

# THE NEWS

## Governance for local governments: Part - III

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Proposed governance system for local governments: In light of the experience of the 2001 LGO, let us now examine what needs to be done to avoid the weaknesses of the previous system and implement the spirit of Article 140A using political, administrative and financial dimensions of devolution.

Within the political dimension, the provincial governments should devolve the following functions completely to the local governments: one, school education up to matric. Two, primary and secondary health up to district hospitals. Three, water supply, sewerage, solid waste disposal. Four, population planning. Five, sports. Six, mass transit. Seven, roads, bridges within the district limits. Eight, prosecution. Nine, social welfare and community development and, ten, women's development.

All staff up to Grade 16 should be transferred along with their salary and allowances budgets. Future recruitment and promotion etc would be decided by the local governments themselves according to their needs and requirements.

Nazims would be directly elected on party basis and half of the seats of various corporations and councils would be allocated on proportional representation and reserved for women, technocrats, minorities, peasants and labourers. For large urban areas, metropolitan corporations would be the only vehicle with the mayor heading the district government. For other districts there would be a mix of district councils and municipal corporations/committees. In predominantly rural areas, the nazim of the district council would head the district government. Each province would design its own configuration of union/ town/ tehsil/ municipal / district councils depending

on population, area and density. What Punjab may choose may not fit in with the requirements of Balochistan with a small population and larger area.

To illustrate, the directly elected nazim of the Lahore Metropolitan Corporation would have supervisory and oversight powers over all service providers. LDA, WASA, the waste management company, the Mass Transit Authority, school education department, primary and secondary health department, and the Lahore Industrial Estates Development Company would be transferred by the provincial government to the local governments. This pattern would be followed in all other metropolitan corporations.

Fiscal decentralization would be meaningful if the LGs are given autonomy in budget preparation and execution. Salaries and allowances should be disbursed from Account 4 rather than Provincial Account 1. The Provincial Finance Commission – PFC – should not follow a formulaic approach in the first instance but assess the financial impact of devolution. For example, if 60 per cent of the education and healthcare staff would be serving at the local level, their entire financial burden should be reflected in the base year calculations upon which future allocations would be made. The PFC would give preference in allocation to backward districts as advanced districts can mobilize revenues from their own sources. Own revenue mobilization efforts would be incentivized by the PFC by providing matching grants.

The local government would enjoy full autonomy in imposing taxes, cess, user charges and fees in their respective jurisdictions and be allowed to spend the amounts thus collected. Empirical evidence shows that raising taxes or charging user fees for services at the local level is relatively easy. Taxpayers can see the visible benefits of such payments. They are reluctant to make contributions to a remote central pot whose purpose is not known. Pakistan, with a low tax-to-GDP ratio, can mobilize additional resources by gearing up provincial and local taxes through the Urban Immovable Property Tax, Capital Gains Tax, Agricultural Tax, and user fees and charges.

The entire value chain of the Urban Immovable Property Tax from policy, surveys, assessment, exemptions, valuation, ratings should be fully in the domain of the LGs without any break in the chain. District accounts officers

would report to the district nazim for administrative purposes but for professional development they would be under the accountant general of the province who should be under the finance department. Audit of accounts of all tiers of government would be carried out by the auditor general of Pakistan.

Chief executive officers of metropolitan/ municipal corporations and district councils would act as the principal accounting officers for the demands under their control. They would also head the district development working party for approval of the ADP projects as well as district accounts committees to resolve the audit paras raised by the auditor general.

On the administrative side, a major departure has to be made in the deployment of civil servants. Instead of senior, qualified, and courteous officers being assigned to secretariat positions and junior, rude, unqualified functionaries at the local level as under the present configuration there has to be a reversal of roles.

As most of the public services are delivered at the local level, young, dynamic, and competent officers should occupy key positions in the metropolitan corporations, municipal committees, district, and tehsil councils. Assistant and deputy commissioners, assistant and superintendents of police and district executive officers of the devolved departments should be legally empowered to resolve the issues and difficulties faced by citizens at their level without referring the matters to the provincial secretariats.

The present cadres of the Local Government Service and Local Council Service should be dispensed with as their skill sets and competencies are outdated. The employees of local governments, corporations/councils, departments, service delivery agencies should be detached from the Basic Pay Scales (BPS) and grades and follow a position classification system with their own pay scales. For recruitment of officers and high-level professionals and specialists, district public service commissions consisting of independent and eminent individuals of integrity and competence should be formed. All such posts should be filled in through an open competitive process.

Service Rules such as promotion, placement, severance, compensation and benefits, disciplinary actions should be endorsed by the boards of the agencies or the departmental heads. Teachers and health workers who form the bulk of the workforce would be recruited and placed within the districts thus eliminating one of the major abuses of the present system of governance – politically motivated inter-district transfers. Security of tenure – a missing ingredient of the present system – would also ensure accountability for results which remains elusive due to frequent transfers.

The deputy commissioner as a representative of the provincial governments would be responsible for overseeing the work of all non-devolved departments, coordinate and liaise between the district and provincial governments and follow up on the implementation of performance agreements between the provincial local government commission and the district government. They and their assistants would be vested with powers of executive magistracy to ensure law and order, regulate and enforce municipal laws, and remove encroachments. The enforcement of these laws through the judiciary has weakened the power of the executive branch as every allegation of illegality has to be brought before the ordinary courts and the deterrent effect is lost in protracted litigation.

The police were required to respond to the Executive Magistrates in respect of pretrial custody and investigation whereas the new arrangements vest these responsibilities in the judiciary. The DC would retain charge of land records, land administration and land revenue collection and also supervise the District Disaster Management Authority. The DC would also head the District Criminal Justice Administration Committee consisting of the CEO, DPO, district prosecutor, prisons superintendent, and a nominee of district and sessions court. Alternate Dispute Resolution committees and small causes adjudication would also work under the DC, thereby relieving the judiciary of a heavily congested caseload.

To be continued...