	√			√			√	√	√	√		
H	Spatial planning services												
36	Spatial planning	√			√			√	√	√	√	√	
37	Building control	√	√		√			√	√	√	√	√	
38	Land use control	√	√		√			√	√	√	√	√	
I	Miscellaneous services												
39	Disaster management and relief	√	√		√			√	√	√	√	√	
40	Maintenance of law and order								√	√	√	√	
41	Improvement of water courses	√			√				√		√	√	

Notes:

1. √ indicates consensus on a particular issue within a working group
2. For background of Groups 1A and 2A see remarks/explanation column against question 2a of Annex 2.
3. House consensus not attempted due to variance of structures and very minor differences in allocation of functions within the functionally organized and territorially organized local governments.
4. Functions allocated to two functionally organized local governments will be performed concurrently by those governments. Subordination arrangements in case of such functions and functions assigned to subordinate local governments in the territorially organized structure are given at Annex 4.

Annex 4

Subordination of Local Governments as per Proposed Local Government Structure

Ser	Shared Local Government Functions	Functionally organized LGs				Territorially organized LGs					
		Group 1		Group 2		Group 1A		Group 2A		Group 3	
		Principal Government	Subordinate Government	Principal Government	Subordinate Government	Principal Government	Subordinate Government	Principal Government	Subordinate Government	Principal Government	Subordinate Government
A	Basic municipal services										
1	Sanitation					TRG	URG	TRG	URG	DRG	URG
2	Solid waste management	TA	UG			TRG	URG	TRG	URG	DRG	URG
3	Sewerage and drainage	DG	TG					TRG	URG	DRG	URG
4	Street lighting					TRG	URG	TRG	URG	DRG	URG
5	Street pavement					TRG	URG	TRG	URG	DRG	URG
6	Water supply									DRG	URG
9	Registration of births, deaths and marriages					TRG	URG	TRG	URG	DRG	URG
10	Libraries									DRG	URG
11	Sports									DRG	URG
12	Cultural and recreational events					TRG	URG	TRG	URG	DRG	URG
13	Local fairs and exhibitions	DG	TG/UG							DRG	URG
15	Open and temporary markets	DG	TG	DG	TG						
16	Parks and play grounds			DG	TG					DRG	URG
17	Management of open spaces					TRG	URG	TRG	URG	DRG	URG
B	Social welfare										
18	Social awareness					TRG	URG	TRG	URG		
19	Community mobilization			DG	UG	TRG	URG	TRG	URG		
21	Charitable activities					TRG	URG	TRG	URG		
C	Education services										
D	Health services										
27	Preventive health care	DG	TG								
E	Livestock related services										
30	Artificial insemination					TRG	URG	TRG	URG		
31	Livestock extension							TRG	URG		
F	Roads and communication										
G	Transport and related services										
H	Spatial planning services										

Ser	Shared Local Government Functions	Functionally organized LGs				Territorially organized LGs					
		Group 1		Group 2		Group 1A		Group 2A		Group 3	
		Principal Government	Subordinate Government	Principal Government	Subordinate Government	Principal Government	Subordinate Government	Principal Government	Subordinate Government	Principal Government	Subordinate Government
37	Building control	DG	TG								
38	Land use control	DG	TG								
I	Miscellaneous services										
39	Disaster management and relief									DRG	URG

Key/Notes:

1. LG means local government
2. DG means District level local government, TG means Tehsil level local government and UG means Union Council level local government. All of these are functionally organized local governments. The subordination relation exists only in case of concurrent functions.
3. DRG means District level rural local government; TRG means Tehsil level rural local government and URG means Union Council level rural local government. All of these are territorially organized local governments.
4. Serial numbers reflect serial number used in table at Annex 3.

Annex 5

Recommendations on Political Accountability of Local Governments

Ser	Options	WG 1	WG 2	WG 3	House
1.	Who in local government should be accountable directly to local population				
	(i). Only the head of the local government (Nazim) should be accountable directly to local population.				
	(ii). Only council members should be accountable directly to the local population; the head of the local government (Nazim) should be accountable to the local council, as it is currently.			√	
	(iii). Both the council members and head of local government (Nazim) should be accountable directly to the local population.	√	√		√
2.	Election of local government authorities				
	(i). Only members of Union council and head of lowest local government elected directly, are members of higher local governments (current system)				
	(ii). All members of all levels of local councils elected directly; councils elect head of local administration from among their members				
	(iii). All members of all levels of local councils and the heads of local administration elected directly	√	√	√	√
3.	Deputy head(s) of administration in the local government				
a.	Regarding the position itself – whether there should be a position of deputy head				
	(i). Yes , there should be a position of deputy head of administration	√	√		x(1)
	(ii). No , there should not be a position of deputy head of administration			√	
	and if yes				
	(i). There should be a single deputy head of administration.		√		x
	(ii). There should be more than one deputy head of administration, each with distinct areas of responsibilities with the positions specified by law				
	(iii). There should be more than one deputy head of administration, each with distinct areas of responsibilities, with the positions specified by the respective council as part of the internal rules of organization	√			x
b.	Method of selecting deputy head(s) of administration				
	(i). The deputy head(s) of administration should be appointed by the head of administration (Nazim)				
	(ii). The deputy head of administration should be appointed by the council upon the recommendation of the head of the administration (Nazim)				
	(iii). The deputy head(s) of administration should be elected by the Council	√			x
	(iv). The deputy head(s) of administration should be elected by the local community		√		x
4.	Speaker of the council (currently Naib Nazim)				
	Regarding the method of selecting the speaker of the council				
	(i). The speaker of council should be elected by the council from amongst its members	√	√	√	√
	(ii). The speaker of the council should be appointed by the head of administration (Nazim)				
	(iii). The speaker of council should be elected by the council as part of a joint ticket with Nazim (depending on the method of the election of Nazim selected under question 2)				
5.	Method of election				
a.	Constituency composition				

Ser	Options	WG 1	WG 2	WG 3	House
	(i). Entire population of a local government should elect all the local council members			√	
	(ii). Residents of specific areas within the local government (wards) should elect someone to represent them on the local council	√	√		√
	(iii). Some local council members should be elected by the population as a whole and some by wards				
b.	Proportional or direct representation				
	(i). Candidate run elections individually, candidate scoring most votes is elected (current system)	√	√	√	√
	(ii). If yes, should				
	(a). There be first past the post system (current system)	√	√	√	√
	(b). Successful candidate receives at least 50% of the votes				
	(iii). Candidates run elections as part of common slate or list. Candidates from each slate or list will be elected in proportion to the number of votes received by that slate (proportional representation)				
c.	Candidate affiliation				
	(i). LG elections should be held on non-party basis	x	x	√	x (1)
	(ii). LG elections should be held on party basis	x	x		
d.	If the Deputy Head of administration should be elected by the local community				
	(i). Head of administration (Nazim)/deputy head of administration should run as joint candidates		√		√
	(ii). Separate candidature for head of administration (Nazim) and deputy head of administration	√			
6.	Removal of the head of local administration (Nazim)				
a.	When a Nazim is elected directly to that office				
	(i). There should be no provision to remove Nazim prior to end of his term in office				
	(ii). Only the local population should have the authority to recall the Nazim prior to end of his term in office	√			
	(a). When? – Usually recalls are only applicable after the incumbent has been in office for some part of the full term, say one or two years	2 years			
	(b). How initiated? –Usually, persons interested in the recall must first submit a petition to that effect to the Local Council and must obtain a certain percentage of signatures relative to total voters to make the petition valid	5% of votes cast			
	(c). By what majority vote? – This can range from a simple to a super-majority	simple			
	(d). How replaced? –There are basically two options a) a new election or b) having the local council select someone from among their members until the next regular election – both might apply depending on the time remaining before the next elections	(a)			
	(iii). Only the local council should have the authority to remove the head of administration prior to the end of his term in office, and if so		√	√	x(1)
	(a). When? – Usually the removal of a Nazim is only applicable after the incumbent has been in office for some part of full term, say one or two years		1 year	1 year	
	(b). How initiated? –Usually, persons interested in the recall must first submit a petition to that effect to the Local Council & must obtain a certain percentage of signatures relative to total voters to make the petition valid		1/3, 2/3 ^d for removal	1/3, 2/3 ^d for removal	
	(c). Prior public notice? – there are two options (a). the council acts without having heard before hand the views of the local population (b). the council must first conduct a hearing to learn the views of local		(a)	(a)	

Ser	Options	WG 1	WG 2	WG 3	House
	population regarding the removal from office of the head of administration				
(d).	How replaced? – There are basically two options a) a new election or b) having the local council select someone from among their members until the next regular election–both might apply depending on the time remaining before the next elections		(a)	(a) within 60 days	
(iv).	Both the local population and the local council should have the authority to remove the Nazim prior to the end of their term.				
b.	When the Nazim is elected indirectly to that office by the Local Council from among its members				
(i).	There should be no provision to remove the Nazim from office prior to their term in office				
(ii).	Only the local council should have the authority to remove the head of administration prior to the end of his term in office, and if so				
(a).	When? – Usually the removal of a Nazim is only applicable after the incumbent has been in office for some part of full term, say one or two years				
(b).	By what majority vote? – This can range from a simple to a super-majority				
(c).	Prior public notice? –There are two options a) the council acts without having heard beforehand the views of the local population or b) the council must first conduct a hearing to learn the views of the local population regarding the removal from office of the Nazim				
(d).	How replaced? – There are basically two options a) a new election or b) having the local council select someone from among their members until the next regular election–both might apply depending on the time remaining before the next elections				
(iii).	Only the local population should have the authority to recall the Nazim prior to end of his term in office				
(a).	When? – Usually recalls are only applicable after the incumbent has been in office for some part of the full term, say one or two years				
(b).	How initiated? –Usually, persons interested in the recall must first submit a petition to that effect to the Local Council & must obtain a certain percentage of signatures relative to total voters to make the petition valid				
(c).	By what majority vote? – This can range from a simple to a super-majority				
(d).	How replaced? –There are basically two options a) a new election or b) having the local council select someone from among their members until the next regular election – both might apply depending on the time remaining before the next elections				
(iv).	Both the local population and the local council should have the authority to remove the Nazim prior to the end of their term.				
7.	Who exercises the authority granted to local governments (Appendix A to this Annex)				
8.	Additional measures to ensure that Local Governments are responsive and accountable to local population				
a.	Regarding information on the activities of local governments				
(i).	Each local government should be free to decide what information to provide to the Local Population and how and when to consult with them				
(ii).	Local governments should be required to provide easy and timely access to information on their activities to the Local Population and to consult with them in advance of making certain key decisions, such as the budget approval	√	√	√	√

Ser	Options	WG 1	WG 2	WG 3	House
b.	Regarding responsiveness to local priorities				
	(i). Local governments should have to allocate some portion of their budget to specific activities related to the delivery of public services proposed & prioritized by Local Population			√	
	(ii). Local governments should have to allocate some portion of their budget to specific activities related to the delivery of public services proposed and prioritized by the Local Population and implemented directly by them	√	√		√
9.	Additional measures to ensure that actions of the local government are transparent and verifiable (Appendix B to this Annex)				
	(i). Advance publication of documents subject to decision by the local government				
	(ii). Open meetings at which the local government [council, mayor, office, committee, commission,...] will make the decision (public attends as observers)				
	(iii). Consultation or hearings [including objections] before the local government decides on the matter (public is invited to present its views)				
	(iv). Decision by local referendum				
	(v). Right of citizens to take initiative to cause a decision on an issue on which the local government has failed to act				
	(vi). Right of citizens to take initiative to challenge a decision made by the local government				

Notes:

1. √ indicates consensus on a particular issue within a working group or house
2. x indicates a disagreement on a particular issue within a group or house. Figure within the parenthesis next to 'x' indicates number of participants or group(s) as the case may disagreeing with majority opinion in the group or the house.

Appendix A to Annex 5

Authority for Exercise of Various Powers Granted to Local Governments

	Legislative				Policy				Executive				Oversight			
	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H
Local functions																
Perform administrative functions		C	C	x		H	H	x	H	S	H	x			C	x
Organize service provision		C	C	x		S	H	x	H	S	H	x			C	x
Authorize investments	C	C	C	C		H	H	x		S	H	x			C	x
Approve regulations	C	C	C	C		H		x		S	H	x				
Urban planning																
Establish policy parameter	C		C	x	C	C	C	C			H	x			C	x
Prepare urban plan		C		x	C		C	x		S	H	x			H	x
Adopt urban plan		C	C	x					H			x				
Implement			H	x			H	x	H	S	H	x			C	x
Review and amend	C	C	C	C			C	x			H	x			C	x
Local taxes																
Establish tax base	C	C	C	C			H	x			H	x			C	x
Establish tax rates	C	C	C	C			C	x			H	x			C	x
Administer taxes	C		C	x			S	x		S	H	x			C	x
Enforce taxes	C		C	x			S	x		S	H	x			C	x
Local fees																
Establish method to calculate fee	C	C	C	C			H	x		S	H	x			C	x
Approve fee schedules	C	C	C	C			H	x			H	x			C	x
Collect fee	C		C	x			S	x		S	H	x			C	x
Authorize credit/loans	C		C	x			C	x			H	x			C	x
Budget																
Prepare			C	x			S	x	S	S	H	x			C	x
Adopt	C	C	C	C			S	x	H		H	x			C	x
Execute	C		C	x			S	x		S	H	x			C	x
Amend	C	C	C	C			H	x			H	x			C	x
Property																
Acquire	C	C	C	C			C/H	x		S	H	x			C	x
Rent	C	C	C	C			C/H	x		S	H	x			C	x
Dispose	C	C	C	C			C/H	x			H	x			C	x

Notes:

1. C, H and S respectively mean the local council, head of local government and local government staff respectively.
2. x indicates a disagreement on a particular issue within a group or house.

Appendix B to Annex 5

Additional Measures for Responsiveness of Local Governments

	Advance Information				Open Meeting				Consultation Hearing				Local Referendum				Local Initiative			
	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H
Local functions																				
Organize service provision		√	√	x					√	√		x								
Authorize investments	√		√	x																
Approve regulations	√		√	x		√		x												
Urban planning									√			x								
Establish policy parameter		√		x					√	√		x								
Prepare urban			√	x			√	x	√			x								
Adopt urban plan			√	x		√	√	x												
Implement	√	√	√	√			√	x												
Review and amend	√		√	x			√	x		√		x								
Local taxes																				
Establish tax base			√	x			√	x	√	√	√	√								
Establish tax rates			√	x			√	x	√	√	√	√								
Administer taxes	√	√	√	√			√	x			√	x								
Enforce taxes	√	√	√	√			√	x			√	x								
Local fees																				
Establish method to calculate fee	√		√	x			√	x		√	√	x								
Approve fee schedules	√		√	x			√	x		√	√	x								
Collect fee	√	√	√	√			√	x			√	x								
Authorize credit/loans									√			x								
Budget																				
Prepare		√		x			√	x	√			x								
Adopt	√			x			√	x		√		x								
Execute	√			x		√	√	x												
Amend	√	√		x			√	x												
Property																				
Acquire	√		√	x			√	x		√	√	x								
Rent	√		√	x		√	√	x			√	x								
Dispose	√		√	x			√	x		√	√	x								

Notes:

1. √ indicates consensus on a particular issue within a working group or house
2. x indicates a disagreement on a particular issue within a group or house.

Annex 6

Recommendations on Legal Accountability of Local Governments

Ser 1. Nature and extent of legal supervision of local authorities:

Legal Supervision exercised by (principal government)	Legal supervision of agent local government																							
	Group 1						Group 2						Group 3						House					
	LG 1		LG 2		LG 3		LG 1		LG 2		LG 3		LG 1		LG 2		LG 3		LG 1		LG 2		LG 3	
	A	O	A	O	A	O	A	O	O	O	A	O	A	O	A	O	A	O	A	O	A	O	A	O
Provincial government	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	
Local Government 1 (if principal LG for some other LG 2 or LG 3)					√	√						√	√			√		√			x	x	x	x
Principal Local Government 2 (if principal LG for some other LG 3)																								

Ser 2. Nature and extent of supervision of expediency of local authorities:

Legal Supervision exercised by (principal government)	Supervision of expediency of agent local government																																			
	Group 1									Group 2									Group 3									House								
	LG 1			LG 2			LG 3			LG 1			LG 2			LG 3			LG 1			LG 2			LG 3			LG 1			LG 2			LG 3		
	L	P	F	L	P	F	L	P	F	L	P	F	L	P	F	L	P	F	L	P	F	L	P	F	L	P	F	L	P	F	L	P	F	L	P	F
Provincial government	√	√		√	√		√	√		√	√		√	√		√	√		√	√		√	√		√	√		√	√		√	√		√	√	
Local Government 1 (if principal LG for some other LG 2 or LG 3)						√	√							√	√				√	√		√	√	√				x	x	√	√	x				
Principal Local Government 2 (if principal LG for some other LG 3)																			√	√								x	x	x	x	x				

Notes:

1. 'A' stands for acts i.e. bye-laws, resolutions and other formal decisions adopted by a local council, 'O' stands for the orders of elected officials of local governments
2. LG means local government. In case of Group 1 and 2 LG 3 refers to a Union Council. In case of Group 3, LG2 refers to Tehsil Municipal Administration and LG 3 refers to Union Council.
3. L, P and F respectively indicate local functions in case of which the local governments have been given limited, partial or full responsibility/control

Ser	Question	Group 1	Group 2	Group 3	House
3.	What body will act for the provincial government in the legal supervision of local authorities				
a.	Concerned department of the provincial government	√		√	√
b.	A specialized body established for that purpose by the provincial government	√	√		√
4.	How are acts and/or orders of local authorities brought to attention of the supervisory authorities				
	A requirement that local authorities must submit all applicable acts and/or orders to the supervisory administrative authorities, usually within a prescribed period of time				
	Periodic reviews of the applicable acts and/or orders of local authorities initiated by the supervisory administrative authorities		√	√	√
	Specific applicable acts and/or orders of local authorities brought to the attention of supervisory administrative authorities.	√	√	√	√
5.	How should the supervisory authority intervene?				
	By issuing a report to the specific local authority describing the concerns of the supervisory administrative authority regarding the acts and/or orders in question	√	√	√	√
	By declaring that the acts and/or orders of the local authority are null and void. This usually involves one of two options				
	The local authority must take up the issue again and adopt a new decision		√	√	x (1)
	The supervisory authority issues its own decision that applies to the case in question	√			x (2)
	By raising the issue of the validity of the act with the courts. This usually involves one of two approaches				
	The supervisory administrative authority may have the option of asking the court to delay the effect of the act in question until the court has reviewed it				
	The act in question remains in effect unless and until the court issues an adverse opinion				
	When the court issues an adverse opinion this usually involves one of two options				
	The local authority must take up the issue again and adopt a new decision				
	The court issues its own decision that applies to the case in question				
6.	At what point in time should the supervisory administrative authority intervene?				
	a priori supervision occurs when administrative supervision is necessary for an act of a local authority to take effect or be valid.	√	√	√	√
	a posteriori supervision occurs after an act of a local authority takes effect or is valid.	√	√	√	√
7.	Will others have the standing to challenge the legality of an act of the local authorities by raising the issue with the supervisory authority?				
	The head of administration of that local government	√		√	x (1)
	The corresponding local officer	√	√	√	√
	Individual citizens (usually limited to those in some way affected by the act)	√	√	√	√

Ser 8. What will be the internal process of supervision within the supervisory authority, who will be responsible within the supervisory authority for each step of the supervision process?

Legal Supervision exercised by (principal government)	Legal supervision of agent local government											
	Group 1			Group 2			Group 3			House		
	Province	LG 1	LG 2	Province	LG 1	LG 2	Province	LG 1	LG 2	Province	LG 1	LG 2
Continuing	AD	LG staff		AD	Nazim		AD	LG Staff	LG staff	AD	x	x
Return	AD	Head		ISA			AD	LG Staff	LG staff	AD	x	x
Rescind	CM	Council		ISA			AD	LG Staff	LG staff	x	x	x

Notes:

1. ✓ indicates consensus on a particular issue within a working group or house.
2. x indicates a disagreement on a particular issue within a group or house. Figure within the parenthesis next to 'x' indicates number of participants or group(s) as the case may disagreeing with majority opinion in the group or the house.
3. AD means Administrative Department which is headed by a Secretary.
4. CM means Chief Minister of the Province.
5. LG staff means local government career servants.
6. Head refers to the head of the concerned principal local government.
7. ISA means independent statutory authority

Annex 7

House Recommendations on Inter-governmental Accountability

Ser	Issue	Group 1	Group 2	Group 3	House
1	Who should be accountable to the end users for delivery of public services in the case of partial functions and responsibilities?				
	The provincial government will be fully accountable to the end user and the local government, as represented by the local elected officials will be accountable to the provincial government, which will have authority to exercise supervision of the expediency of the acts and/or orders of the local authority in the case of this specific function.			√	
	The local authority, as represented by the local elected officials will be accountable to the end user. The local authority must accept that the level of funding available is sufficient to achieve the policy objectives established by the provincial government. The provincial government may not supervise the expediency of the acts and/or orders of the local authority in the specific function.	√	√	√	√

Notes:

1. √ indicates consensus on a particular issue within a working group or house
2. x indicates a disagreement on a particular issue within a group or house.

Annex 8

Recommendations on Local Government Own Resources

Ser	Issue	Recommendations			
		Group 1	Group 2	Group 3	House
1	What should be the general scope of local authority of local government with regards to their own financial resources?				
a.	Local governments have general authority to impose any local taxes and fees, consistent with their own functions and responsibilities				
b.	Local taxes and fees will be limited to those defined by law	√	√	√	√
2	What financial resources may come from local taxes (Appendix A to this Annex)				
3	Who makes key decisions regarding local taxes (Appendix A to this Annex)				
4	Who administers local taxes (Appendix A to this Annex)				
5	What financial resources may come from local fees (Appendix B to this Annex)				
6	Who makes key decisions regarding local taxes (Appendix B to this Annex)				
7	Who administers local fees (Appendix B to this Annex)				
8	Should there be a single method applied uniformly in the province for calculating specific local fees?				
	Yes	x (4)		√	√
	No	x			
	If yes, should the method allow local discretion to make adjustments to reflect local conditions?				
	Yes	√		√	√
	No		√		
	If no, should local governments be given authority to determine the method and amount for specific local fees?				
	Yes				
	No		√		
	If yes, should local decisions be subject to review by an outside body, such as a regulatory commission?				
	Yes		√		
	No				
9	In the case of local taxes and/or fees that are not administered directly by local government what will be obligations, if any, of administrator?				
	Deposit all amounts collected on local taxes and fees in the account of the local government within no more than	30 days	2 days	As per contract	As per contract
	Provide to each local government a detailed breakdown of amounts collected, showing who paid and what amount	√		√	√
	Provide a reconciliation of amounts owed and paid on each local tax and fee, and if so at what time intervals				
	Weekly				
	Monthly	√	√	√	√
	Quarterly				

Ser	Issue	Recommendations			
		Group 1	Group 2	Group 3	House
	Assistance in preparing an estimate of revenues to be collected in the coming budget year.		√	√	√ (1)
10	What other sources of own financial resources should be available to the local governments?				
	Local donations/gifts	√	√	√	√
	Foreign donations			√	√
	Fines and penalties	√	√	√	√
	Proceeds (lease, rent, sell) from local property	√	√	√	√
	Interest on deposits and investments	√	√	√	√
	Any other source				

Notes:

1. √ indicates consensus on a particular issue within a working group or house
2. x indicates a disagreement on a particular issue within a group or house. Figure within the parenthesis next to 'x' indicates number of participants or group(s) as the case may disagreeing with majority opinion in the group or the house.
3. Acceptance of foreign donations by local governments was made subject to the prior permission of provincial government.

Appendix A to Annex 8

Key Decisions Related to Local Taxes

Local Government Taxes					Who shall exercise authority to																			
Tax Type/Name	Allocation				Establish Tax Base				Establish Tax Rates				Administer Tax Rolls				Collect Taxes				Enforce Taxes			
	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H
Current taxes																								
Education tax	x (2)	√	√	√	C	C	C	C	C	C	C	C	S	S	S	S	S	S	S	S	S	S	S	S
Health tax	x (2)	√	√	√	C	C	C	C	C	C	C	C	S	S	S	S	S	S	S	S	S	S	S	S
Local rate on agricultural lands	√		√		C		C	C	C		C	C	S		RD	RD	S		RD	RD	S		RD	RD
Tolls on new local roads, bridges etc.	√		x (4)	x (1)	C		C	C	C		C	C	S		S	S	S		S	S	S		S	S
Tax on advertisements	√	√	√	√	C	C	C	C	C	C	C	C	S	S	S	S	S	S	S	S	S	S	S	S
Tax on industrial exhibitions	√	√	√	√	C	C	C	C	C	C	C	C	S	S	S	S	S	S	S	S	S	S	S	S
Tax on fairs, agricultural shows etc.	√		√	√	C		C	C	C		C	C	S		S	S	S	S	S	S	S	S	S	S
Local tax on services	√	√	√	√	C	C	C	C	C	C	C	C	S	S	S	S	S	S	S	S	S	S	S	S
Tax on sale of animals in cattle markets	√	√	√	√	C	C	C	C	C	C	C	C	S	S	S	S	S	S	S	S	S	S	S	S
Tax on transfer of immovable property	√	√	√	√	C	C	C	C	C	C	C	C	S	S	S	S	S	S	S	S	S	S	S	S
Tax on cinemas etc.	√	√	√	√	C	C	C	C	C	C	C	C	S	S	S	S	S	S	S	S	S	S	S	S
Tax on non local motor vehicles			√				C				C				S				S				S	
Any other Tax																								
Solid waste management			√	√		C	C	C		C	C	C		S	S	S		S	S	S		S	S	S
Thara tax		√		√		C		C		C		C		S		S		S		S		S		S
Hearth tax		√		√		C		C		C		C		S		S		S		S		S		S
Pheri tax		√	x (2)	√		C		C		C		C		S		S		S		S		S		S
Nikah Registrar licence		√		√		C		C		C		C		S		S		S		S		UN		S
Marriage registration tax			√	√			C	C			C	C			S	S			S	S			S	S

Notes:

1. √ indicates consensus on a particular issue within a working group or house
2. x indicates a disagreement on a particular issue within a group or house. Figure within the parenthesis next to 'x' indicates number of participants or group(s) as the case may disagreeing with majority opinion in the group or the house.
3. C, S, UN and RD respectively indicate local council, local government staff, Union Nazim and Revenue Department.

Appendix B to Annex 8

Key Decisions Related to Local Fees

Types of local fees	Allocation				Who shall exercise authority to															
					Establish method to calculate fee				Approve fee schedules				Collect fee				Enforce payment of fee			
	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H
Fee in respect of educational facilities	√	√		√	C	C		C	C	C		C	S	S		S	S	S		S
Fee in respect of health facilities	√	√	√	√	C	C	C	C	C	C	C	C	S	S	S	S	S	S	S	S
Licences and permits dangerous and offensive trades;	√	√		√	C	C		C	C	C		C	S	S		S	S	S		S
Fee in respect of municipal services	√	√			C	C		C	C	C		C	S	S		S	S	S		S
Water supply		√	√	√		C	C	C		C	C	C		S	S	S	S		S	S
Drainage		√		√		C		C		C		C		S		S		S		S
Sanitation			√	√			C	C			C	C			S	S			S	S
Slaughter house			√	√			C	C			C	C			S	S			S	S
Fire fighting			√				C				C				S				S	
Parks and playground			√	√			C	C			C	C			S	S			S	S
Bus stand			√	√			C	C			C	C			S	S			S	S
Industrial exhibitions by local government	√			√	C			C		C		C	S			S	S			S
Fee on advertisement	√				C					C			S			S	S			
Collection charges for recovery of tax	√	√		√	C	C		C	C	C		C	S	S		S	S	S		S
Parking fee	√			√	C			C	C			C	S			S	S			S
Market fee	√			√	C			C	C			C	S			S	S			S
Fee on sale of cattle	√	√	√	√	C	C	C	C	C	C	C	C	S	S	S	S	S	S	S	S
Use of livestock facilities of local government			√	√			C	C			C	C			S	S			S	S
Road usage fee for local roads			√	√			C	C			C	C			S	S			S	S
Copying fee		√		√		C		C			C	C		S		S			S	S
Fee on building plan		√	√	√		C	C	C			C	C		S	S	S			S	S
Nikah registration fee		√		√		C		C			C		C	S		S			S	S
Rent on local assets (land, building, equipment etc.)	√	√			C	C			C	C			S	S			S	S		
Fee for specific service		√		√		C		C			C		C	S		S			S	S
No objection certificates by local governments		√		√		C		C			C		C	S		S			S	S

Notes:

1. √ indicates consensus on a particular issue within a working group or house
2. x indicates a disagreement on a particular issue within a group or house. Figure within the parenthesis next to 'x' indicates number of participants or group(s) as the case may disagreeing with majority opinion in the group or the house.
3. C and S respectively indicate local council and local government staff.

Annex 9

Recommendations on Provincial Transfers

Ser	Issue	Recommendations			
		Group 1	Group 2	Group 3	House
1.	What types of financial resources should be available to the local governments from provincial sources				
a.	Should this include financial resources provided directly to the local governments through revenue sharing?				
	Yes	√	√	√	√
	No				
b.	Should this include financial resources from the Provincial budget in the form of transfers?				
	Yes	√			
	No				
2,3	National and provincial tax revenues to be shared by local governments (see Appendix A)				
4.	What unconditional transfers will local governments receive from the Provincial budget?				
	General purpose transfers	√	√	√	√
	Equalization transfers	√		√	√
5.	What should be the method of allocating unconditional transfers to a local government?				
a.	Based on a formula established by law	√			
b.	Based on principles and a formula established administratively				
c.	Based on principles established by law with actual formula established administratively		√	√	x (1)
	If so, what principles (please select all options that apply)				
a.	Potential to raise revenues (fiscal capacity) not actual revenues collected		√	√	√
b.	Objective measure of expenditure needs, not actual expenditures incurred		√	√	√
c.	Based on an objective formula-based calculation, not subjective judgments			√	√
d.	Predictable, known in advance of adopting the local budget			√	√
e.	Stable, modified infrequently			√	x (1)
6.	Should local governments receive conditional transfers from the Provincial budget?				
	Yes (in this case please continue with question 7).	√	√	√	√
	No (in this case please continue with question 9).				
7.	What should be the purpose of these conditional transfers?				
	As defined each year in the provincial budget	√	√	√	√
	Specific purposes pre-established by law				
8.	How should the conditional transfers be allocated? (please select any one of the following options)				
	Based on a detailed mechanism and criteria established by law	√			
	Based on a general mechanism and criteria established by law with details established administratively		√		√ (1)
	Based on a mechanism and criteria established administratively			√	
9	Should there be an explicit consideration of the overall pool of financial resources from provincial sources that will be available to local governments in any given budget year?				
	Yes (in this case please continue with question 10)	√	√	√	√

Ser	Issue	Recommendations			
		Group 1	Group 2	Group 3	House
	No (end of Annex 2)				
10.	What should be the basis for calculating the overall size of the transfer pool?				
a.	Fixed percent of total provincial revenues	√	√	√	√
	If so, what value of those revenues	?	50%	40%	50% (2)
b.	Fixed percent of certain provincial revenues				
	If so, indicate below which revenues and the percent local share in Table 4 attached to this Annex.				
c.	No fixed rule, rather size established each year in the course of Provincial budget process				
11.	Should the overall size of the transfer pool consider the performance of local governments in managing their own revenues and expenditures?				
a.	Considering own revenue performance (please select any one option)				
	Resources made available to local governments from national and/or provincial resources will consider actual levels of own revenues collected by local governments				
	Resources made available to local governments from national and/or provincial resources will consider the potential of local governments to raise revenues from own sources (also called local fiscal capacity)	√ (1)	√	√	√
b.	Considering management of own expenditures (please select any one option)				
	Resources made available to local governments from national and/or provincial resources will consider actual levels of own expenditures				
	Resources made available to local governments from national and/or provincial resources will consider some objective measure of local expenditure needs, not actual expenditures. Thus, they will not compensate local governments for incurring high local expenditures nor penalize local governments for efforts to reduce expenditures	√ (1)	√	√	√
12.	Who should determine the overall size of the transfer pool? (please select any one option)				
a.	The Provincial Government in the normal process of preparing and adopting its annual budget	√			
b.	A specialized body established by law for the purpose of considering issues related to resources made available to local governments from provincial sources		√	√	√
	If so, what should be the effect of the decisions of this specialized body (please select any one option)				
	The recommendations of the specialized body will be mandatory and must be incorporated without change in the provincial budget		√	√	√
	The recommendations of the specialized body will be advisory and may be modified in the course of adoption of the provincial budget				

Notes:

1. √ indicates consensus on a particular issue within a working group or house
2. x indicates a disagreement on a particular issue within a group or house. Figure within the parenthesis next to 'x' indicates number of participants or group(s) as the case may disagreeing with majority opinion in the group or the house.

Appendix A to Annex 9

Key Decisions Related to Local Government Share in National and Provincial Tax Revenue

Group 1		Group 2		Group 3		House	
National Tax Revenues	% share						
Total national tax revenues		Total national tax revenues		Total national tax revenues		Total national tax revenues	
Specific tax		Specific tax		Specific tax		Specific tax	
GST on services	2.5%	GST on services	5%	GST on services	5%	GST on services	5%
Income Tax	1%						
		Duty on industrial units	10%				
		Share in royalties	10%				
Provincial Tax Revenues		Provincial Tax Revenues		Provincial Tax Revenues		Provincial Tax Revenues	
Total provincial tax revenues		Total provincial tax revenues		Total provincial tax revenues	40%	Total provincial tax revenues	
Specific tax		Specific tax		Specific tax		Specific tax	
Excise	10%	Land revenue	50%				
		Surface minerals	20%				
		Share on collection charge	20%				

Annex 10

Recommendations on Local Budget

Ser	Issue	Recommendations			
		Group 1	Group 2	Group 3	House
1.	What should be the legal basis/authority for the appropriation of local government expenditures?				
a.	The local budget as adopted or amended by the local council	√	√	√	√
b.	No separate budget of the local governments, expenses appropriated as part of provincial budget				
c.	A formal decision or order of the provincial government			x (2)	√
2.	What should be legal basis/authority for the authorization to pay local government expenditures?				
	Prior authorization of expenditure in the local budget as adopted	√			
	Availability of funds in the local government account	√	√		
	Prior approval by an official of the local government whether elected or career servant			√	√
	Prior approval by a third party	√			
	Name	LG Staff		Nazim	Nazim
3	What should be the characteristics of a local budget?				
a.	Deadline for adopting the local budget (select one option)				
	Prior to the first day of the period covered by the local budget		√	√	x (1)
	After the Provincial Assembly has adopted the provincial budget	√			x (2)
	If so, must be amended after how many weeks after the provincial budget has been adopted		4 weeks		
b.	Scope of the budget (please mark all options that apply)				
	All revenues and expenditures of the local government itself (limited scope)	√	√	√	√
	All revenues and expenditures of government authorities controlled solely by local governments (extended scope)		√		
c.	Period covered by the local budget				
	A single financial year	√	√	√	√
	Multiple years for capital/development expenditures only			x(2)	x
	Medium term budgetary programme (rolling budgets)				
d.	Structure				
	All sources of financing minus all expenditures = balance				
	Separate operating/capital sections (sources of financing minus expenditures = balance)	√	√		
	All revenues minus all expenditures = net lending/ (net borrowing or deficit)			√	√
e.	Should additional information be included in the local budget				
	Yes (please continue with question at serial 'f' below for details)	√	√	√	√
	None a priori subject to annual decision (continue with question 4)				
f.	If yes, then (please select all options that apply)				
	Schedule of all taxes and fees with their respective base and rate	√	√	√	√

Ser	Issue	Recommendations			
		Group 1	Group 2	Group 3	House
	Revenue estimate calculations	√	√	√	√
	Cost of service and service fee analysis		√	√	√ (x)
	Service outcome indicators (actual, target)	√	√	√	√ (x)
	Details on each investment/development project	√	√	√	√
	Details on all outstanding debt	√	√	√	√
	Details on major contracts outstanding	√	√	√	√
	Schedule of establishment	√	√	√	√
	Any other information?				
4.	What limitations should apply to the scope of local discretion to adopt a budget?				
a.	Budget balance (please select any one of the following options)				
	Yes (in this case please continue with serial 'b' for further details)	√	√	√	√
	None a priori subject to annual decision (in this case please continue with question at serial 'c' for further details)				
b.	If yes, then				
(1).	What should be the definition of balanced budget?				
	Balanced (total revenues equal total expenditures)			√	
	Not in deficit (total revenues must be greater than total expenditures)	√	√		√
(2).	Part of budget that must balance (please select all options that apply)				
	Current (operating) part of budget				
	Budget as a whole	√	√	√	√
c.	Should the local governments be allowed to carryover the unspent/surplus amounts in their budget to the next financial year?				
	Yes	√	√	√	√
	No				
d.	Should the local governments be allowed to borrow money?				
	Yes			√	√ ⁹⁰
	No	√	√		
e.	Should the Provincial government impose limitations on local governments' powers to impose or vary rate or base of taxes or fee?				
	Yes (in this case please continue with questions 'f' to 'i' for details)	√	√	√	√
	No (in this case please continue with question 5)				
f.	If Yes, then				
	Increase in local tax revenues no greater than increase in GDP				
	Total revenues in any given year can be capped by annual decision	√	√	√	√
g.	Should the provincial government impose limitations on expenditure by local governments?				
	Yes	√	√	√	√
	None a priori subject to annual decision				
h.	If yes, then:				

⁹⁰ Subject to the condition that the moneys are borrowed with the prior permission of the provincial government and for a viable investment for profitable purposes

Ser	Issue	Recommendations			
		Group 1	Group 2	Group 3	House
	Scope of limitations imposed by provincial government:				
	Broad				
	Specific	√	√	√	√
	Provincial government may declare certain local expenditures as mandatory expenditure for local governments:				
	Yes	√	√	√	√
	No				
	Based on minimum service standards:				
	Yes	√	√	√	√
	No				
	Who should make decisions regarding limitations to local discretion to adopt a budget? (responses at Appendix A attached)				
5.	What information on local finances should be open to public?				
	All information without exception				
	All information except that exempted by law	√	√	√	√
	All information except that exempted by the local council				
6.	What reporting requirements will apply to the local budget process?				
a.	Reporting required (please select one of the following options)				
	Yes (in this case please continue with serial 'b' for details)	√	√	√	√
	None a priori subject to annual decision (please continue with question 7)				
b.	If reporting required, then				
(1).	Number of different reports				
	Same report to all users			√	
	Separate report to specific users	√	√		√
(2).	Frequency (please mark all options that apply)				
	Monthly	√		√	√
	Quarterly	√	√		
	Bi-annually				
	Annually	√		√	√
c.	Report timings:				
	Within days of end of period	10 days	10 days	20 days	20 days
7.	What sanctions should apply for violations of the local budget process?				
(a).	Failure to adopt local budget before beginning of a budget year:				
(1).	Should sanction apply against a local government in case of its failure to adopt local budget before beginning of a budget year				
	Yes (in case of this option, please continue with question at serial '(2)' below)	√	√	√	√
	No (in case of this option, please continue with question at serial 'b' below)				
(2).	If yes (please mark all options that apply)				
	Local government must submit reasons for violation and plan to correct problem	√	√	√	√
	Administrative action against functionaries (both elected or non-elected official as the case may be) responsible	√	√	√	√

Ser	Issue	Recommendations			
		Group 1	Group 2	Group 3	House
	Provincial government to authorize expenditures on interim basis	√	√	√	√
	Unconditional grants from provincial budget withheld until local budget adopted			√	
	Any other option				
(b).	Failure to address existing limitations in the budget as adopted				
(1).	Should sanction apply against a local government in case of its failure to address existing limitations in the budget as adopted:				
	Yes (in case of this option, please continue with serial '(2)' below)	√	√	√	√
	No (in case of this option, please continue with serial 'c' below)				
(2).	If yes (please mark all options that apply)				
	Local government must submit reasons for violation and plan to correct problem	√	√	√	√
	Reviewing entity may invalidate budget	√		√	x (1)
	Please also identify as to what agency	Department		Department	
	Local government fined			x (1)	x
	Please also indicate nature/value of fine				
	Any other sanction				
c.	Failure to meet existing limitations in the budget as executed				
(1).	Should sanction apply in case of failure to meet existing limitations in the budget as executed:				
	Yes	√	√	√	√
	No				
(2).	If yes, what form of sanction? (please mark all options that apply)				
	Local governments must submit reasons for violation and plan to correct problem	√	√	√	√
	Local government fined			x (1)	x
	Please also indicate nature/value of fine				
	Administrative action against functionaries (elected/official) responsible	√	√	√	√
	Provincial government to authorize expenditures on interim basis	√	√	√	√
	Any other sanction				
d.	Failure to meet reporting requirements				
(1).	Should sanction apply against a local government in case of its failure to meet reporting requirements:				
	Yes (in case of this option, please continue with serial '(2)' below)	√	√	√	√
	No (in case of this option, please continue with serial 'e' below)				
(2).	If yes, what form of sanction? (please mark all options that apply)				
	Local government must submit reasons for violation and plan to correct problem	√	√	√	√
	Local government fined			x (1)	x
	Please also indicate nature/value of fine				
	Administrative action against functionaries (both elected/non-elected official as the case may be) responsible	√	√	√	√
	Provincial government to authorize expenditures on interim basis	√	√	√	√
	Any other sanction:				
e.	Who should have the authority to impose sanctions, if any, on a local government related to the local budget process?				
	Chief Minister				

Ser	Issue	Recommendations			
		Group 1	Group 2	Group 3	House
	Minister Local Government				
	Secretary Local Government	√			x
	Secretary Finance				
	A regulatory authority specially constituted for this purpose		√		
	Any other authority			√ (PFC)	
8.	What should be the relationship between local and provincial budget process?				
a.	Provision of information on local budgets by local governments:				
(1).	What information should the local governments provide to the Provincial government on their budgets:				
	None a priori i.e. information provided only after adoption of budget				
	Information pre-determined by law/rules	√	√	√	√
	Any type information ordered by the provincial government on annual basis				
(2).	What kind of information sharing shall be pre-determined by law/rules				
	Draft budget			√	√
	Budget as adopted	√	√	√	√
	Re-appropriation of funds			√	√
	Expenditure/utilization statements	√	√ (dev only)	√	√
	Excess and surrender statements	√		√	√
	Amendments to the budget			√	√
	Information on status of local taxes and fees and respective projections			√	√
	Information on organization/staffing levels		√	√	√
	Information on service conditions		√	√	√
	Information on planned investments		√	√	√
b.	Provision of information on local government budgets by the provincial government:				
(1).	What information should the provincial governments provide to the local government to assist them in preparation of budgets:				
	None a priori i.e. no information provided before adoption of budget				
	Information pre-determined by law/rules	√	√	√	√
	Any type information ordered by the provincial government on annual basis.	√			
(2).	What information sharing shall be pre-determined by law/rules/standing orders				
	Macro economic and fiscal assumptions (projections) to be used by local governments in preparation of budget		√	√	√
	Estimates of unconditional transfers in next budget year	√	√	√	√
	Estimates of conditional transfers in next budget year	√		√	√
	Policy guidelines relating to budgets	√	√	√	√
	Any other information (please specify):				
c.	What should be the annual schedule for the preparation of local and provincial budgets to ensure coordination?				
(1).	Budget calendar (responses given at Appendix B)				
(2).	How should due dates as per the above budget calendar be institutionalized				
	All key dates established by law				

Ser	Issue	Recommendations			
		Group 1	Group 2	Group 3	House
	Only deadlines established by law, all other established by PG rules		√	√	√
	All key dates established by PG rules	√			
d.	Preparation of budget				
(1).	What aspects of a local budget shall be prescribed by law?				
	Scope of the budget	√	√	√	√
	Period covered by the budget	√	√	√	√
	Structure of the budget	√	√	√	√
	Additional information to be provided with the budget	√	√	√	√
	Format of the budget	√	√	√	√
(2).	If any of the above aspects are not to be prescribed by law then what should be the mechanism for their adoption by local governments?				
	At the discretion of each local government				
	Certain minimum uniform requirements prescribed by rules by the Finance Department, with rest at the discretion of each local government				
	All aspects prescribed by rules by the Finance Department	√			
9.	Who will make following key decisions with regards to local budget and its implementation?				
a.	Who shall exercise authority to adopt and amend local budget?				
	The local council of each local government subject to existing limitations	x (1)			
	The local council of each local government subject to prior review to confirm that it meets existing limitations		√	√	x (1)
	The local council of each local government subject to subsequent review to confirm that it meets existing limitations				
b.	Who shall exercise the following authority with regards to implementation of local budget?				
(1).	Who should sanction funds from local budget for a specific expenditure				
	The Nazim				
	Local government officials and staff designated formally in writing by the Nazim				
	A statutory fiscal or budget officer (i.e. a person occupying a position identified by law)	√	√	√	√
(2).	Who should exercise the cheque signing authority in a local government?				
	The Nazim				
	Local government officials and staff designated formally in writing by the Nazim				
	A statutory fiscal or budget officer (i.e. a person occupying a position identified by law)		√	√	x (1)
	Any other authority; please specify	Nazim/TMO			x
(3).	Should only the institutions where the local governments keep their official accounts receive public funds on behalf of a local government?				
	Yes (in this case please proceed to question at serial (4) below)	√	√	√	√
	No				
	If no, please mark all of the following options that apply:				
	The Nazim				
	Local government officials and staff designated formally in writing by the Nazim				
	A statutory fiscal or budget officer (i.e. a person occupying a position identified by law)				
	Any other authority; please specify				

Ser	Issue	Recommendations			
		Group 1	Group 2	Group 3	House
	If any or all above, it shall be duty of the authority to deposit the funds in an official local government account within how many days				
(4).	Should only the institutions where a local government keeps its official account make payments from public funds on its behalf?				
	Yes (end of Annex)	√	√	√	√
	No				
	If no, please mark all of the following options that apply:				
	The Nazim				
	Local government officials and staff designated formally in writing by the Nazim				
	A statutory fiscal or budget officer (i.e. a person occupying a position identified by law)				
	Any other authority; please specify				
	If any or all above, only up to a maximum of how much money per payment				
10.	Certain other matters related to implementation of local budgets?				
a.	Degree of discretion available to the person authorized by law to implement the budget				
	No discretion, must adhere strictly to budget as adopted	√			
	May modify amounts within the same budget category up or down;		√	√	√
	If so by what percent		10%	As per law	As per law
b.	Management of local government funds				
	At the discretion of each local governments				
	Based on regulations adopted by the Provincial Government	√			
	Through a single treasury or individual bank accounts as determined by law		√	√	√
c.	Should there be uniform provincial standards for recording and reporting local financial information?				
	No				
	Yes	√	√	√	√
	If so, which authority should establish standards for this purpose:	Govt.	Govt.	Govt.	Govt.
d.	Should the local governments disclose and publish information on their finances?				
	No				
	Yes	√	√	√	√
	If so, how many days after the end of the last budget year	30 days	30 days	30 days	30 days

Notes:

- √ indicates consensus on a particular issue within a working group or house
- x indicates a disagreement on a particular issue within a group or house. Figure within the parenthesis next to 'x' indicates number of participants or group(s) as the case may disagreeing with majority opinion in the group or the house.

Appendix A to Annex 10

Implementation of Decisions on Limitations to Local Discretion to adopt Budget

Limitation	Whether applicable								Method/authority for applying limitation															
	Yes				No				By law				By each LG				By Government				Jointly			
	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H	G1	G2	G3	H
Balanced budget	√	√	√	√						√	√	√					√						√	√
Revenue	√	√	√	√							√	√					√					√	√	√
Expenditure	√	√	√	√							√	√					√					√	√	√

Notes:

1. √ indicates consensus on a particular issue within a working group or house
2. x indicates a disagreement on a particular issue within a group or house.

Appendix B to Annex 10

Proposed Budget Calendar

Key Steps in the Local Budget Process	Due date				Approving Authority			
	Group1	Group 2	Group 3	House	Group1	Group 2	Group 3	House
Provincial government issues initial instructions (if applicable per prior choices)	15 Jan	30 Sep	28 Feb	28 Feb				
Local governments and provincial government exchange information each needs to prepare budget	28 Feb	30 Nov	31 Mar	31 Mar				
Provincial government provides information on expected transfers/ any new limitations	31 Mar	31 Mar	30 Apr	1 Apr				
Draft local budget presented to the Council of the respective local government	30 Apr		31 May	2 May				
Draft local budget presented to (please also specify the authority, if applicable per prior choices)			31 May	2 May	Council	Provincial Govt.	Provincial Govt.	x
Changes as per suggestions received on draft budget	31 May		31 May	31 May				
Local Council adopts budget no later than	30 Jun	30 Jun	30 Jun	30 Jun				
Local budget approved by (please also specify the authority, if applicable per prior choices)	31 July	31 July			Council	Council	Council	Council

Notes:

1. ✓ indicates consensus on a particular issue within a working group or house
2. x indicates a disagreement on a particular issue within a group or house.

Annex 11

Recommendations on Audits and Accounts of Local Government

	Question	Group 1	Group 2	Group 3	House
1	Who maintains the accounts of local governments?				
	Accounts maintained by the concerned local governments only		√		
	Accounts maintained by an entity outside a local government only				
	Both by the local government and an external entity maintain accounts	√		√	√
	Any other option				
2	Requirement of uniform accounting policies and procedures				
(1)	In your opinion, is it essential to have uniform accounting procedures for the local governments in a province?				
	Yes (in this case please answer question at serial (2) below)	√	√	√	√
	No, each local government shall define its own accounting procedures (in this case please proceed to question 3)				
(2).	If yes, what shall be the scope of uniform accounting procedures:				
	One uniform accounting procedure applicable to all local governments in the province	√			
	One uniform accounting procedure for each tier of local government in the province. This means separate accounting procedures for each tier of local government depending upon their requirements however all local governments in that tier follow the same uniform accounting procedures.			√	√
3.	Who should be responsible for maintenance of accounts within a local government? (answer only if this option was not ruled out under question 1)				
	An officer of the local government designated by the Nazim				
	An officer of the local government specifically designated under law/rule	√	√	√	√
4	If an external entity is to maintain local government accounts, what should be the nature of that entity? (answer only if this option was not ruled out under question 1)				
	An entity of Federal government				
	An entity of the provincial government (e.g., Provincial Treasury)	√			√
	An entity of federal and provincial government (e.g., DAO)				
	Any other option			DAO, LFA, UA	
5	Consolidation of local government accounts:				
(1).	In your opinion, is there a requirement for consolidation of local accounts by an external entity				
	Yes (in this case please proceed to question at serial (2) below)	√	√	√	√
	No (in this case please proceed to question 6 below)				
(2).	If yes, which external entity should consolidate the accounts of local governments				
	An entity of the Federal government				
	An entity of the provincial government	√	√	√	√
	Any other option				

6.	Who should exercise payment authorization powers in respect of local funds?				
	An entity of the Federal government				
	An entity of the provincial government				
	An officer of the local government	√	√	√	√
	If this is the option, then who within the local government should exercise the payment authorization power?				
	Nazim of a local government				
	An officer designated by Nazim				
	An officer of the local government specifically designated under law/rules	√	√		x (1)
	A Nazim and another officer designated under law/rules jointly				
	Any other option			Provincial govt.	x
7.	Who should certify the accounts of the local governments or conduct a certification audit of the accounts of the local governments?				
	An entity of the Federal government				
	An entity of the provincial government	√	√	√	√
	An entity of the Local government				
	If this is the option, then who within the local government should have the authority to certify accounts?				
	Nazim of a local government				
	An officer designated by Nazim				
	An officer of the local government specifically designated under law/rules				
	A Nazim and another officer designated under law/rules jointly				
	Any other option				
8	What is the appropriate scope for internal audit of local government?				
	Only to the level of pre-audit local government expenditure	√	√		√
	Regulatory or compliance audit		√	√	x (1)
	Risk based audit			√	x (1)
9.	Who should undertake pre-audit of expenditures from local fund?				
	An entity of the Federal government				
	An entity of the provincial government	√		√	x (1)
	Any other option		Local Govt.		
10.	Which entity should undertake other aspects of internal audit function in the local governments?				
	An entity of the Federal government				
	An entity of the Provincial government				
	An entity of the local government	√	√	√	√
	If this is the option then (mark any one of the following options):				
	An Auditor hired/ deputized by the local government	√	√	√	√
	An officer of the local government				
	To whom shall the Internal Auditor report for his work				
	Nazim				
	The council or a committee constituted by the council for this purpose		√		√
	A combination of Nazim (Administrative reporting i.e. for budgeting/ human resources) and council's committee (Functional reporting i.e. sharing the internal audit reports without the presence of Nazim or local government officials)	√		√	

	An officer of the local government				
11.	What entity should conduct the external audits of local governments?				
	An entity of the Federal government				
	An entity of the Provincial government	√	√	√	√
	Some part of external audit functions are undertaken by Federal entity and some by Provincial entity				
	Any other option				
12.	Who should have the authority to settle the audit observations relating to the Local Governments?				
	A committee of respective local government council		√ (opp chairman)		x
	Public Accounts Committee of the Provincial Assembly	√		√	x (1)
	Any other arrangements				
13.	What should be the mechanism for sharing audit findings and recommendations made by the local government accounts committee?				
	Presentation of audit findings and recommendations before the council	√	√		√
	Through a public hearing				
	By publication of audit findings and recommendations		√	√	√
	Through public display of audit findings and recommendations				
14.	Who should be responsible to the respective local government accounts committees?				
	Only the Nazim of the respective local government				
	Only the principal accounting officer of the respective local government	√		√	√
	The heads of various offices/departments of the respective local government				
	Both the above options		√		√

Notes:

1. √ indicates consensus on a particular issue within a working group or house
2. x indicates a disagreement on a particular issue within a group or house. Figure within the parenthesis next to 'x' indicates number of participants or group(s) as the case may disagreeing with majority opinion in the group or the house.

Annex 12

Recommendations on Personnel Management in Local Governments

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
A	Staff Requirement, Recruitments and Training				
1	Core Staff for supporting the Head of Local Government (Nazim)				
1.1	Requirement of core staff				
	Head of the local government administration	√	√	√	√
	Chief finance officer	√	√	√	√
	Chief planning officer	√	√	√	√
	Chief regulatory officer	√	√	√	√
	Chief HRM officer	√	√	√	√
	Any other:	Works officer	Internal auditor		Internal auditor
1.2	How should the core staff be appointed:				
	Posting by provincial government from amongst its officers (go to question 1.2.1)	√	√		√
	From a provincial local government service (go to question 1.2.2)	√	√	√	√
	Through recruitment (go to question 1.2.3)	√	√	√	√
1.2.1	Which of the following core staff should be appointed through posting by provincial government from amongst non-local government service officers:				
	Head of the local government administration	√	√		√
	Chief finance officer	√	√		√
	Chief planning officer	√	√		√
	Chief regulatory officer	√	√		√
	Chief HRM officer	√	√		√
	Any other:		Internal auditor		Internal auditor
1.2.2	Which of the following core staff should be appointed by the provincial government from amongst provincial local government service:				
	Head of the local government administration	√		√	
	Chief finance officer	√			√
	Chief planning officer	√			√
	Chief regulatory officer	√	√	√	√
	Chief HRM officer	√	√		√
	Any other:				
1.2.3	Mechanism for recruitment of the core staff – see Appendix A to this Annex				
1.2.4	Should prior consultation with the concerned local government be mandatory for appointment of core staff by provincial government				
	Yes		√		
	No	√		√	x (5 participants)
1.3	Retention of core staff from provincial and local government service				

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
1.3.1	What shall be the tenure of posting of provincial/local government service staff with a local government?				
	Fixed tenure defined under law; specify period	3 yrs	3 – 5 yrs	3 yrs	3 yrs fixed ⁹¹
	Tenure specified from time to time;				
	No fixed tenure				
1.3.2	What shall be the mechanism for the recall of provincial/local government service staff from a local government?				
	Only after completion of tenure				
	Premature recall by provincial government only with the consent of local government	√	√	√	√
	Premature transfer by provincial government on request of local government	√	√	√	√
a.	In this case, please specify grounds for premature transfer:				
	Misconduct, inefficiency or ineptitude	√	√	√	√
	Bad health	√	√	√	√
	Loss of confidence of the Nazim	√	√	√	√
	Request of officer	√	√	√	√
	Any other reason, please specify				
b.	How should the premature recall decision be taken in case of allegation of misconduct, inefficiency, ineptitude and/or loss of confidence?				
	On receipt of complaint/request by the local government				
	After an independent inquiry on the complaint/request of the local government	√	√	√	√
1.4.	Training requirements of core staff:				
1.4.1	Pre-service/in-service training of core staff of local government service				
a.	Who should determine training requirements of the core staff				
	Provincial government	√			
	Local government				
	Provincial government in consultation with the local governments	√	√	√	√
b.	Where should the training be organized				
	Provincial training facilities	√	√	√	√
	Private training facilities	√	√	√	√
	Foreign training facilities	√	√	√	√
	Any other, please specify				
c.	What should be the method of evaluation/assessment of training				
	No assessment for all training				
	Formal assessment for all training			√	
	Depending on the nature of training	√	√		√
1.4.2	Should training outcomes have an impact on posting and transfers				
	Yes	√	√	√	√
	No				
1.4.3	If yes, what impact?				

⁹¹ Non-extendable i.e. the officer shall not remain posted in a local government for more than this period.

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
	Mandatory for appointment against a specific position	√	√	√	√
	Continuance in a specific position		√	√	√
	Promotion for a higher position		√	√	√
	Performance incentives		√	√	√
	Any other				
2	Top Managers				
2.1	Requirement of top managers				
	Heads of particular services in the local government (e.g. present EDOs, TOs)	√	√	√	√
	Second tier managers of particular services (e.g. present DOs)	√	x	√	x
	Third tier managers of particular services (e.g. present DDOs)		√	√	√ (only in case of health/education)
	Head of important entities (e.g. In-charge of district/Tehsil Headquarters hospital, development authority, sanitation and sewerage authority etc.)		√	√	√
	Any other manager:				
2.2	How should the top managers be appointed:				
	Posting by provincial government from amongst its officers (go to question 2.2.1)	√	√	x	√
	From a provincial local government service (go to question 2.2.2)	√	√	√	√
	Through recruitment (go to question 2.2.3)		√	√	x (1)
2.2.1	Which top managers should be appointed through posting by provincial government from amongst non-local government service officers:				
	Heads of particular services in the local government (e.g. present EDOs, TOs)	√	√	√	√
	Second tier managers of particular services (e.g. present DOs)	√	x	√	√
	Third tier managers of particular services (e.g. present DDOs)	√	x	√	√
	Head of important entities (e.g. In-charge of district/Tehsil Headquarters hospital, development authority, sanitation and sewerage authority etc.)	√	√	√	√
	Any other manager:				
2.2.2	Which of the following top managers should be appointed by the provincial government from amongst provincial local government service:				
	Heads of particular services in the local government (e.g. present EDOs, TOs)	√	√		√
	Second tier managers of particular services (e.g. present DOs)	√	√		√
	Third tier managers of particular services (e.g. present DDOs)	√	√		√
	Head of important entities (e.g. In-charge of district/Tehsil Headquarters hospital, development authority, sanitation and sewerage authority etc.)	√	√		√
	Any other manager:				
2.2.3	Mechanism for recruitment of the top managers – see Appendix A to this Annex				
2.2.4	Should prior consultation with the concerned local government be mandatory for appointment of top managers by provincial government				
	Yes		√		
	No	√		√	x (5 participants)
2.3	Retention of top managers from provincial and local government service				
2.3.1	What shall be the tenure of posting of provincial/local government service staff with a local government?				
	Fixed tenure defined under law; specify period	3 yrs	3 – 5 yrs	3 yrs	3 yrs fixed

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
	Tenure specified from time to time; No fixed tenure				
2.3.2	What shall be the mechanism for the recall of provincial/local government service staff from a local government?				
	Only after completion of tenure				
	Premature recall by provincial government only with the consent of local government	√	√	√	√
	Premature transfer by provincial government on request of local government	√	√	√	√
a.	In this case, please specify grounds for premature transfer:				
	Misconduct, inefficiency or ineptitude	√	√	√	√
	Bad health	√	√	√	√
	Loss of confidence of the Nazim	√	√	√	√
	Request of officer	√	√	√	√
	Any other reason, please specify				
b.	How should the premature recall decision be taken in case of allegation of misconduct, inefficiency, ineptitude and/or loss of confidence?				
	On receipt of complaint/request by the local government				
	After an independent inquiry on the complaint/request of the local government	√	√	√	√
2.4.	Training requirements of top managers:				
2.4.1	Pre-service/in-service training of top managers				
a.	Who should determine training requirements of top managers				
	Provincial government	√			
	Local government				
	Provincial government in consultation with the local governments	√	√	√	√
b.	Where should the training of top-managers be organized				
	Provincial training facilities	√	√	√	√
	Private training facilities	√	√	√	√
	Foreign training facilities	√	√	√	√
	Any other, please specify				
c.	What should be the method of evaluation/assessment of training				
	No assessment for all training				
	Formal assessment for all training			√	
	Depending on the nature of training	√	√		√
2.4.2	Should training outcomes have an impact on posting and transfers				
	Yes	√	√	√	√
	No				
2.4.3	If yes, what impact?				
	Mandatory for appointment against a specific position	√	√	√	√
	Continuance in a specific position		√	√	√
	Promotion for a higher position		√	√	√
	Performance incentives		√	√	√

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
	Any other				
3	Service Providers - staff for service delivery (e.g. doctors, teachers etc)				
3.1	How should the service providers be appointed:				
	Posting by provincial government from amongst its officers (go to question 3.1.1)	√	√	√	√
	Posting by provincial government from local government service officers (go to question 3.1.1)	√	√	√	√
	Through recruitment by local government (go to question 3.1.2 - 3.1.3)	√	√	√	√
	By the local government from amongst its employees	√	√		√
3.1.1	Which service providers should be appointed through posting from amongst non-local government service officers:				
	Highly skilled professionals	√		√	
	Other service providers				
	Both		√		√
3.1.2	Where service providers are to be recruited by local government who should prescribe hiring qualifications				
	Provincial government	√	√	√	√
	Local government				
3.1.3	What should be the mechanism for recruitment service providers? – see Appendix A to this Annex				
3.2	Training requirements of service providers:				
3.2.1	Pre-service/in-service training of service providers				
a.	Who should determine training requirements of top managers				
	Provincial government (in case of all functions)				
	Local government (in case of limited and partial functions only)				
	Local governments in accordance with provincial government/professional guidelines	√	√	√	√
b.	Where should the training of top-managers be organized				
	Provincial training facilities	√	√	√	√
	Private training facilities	√	√	√	√
	Foreign training facilities	√	√	√	√
c.	What should be the method of evaluation/assessment of training				
	No assessment for all training				
	Formal assessment for all training			√	
	Depending on the nature of training	√	√		√
3.2.2	Should training outcomes have an impact on posting and transfers				
	Yes	√	√	√	√
	No				
3.2.3	If yes, what impact?				
	Mandatory for appointment against a specific position	√	√	√	√
	Continuance in a specific position		√	√	√
	Promotion for a higher position		√	√	√
	Performance incentives		√	√	√
	Any other				

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
4	Secretarial staff – staff involved in provision of secretarial services (e.g. office secretaries, stenographers etc)				
4.1	How should the secretarial staff be appointed:				
	Recruitment by local government (go to 4.1.1)				
	Recruitment by local government in accordance with the provincial guidelines	√	√	√	√
5.1.1	Mechanism for recruitment service providers – see Appendix A to this Annex				
4.2	Where recruitments are to be done by the local government who should determine hiring qualifications?				
	Local government in accordance with the provincial government/ professional guidelines	√	√	√	√
	Local government independently				
4.3	Training requirements of secretarial staff:				
4.3.1	Pre-service/in-service training of service providers				
a.	Who should determine training requirements of secretarial staff				
	Provincial government independently				
	Local government independently	√			
	Local government in accordance with provincial government/ professional guidelines		√	√	√
b.	Where should the training of secretarial staff be organized				
	Provincial training facilities	√	√	√	√
	Private training facilities	√	√	√	√
c.	What should be the method of evaluation/assessment of training				
	No assessment for all training				
	Formal assessment for all training			√	
	Depending on the nature of training	√	√		√
4.3.2	Should training outcomes have an impact on posting and transfers				
	Yes	√	√	√	√
	No				
4.3.3	If yes, what impact?				
	Mandatory for appointment against a specific position	√	√	√	√
	Continuance in a specific position		√	√	√
	Promotion for a higher position		√	√	√
	Performance incentives		√	√	√
	Any other				
5	Miscellaneous staff – non-skilled or semi skilled employees (e.g. security guards, drivers, peons, cleaners)				
5.1	How should the miscellaneous staff be appointed:				
	Recruitment by local government	√			
	Recruitment by local government in accordance with provincial guidelines		√	√	√
5.1.1	Mechanism for recruitment of miscellaneous staff – see Appendix A to this Annex				
5.2	Where recruitments are to be done by the local government who should determine hiring qualifications?				
	Local government independently				
	Local government in accordance with the provincial government/ professional	√	√	√	√

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
	guidelines				
5.3	Training requirements of secretarial staff:				
5.3.1	Pre-service/in-service training of service providers				
a.	Who should determine training requirements of secretarial staff				
	Local government in accordance with provincial guidelines		√	√	√
	Local government independently	√			
b.	Where should the training of secretarial staff be organized				
	Provincial training facilities			√	√
	Local training facilities	√	√	√	√
	Private training facilities	√		√	√
c.	What should be the method of evaluation/assessment of training				
	No assessment for all training				
	Formal assessment for all training			√	
	Depending on the nature of training	√	√		√
5.3.2	Should training outcomes have an impact on posting and transfers				
	Yes	√	√	√	√
	No				
5.3.3	If yes, what impact?				
	Mandatory for appointment against a specific position	√	√	√	√
	Continuance in a specific position		√	√	√
	Promotion for a higher position		√	√	√
	Performance incentives		√	√	√
	Any other				
6.	Staffing requirement for top managers, service providers, secretarial and miscellaneous staff				
6.1	Who should be responsible for assessing staffing requirement of a local government at different levels?				
	Provincial Government				
	Concerned local government	√		√	
	Local government with the approval of provincial government		√		√
6.2	When should the assessment for staffing requirement be carried out:				
	Once in each term of local government				
	Twice in the term of local government				
	Yearly at the time of preparation of budgets	√	√	√	√
B	Remuneration of staff				
1	Should the local governments be authorized to determine terms and conditions for officials working with them				
	Yes	√	√	√	√
	No				
1.1	If yes				
a.	Should there be a uniform grade policy in the LG	√			
b.	Should there be market based salaries for all positions				

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
c.	Should there be a market based salaries for some positions determined by the Council while in other cases there should be a uniform policy		√	√	x (1)
2	In case local governments determine terms and conditions, should incentives be allowed for extra work/good performance?				
2.1	Performance pay (paid on monthly basis for a specific period)				
2.2	One time bonus			√	
2.3	Both	√	√		√
C	Performance Appraisal Systems				
1	How should performance appraisal of local government staff be carried out? – see Appendix B to this Annex for details				
	Annually	√	√	√	√
	Biannually				
	Quarterly				
	Monthly				
	Any time as per requirement		√		√
2	Formats/criteria for performance appraisal:				
2.1	Should uniform format/criteria be applied for all categories of staff in a local government?				
2.2	Should different format/criteria be applied for each category of staff in a local government in view of their specific functions?	√	√	√	√
D	Promotion of Local Government Staff				
1	Who determines the promotion policy? – see Appendix C to this Annex				
2	What should be considered in the criteria for promotion?				
	Seniority	√	√	√	√
	Good health		√	√	√
	Performance appraisal	√	√	√	√
	Acquiring mandatory training	√	√	√	√
	Passing mandatory examination	√	√	√	√
	Skills acquired		√	√	√
	Rotation of job		√	√	√
	Job complexity		√	√	√
	Clear disciplinary record	√	√	√	√
	Other factors (please enlist, if any)				
E	Disciplinary actions				
1	Powers to determine disciplinary procedures – see Appendix D to this Annex for details				

Notes:

1. √ indicates consensus on a particular issue within a working group or house
2. x indicates a disagreement on a particular issue within a group or house.

Appendix A to Annex 12

Recommendations on Recruitment of Various Local Government Staff

Ser	Category staff	By PG in consultation with LG			By head of LG administration			By LG recruitment committee			By independent local recruitment body			By Provincial Public Service Commission			Recommendations of the House
		G1	G2	G3	G1	G2	G3	G1	G2	G3	G1	G2	G3	G1	G2	G3	
A	Core Staff																
1	Head of LG administration	√												√		√	Disagreement as to whether position shall be open to recruitment
2	Chief finance officer	√												√		√	do
3	Chief planning officer	√												√		√	do
4	Chief regulatory officer	√												√		√	do
5	Chief HRM officer		√											√		√	Disagreement as to whether the recruitment shall be made by public service commission or provincial government
6	Any other officer – internal auditor												√	√		√	Disagreement as to whether the recruitment shall be made by public service commission or independent local body
B	Top Managers																
1	Heads of local services													√		√	Disagreement as to whether position shall be open to recruitment
2	2 nd tier managers													√		√	do
3	3 rd tier managers													√		√	do
4	Head of important entities												√	√		√	Disagreement as to whether the recruitment shall be made by public service commission or independent local body
5	Any other manager																
C	Service Providers																
1	High skill level staff		√											√	√	√	Recruitment by public service commission
2	Second skill level staff									√	√	√					Recruitment by an independent local recruitment body except one group
3	Third skill level staff									√	√	√					do
D	Secretarial Staff																
1	Senior level									√	√	√					Independent local recruitment body except one group
2	Junior level									√	√	√					do

Ser	Category staff	By PG in consultation with LG			By head of LG administration			By LG recruitment committee			By independent local recruitment body			By Provincial Public Service Commission			Recommendations of the House
		G1	G2	G3	G1	G2	G3	G1	G2	G3	G1	G2	G3	G1	G2	G3	
E	Miscellaneous Staff																
1	Semi-skilled staff									√	√	√					Independent local recruitment body except one group
2	Non-skilled staff									√	√	√					do

Notes:

1. PG and LG respectively mean the provincial government and local government
2. G1, G2 and G3 respectively mean Group 1, 2 and 3. The columns underneath record recommendation of the particular group.
3. √ indicates that an agreement on the particular issue existed among the group or the house as the case may be
4. x indicates that there was a disagreement among the group or the house on the particular issue

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Appendix B to Annex 12

Recommendations on Performance Appraisal of Various Local Government Staff

Ser	Category of staff	Who determines performance appraisal policy						Actors in performance appraisal							
		Local Government			Provincial Government			House	Local Government			Provincial Government			House
		G1	G2	G3	G1	G2	G3		G1	G2	G3	G1	G2	G3	
1	Core staff		√		√	√		PG	√	√	√	√	√		PG/LG
2	Top managers		√		√	√		PG	√	√	√	√	√		PG/LG
3	Service providers		√		√	√		PG	√	√	√	√			PG/LG
4	Secretarial staff		√		√			PG/LG	√	√	√				LG
5	Miscellaneous staff		√		√			PG/LG	√	√	√				LG

Notes:

1. PG and LG respectively mean the provincial government and local government
2. G1, G2 and G3 respectively mean Group 1, 2 and 3. The columns underneath record recommendation of the particular group.
3. √ indicates that an agreement on the particular issue existed among the group or the house as the case may be
4. x indicates that there was a disagreement among the group or the house on the particular issue

Appendix C to Annex 12

Recommendations on Promotion Policy in respect of Various Local Government Staff

Ser	Category of staff	Who determines promotion policy							
		Local Government			Provincial Government			Recommendations of the House	
		G1	G2	G3	G1	G2	G3	Local Government	Provincial Government
1	Core staff				√	√	√		√
2	Top managers				√	√	√		√
3	Service providers			√	√	√		x	x
4	Secretarial staff	√	√	√		√		√	x
5	Miscellaneous staff	√	√	√				√	

Notes:

1. G1, G2 and G3 respectively mean Group 1, 2 and 3. The columns underneath record recommendation of the particular group.
2. √ indicates that an agreement on the particular issue existed among the group or the house as the case may be
3. x indicates that there was a disagreement among the group or the house on the particular issue

Appendix D to Annex 12

Recommendations on Disciplinary Procedures in respect of Various Local Government Staff

Ser	Category of staff	Who determines disciplinary policy							Actors in disciplinary action							
		Local Government			Provincial Government			House	Local Government			Provincial Government			House	
		G1	G2	G3	G1	G2	G3		G1	G2	G3	G1	G2	G3		
1	Core staff				√	√	√	PG		√			√	√		x
2	Top managers				√	√	√	PG		√			√	√		x
3	Service providers		√		√	√		x		√	√		√	√		x
4	Secretarial staff	√	√			√		x	√	√	√					LG
5	Miscellaneous staff	√	√			√		x	√	√	√					LG

Notes:

1. PG and LG respectively mean the provincial government and local government
2. G1, G2 and G3 respectively mean Group 1, 2 and 3. The columns underneath record recommendation of the particular group.
3. √ indicates that an agreement on the particular issue existed among the group or the house as the case may be
4. x indicates that there was a disagreement among the group or the house on the particular issue

Annex 13

Recommendations on Coordination Mechanisms for Local Governments

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
A	Vertical Coordination				
1	Who should coordinate within the provincial government with local governments?				
1.1	With regard to overall coordination and issues like finance etc				
	Local Government department			√	
	A specially constituted body, in addition to the local government department with responsibilities to be decided by law	√	√		√
1.2	With regard to specific activities like service delivery standards				
	Each provincial department with its local counterpart			√	
	Specially constituted bodies for certain categories of specific functions like health standards etc, in addition to specific provincial Departments with responsibilities to be decided by law	√	√		√
2	Should coordination take place along the management line or directly between Provincial and Local Governments?				
	Along management lines	√	√	√	√ ⁹²
	Directly	√		√	√ ⁹²
	Any Other option				
3	Who in the local government should be responsible for coordination with other local governments/provincial government?				
a.	Nazim	√	√		√ ⁹³
b.	An official of the local government		√	√	√
c.	Any Other option				
4	How can local and provincial governments realign and harmonize their various planning and development decisions?				
a.	By reproducing a list of relevant national, provincial and local government policies in each planning decision and certifying that they have been complied with		√		
b.	By getting local planning decisions pre-approved from the concerned government for consistency; or				
c.	By having a representative from the concerned government on planning bodies to ensure compliance with policies and parameters	√		√	√
5	How should coordination between the provincial and local governments be undertaken on key issues?				
a.	No formal mechanism or process				
b.	As determined by Provincial Government under authority granted to it by law	√		√	
c.	Through a dialogue between the parties authorized by law (continue with 6 and 7)		√		√
6	How should the dialogue between the parties be organized and managed?				
6.1	How should the dialogue between the provincial and local governments be convened				
	By a specific party designated by law				

⁹² Only in certain emergent cases only.

⁹³ Only in case certain key issues. Coordination will generally be conducted by an official of the local government

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
	By either party	NA	√	NA	√
6.2	What should be the timing of the dialogue? (Mark all that apply)				
	At specific dates in the year	NA	√	NA	√
	As and when needed	NA	√	NA	√
6.3	How should LG participants in the dialogue be selected? (Mark one)				
	By drawing of lots (random selection)				
	By election from amongst local governments				
	Pre determined by law	NA	√	NA	√
7	How should the decision be reached during the dialogue process?				
7.1	By consensus				
7.2	If by consensus and cannot agree then by:				
a.	The Provincial Government on advice of both parties				
b.	The Provincial Assembly on advice of both parties				
c.	By statutory third party (e.g. local government commission)				
d.	By arbitration				
7.3	By majority vote on the basis of one participant one vote	NA	√	NA	√
7.4	If by majority vote and there is a tie:				
a.	By decision of provincial government	NA	√	NA	√
b.	By referral to a statutory third party				
7.5	Any other option				
B	Horizontal Coordination				
1	What should be the arrangements for horizontal coordination				
a.	Provincial government undertakes coordination directly?		√		x
b.	A statutory body/coordination committee (please answer question 2)			√	x
c.	Local governments directly coordinate with each other	√			x
d.	Any other option				
2	In case of statutory body/coordination committee:				
2.1	Where should the coordinating body be located?				
a.	At the district level				
b.	At the divisional level				
c.	Both	NA	NA	√	NA
d.	Any Other Option				
2.2	What should be the composition of the coordinating body?				
a.	All concerned local governments to be members				
b.	All concerned local governments and one or more provincial government representatives to be members	NA	NA	√	NA
4	Can some local government functions be performed jointly or through authorities responsible to two or more councils?				
	Yes	√	√	√	√
	No				

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
5	Who in the Local Government should take a decision whether one or more functions can be performed jointly including a decision regarding the method of discharge of the function?				
a.	Head of Local Govt.				
b.	Council	√	√	√	√
6	If two or more Local Governments want to discharge a fully devolved function through a joint authority how should the joint authority come into being?				
a.	By agreement (through a joint stock company)			√	
b.	By operation of law (statutory basis)	√	√		√
c.	Any Other Option				
C	Internal Coordination				
1	Who should be responsible for coordination between different departments of a Local Government?				
a.	Nazim	√	√		√
b.	An official of the Local Government	√	√		√
c.	An other option				
2	Who should be responsible for coordination with private agencies/entities providing services on behalf of local governments?				
a.	Nazim	√	√	√	√
b.	An official of the local government	√			
c.	Any Other option				

Notes:

1. √ indicates consensus (agreement of all participants) on a particular issue within a working group or the house as the case may be.
2. x indicates a disagreement on a particular issue within a group or house. Figure within the parenthesis next to 'x' indicates number of participants (in case it is reflected under a group) or number of group(s) (in case it is reflected under the house) disagreeing with majority opinion.
3. NA means that the option was not applicable to a group due to an earlier decision.

Annex 14

Recommendations on Management of Local Government Properties

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
1.	What type of property may local governments own?				
	Immovable (or real) property	√	√	√	√
	Movable property	√	√	√	√
	Intangible property	√	√	√	√
2.	Which specific properties used in performing their assignment functions will be transferred to ownership of local governments?				
	those used in performing those functions for which local governments have full responsibility and authority	√	√	√	√
	those used in performing those functions for which local governments have partial responsibility and authority	√	√		√
	those used in performing those functions for which local governments have limited responsibility and authority				
3.	Will any existing public property not needed or used in performing public functions be transferred to ownership of local governments?				
	No		√		√
	Yes			√	
4.	If yes, of what type of properties				
	Immovable (or real) property			√	
	Movable property			√	
	Intangible property			√	
5.	What ownership rights will local governments have regarding their property?				
	Full, as defined in existing legislation for any legal person			√	
	Limited	√	√		√
6.	If the rights are limited, what property rights would be excluded?				
a.	The right during the period of ownership to				
	Provide properties in concession	√	√	√	√
	Lease / rent				
	Provide property as collateral to secure debts	√			
b.	Rights to alienate property by				
	Donation (free of cost)	√	√	√	√
	A sale at below market value	√	√	√	√
	A sale in the open market at full value	√	√ ⁹⁴	x	√ ⁹⁵
c.	Rights to acquire property by				
	Donation (free of cost)				

⁹⁴ This limitation shall not apply in case of movable local properties

⁹⁵ This limitation shall not apply in case of movable local properties

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
	Purchase at below market value				
	Purchase in the open market at full value				
	Establishing new property by construction				
	Establishing a new company by a council decision	x (1)			
	Investing in or obtaining ownership rights in an existing company				
	An exchange of property	√	√ ⁹⁶		√ ⁹⁷
7.	What will be the responsibility of local governments for recording and reporting the nature and extent of their property and other fixed assets?				
	No responsibility to provide a public record of such property				
	Public disclosure required	√	√	√	√
8.	If public disclosure is required then to what extent:				
	All property in ownership by the local government must be identified individually in a record routinely available to the public without restriction	√	√	√	√
	All property in ownership by the local government must be identified in the notes to the financial statements of local governments	√	√	√	√
9.	How will the issue of public service enterprises and their assets be addressed?				
a.	Regarding ownership of the public service networks and/or movable property				
	Property rights will reside with the local government and be made available by concession to the service enterprise				
	Property rights will reside with the public service enterprise	√	√	√	√
b.	Regarding policy control over public service enterprises				
(1)	Local government controls policy through a board of directors appointed by the local council				
(2)	Local council will have the authority to approve certain key policies	√	√	√	√
	If so, what key policies				
	The annual business plan of the enterprise	√	√	√	√
	Tariffs and other service charges	√	√	√	√
	Service expansion and improvement plans	√	√	√	√
(3)	A regulatory body, separate and distinct from the local government will have the authority to approve certain key policies, including				
	If so, what key policies				
	The annual business plan of the enterprise				
	Tariffs and other service charges				
	Service expansion and improvement plans				

Notes:

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2. x indicates a disagreement on a particular issue within a group or house. Figure within the parenthesis next to 'x' indicates number of participants (in case it is reflected under a group) or number of group(s) (in case it is reflected under the house) disagreeing with majority opinion.

⁹⁶ This limitation shall not apply in case of movable local properties

⁹⁷ This limitation shall not apply in case of movable local properties

Annex 15

Recommendations on Conflict Management

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
A	Conflict minimization/resolution strategies				
1	Where a conflict situation is emerging, what should the concerned parties do? (Tick in order of preference)				
a.	Talk to each other to find out the other parties point of view	2	2		2
b.	Write to the other party to make it come round to your point of view	1	1		1
c.	Propose a solution	3	3		3
d.	Resort to use of legal powers/refer the matter to conflict resolution bodies	4	4		4
e.	Any other option:				
2	Who will be responsible for initiating actions when a conflict arises?				
2.1	At the local level				
	Nazim or elected head of the Local Government in the case of a local Government	√	√		√
	Head of local government staff (DCO) in the case of a local Government			√	
2.2	At the provincial level				
	Secretary, Local Government		√	√	x (1)
	Minister for Local Government/Chief Minister	√			
3	Where the Provincial Government asks a local government to act in a particular manner with regard to partial and limited functions what should it do to find out whether that action has been taken and to the extent prescribed?				
3.1	Issue an instruction and monitor compliance by?		√		√
a.	Sending inspectors to verify that action has been taken		√		√
b.	Asking reports from the concerned local government		√		√
3.2	Through pre- agreed reporting/monitoring mechanisms	√		√	√
4	Where the provincial government believes that an instruction has not been complied with and the local government believes that it has been complied with and the provincial government feels that punitive action against the local government is called for, how should this dispute be addressed?				
a.	By referring the matter to the provincial chief minister				
b.	By reference to a specially constituted inquiry commission				
c.	By reference to the dispute resolution body (e.g. LGC) (See Annex 2B)	√	√	√	√
5	What responses should the PG formulate where it is found that the Local Government did not comply with key instructions?				
a.	By taking over that function from the concerned local government				
b.	By sending its officers to perform that instruction or particular function temporarily	√	√		x (1)
c.	Administrative action against functionaries (elected/official) responsible	√	√	√	√
.	Any Other Option				
6	Where the provincial government or superior local governments is concerned about the level of service delivery of a local government what should it do?				
a.	Check and verify level of LG performance directly		√		x (2)

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
b.	Ask an independent body to evaluate LG performance				
c.	Ask the local government to report on the level of service delivery against specific targets	√	√	√	√
d.	Any other option				
7	Should there be a mechanism for the Provincial Government to suspend a local Government and take over its functions completely?				
	Yes		x		x (4)
	No	√		√	
8	If answer to 7 is Yes what are the situations in which a Provincial Government can take over/supersede the local government?				
a.	Where Local Government has become insolvent and remains so for over one year	NA	√	NA	NA
b.	Where more than half of the core functions of a local Government are (Refuse disposal, water supply & sanitation, education & health) are found to be poorly performed	NA	√	NA	NA
9	Where the Provincial Government proposes to dissolve/take over a local government should prior approval of a forum be necessary				
	Yes	NA		NA	NA
	No	NA	√	NA	NA
10	If answer to No.9 is yes, what is the forum from which such approval should be sought?				
a.	Provincial Assembly				NA
b.	Conflict resolution commission			√	NA
11	If one or more local governments or the provincial government wants to have a joint authority for performing a limited or partially devolved function (with the LG being responsible to the Provincial Government for that function) because of capacity, efficiency or other reasons and one or more local governments are not agreed to such a proposal how should the matter be resolved? –				
a.	The decision of the Provincial Government should be sufficient				
b.	No joint authority should be established if a local government objects to it?				
c.	The matter should be resolved through negotiation and if that doesn't come through by referral to the conflict resolution commission	√	√	√	√
B	Forums of conflict resolution				
1	What should be the formal forums of conflict resolution?				
a.	A specially constituted conflict resolution commission	√	√	√	√
b.	Courts				
c.	Arbitration arrangements		√		
2	What should be the composition of the Conflict Resolution Commission?				
a.	The current arrangement for local government commission				
b.	Equal number of members from Provincial Government/Local Government				
c.	One-third members from the Provincial Government, one-third from Local Government and one-third professional/technical persons of repute	√	√	√	√
d.	Any other option				
3	What should be the term of the Conflict Resolution Commission?				
a.	Generally equivalent to the term of the local government	√	√		√
b.	Fixed terms (e.g. 3 years, 5 years)			3 yrs	

Ser	Issues	Stakeholders Recommendations			
		Group 1	Group 2	Group 3	House
4	Should the conflict resolution commission have the power to determine the number of its staff and their salaries?				
	Yes		√	√	√
	No	√			
5	Who should be the head of the Conflict resolution commission?				
a.	Minister Local Government				
b.	A member of the Commission elected by the Members from amongst themselves	√	√	√	√
6	Who should be the Secretary of the Local Government Commission?				
a.	Secretary Local Government Department				
b.	A person nominated for the purpose by the Commission				
c.	A person specially appointed by the Govt. in consultation with the Commission	√		√	√
d.	A person specially appointed for the purpose by the Government		√		
7	Who will have standing to bring a complaint before the Commission?				
a.	Any Local Government	√	√	√	√
b.	The Provincial Government	√	√	√	√
c.	Citizens		√	√	√
8	Whether conflict resolution and coordination functions shall be undertaken by one body				
	Yes	√		√	√
	No		√		

Notes:

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2. x indicates a disagreement on a particular issue within a group or house. Figure within the parenthesis next to 'x' indicates number of participants (in case it is reflected under a group) or number of group(s) (in case it is reflected under the house) disagreeing with majority opinion.
3. NA means that the option was not applicable to a group due to an earlier decision.

Annex 16

Comparative Analysis of Results of Provincial Thematic Dialogues on Local Government Reforms

Part 1: Allocation of Functions to Local Governments

No	Broad function	Baluchistan		NWFP		Punjab		Sindh	
		Allocation	Responsibility	Allocation	Responsibility	Allocation	Responsibility	Allocation	Responsibility
A	Civil defence function								
1	Civil defence planning and management	√	Partial	√	Partial	-	-	-	-
B	Agriculture related functions								
2	Implementation of crop production strategies	√	Partial	√	Partial	-	-	-	-
3	Water courses improvement	√	Partial	√	Full	√	Partial	-	-
4	Groundwater management and water harvesting	√	Partial	√	Partial (2/3)	-	-	-	-
5	Organization and registration of water user associations	√	Partial	√	Full	-	-	-	-
6	Surveys, soil conservation/reclamation, check dams etc.	√	Partial	-	-	-	-	-	-
7	Soil fertility enhancement	√	Limited	-	-	-	-	-	-
8	Provision of advisory service on soil conservation/fertility	√	Partial	-	-	-	-	-	-
9	Agriculture extension services	√	Partial	√	Partial	-	-	√	Limited
10	Ensuring quality and availability of agriculture inputs	√	Limited	√	Limited	-	-	-	-
11	Market committees							√	Partial
C	Livestock related functions	-	-	-	-	-	-	-	-
12	Artificial insemination	√	Partial	√	Partial	√	Partial	√	Limited
13	Livestock extension services	√	Partial	√	Partial	√	Partial	√	Limited
14	Disease prevention including prophylactic vaccination	√	Full	√	Partial	√	Partial	√	Limited
15	Prevention of cruelty to animals	√	Partial	√	Full	-	-	-	-
D	Fisheries related functions								
16	Leasing rights, conservation, management/promotion of fisheries	√	Limited	√	Full	-	-	-	-
17	Aquaculture development including seed production	√	Limited	√	Limited	-	-	-	-
18	Advisory and training services relating to fisheries	√	Limited	√	Partial	-	-	-	-
E	Forest management related functions								
19	Forest management , raising new forests, recreational parks etc.	-	-	√	Partial	-	-	-	-
20	Community awareness on forestry	-	-	√	Full	-	-	-	-
F	Community development functions								
21	Awareness on community participation and welfare	√	Full	√	Full	√	Partial	√	Full

No	Broad function	Baluchistan		NWFP		Punjab		Sindh	
		Allocation	Responsibility	Allocation	Responsibility	Allocation	Responsibility	Allocation	Responsibility
22	Organization/ strengthening of community based organizations	√	Partial	√	Full	√	Partial	-	-
23	Professional/ monetary assistance to voluntary organizations	√	Partial	√	Partial	-	-	-	-
24	Regulation of voluntary organizations and cooperative societies	√	Partial	√	Partial	-	-	-	-
25	Socio economic development of women	√	Partial	√	Partial	-	-	√	Full
26	Charitable activities, relief and rehabilitation of poor	√	Partial	√	Partial	√	Partial	√	Full
27	Cooperative farming	√	Partial	√	Partial	-	-	-	-
G	Education related functions								
28	Education services up to (a) primary level, (b) secondary level, (c) college level	√ (b)	Partial	√ (c)	Partial	√ (b)	Partial	√ (a)	Partial
29	Technical education except professional education	√	Partial	√	Partial	-	-	-	-
30	Establishment of new schools/ school up-gradation	√	Partial	√	Partial	-	-	-	-
31	Primary and elementary level examinations	√	Limited	√	Limited	-	-	-	-
32	School councils' management	√	Full	√	Full	-	-	-	-
33	Grant of scholarships	√	Full	√	Partial (2/3)	-	-	-	-
34	Special education	-	-	√	Limited	-	-	-	-
35	Adult education and continuing education	√	Partial	√	Partial	-	-	-	-
36	Vocational training	-	-	√	Partial	-	-	-	-
37	Promotion of scientific research	-	-	-	-	-	-	-	-
H	Industrial and enterprise development functions								
38	Promotion of cottage, small and medium business enterprises	√	Partial	√	Partial	-	-	-	-
39	Control, monitoring and stabilization of commodity prices	√	Partial	√	Limited	-	-	-	-
40	Organizing industrial exhibitions	√	Partial	√	Full	-	-	-	-
41	Registration of firms and societies	-	-	√	Partial	-	-	-	-
42	Local clearance certificates for establishment of industrial units	√	Partial	√	Partial	-	-	-	-
43	Labour welfare and industrial safety	-	-	√	Limited	-	-	-	-
44	Development and management of industrial estates	-	-	-	-	-	-	√	Partial
I	Health services								
45	Prevention and control of infectious diseases	√	Partial	√	Limited	√	Partial	√	Partial
46	Management of health care facilities up to (a) Basic Health Units, (b) Rural Health Centres, and (c) THQ Hospitals and DHQ Hospitals	√ (c)	Partial	√ (c)	Partial	√ (b)	Partial	√ (a)	Partial
47	Checking adulteration of food stuff	√	Partial	√	Full	-	-	-	-
48	Conducting nutrition surveys	√	Partial	√	Partial	-	-	-	-

No	Broad function	Baluchistan		NWFP		Punjab		Sindh	
		Allocation	Responsibility	Allocation	Responsibility	Allocation	Responsibility	Allocation	Responsibility
49	District quality control boards	√	Limited	√	Full	-	-	-	-
50	Planning and implementation of population control programmes	√	Partial	√	Partial	-	-	-	-
51	Health education	√	Partial	√	Partial	-	-	-	-
J	Environment protection services								
52	Environment protection measures	√	Limited	√	Full	-	-	√	Partial
53	Awareness raising on environmental issues	√	Limited	√	Full	-	-	√	Partial
K	Revenue collection/estates management services								
54	Management of government and evacuee estates, escheats and state lands including leasing and allotment of state land	-	-	-	-	-	-	-	-
55	Consolidation of land holdings	-	-	√	Partial	-	-	-	-
56	Disaster management and relief including protection against floods etc.	√	Limited	√	Partial	√	Partial	√	Partial
57	Land surveys, demarcation of lands and records of rights	-	-	√	Partial (2/3)	-	-	-	-
58	Agricultural loans	-	-	-	-	-	-	-	-
59	Crop and livestock census and reports	√	Limited	-	-	-	-	-	-
60	Land acquisition	-	-	√	Partial	-	-	-	-
61	Land tenures including tenancy	-	-	√	Partial	-	-	-	-
62	Redemption and restitution of mortgages	-	-	√	Partial	-	-	-	-
L	Infrastructure development functions								
63	Construction and maintenance of government buildings and roads	√	Full	-	-	√*	Partial	√*	Full
64	Laying standards for roads and bridges	-	-	-	-	-	-	-	-
M	Transport and traffic related functions								
65	Bus stands and bus stops	√	Full	√	Full	√	Partial	√	Full
66	Allotment of local transport	√	Full	√	Full	√	Partial	√	Full
67	Traffic engineering/planning, parking spaces, traffic signalling etc.	√	Partial	√	Full	-	-	√	Partial
N	Municipal functions								
68	Drinking water supply	√	Full	√	Full	√	Full	√	Full
69	Sewerage and drainage	√	Full	√	Full	√	Full	√	Full
70	Sanitation	√	Full	√	Full	√	Full	√	Full
71	Solid waste management	√	Full	√	Full	√	Full	√	Full
72	Street lighting	√	Full	√	Full	√	Full	√	Full
73	Organization of cattle fairs and cattle markets	√	Full	√	Full	√	Full	√	Full
74	Sports, cultural, recreational events, fairs and shows	√	Full	√	Full	√	Partial	√	Full
75	Establishment and or regulation of slaughter houses	√	Full	√	Full	√	Full	√	Full

No	Broad function	Baluchistan		NWFP		Punjab		Sindh	
		Allocation	Responsibility	Allocation	Responsibility	Allocation	Responsibility	Allocation	Responsibility
76	Establishment and maintenance of libraries	√	Full	√	Full	√	Full	-	-
77	Street Pavement	-	-	-	-	√	Full	√	Full
78	Graveyards	-	-	-	-	-	-	√	Full
79	Open and temporary markets	-	-	-	-	√	Full	√	Full
80	Parks, play grounds and recreation	-	-	-	-	√	Full	√	Full
O	Spatial planning functions								
81	Spatial planning and land use control	√	Full	√	Full (2/3)	√	Partial	√	Full
82	Building control	√	Full	√	Full	√	Partial	√	Full
83	Management of open spaces	√	Full	√	Partial	√	Full	√	Full
P	Miscellaneous Functions								
84	Management of local government lands, estates, properties, facilities, and enterprises including rent, lease, sale etc.	√	Full	√	Full	-	-	√	Full
85	Fire fighting	√	Full	√	Full	√	Full	√	Partial
86	Collect and maintain statistical information	√	Partial	√	Full	-	-	-	-
87	Registration and issuance of certificates pertaining to births, deaths and marriages		Full		Partial	√	Limited	√	Full
88	Katchi Abadi management	-	-	-	-	-	-	√	Full
89	Price control	-	-	-	-	-	-	√	Full
90	Improvement of water courses	-	-	-	-	√	Partial	-	-

Notes:

1. √ indicates consensus (agreement of all participants) on a particular issue among the stakeholders in a province.
2. * relates to farm to market and intra-city roads only.
3. For explanation of limited, partial and full responsibility see section 2.2 of Chapter 2 ante.
4. For further details on allocation of functions see provincial reports

Part 2: Recommendations on other Aspects of Local Government System

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
A	Structure of local governments				
1.1	Should the local governments be organized on functional basis or territorial basis ⁹⁸	Territorial basis (2/3 majority)	Functional basis	Territorial basis (2/3 majority)	Disagreement. Opinion equally spilt on the choice of territorial or functional structure
1.2	Number of functionally organized local governments in a district	3 Tiers – District, Tehsil/Town and Union Council level LGs (1/3 minority)	3 Tiers – District, Tehsil/ Town and UC level LGs	3 Tiers – District, Tehsil/Town and UC level LGs (1/3 minority)	3 Tiers – District, Tehsil/ Town and UC level LGs (1/2 participants)
1.3	Whether separate local governments for urban and rural areas?	Yes (2/3 majority)	No	Yes (2/3 majority)	Yes (1/2 participants)
1.4	Jurisdiction of territorially organized urban local governments	Separate LG for each urban area (city/town) in a district	Not applicable	Separate LG for each urban area (city/town) in a district	Separate LG for each urban area (city/town) in a district
1.5	Jurisdiction of territorially organized rural local governments	Principal LG – District level LGs Subordinate LG – UC level LGs	Not applicable	Principal LG - Tehsil or District level LGs (equal division) Subordinate LG - UC level LGs	Principal LG - District level LGs Subordinate LG - UC level LGs
1.6	Subordination of territorially organized local governments	UC level LGs subordinate to District level LGs	UC level LGs subordinate to Tehsil and Tehsil subordinate to District level LGs.	UC level LGs subordinate to Tehsil or District level LGs Subordinate LGs for very large cities	UC level LGs subordinate to District level LGs Subordinate LGs for very large cities
B	Accountability, oversight and responsiveness of local governments				
1	Political accountability⁹⁹ – Elections				
1.1	Type of elections – whether direct or indirect elections for members and head of local governments	Direct election for both members and head of LG (2/3 majority) Direct election for council members and indirect election for head of LG from amongst council members (1/3 minority)	Direct election for both members and head of LG	Direct election for both members and head of LG	Direct election for members of all level of LGs Head of LG elected indirectly from among members
1.2	Candidate affiliation – party based or non-party based elections	Party based elections	Party based elections	Non-party based elections (2/3 majority)	Party based elections

⁹⁸ Local governments may be organized on functional or territorial basis. Functional basis means that the jurisdiction of the local governments is decided on the basis of their functions and not territories. This could mean that multiple local governments may be carrying out their respective but distinct functions in the same local area. The current local governments are organized on functional basis. On the other hand, territorial organization of local government means that the jurisdiction of local governments is decided on territorial basis and not according to their functions. This means that within one local area, all local government functions are performed by one local government. The local governments under the Local Government Ordinance, 1979 were organized on territorial basis.

⁹⁹ Political accountability refers to the accountability of the local governments before the citizens. Citizens exercise accountability on the basis of their assessment of quality of services provided to them by the local government.

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
1.3	Constituency composition – entire local area constitutes one electoral constituency, multiple constituencies in a local area or combination of both	Multiple constituencies based on UC jurisdiction – more than one representative may be elected from one constituency	Residents of specific areas within LG (wards) elect someone to represent them on local council.	Multiple constituencies based on UC jurisdiction One constituency comprising entire local area for head of LG	Residents of specific areas within LG (wards) elect someone to represent them on local council
1.4	Representation–Candidates run individually or proportional representation	Proportional representation (1/2 participants)	Candidates for election to LG should run individually	Candidates for election to LG should run individually	Candidates for election to LG should run individually
1.5	Principle for determining success in a local election – first past the post or candidates securing more than 50% votes	First past the post	First past the post	First past the post	First past the post
1.6	Should there be a position of deputy head of LG	No	Yes (2/3 majority)	Yes (2/3 majority)	Yes
1.7	Selection of deputy head of LG				
(i)	Appointment by head of LG at his discretion	NA	Yes (1/3 participants)	-	-
(ii)	Appointment by local council on recommendation of the head of LG	-	-	-	-
(iii)	The deputy head elected by the Council	-	-	Yes (1/3 participants)	Yes
(iv)	The deputy head elected directly	-	Yes (1/3 participants)	Yes (1/3 participants)	-
1.8	If deputy head is elected directly, should deputy head and head of LG contest elections as joint candidates	-	Yes	Yes	Not applicable
1.9	Should there be a separate position of speaker of the local council	Yes	Yes	Yes	Yes
1.10	Method of selection of council speaker	Elected by council from amongst its members	Elected by council from amongst its members	Elected by local council from its members	Elected by council from amongst its members
2	Political accountability – Removal of a head of local government				
2.1	Whether there shall be a provision to remove head of a LG before expiry of his term in office	Yes	Yes (2/3 majority)	Yes	Yes
2.2	Who should have authority to prematurely remove a head of LG – local council, citizens or both	Citizens in case of direct election (1/2 participants) Local Council in case of indirect elections (1/2 participants)	Citizens in case of direct elections (1/3 participants) Local Council in case of indirect elections (1/3 participants)	In case of direct elections - Citizens (1/3 participants) In case of indirect elections - Local Council (2/3 participants)	Local Council in case of indirect election
2.3	Minimum time allowed to head of LG before initiating removal process	1 year	2 years (1/3 minority) No opinion (2/3 majority)	1 year (2/3 majority)	6 months
2.4	Process for removal how initiated – requirement of prior public notice etc.	Prior public notice in case of removal by council	No prior public notice required	No prior public notice required (2/3 majority)	No prior public notice required
2.5	Removal by what majority of vote of the	2/3 majority vote both in case of	Simple majority (2/3 majority)	2/3 rd majority vote in case of	Simple majority

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
	local council	removal by citizens and council		removal by local council; and Simple majority in case of removal by citizens	
2.6	How shall head of LG be replaced	In case of direct election – New elections, however, in case council is nearing completion of tenure, it may elect a head from amongst members In case of indirect election – Local council to elect	Fresh elections (2/3 majority)	Fresh elections	Local council elects a member till next regular LG election
2.7	Who exercise legislative, policy, executive and oversight authority within a local government? – Council, head of local government or local government staff	Mostly Legislative - Council, Policy – Head of LG (Nazim) Oversight – Council Executive – Staff	Legislative - Council, Policy – Head of LG (Nazim) Oversight – Council Executive – Staff	Mostly Legislative - Council, Policy – Head of LG (Nazim) Oversight – Council Executive – Staff	Mostly Legislative - Council, Policy – Head of LG (Nazim) Oversight – Council Executive – Staff
3	Additional measures for responsiveness to the local population				
3.1	Sharing of information on key activities – LGs share information at their discretion or information sharing and advance consultation shall be mandatory	Information sharing and advance consultation mandatory	Information sharing and advance consultation mandatory	Information sharing and advance consultation mandatory	Information sharing and advance consultation mandatory
3.2	Responsiveness to local priorities– allocations in accordance with local priorities or certain activities proposed and implemented by community	Certain activities proposed and implemented by community	Certain activities proposed and implemented by community	Certain activities proposed and implemented by community	Certain activities proposed but not implemented by community (2/3 majority)
3.3	Advance publication, open meetings, public hearing, citizens rights to initiate action where a local government has failed	Yes in certain specific cases	Yes in certain specific cases	Yes in certain specific cases	Yes in certain specific cases
3.4	Local referendum on certain important matters	No	No	No	No
4	Legal supervision of local governments¹⁰⁰				
4.1	Authority of provincial government to exercise legal supervision	District – Yes (1/2 participants) Tehsil – No UC – No	District – Yes Tehsil – Yes (2/3 majority) UC – No (2/3 majority)	Yes	District – Yes Tehsil – Yes (2/3 majority) UC – No (2/3 majority)
4.2	Who in the provincial government would exercise legal supervision	Concerned provincial department (2/3 majority) Specialized body (1/3 minority)	Concerned provincial department	Concerned provincial department; and Specialized body	Concerned provincial department

¹⁰⁰ Legal supervision aims at verifying that the resolutions, bye-laws and other formal decisions of a local council and orders of elected officials of a local government comply with the law.

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
4.3	Authority of principal local government to exercise legal supervision over subordinate local governments	District in case of Tehsil level LG District in case of UC level LG (1/3 minority) Tehsil in case of UC level LG (1/3 minority)	District in case of Tehsil and UC level LG (2/3 majority) District in case of UC level LG (1/3 minority)	Disagreement	District in case of UC level LG (2/3 majority)
5	Supervision of expediency¹⁰¹				
5.1	Authority of provincial government to exercise supervision of expediency in respect of LG orders, resolutions and bye-laws	District and tehsil – Yes except in case of such functions in respect of which Principal LG have full control	Disagreement	Yes except in case of functions in which LG has full control	Yes except in case of functions in which LG has full control
5.2	Authority of principal local government to exercise supervision of expediency in respect of subordinate local government orders, resolutions and bye-laws	District in case of Union	Disagreement	Yes in case of limited and partial functions	No only provincial government may exercise supervision of expediency
6	Internal process for legal accountability of local governments¹⁰²				
6.1	Method of bringing LG orders, resolutions and bye-laws to the attention of supervisory authority	Specific acts/orders be brought to the attention of supervisory administrative authorities	ALL acts/orders brought to the attention of supervisory authority.	SPECIFIC acts/orders brought to the attention of supervisory authority and Periodic reviews of acts/orders	Specific acts/orders brought to the attention of supervisory authority and Periodic reviews of acts/orders
6.2	Extent of supervisory authority	By issuing guidelines to undo the violation and meanwhile putting the order into abeyance	Intimates its concerns to local authority regarding the act/order; and Local authority to take up issue again and adopt a new decision.	Intimates its concerns to local authority regarding the act/order; Local authority to take up act/order again and adopt a new decision (2/3 majority); and Supervisory authority may replace the act/order with its own decision (1/3 minority)	Intimates its concerns to local authority regarding the act/order; May declare act/order as null and void; and Local authority to take up issue again and adopt a new decision.
6.3	Time at which supervisory authority may intervene – <i>a priori</i> or <i>a posteriori</i>	Disagreement <i>a priori</i> (1/2 participants); and <i>a posteriori</i> (1/2 participants)	<i>a posteriori</i> - after an act takes effect or is valid	Both	Both
6.4	Provincial authority responsible for:				
a.	Exercising supervision on a continuing basis	NA	Secretary of concerned department (1/3 participants, no views from others),	Secretary of concerned department	Secretary of concerned department
b.	Returning an act/ order to a local	Secretary of concerned	Secretary of concerned	Secretary of concerned	Secretary of concerned

¹⁰¹ Supervision of expediency aims at verifying the merits of the resolutions, bye-laws and other formal decisions of a local council and orders of elected officials of a local government to determine their appropriateness and the need to modify them. It is more detailed and thorough standard for legal scrutiny than legal supervision.

¹⁰² Legal accountability is a process through which a higher level of government verifies that other levels of government are acting in accordance with existing laws. For the purposes of this exercise, two types of legal accountability were discussed - legal supervision and supervision of expediency

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
	authority for reconsideration	department	department (1/3 participants) Chief Minister (1/3 participants)	department	department
C	Quash an act/order	Secretary local government department	Chief Minister (1/3 participants, no views from others),	Secretary of concerned department/ Chief Minister/ specialized body (house divided equally)	Chief Minister
7	Inter-governmental accountability¹⁰³				
7.1	Conditions under which provincial government may exercise legal supervision and supervision of expediency of a local government and hold itself accountable to citizens	Provincial Govt fully accountable to the people and will exercise supervision of expediency in case of such functions (majority opinion)	Local government accountable to citizens if local funds available to achieve policy objectives set by the provincial government Provincial government may not exercise the supervision of expediency in case of such functions	Local government accountable to citizens if local funds available to achieve policy objectives set by the provincial government Provincial government may not exercise the supervision of expediency in case of such functions	Local government accountable to citizens if local funds available to achieve policy objectives set by the provincial government. Provincial government may not exercise the supervision of expediency in case of such functions
C	Fiscal administration of local governments				
1	Local government own financial resources¹⁰⁴				
1.1	Scope of authority to impose local taxes or fees – local governments impose taxes/fees at their discretion or their authority is limited to taxes/fees defined in law	Limited to that defined by law (2/3 majority)	LG impose taxes/fees at their discretion (2/3 majority) Limited to those defined by law (1/3 minority)	Limited to those defined by law	Limited to those defined by law
1.2	Proposed local taxes (list attached as Appendix A)				
1.3	Proposed local fee (list attached as Appendix B)				
1.4	Method for calculation of local fee:				
a.	Uniform method in the province with local governments given authority to make adjustments as per local requirements	Yes (1/3 minority)	Yes (2/3 majority)	Yes	No
b.	No uniform method and local governments may determine method and amount for specific local fees themselves	Yes (2/3 majority)	Yes (1/3 minority)	-	Yes
1.5	Authority to establish local tax/fee base	Local Council	Local Council	Local council	Local council
1.6	Authority to establish local tax/fee rate	Local Council	Local Council	Local council	Local council

¹⁰³ Inter-governmental accountability aims to clearly delineate as to in case of which functions the provincial government or the local government would be directly accountable to the citizens. Underlying theme is that for any given function only one government shall be accountable to the citizens. In case the provincial government is accountable to citizens then the provincial government may exercise legal supervision and supervision of expediency over the local government. In other cases, the provincial government may exercise legal supervision only. For details of legal supervision and supervision of expediency see notes 6, 7 and 8 above.

¹⁰⁴ Refer to financial resources which the local governments generate themselves. Main sources of local government own resources are local taxes, fees, loans, rents from properties etc.

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
1.7	Authority to administer and enforce local taxes/fee	LG staff	LG staff	LG staff	Council/head of LG/ LG staff
1.8	Other sources of own financial resources of LGs – local donations /gifts, fines, penalties, proceeds from rent/sale of properties, interest on deposits etc.	Yes. All	Yes – All	Yes. All	Yes. All
1.9	Should the local government receive foreign donations	No (2/3 majority)	Yes (1/3 minority)	Yes subject to the permission of provincial government	Yes
2	Provincial transfers¹⁰⁵				
2.1	Method of making provincial resources available to local governments – budgetary transfers or revenue sharing	Revenue sharing	Both	Revenue sharing	Revenue sharing
2.2	National taxes to be shared by local governments	5% of national tax revenues	5% of GST	5% of GST Disagreement on sharing of Income Tax, royalties and duties on industrial units	2.5 - 5% of GST 1% of Income Tax of the local area concerned 50% of excise duty on natural resources
2.3	Provincial tax revenue to be shared by local governments	40% of provincial tax revenues	As per current PFC award	40% of the total revenue	As per current PFC award (2/3 majority)
2.4	Types of unconditional transfers to local governments - general purpose grants ¹⁰⁶ , equalization grants ¹⁰⁷ or both	Both	Both	Both	Both
2.5	Method for allocating unconditional grants	Principles established by law with actual formula established administratively	Principles established by law with actual formula established administratively.	Principles established by law with actual formula established administratively (2/3 majority)	Based on formula established by law (2/3 majority) Principles established by law with actual formula established administratively (1/3 minority)
2.6	Should the local governments receive conditional grants from provincial government	Yes	Yes	Yes	Yes
2.7	Method for allocating conditional grants	Principles established by law with actual formula established administratively	Principles established by law with actual formula established administratively.	Principles established by law with actual formula established administratively (2/3 majority)	Principles established by law with actual formula established administratively
2.8	Should fiscal performance of a local	Revenue performance – Yes	Revenue performance – Yes	Revenue performance – Yes	Revenue performance – Yes

¹⁰⁵ Financial resources that will be available to local governments from provincial sources

¹⁰⁶ General purpose grants refer to the transfers from provincial government to ensure financing of a basic level of service or of expenditure needs of a local government.

¹⁰⁷ Equalization grants refer to the transfers from provincial government to address differences in local fiscal capacity and needs of various local governments. The underlying basis is that fiscal capacities of local area are not similar (some local areas have more revenue generation capacity than others) and are also beyond the control of local government. Therefore a local government need not to be penalized for lack of fiscal capacity.

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
	government count towards transfers	(2/3 majority) Expenditure management – Yes	Expenditure management – Yes (1/3 minority, no opinion from others)	Expenditure management – Yes	Expenditure management – Yes
2.9	Method for calculating fiscal efficiency	Revenues raised against potential to raise revenues from own sources (2/3 majority)	Revenues raised against potential to raise revenues from own sources (1/3 minority, no opinion from others)	Revenues raised against potential to raise revenues from own sources	Revenues raised against potential to raise revenues from own sources
2.10	Method for calculating better expenditure management – actual expenditure of a local government or local expenditure needs not actual expenditures	Local expenditure needs not actual expenditures. Local governments not compensated for incurring high expenditures nor penalized for efforts to reduce expenditures	Actual expenditure of a local government (1/3 minority, no opinion from others)	Local expenditure needs not actual expenditures. Local governments not compensated for incurring high expenditures nor penalized for efforts to reduce expenditures	Local expenditure needs not actual expenditures. Local governments not compensated for incurring high expenditures nor penalized for efforts to reduce expenditures
2.11	Authority to determine overall size of transfer pool – provincial government or a specialized body	Specialized body	Specialized body (1/3 minority) Provincial government (1/3 minority)	Specialized body	Specialized body
2.12	Effect of recommendations of specialized body – mandatory or advisory value	Advisory	Mandatory (1/3 minority, no opinion from others)	Mandatory	Mandatory
3	Local budget				
3.1	Legal basis for appropriation of local expenditure ¹⁰⁸ – local budget, expenses appropriated as part of provincial budget, or formal decision of provincial government.	Local budget as adopted by the council	Local budget as adopted by the council Expenses appropriated as part of provincial budget	Local budget Formal decision of provincial government	Local government concerned Formal decision of provincial government
3.2	Legal basis for authorization to pay local government expenditure – prior authorization of expenditure in local budget, availability of funds or prior approval by a third party	Prior authorization of expenditure in local budget as adopted	Prior authorization of expenditures in local budget; and Availability of funds in LG account	Authorization by head of local government	Prior authorization of expenditures in local budget; and Availability of funds in LG account
3.3	Deadline for adopting budget – after approval of provincial budget or before the commencement of next financial year	After provincial assembly has adopted the provincial budget	Before the commencement of next financial year	Before the commencement of next financial year (2/3 majority)	After provincial assembly has adopted the provincial budget
3.4	Scope of local budget – confined to local government expenditure or to	Local government revenue and expenditure; and	Local government revenue and expenditure; and	Local government revenue and expenditure only	Local government revenue and expenditure only

¹⁰⁸ There are two aspects of legal basis for appropriation of expenditure. One is the general notion that only certain persons or bodies may appropriate government expenditures. The second is that there is no implicit authorization to spend public funds. A specific prior step is required before there can be a legally valid expenditure. The objective is to establish accountability for all government spending.

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
	include expenditure of other public entities under control of a local government as well	Revenues and expenditures of all public entities controlled by local government	Revenues and expenditures of all public entities controlled by local government		
3.5	Period covered by local budget – single year or multiple year budgeting	Single financial year	Single financial year Multiple year budgeting for capital expenditure	Single financial year Multiple year budgeting for capital expenditure (1/3 minority)	Single financial year Multiple year budgeting for capital expenditure
3.6	Power of the provincial government to impose limitations related to budgets of local governments in the following areas:				
a.	Balanced budget requirement	Yes	Yes	Yes	Yes
b.	Definition of balanced budget – total revenues equal expenditure or not in deficit (revenues exceed expenditure)	Total revenues equal total expenditure	Not in deficit	Not in deficit	Not in deficit
c.	Should local governments be allowed to carry over unspent moneys	Yes	Yes	Yes	Yes
d.	Should local governments be allowed to borrow money	No	Yes (2/3 majority) No (1/3 minority)	Yes subject to permission of provincial government and only for investments in viable revenue generation activities	No
3.7	Should provincial government impose limitations on local governments' authority to impose or vary tax base or rate	Yes, increase in local tax not to exceed increase in GDP	Yes, increase in local tax not to exceed increase in GDP	Yes; limitations subject to annual decision	Yes; canon of taxation to be followed i.e. poverty, willingness and propensity to pay
3.8	Power of the provincial government to impose expenditure related limitations upon the local governments in the following areas:				
a.	Scope of expenditure limitations – broad or specific	Specific (1/3 minority)	Specific	Specific	Specific
b.	Power to declare certain local expenditure as mandatory	Yes (1/3 minority)	Yes	Yes	Yes
c.	Expenditure to be based on minimum service standards	Yes (1/3 minority)	Yes	Yes	Yes
3.9	Sanctions for violation of limitations imposed by provincial government in following areas:				
a.	For failure to adopt local budget before the commencement of next financial year:				
(i)	Submission of reasons for violation and plan to correct problem	Yes	Yes	Yes	Yes
(ii)	Administrative action against officials responsible for delay	Yes	Yes	Yes	Yes
(iii)	Provincial government to authorize expenditure on interim basis	Yes	Yes	Yes	Yes
(iv)	Unconditional grants withheld	No	Yes	No	Yes
b.	For failure to address existing limitations in the budget as adopted:				
(i)	Submission of reasons for violation and plan to correct problem	Yes	Yes	Yes	Yes

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
(ii)	Provincial government invalidates budget	Yes	Yes	Yes (2/3 majority)	Yes
(iii)	Local government fined	No	No	Yes (1/3 minority)	No
c.	For failure to observe limitations on local expenditure:				
(i)	Submission of reasons for violation and plan to correct problem	Yes	Yes	Yes	Yes
(ii)	Administrative action against officials responsible	Yes	Yes	Yes	Yes
(iii)	Provincial government to authorize expenditure on interim basis	No	Yes	Yes	Yes
(iv)	Local government fined	No	No	Yes (1/3 minority opinion)	No
d.	For failure to meet reporting requirements:				
(i)	Submission of reasons for violation and plan to correct problem	Yes	Yes	Yes	Yes
(ii)	Administrative action against functionaries responsible	Yes (2/3 majority)	Yes	Yes	Yes
(iii)	Provincial government to authorize expenditures on interim basis	Yes (1/3 minority)	Yes	Yes	Yes
(iv)	Local government fined	No	No	Yes (1/3 minority)	No
3.10	Distribution of budgetary authority within a local government in following areas:				
a.	Authority to adopt or amend budget	Local council subject to existing limitations	Local council subject to existing limitations	Local council subject to prior review to confirm that budget meets existing limitations (2/3 majority)	Local council subject to existing limitations
b.	Authority to make expenditure	Head of local government and a statutory fiscal officer	Statutory fiscal officer	A statutory fiscal officer	Head of local government or his authorized officer
c.	Authority to sign cheques	Certified fiscal officer	Certified fiscal officer	Certified fiscal officer (2/3 majority) Head of local government and local officials jointly (1/3 minority)	Head of local government or his authorized officer
4	Local government accounts and audit				
4.1	Authority for maintaining local accounts – local government, an entity outside local government, or both	Local government only (2/3 majority) Both by local government and external entity (1/3 minority)	Provincial entity (LG accounts cadre)	Both local government and external entity	Entity of local government
4.2	Uniformity of accounting procedures	Uniform procedure applicable to all LGs in the province	Different procedures for each specific tier of local government	Different procedure for each local government tier	Different procedure for each local government tier
4.3	Authority responsible for maintenance of accounts within a local government	A statutory fiscal officer	NA	A statutory fiscal officer	NA

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
4.4	External entity responsible for maintenance of local accounts – provincial or federal entity	Provincial entity (1/3 participants) Federal entity (1/3 participants)	Provincial entity (LG accounts cadre)	A provincial entity	A provincial entity
4.5	Who exercises payment authorization powers ¹⁰⁹ in respect of local funds	A provincial entity	A provincial entity (LG accounts cadre)	An officer of local government	An officer of local government
4.6	Who should conduct internal audit ¹¹⁰ of local government – staff of local government, person specially hired for this purpose	A provincial entity	An entity of concerned local government	An entity of concerned local government	An entity of concerned local government
4.7	Who should conduct pre-audit of local government expenditure – provincial or federal entity	An provincial entity	LG A/C Cadre	A provincial entity (2/3 majority)	A provincial entity
4.8	Who should certify the accounts ¹¹¹ of a local government – local government, provincial or federal entity	A provincial entity	Federal entity for district level local government Provincial entity for Tehsil and Union level local governments	A provincial entity	A provincial entity
4.9	Who should consolidate accounts ¹¹² of local governments – provincial or federal entity	A provincial entity	LG A/C Cadre	A provincial entity	A provincial entity
4.10	Who should settle audit observations relating to local government expenditures – respective council or Public Accounts Committee of the Provincial Assembly	A committee of respective local Council	A committee of respective local council	Public Accounts Committee of the Provincial Assembly (2/3 majority)	A committee of respective local council
4.11	Requirement of sharing information on accounts and audit with citizens	Yes by presentation of audit findings before the local council	Yes by: Presentation of audit findings before council (1/3 participants) Through public hearing (1/3 participants) Display of audit findings (1/3 participants)	Yes by: Presentation of audit findings before the council Publication of audit findings and recommendations	Yes by display of audit findings
D	Coordination and conflict management				

¹⁰⁹ Payment authorization means the system of making payments against the bills submitted to a statutory fiscal officer (presently AG/DAO).

¹¹⁰ Internal audit means an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process

¹¹¹ Certification of accounts/certification audit means audit of financial systems and transactions (financial attest), including an evaluation of compliance with applicable statutes and regulations. The assumption here is that consistency in application of accounting standards is a pre-requisite of fairness. Consistency means that an audited entity must comply with accounting standards as well as the requirements of such accounting standards in a consistent manner. At the end an audit certificate is added to the accounts without appending thereto any qualifications or a statement of error or misstatement or matter of material character and it states that a test audit of the transactions incorporated in the accounts has been carried out and the audit observations are included in the audit report.

¹¹² Consolidation of accounts means aggregation of accounting information from several entities to present as if one entity, therefore, eliminating transactions between the entities being consolidated.

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
1	Vertical coordination¹¹³				
1.1	Who should coordinate within the provincial government with the local governments:				
a.	For overall coordination – local government department, specialized body or both	LG department (2/3 majority) LG department and specially constituted body (1/3 minority)	LG department (2/3 majority) LG department and specially constituted body (1/3 minority)	LG department and a specially constituted body	LG department (1/3 minority) LG department and specially constituted body (2/3 majority)
b.	For specific activities – each department, specially constituted bodies	Concerned department	Concerned department (2/3 majority) Concerned departments and specially constituted bodies (1/3 minority)	Concerned department and specially constituted bodies	Concerned department
1.2	Who in the local government shall coordinate with provincial government – Nazim or an official of local government	Head of LG (1/3 minority) Official of LG	Head of LG Official of LG in consultation with head of LG	Head of LG on key issues; and Official of LG	Head of LG Official of LG
1.3	Method for coordination between local governments and provincial government on key issues – no formal mechanism, as determined by provincial government or through mutual consultations	Through a dialogue between the parties authorized by law	Through a dialogue between the parties authorized by law	Through a dialogue between the parties authorized by law	Through a dialogue between the parties authorized by law
a.	Dialogue how initiated – by a specific party designated by law or either party	By specific party designated by law	By specific party designated by law	By either party	By either party
b.	Who represents the local governments during the dialogue	Pre determined by law	Predetermined by law	Predetermined by law	Predetermined by law
c.	Methods of arriving at decisions during the dialogue	By consensus and in default, by reference to a statutory third party	By majority vote and in case of tie through a decision of the provincial government (1/3 minority) By consensus and in default, provincial government decides on advice of both parties or through arbitration (1/3 minority)	By majority vote and in case of tie through a decision of the provincial government	By majority vote and in case of tie through a decision of the provincial government
d.	Timings of the dialogue	As and when needed	At specific dates and as and when required	At specific dates and as and when required	At specific dates and as and when required
1.4	How local governments and provincial government align their development activities; to ensure that all concerned policies of the Local, Provincial and Federal Govt. are complied with.	By reproducing list of concerned policies and ensuring that they are complied with (1/3 minority) Having representative from the concerned government on	By reproducing list of all concerned policies and ensuring that they are complied with. Having representative from the concerned government on	By having a representative from concerned government on planning bodies to ensure compliance	Having representative from the concerned government on planning bodies to ensure compliance.

¹¹³ Vertical coordination means coordination between Provincial Government and local governments and also between subordinate and principal local governments

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
		planning bodies to ensure compliance (2/3 majority)	planning bodies to ensure compliance.		
2	Horizontal coordination ¹¹⁴				
2.1	Arrangements for horizontal coordination – undertaken by provincial government, local governments directly or a statutory body/coordination committee	A statutory body/coordination committee	A statutory body/ coordination committee at the district level.	Disagreement. Equal split on choice of provincial government, local government directly, or a statutory coordination body	Disagreement. Equal split on choice of provincial government, local government directly, or a statutory coordination body
2.2	Should local governments be allowed to constitute joint authorities for performance of certain functions	Yes	Yes	Yes	
2.3	Method for the constitution of joint authorities – as a joint stock company or by operation of law	As a joint stock company (1/2 participants) By operation of law	Both as a joint stock company or By operation of law.	By operation of law	As a joint stock company (1/2 participants) By operation of law (1/2 participants)
3.	Internal coordination ¹¹⁵				
3.1	Who shall be responsible for coordination between various offices within a local government	Head of local government and an official of local government	Head of local government and an official of local government	Head of local government and an official of local government	Head of local government and an official of local government
3.2	Who shall be responsible for coordination with private agencies/entities providing services on behalf of a local government	An official of the LG	Head of local government and an official of the LG	Head of local government	Head of local government and an official of the LG
4	Conflict management				
4.1	Steps for management of conflict	(in order of preference) 1. Talk to each other 2. Write to the other party 3. Propose a solution 4. Resort to use of legal powers	(in order of preference) 1. Talk to each other 2. Propose a solution 3. Write to the other party 4. Resort to use of legal powers	(in order of preference) 1. Write to the other party 2. Talk to each other 3. Propose a solution 4. Resort to use of legal powers	Disagreement on preference
4.2	Method for initiation of conflict management processes:				
a.	Who shall be responsible for initiating process within provincial government	Secretary LG Department	Secretary LG Department, Minister LG /Chief Minister	Secretary local government (2/3 majority opinion)	Secretary LG Department
b.	Who shall be responsible for initiating process with the local government	Head of LG and Head of LG Staff	Head of LG and Head of LG Staff	Head of the local government	Head of LG and Head of LG Staff
4.3	How provincial government determines compliance of its instructions.	Asking reports Pre-agreed monitoring/reporting	Sending inspectors Asking reports	Sending inspectors Asking reports	Pre-agreed monitoring/reporting arrangements

¹¹⁴ Horizontal coordination refers to both coordination between provincial government agencies dealing with various aspects of local government functioning and between local governments not reporting to each other

¹¹⁵ Internal coordination refers to coordination issues within a local government and/or between private actors in the jurisdiction of a local government

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
		arrangements	Pre-agreed monitoring/reporting arrangements	Pre-agreed monitoring/reporting arrangements	
4.4	Method of resolution of dispute with respect to compliance of provincial government instructions	By reference to a dispute resolution body	By reference to a dispute resolution body	By reference to a dispute resolution body	By reference to a dispute resolution body
4.5	Action when provincial government determines that local government does not comply with its instructions	Administrative action against responsible functionaries (2/3 majority) Reference to a statutory body e.g. Local Government Commission (1/3 minority)	Administrative action against responsible functionaries	Administrative action against responsible officials By sending its officers to perform that instruction or function temporarily (2/3 majority opinion)	Administrative action against responsible officials By sending its officers to perform that instruction or function temporarily
4.6	Should the provincial government have powers to suspend a local government and take over its functions	No (2/3 majority) Yes (1/3 minority)	No	No (except 4 participants)	No (1/2 participants) Yes (1/2 participants)
4.7	Conditions for suspension – insolvency or more than half of core functions are found to be poorly performed	More than half of core functions found to be poorly performed	Not applicable	Insolvency for more than one year More than half of core functions found to be poorly performed	Insolvency for more than one year More than half of core functions found to be poorly performed
4.8	Conflict resolution forum – commission, courts or arbitration	A specially constituted conflict resolution commission	A specially constituted conflict resolution commission Courts Arbitration arrangements	A specially constituted conflict resolution commission	A specially constituted conflict resolution commission
E.	Personnel management				
1	Staff requirement				
1.1	Requirement of core staff	Head of LG administration, Chief finance officer Chief planning officer (2/3 minority) Chief regulatory officer (1/3 minority) Chief HRM officer (2/3 majority)	Head of LG administration; Chief finance officer Chief planning officer Chief regulatory officer Chief HRM officer	Head of LG administration; Chief finance officer Chief planning officer Chief regulatory officer Chief HRM officer Internal auditor	Head of LG administration; Chief finance officer Chief planning officer Chief regulatory officer Chief HRM officer Internal auditor Law officer
1.2	Requirement of top managers	Heads of particular services Second tier managers Third tier managers Head of important entities	Heads of particular services Second tier managers Third tier managers Head of important entities	Heads of particular services Second tier managers Third tier managers in case of health and education only Head of important entities	Heads of particular services Second tier managers Third tier managers Head of important entities
1.3	Who determines staffing requirement of local governments except in case of core staff	LG with approval of provincial government	LG with approval of provincial government	LG with approval of provincial government	LG with approval of provincial government (1/2 participants) LG on its own (1/2 participants)
1.4	When should the assessment for	Yearly at time of preparation of	Yearly at time of preparation of	Yearly at time of preparation of	Yearly at time of preparation of

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
	staffing requirement be carried out	budgets	budgets	budgets	budgets
2	Staff appointment and retention				
2.1	Which staff may be appointed through posting by provincial government from amongst its officers	Core staff Top managers Service providers	Core staff Top managers Service providers	Core staff Top managers Service providers	Core staff less internal auditor Top managers Service providers
2.2	Which staff may be appointed through posting by provincial government from amongst local government service officers	Core staff: Head of LG administration and Chief finance officer (2/3 majority) Chief planning officer and Chief HRM (1/3 minority) Top Managers: Heads of particular services, second tier managers and heads of important entities (2/3 majority) Third tier managers (1/3 minority) Service providers	Core staff Top managers Highly skilled service providers	Core staff less head of LG administration Top managers Service providers	Core staff less law officer Top managers Service providers
2.3	Which staff may be appointed through direct recruitment	Core staff: No Top managers: No Service providers: No Secretarial staff: Yes Miscellaneous staff: Yes	Core staff: No Top managers: Yes Service providers: No Secretarial staff: Yes Miscellaneous staff: Yes	Core staff: Head of LG staff, Chief finance officer, chief planning officer and chief regulatory officer – Yes (2/3 majority) Chief HRM & Internal Auditor- Yes Top managers: Heads of services, second and third tier managers - Yes (2/3 majority) Heads of important entities: Yes Service providers: Yes Secretarial staff: Yes Miscellaneous staff: Yes	Core staff: Yes Top managers: Yes Service providers: Yes Secretarial staff: Yes Miscellaneous staff: Yes
2.4	Who makes the recruitment	Public service commission: Senior secretarial staff Independent local recruitment body: Junior secretarial staff Miscellaneous staff	Public service commission: Head of LG administration and Chief finance officer (1/3 minority) Top managers Service providers Senior level secretarial staff	Public service commission: Chief HRM officer (2/3 majority) Internal auditor (2/3 majority) Heads of important entities (2/3 majority) Highly skilled service providers	Public service commission: Highly skilled service providers Independent local recruitment committee: Second and third level skill level service providers

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
			<u>Independent local recruitment body:</u> Chief planning officer, Chief regulatory officer, and Chief HRM officer (1/3 minority) Junior level secretarial staff (2/3 majority) <u>Local government recruitment committee:</u> Semi skilled and non-skilled miscellaneous staff	<u>Independent local recruitment body:</u> Head of important entities (1/3 minority) Second and third level skilled service providers (2/3 majority) Senior and junior level secretarial staff (2/3 majority) Semi skilled and non-skilled miscellaneous staff (2/3 majority) <u>Local government recruitment committee:</u> Second and third level skilled service providers (1/3 minority) Senior/junior level secretarial staff (1/3 minority) Semi/non-skilled miscellaneous staff (1/3 minority)	Secretarial staff (both senior and junior level staff) <u>Local government recruitment committee:</u> Miscellaneous staff
2.5	Should prior consultation with local government mandatory before posting of core staff	No (2/3 majority)	Yes	No (except 5 participants)	Yes (1/2 participants)
2.6	Should prior consultation with local government mandatory before posting of top managers	Yes	Yes	No (except 5 participants)	Yes (1/2 participants)
2.7	Service tenure – fixed by law, specified from time to time or no fixed tenure	2 years fixed by law	3 years fixed by law	Non-extendable period of 3 years fixed by law	3 years fixed by law
2.8	Recall procedure – only after completion of tenure, with the consent of LG, on request of local government	With the consent of LG	With the consent of LG After an impendent inquiry on the request of LG for specified reason	After an impendent inquiry on the request of LG for specified reason	Only after completion of tenure (1/2 participants) After an impendent inquiry on the request of LG for specified reason inquiry (1/2 participants)
3	Staff training				
3.1	Who determines training requirements:				
(i)	Provincial government on its own	Core staff(2/3 majority)	Core staff (2/3 majority)		
(ii)	Local government on its own	-	-	-	-
(iii)	Provincial government in consultation with local government	Core staff (1/3 minority) Top managers	Core staff (1/3 minority) Top managers (2/3 majority)	Core staff Top managers	Core staff Top managers
(iv)	Local government in accordance with provincial guidelines	Service providers Secretarial staff	Service providers Secretarial staff	Service providers Secretarial staff	Service providers Secretarial staff

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
		Miscellaneous staff	Miscellaneous staff	Miscellaneous staff	Miscellaneous staff
3.2	Where should the training be conducted:				
(i)	Provincial training facilities	Core staff Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff
(ii)	Private training facilities	Core staff Top managers Service providers Secretarial staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff
(iii)	Foreign training facilities	Core staff Top managers Service providers	Core staff Top managers Service providers	Core staff Top managers Service providers	Core staff Top managers Service providers
3.3.	Method of assessment of training	Formal assessment depending on nature of training in case of Core staff, Top managers and service providers Formal assessment for all training in case of secretarial staff Formal assessment depending upon nature of training of miscellaneous staff (2/3 majority)	Formal assessment for all training in case of all staff	Formal assessment depending on nature of training in case of all staff	Formal assessment depending on nature of training in case of all staff
3.4	Impact of training on posting and transfers:				
(i)	Mandatory for appointment against specific posts in case of	Core staff Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff
(ii)	Mandatory for continuance in a specific position in case of	Core staff (1/3 minority) Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff
(iii)	Promotion for a higher position in case of	Core staff Top managers Service providers Secretarial staff	Core staff Top managers Service providers Secretarial staff	Core staff Top managers Service providers Secretarial staff	Core staff Top managers Service providers Secretarial staff

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
		Miscellaneous staff	Miscellaneous staff	Miscellaneous staff	Miscellaneous staff
(iv)	Performance incentives in case of	Core staff Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff	Core staff Top managers Service providers Secretarial staff Miscellaneous staff
4	Compensation of local government staff				
4.1	Who determines terms and conditions of local government staff	Provincial Government	Provincial Government	Local government with approval of provincial government	Local government
4.2	Method for determination of compensation – uniform grade policy, market based salary across the board, market based salary for certain specified positions	NA	NA	Market based salaries for some positions determined by Council while uniform pay grades applicable in other cases (2/3 majority opinion)	Uniform grade policy (1/2 participants) Market based salaries for all positions (1/2 participants)
5	Performance appraisal system				
5.1	Who determines performance appraisal policy in respect of:				
(i)	Core staff	Provincial government	Provincial government	Provincial government	Provincial government
(ii)	Top managers	Provincial government	Provincial government	Provincial government	Provincial government
(iii)	Service providers	Provincial government	Provincial government	Provincial government	Provincial government (2/3 majority)
(iv)	Secretarial staff	Local government	Local government	Provincial government in consultation with LG	Local government
(v)	Miscellaneous staff	Local government	Local government	Provincial government in consultation with LG	Local government
5.2	Actors involved (provincial government or local government or both) in performance appraisal of:				
(i)	Core staff	Provincial government	Local government	Provincial & local governments	Provincial & local governments
(ii)	Top managers	Provincial government	Local government	Provincial & local governments	Provincial & local governments
(iii)	Service providers	Local government	Local government	Provincial & local governments	Provincial & local governments
(iv)	Secretarial support staff	Local government	Local government	Local government	Local government
(v)	Miscellaneous staff	Local government	Local government	Local government	Local government
5.3	Formats/criteria for performance appraisal – uniform or position specific	Different formats/criteria for each category of staff	Different formats/criteria for each category of staff	Different formats/criteria for each category of staff	Different formats/criteria for each category of staff
6	Promotion and discipline of local government staff				
6.1	Who determines promotion policy in respect of:				
(i)	Core staff	Provincial government	Provincial government	Provincial government	Provincial government
(ii)	Top managers	Provincial government	Provincial government	Provincial government	Provincial government
(iii)	Service providers	Provincial government	Provincial government	Provincial government (2/3 majority)	Provincial government in consultation with LG
(iv)	Secretarial support staff	Local government	Provincial government	Local government (2/3 majority)	Local government
(v)	Miscellaneous staff	Local government	Provincial government	Local government	Local government

Ser	Issues	Stakeholders Recommendations			
		Baluchistan	NWFP	Punjab	Sindh
6.2	Criteria for promotion	Seniority Performance appraisal Mandatory training Passing mandatory examination, Clear disciplinary record	Seniority, Good health Performance appraisal Mandatory training Passing mandatory examination, Skills acquired, Clear disciplinary record	Seniority, Good health Performance appraisal Mandatory training Passing mandatory examination Skills acquired Rotation of job Job complexity Clear disciplinary record	Seniority, Good health Performance appraisal Mandatory training Passing mandatory examination Skills acquired Clear disciplinary record Rotation of job (1/2 participants) Job complexity (1/2 participants)
6.3	Who determines disciplinary procedures in respect of:				
(i)	Core staff	Provincial government	Provincial government	Provincial government	Provincial government
(ii)	Top managers	Provincial government	Provincial government	Provincial government	Provincial government
(iii)	Service providers	Provincial government	Provincial government	Provincial government (2/3 majority)	Provincial government in consultation with LG
(iv)	Secretarial staff	Local Government	Provincial government	Local government (2/3 majority)	Local government
(v)	Miscellaneous staff	Local Government	Provincial government	Local government (2/3 majority)	Local government
6.4	Actors involved (provincial government or local government or both) in disciplinary action against:				
(i)	Core staff	Provincial Government	Provincial Government	Provincial Government	Provincial government
(ii)	Top managers	Provincial Government	Provincial Government	Provincial Government	Provincial government in consultation with LG
(iii)	Service providers	Local Government	Local Government	Provincial Government (2/3 majority)	Provincial government in consultation with LG
(iv)	Secretarial support staff	Local Government	Local Government	Local Government (2/3 majority)	Local government
(v)	Miscellaneous staff (non-skilled or semi-skilled employees)	Local Government	Local Government	Local Government (2/3 majority) Local Government (2/3 majority)	Local government

Appendix A
Proposed list of Local Taxes

Baluchistan	NWFP	Punjab	Sindh
Current taxes under LGO 2001			
Urban immoveable property Tax	Urban immoveable property Tax		Urban immoveable property Tax
-	Education tax	Education tax	Education tax
-	Health tax	Health tax	Health tax
-	-		Local rate on lands assessable to land revenue
-	-	Tolls on new roads, bridges, ferries maintained by LG (2/3 majority)	Tolls on new roads, bridges and ferries maintained by LG
-	Tax on advertisements other than on billboards, radio and TV.	Tax on advertisements	Tax on advertisements displayed on public places controlled by respective LGs
-	Tax on industrial exhibitions	Tax on industrial exhibitions	Tax on industrial exhibitions
-	Tax on fairs, agricultural shows, cattle fairs etc.	Tax on fairs, agricultural shows, cattle fairs etc.	Tax on fairs, agricultural shows, cattle fairs etc.
-	Local tax on services	Local tax on services	Local tax on services
-	-	Tax on sale of animals	Tax on sale of animals
-	-	Tax on transfer of immovable property	Tax on transfer of immovable property
-	Tax on cinemas, dramatical performance etc.	Tax on cinemas, dramatical performance etc.	Tax on cinemas, dramatical performance etc.
-	Tax on vehicles other than motor vehicles registered in the local area	Tax on vehicles other than motor vehicles registered in the local area	Tax on vehicles other than motor vehicles registered in the local area
New taxes			
-	-	Solid waste management	-
-	-	Thara tax	-
-	-	Hearth tax	-
-	-	Pheri tax	-
-	-	Nikah Registrar licence	-
-	-	Marriage registration tax	-

Appendix B
Proposed list of Local Fee

Baluchistan	NWFP	Punjab	Sindh
Fee in respect of educational facilities	Fee in respect of educational facilities	Fee in respect of educational facilities	Fee in respect of educational facilities
Fee in respect of health facilities	Fee in respect of health facilities	Fee in respect of health facilities	Fee in respect of health facilities
Fee for licenses or permits and penalties or fines for violations	Fee for licenses or permits and penalties or fines for violations		Fee for licenses or permits and penalties or fines for violations
Fee for specific services	Fee for specific services	Fee for specific service	Fee for specific services
Fee for major industrial exhibitions	Fee for major industrial exhibitions	Fees on industrial exhibitions/public events by local government	Fee for major industrial exhibitions
Fee for advertisements	Fee for advertisements	Fee on advertisement	Fee for advertisements
Fee for approval of building plans	Fee for approval of building plans	Fee for approval of building plans	Fee for approval of building plans
Fee for licenses or permits and penalties or fines for violations	Fee for licenses or permits and penalties or fines for violations	-	Fee for licenses or permits and penalties or fines for violations
Fee for advertisements	Fee for advertisements	-	Fee for advertisements
Market fee	Market fee	Market fee	Market fee
Fee on sale of cattle in cattle markets	Fee on sale of cattle in cattle markets	Fee on sale of cattle in cattle markets	Fee on sale of cattle in cattle markets
Fees for licensing of professions and vocations as prescribed	Fees for licensing of professions and vocations as prescribed	Fee for Licenses and permits for dangerous and offensive trades;	Fees for licensing of professions and vocations as prescribed
Fees for registration and certification of birth, marriages, and deaths	Fees for registration and certification of birth, marriages, and deaths	-	Fees for registration and certification of birth, marriages, and deaths
Charges for specific services rendered by the UC	Charges for specific services rendered by the UC	-	Charges for specific services rendered by the UC
Rate for the remuneration of Village and neighbourhood guards	Rate for the remuneration of Village and neighbourhood guards	-	-
Rate for execution or maintenance of any work of public utility like lighting of public places, drainage, conservancy and water supply operated by Union Administration	Rate for execution or maintenance of any work of public utility like lighting of public places, drainage, conservancy and water supply operated by Union Administration	-	-
Collection charges for recovery of any tax on behalf of Government, District Govt., Tehsil Administration or any statutory authority as	Collection charges for recovery of any tax on behalf of Government, District Govt., Tehsil Administration or any statutory authority as	Collection charges for recovery of tax on behalf of government	Collection charges for recovery of any tax on behalf of Government, District Govt., Tehsil Administration or any statutory authority as

prescribed	prescribed		prescribed
-	Charges for execution, development, improvement and maintenance of works of public utility like lighting of public places, drainage, conservancy and water supply etc.	-	Charges for execution, development, improvement and maintenance of works of public utility like lighting of public places, drainage, conservancy and water supply etc.
-	-	Fee on issuance of No Objection Certificates by LG as authorized by law	-
-	-	Water rate	-
-	-	Drainage rate	-
-	-	Sanitation rate	-
-	-	Slaughter house fee	-
-	-	Nikah registration fee	-
-	-	Parks and playground fee	-
-	-	Bus stand fee	-
-	-	Parking fee	-
-	-	Road usage fee in respect of roads maintained by LG	-
-	-	Copying fee	-

Annex-17

MINUTES OF THE FIRST MEETING OF PROVINCIAL WORKING GROUP (PWG) PUNJAB HELD ON 25 SEPTEMBER 2008

1. The first meeting of the Provincial Working Group (PWG) notified on 1 September 2008 for an inclusive review of the local government system in Punjab was held on 25 September 2008 in the Committee Room of the Local Government and Community Development Department (LG&CDD). The meeting was presided over by Mr. Dost Muhammad Khosa, Minister LG&CDD. List of participants is placed at Annex-1.
2. The Minister local government in his opening remarks welcomed the participants of meeting. He appreciated the support of USAID's Districts that Work (DTW) project to Government of Punjab in local government reforms. A brief review of the discussions held and decisions arrived at during the meeting is given as under:
 - 2.1 Chief of Party (COP) DTW thanked the Minister LG&CDD for inclusion of DTW project as an observer in PWG Punjab. He assured that DTW would be a neutral facilitator in LG review process being carried out by the LG & CDD Department Punjab. The COP, DTW shared with the [participants that the project is also in contact with the Federal Ministry of LG & RD to support consensus building vis-à-vis local government reforms through the mechanism of the Inter-provincial Committee on devolution. In addition to policy dialogues on similar lines being supported in other provinces, a nation wide survey is being carried out by DTW through an independent think tank, the Social Policy Development Center (SPDC) and reputed firm M/S Nielsen to collect citizens' perceptions and preferences on the role and form of LG. The COP hoped that the PWG would consider the results of the survey and use them to supplement the inclusive review process for ascertaining the final shape and form of the local government system. He also informed the meeting that the NRB has also requested USAID-DTW support for devolution from federal to provinces; however, DTW would consult with all stakeholders to ascertain what as to what contribution could be made by the project.
 - 2.2 The meeting was informed that the review of local government system will involve five dialogues to obtain stakeholders' views on following aspects of local governments:
 1. Dialogue 1: Functions and responsibilities of local governments
 2. Dialogue 2: Mechanisms to ensure accountability, oversight & responsiveness of LGs
 3. Dialogue 3: Local government finance
 4. Dialogue 4: Coordination and conflict management mechanisms
 5. Dialogue 5: Human resource systems for local governments
 - 2.3 In advance of each dialogue, the LG&CDD with DTW support will commission a theme specific working paper and framework to unbundle key issues relating to that particular theme. These documents will be structured in the form of issues, not proposed answers. The intent shall not be to propose a particular model but to enable and facilitate a process by which participants could define a shared local government model of their own.
 - 2.4 The results of the dialogue will be recorded in the form a report which will be presented to PWG and reviewed in light of its directions. The PWG will disseminate the draft consensus report and expand the dialogue province-wide. This will involve meetings that cover large geographic areas to represent much wider range of stakeholders than in the initial dialogue. The reports of this dialogue will form basis for the revision of policy reform report. The revised report can then feed into an inter-provincial dialogue or can be used for legislative purposes to make the new local government law more effective, efficient and responsive to citizens needs.

- 2.5 A team of neutral facilitators of the DTW will support the dialogue process by providing logistics arrangement and recording proceeding of the dialogue mentioning agreements arrived at each session (and disagreements where a consensus was not possible). These will be prepared as a written report and presented at the beginning of next session.
3. The following decisions were made by PWG-Punjab.
- 3.1 PWG endorsed the overall framework and timeline for LG review in Punjab. It was suggested that the process may be expedited and shall be completed by end December, 2008. The exact dates of the five thematic dialogues on local government (mentioned above) shall be so fixed to ensure that this deadline is met.
- 3.2 Additional Secretary Local Government (Development) shall act as a focal person on behalf PWG/LG&CD Department for the consultation process with DTW. He will provide inputs on technical working papers/reports and coordinate logistics arrangements for dialogues including finalization of dates & participants of dialogues as per agreed framework.
- 3.3 DTW support cell consisting of a Consultant, Administrative Coordinator and Raporteur will be established within LG&CDD to facilitate technical and logistics arrangements for the review process and dialogues.
4. The meeting ended with a vote of thanks from the chair.

DRAFT

Appendix-A to Annex-17

Government of the Punjab
Local Govt. & Community Development
Department

Dated 1st September, 2008

NOTIFICATION

No.SO.D-III(LG)2-48/2005 The Competent Authority is pleased to constitute with immediate effect, a Provincial Working Group (PWG) on Devolution consisting of the following to guide, support and facilitate the review of the Punjab Local Government Ordinance-2001:-

1.	Chief Minister / Minister for LG&CD/Chief Secretary Punjab	(in Chair)
2.	Chairman P&D Board	Member
3.	Secretary, P&D Department	Member
4.	Secretary, Finance Department	Member
5.	Secretary, Health Department	Member
6.	Secretary, Education Department	Member
7.	Secretary, Services, S&GA Department.	Member
8.	Secretary, Law & Parliamentary Affairs Department	Member
9.	Secretary, LG&CD Department.	Secretary/Member
10.	Stakeholders Co-opted on need basis.	Members
11.	Representative of Civil Society Organizations.	Members
12.	Technical Experts on Devolution.	Members
13.	Representative of DTW Project.	Observer

The Provincial Working Group (PWG) will

1. Act as a guiding and coordinating body for review of the existing devolution framework.
2. Ensure that an inclusive process of review involving all key stakeholders is carried out to achieve a future system that effectively caters to the needs of the people.
3. Commission reports /studies and technical expertise and form sub groups as required.
4. Frame recommendations for reform in the existing devolution framework, hold consultations and place them before the appropriate forums for approval.
5. Co-opt other members as required.

Secretary
Government of the Punjab
Local Govt. & Community Development
Department

Endst No. Date even.

Copy of the above is forwarded to the:-

1. Secretary to Govt. of Pakistan, Ministry of Local Govt. & Rural Development, Islamabad.
2. Chairman, National Reconstruction Bureau (NRB), Cabinet Block, Islamabad.
3. Secretary to Chief Minister, Government of Punjab.
4. PS to Minister LG&CD Department.
5. PS to Chief Secretary.
6. All Members of the Provincial Working Group (PWG).


1-9-08
SECTION OFFICER (DEV-III)

Appendix A to Annex-18

Attendance Sheet of Dialogue 1: Functions and responsibilities of Local Governments

Ser	Name of the participant	Designation/Organization
A	Provincial Government Officials	
1.	Sardar Dost Muhammad Khosa	Minister Local Government, Punjab
2.	Mr. Tariq Mahmood	Special Secretary Local Govt. Department
3.	Mr. Muhammad Amir Khattak	Additional Secretary Local Government
4.	Mr. Tahir Hussain	Director General Local Government
5.	Raja Muhammad Zahir	Home Department
6.	Mr. Nadeem ur Rehman	Education Department
7.	Mr. Mohsin Abbas Syed	Law and Parliamentary Affairs Department
8.	Ms. Aqaib Nazia	Law and Parliamentary Affairs Department
9.	Mr. Zaigham Abbas Syed	Finance Department
10.	Mr. Ikram ullah	Planning and Development Department
11.	Dr. Ijaz Munir	Health Department
12.	Mr. Ali Anwar	Local Government Department, Sindh
B	District level elected representatives	
13.	Sahibzada Hameed Sultan	Zila Nazim Jhang
14.	Rai Hassan Nawaz	Zila Nazim Sahiwal
15.	Rana Imtiaz Ahmed	Ex Zila Nazim Kasur
16.	Malik Tariq Masood	Zila Naib Nazim, Mianwali
17.	Madhulal Hussain	Tehsil Nazim
18.	Mr. Ali Gohar Baloch	Tehsil Nazim
19.	Main Javed Ali	Town Nazim Samanabad, Lahore
20.	Mr. Shahzad Khalid	Tehsil Nazim Nankana
21.	Malik Aftab	Tehsil Naib Nazim, Talagang
22.	Syed Akbar Gillani	Tehsil Naib Nazim, Khanpur
23.	Syed Asghar Gillani	Tehsil Naib Nazim, Lodhran
24.	Jam Asif	Naib Nazim Union Council, Multan
25.	Dr. Sadaf	Woman Councilor Sargodha
26.	Ms. Farkhanda Jeeben	Woman Councilor Sahiwal
27.	Ms. Shabanam Shahzahadi	Woman Councilor Lahore
28.	Ms. Rukhsana Liaqat	Women Councilor, Sheikhpura
C	District level government officials	
29.	Mr. Asad Ullah Khan	District Coordination Officer, Dera Ghazi Khan
30.	Mr. Aamar Jan	Executive District Officer (Revenue), Kasur
31.	Mr. Zaman Watoo	District Officer, Jhang
32.	Mr. Muhammad Afzal	Tehsil Municipal Officer, TMA Kot Momin
33.	Mr. Naeem Ullah	Tehsil Municipal Officer, TMA Sargodha
D	Non-government participants	
34.	Mr. Muhammad Ahmad	RCDS
35.	Mr. Anwer Hussan	LCAP
36.	Mr. Zahid Islam	Sangat
37.	Mr. Faisal Mahmood, Advocate	Lahore District Bar Association
38.	Rana Asad Ullah	Lahore High Court Bar Association
39.	Mr. Ahmad Wariach	CASA
40.	Ms. Mumtaz Mughal	Aurat Foundation
E	Local Government experts	
41.	Mr. Riaz Hakim	Consultant
42.	Dr. Saeed Shafqat	Center for Public Policy, FC College
43.	Mr. Raheem ul Haq	Center for Public Policy, FC College
44.	Mr. Javaid Hassan	CIDA
45.	Ms. Victoria Lee	Law and policy consultant

Appendix B to Annex-18

Attendance Sheet of Dialogue 2: Accountability, Oversight and Responsiveness of LGs

Ser	Name of the participant	Designation/Organization
A	Provincial Government Officials	
	Mr. Muhammad Amir Khattak	Additional Secretary Local Government
2.	Raja Muhammad Zahir	Home Department
3.	Mr. Nadeem ur Rehman	Education Department
4.	Mr. Sher Abbas	Law and Parliamentary Affairs Department
5.	Ms. Sadia Hanif	Public Prosecution Department
6.	Mr. Zaigham Abbas Syed	Finance Department
7.	Mr. Ikram Ullah	Planning and Development Department
8.	Dr. Ijaz Munir	Health Department
B	District level elected representatives	
9.	Sahibzada Hameed Sultan	Zila Nazim Jhang
10.	Rana Imtiaz Ahmed	Ex Zila Nazim Kasur
11.	Pir Muhammad Aslam Bodla	Zila Naib Nazim Khanewal
12.	Malik Tariq Masood	Zila Naib Nazim, Mianwali
13.	Main Javed Ali	Town Nazim Samanabad Lahore
14.	Mr. Ali Gohar Baloch	Tehsil Nazim, Tandlianwala
15.	Syed Akbar Gillani	Tehsil Naib Nazim, Lodhran
16.	Mr. Asim Majid	Tehsil Naib Nazim, Duniyapur
17.	Sardar Tariq Khan	Union Nazim, Bhawalnagar
18.	Malik Saeed	Union Nazim, Gadai
19.	Jam Asif	Naib Nazim Union Council, Multan
20.	Mian Abdulsattar	Naib Nazim Union Council, Mianwali
21.	Ms. Razia Saifullah	Naib Nazim Union Council, Jhang
22.	Ms. Shabanam Shahzahadi	Woman Councilor Lahore
23.	Ms. Rukhsana Liaqat	Women Councilor, Sheikhpura
C	District level government officials	
24.	Mr. Asad Ullah	District Coordination Officer, Dera Ghazi Khan
25.	Mr. Waqas Ali	District Coordination Officer, Narowal
26.	Mr. Abdul Shakoore Anjum	Executive District Officer (Education), Khanewal
27.	Mr. Riaz Ahmed Tarar	Director Local Govt. Training Institute, Lalamusa
28.	Chaudhary Wali Muhammad	Tehsil Municipal Officer, TMA Mailsi
29.	Mr. Muhammad Afzal	Tehsil Municipal Officer, TMA Kot Momin
30.	Mr. Naeem Ullah	Tehsil Municipal Officer, TMA Sargodha
D	Non-government participants	
31.	Mr. Muhammad Ahmad	RCDS
32.	Mr. Muhammad Awais	LCAP
33.	Mr. Muhammad Umer	LCAP
34.	Mr. Zahid Islam	Sangat
35.	Mr. Faisal Mahmood, Advocate	Lahore District Bar Association
36.	Mr. Ahmad Wariach	CASA
37.	Ms. Mumtaz Mughal	Aurat Foundation
E	Local Government experts	
38.	Mr. Riaz Hussan	Consultant
39.	Dr. Shafqat	Center for Public Policy, FC College
40.	Mr. Raheem ul Haq	Center for Public Policy, FC College
41.	Mr. Javaid Hassan	CIDA
42.	Mr. Najib Aslam	UNDP

Appendix C to Annex-18

Attendance Sheet of Dialogue 3: Local Government Finance, Budgets, Accounts and Audits

Ser	Name of the participant	Designation/Organization
A	Provincial Government Officials	
	Mr. Shaigan Sharif Malik	Secretary Public Prosecution Department
2.	Mr. Nadeem Irshad Kiyani	Additional Secretary Local Government
3.	Mr. Nayyar Mahmood	Home Department
4.	Mr. Rab Nawaz	Director General Local Fund Audit, Punjab
5.	Mr. Amir Saeed	Divisional Director, Local Fund Audit, Gujranwala
6.	Mr. Mohsin Raza	Law and Parliamentary Affairs Department
7.	Mr. Shoaib Akbar	Additional Secretary Finance
8.	Mr. Zaigham Abbas Syed	Finance Department
9.	Mr. Mujtaba Paracha	Project Director Punjab Resource Management Program
10.	Mr. Iftikhar Islam Shami	Assistant Chief, Planning and Development Department
B	District level elected representatives	
11.	Rana Imtiaz Ahmed	Ex Zila Nazim Kasur
12.	Mr. Abdul Sattar	Zila Naib Nazim Chakwal
13.	Malik Tariq Masood	Zila Naib Nazim, Mianwali
14.	Mr. Ali Gohar Baloch	Tehsil Nazim, Tandlianwala
15.	Main Javed Ali	Town Nazim Lahore
16.	Syed Akbar Gillani	Tehsil Naib Nazim, Lodhran
17.	Mr. Asim Majid	Tehsil Naib Nazim, Duniyapur
18.	Mr. Aftab Malik	Tehsil Naib Nazim, Talagang
19.	Sardar Tariq Khan	Union Nazim, Bhawalnagar
20.	Malik Saeed	Union Nazim, Gadai
21.	Jam Asif	Naib Nazim Union Council, Multan
22.	Ms. Shabanam Shahzahadi	Woman Councilor Lahore
23.	Ms. Rukhsana Liaqat	Women Councilor, Sheikhpura
C	District level government officials	
24.	Mr. Khurram Agha	District Coordination Officer, Vehari
25.	Mr. Waqas Ali	District Coordination Officer, Narowal
26.	Rana Mubashar Hussain	Executive District Officer (Finance), Okara
27.	Chaudhary Muhammad Asghar	Executive District Officer (Finance), Gujrat
28.	Mr. Masood Kamal	Executive District Officer (Finance), Sialkot
29.	Mr. Habib Gilani	Executive District Officer (Finance), Sahiwal
30.	Mr. Mahmood Hassan	Executive District Officer (Finance), Khanewal
31.	Dr. Muhammad Aslam	Executive District Officer (Finance), Vehari
32.	Mr. Zaheer-ud-Din Babar	District Officer (Planning), Mandi Bahauddin
33.	Mr. Tahir	Deputy District Officer (Revenue), Rahim Yar Khan
34.	Mr. Tariq Mahmood	Tehsil Officer (Finance), Kharian
35.	Mr. Khalid Hussain Durrani	Tehsil Municipal Officer, Bosan Town, Multan
36.	Mr. Muhammad Afzal	Tehsil Municipal Officer, TMA Kot Momin
37.	Mr. Naeem Ullah	Tehsil Municipal Officer, TMA Sargodha
38.	Mr. Riaz Ahmed Tarar	Director Local Government Training Institute, Lalamusa
D	Non-government participants	
39.	Mr. Tahir Afif	CDSP
40.	Mr. Zahid Islam	Sangat
41.	Mr. Faisal Mahmood, Advocate	Lahore District Bar Association

Ser	Name of the participant	Designation/Organization
42.	Mr. Ahmad Wariach	CASA
43.	Ms. Mumtaz Mughal	Aurat Foundation
E	Local Government experts	
44.	Mr. Azhar Hameed	Audit and Accounts Service, Pakistan
45.	Mr. Tariq Maqsood	Deputy Financial Advisor, Pakistan Railways
46.	Dr. Saeed Shafqat	Center for Public Policy, FC College
47.	Mr. Raheem ul Haq	Center for Public Policy, FC College
48.	Mr. Javaid Hassan	CIDA
49.	Dr. Naeem	Dean, University of Agriculture, Faisalabad
50.	Dr. Nasir ud Din	Government College Lahore University, Lahore

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Appendix D to Annex-18

Attendance Sheet of Dialogue 4: Human Resource Management in Local Governments

Ser	Name of the participant	Designation/Organization
A	Provincial Government Officials	
	Mr. Nadeem Irshad Kiyani	Additional Secretary Local Government
2.	Mr. Nayyar Mahmood	Home Department
3.	Mr. Amir Saeed	Divisional Director, Local Fund Audit, Gujranwala
4.	Dr. Shoaib Akhtar	Finance Department
5.	Mr. Mujtaba Paracha	Project Director Punjab Resource Management Program
6.	Mr. Iftikhar Salman Shami	Assistant Chief, Planning and Development Department
B	District level elected representatives	
7.	Rana Imtiaz Ahmed	Ex Zila Nazim Kasur
8.	Mr. Abdul Sattar	Zila Naib Nazim Chakwal
9.	Malik Tariq Masood	Zila Naib Nazim, Mianwali
10.	Mr. Ali Gohar Baloch	Tehsil Nazim, Tandlianwala
11.	Main Javed Ali	Town Nazim Lahore
12.	Syed Akbar Gillani	Tehsil Naib Nazim, Lodhran
13.	Mr. Asim Majid	Tehsil Naib Nazim, Duniyapur
14.	Mr. Aftab Malik	Tehsil Naib Nazim, Talagang
15.	Malik Saeed	Union Nazim, Gadai, Dera Ghazi Khan
16.	Jam Asif	Naib Nazim Union Council, Multan
17.	Ms. Razia Saifullah	Naib Nazim Union Council, Jhang
18.	Ms. Shabanam Shahzahadi	Woman Councilor Lahore
19.	Ms. Azra Parvez	Women Councilor, Lahore
20.	Ms. Farah Deeba	Women Councilor, Lahore
C	District level government officials	
21.	Mr. Muhammad Iqbal Akhtar	Executive District Officer (Finance), Narowal
22.	Mr. Habib Gilani	Executive District Officer (Finance), Sahiwal
23.	Ms. Samia Ghafoor	District Officer (Finance and Planning), Gujrat
24.	Chaudhary M. A. Saeed	Tehsil Municipal Officer, Jaranwala
25.	Mr. Khalid Hussain Durrani	Town Municipal Officer, Bosan Town, Multan
26.	Mr. Muhammad Afzal	Tehsil Municipal Officer, TMA Kot Momin
27.	Mr. Naeem Ullah	Tehsil Municipal Officer, TMA Sargodha
28.	Mr. Tariq Mahmood	Tehsil Officer (Finance), Kharian
D	Non-government participants	
29.	Mr. Ammar Naqvi	UNDP, Lahore
30.	Mr. Jamal Shah	Provincial Coordinator UNDP
31.	Mr. Faisal Mahmood, Advocate	Lahore District Bar Association
32.	Ms. Umaira Ansari	National Communication Coordinator, CIET
33.	Ms. Mumtaz Mughal	Aurat Foundation
E	Local Government experts	
34.	Mr. Latif Ahmad	SSLT
35.	Mr. Muhammad Shahid	CIDA, Lahore
36.	Mr. Zamman Wattoo	UNDP
37.	Mr. Anwar Hussain	Director LCAD
38.	Mr. Raheem ul Haq	Center for Public Policy, FC College
39.	Mr. Javaid Hassan	CIDA
40.	Dr. Naeem	Dean, University of Agriculture, Faisalabad
41.	Dr. Nasir ud Din	Government College Lahore University, Lahore

Appendix E to Annex-18

Attendance Sheet of Dialogue 5: Coordination and Conflict Management

Ser	Name of the participant	Designation/Organization
A	Provincial Government Officials	
	Mr. Nadeem Irshad Kiyani	Additional Secretary Local Government
2.	Mr. Nayyar Mahmood	Home Department
3.	Mr. Amir Saeed	Divisional Director, Local Fund Audit, Gujranwala
4.	Dr. Shoaib Akhtar	Finance Department
5.	Mr. Mujtaba Paracha	Project Director Punjab Resource Management Program
6.	Mr. Iftikhar Salman Shami	Assistant Chief, Planning and Development Department
B	District level elected representatives	
7.	Rana Imtiaz Ahmed	Ex Zila Nazim Kasur
8.	Mr. Abdul Sattar	Zila Naib Nazim Chakwal
9.	Malik Tariq Masood	Zila Naib Nazim, Mianwali
10.	Mr. Ali Gohar Baloch	Tehsil Nazim, Tandlianwala
11.	Main Javed Ali	Town Nazim Lahore
12.	Syed Akbar Gillani	Tehsil Naib Nazim, Lodhran
13.	Mr. Asim Majid	Tehsil Naib Nazim, Duniyapur
14.	Mr. Aftab Malik	Tehsil Naib Nazim, Talagang
15.	Malik Saeed	Union Nazim, Gadai, Dera Ghazi Khan
16.	Jam Asif	Naib Nazim Union Council, Multan
17.	Ms. Razia Saifullah	Naib Nazim Union Council, Jhang
18.	Ms. Shabanam Shahzahadi	Woman Councilor Lahore
19.	Ms. Azra Parvez	Women Councilor, Lahore
20.	Ms. Farah Deeba	Women Councilor, Lahore
C	District level government officials	
21.	Mr. Muhammad Iqbal Akhtar	Executive District Officer (Finance), Narowal
22.	Mr. Habib Gilani	Executive District Officer (Finance), Sahiwal
23.	Ms. Samia Ghafoor	District Officer (Finance and Planning), Gujrat
24.	Chaudhary M. A. Saeed	Tehsil Municipal Officer, Jaranwala
25.	Mr. Khalid Hussain Durrani	Town Municipal Officer, Bosan Town, Multan
26.	Mr. Muhammad Afzal	Tehsil Municipal Officer, TMA Kot Momin
27.	Mr. Naeem Ullah	Tehsil Municipal Officer, TMA Sargodha
28.	Mr. Tariq Mahmood	Tehsil Officer (Finance), Kharian
D	Non-government participants	
29.	Mr. Ammar Naqvi	UNDP, Lahore
30.	Mr. Jamal Shah	Provincial Coordinator UNDP
31.	Mr. Faisal Mahmood, Advocate	Lahore District Bar Association
32.	Ms. Umaira Ansari	National Communication Coordinator, CIET
33.	Ms. Mumtaz Mughal	Aurat Foundation
E	Local Government experts	
34.	Mr. Latif Ahmad	SSLT
35.	Mr. Muhammad Shahid	CIDA, Lahore
36.	Mr. Zamman Wattoo	UNDP
37.	Mr. Anwar Hussain	Director LCAD
38.	Mr. Raheem ul Haq	Center for Public Policy, FC College
39.	Mr. Javaid Hassan	CIDA
40.	Dr. Naeem	Dean, University of Agriculture, Faisalabad
41.	Dr. Nasir ud Din	Government College Lahore University, Lahore

Appendix F to Annex-18

Attendance Sheet of Consultation with Parliamentarians

Ser	Name	Party Affiliation/Designation
1	Sardar Dost Muhammad Khosa	Minister, Local Government
2	Mr. Kamran Michel	Minister for Minorities
3	Mr. Malik Nadeem Kamran	Minister Food
4	Chaudhary Tanvir Ashraf Kaira	Minister Finance
5	Mr. Farooq Yousaf Gurki	Minister Literacy
6	Chaudhary Sarfraz Afzal	MPA Pakistan Muslim League (N)
7	Mr. Kareem Elahi Bandial	MPA Pakistan Muslim League (N)
8	Col (Retd) Shujah Khanzada	MPA Pakistan Muslim League (N)
9	Chaudhary Muhammad Shafique	MPA Pakistan Muslim League (N)
10	Ms. Rehila Khadam Hussain	MPA Pakistan Muslim League (N)
11	Chaudhary Muhammad Arshad	MPA Pakistan Muslim League (N)
12	Ms. Saima Aziz	MPA Pakistan Muslim League (N)
13	Ms. Arifa Khalid Pervaiz	MPA (MMA)
14	Shahzadi Umerzadi Tiwana	MPA Pakistan Muslim League (Q)
15	Mr. Ali Noor Khan Niazi	MPA Pakistan Muslim League (Q)
16	Mr. Mohsin Laghari	MPA Pakistan Muslim League (Q)
17	Dr. Samia Amjad	MPA Pakistan Muslim League (Q)
18	Ms. Amna Jehangir	MPA Pakistan Muslim League (Q)
19	Dr. Asma Mamdoot	MPA Pakistan Muslim League (F)
20	Mr. Tariq Mahmood Sahi	MPA Pakistan Peoples Party
21	Rai Safdar Abbas Bhatti	MPA Pakistan Peoples Party
22	Malik Khurram	MPA Pakistan Peoples Party
23	Rai Muhammad Shahjahan	MPA Pakistan Peoples Party
24	Mr. Tariq Gujjar	MPA Pakistan Peoples Party
25	Mr. Jameel Shah	MPA Pakistan Peoples Party
26	Ms. Fozia Ahmed Malik	MPA Pakistan Peoples Party
27	Mr. Ijaz Meharvi	Member Local Government Commission
28	Mr. Naveed Chaudry	Member Local Government Commission
29	Mr. Aamar Suhail	Secretary Local Government
30	Mr. Muhammad Irshad Kiyani	Additional Secretary Local Government