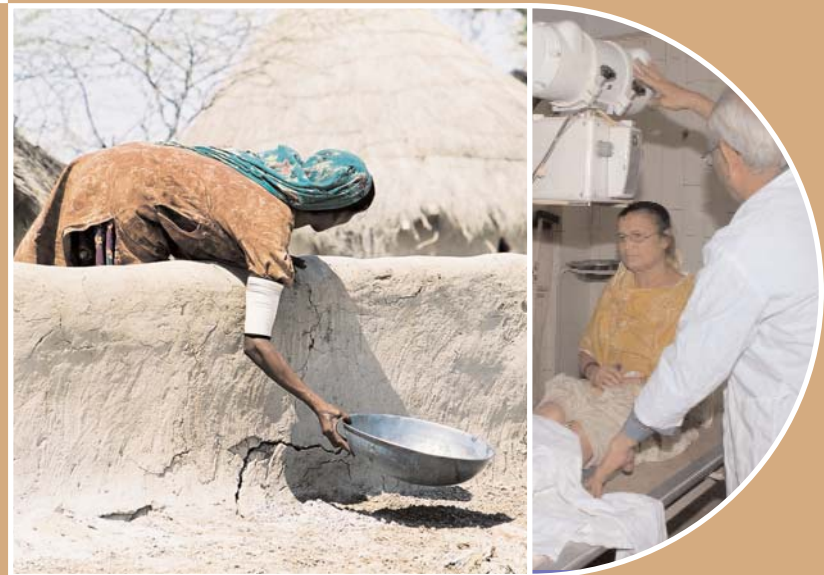


SOCIAL DEVELOPMENT IN PAKISTAN

ANNUAL REVIEW 2006-07



**Devolution and
Human Development
in Pakistan**



SPDC

SOCIAL POLICY AND DEVELOPMENT CENTRE

SOCIAL DEVELOPMENT IN PAKISTAN

ANNUAL REVIEW 2006-07



**SOCIAL POLICY AND
DEVELOPMENT CENTRE
KARACHI**

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FOREWORD

Devolution of power is more enigmatic for a country like Pakistan as compared to other societies which operate on a different social paradigm. As a historical determinant Muslim societies have a strong, deep and permeating mindset of authoritativeness woven in their structural framework, and in Pakistan it is further strengthened by the local mores of the society. Devolution of power, therefore, in Pakistani structural setup becomes all the more problematic. The report deals with this major problem that Pakistan continues to face in achieving its developmental goals. It makes an independent, unbiased and critical appreciation of the efforts made by the Government and indicates the areas where deficiencies occur.

The Devolution Plan represents a major step forward in the decentralization of the provision of basic services down to the local level in Pakistan. Six years have elapsed since the promulgation of Local Government Ordinance in 2001. The objective of this report is to identify and evaluate the outcomes emerging from the decentralization process, especially in terms of the efficiency and equity in the delivery of services and in empowering people. The report also tries to determine the extent of the various steps taken for devolution in Pakistan by indicating its positive and negative side and has covered the problem as thoroughly as possible.

Chapter One of the report sets up a conceptual framework for evaluating the impact on human development of devolution. Chapter Two highlights the changes in institutional arrangements and assesses their impact on efficiency in the delivery of services. Chapter Three focuses on the degree of empowerment of people at the local level especially of disadvantaged groups like women, and analyses the conduct and outcome of the two local elections in 2001 and 2005, respectively. Chapter Four describes the process of fiscal decentralization and focuses primarily on the mechanisms and formulae developed for resource transfers to local governments. Chapter Five relates local expenditures and programs to outcomes in the social sectors.

The overall conclusion is that the process of devolution is still bedeviled by problems like lack of clarity in the relationship between local and provincial governments, limitations of institutional capacity and local elite capture. There has been a visible expansion in service outlays after 2002, resulting from the improvement in macroeconomic conditions and higher transfers. This is beginning to lead to faster improvement in some indicators.

The Final Chapter of the report presents the agenda of a second generation of reforms to enable greater achievement of the stated objectives of devolution. These reforms may be considered by the incoming elected governments. We hope that this report will be referred to as a substantive and objective document on devolution in Pakistan by civil society, academia, politicians and public servants.

I commend the hard work that has been put-in by the research team of SPDC and hope that their efforts would not go unnoticed. I would also like to acknowledge feedback of the methodology provided by the CIDA Governance Partners Forum, especially CIDA Devolution Support Project and CESSD, Pakistan.



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SOCIAL POLICY AND DEVELOPMENT CENTRE

Established in 1995, SPDC is a private sector research organization that serves as a focal point for policy-relevant research on social sector development. Using a multidisciplinary approach, the Centre assists both public and private sector institutions including non-governmental organizations (NGOs) to plan, design, finance, execute and manage social sector programmes in a cost-effective manner. The results of its research are made available to policy makers, interested groups and general public to promote informed discussion and action on vital social sector issues.

SPDC being an independent and non-partisan organization cooperates and collaborates with organizations/institutions working on issues of common concerns (both) within Pakistan and abroad. Being an autonomous and independent organization, the center identifies its own research agenda and parameters remaining within the mandate and objectives identified. Key activities include research and policy analysis; social sector government database support; pilot project monitoring and evaluation; training of personnel in government, private sector and non-governmental organizations; and information dissemination through publications, conferences, seminars and workshops.

In addition to the core funding from Canadian International Development Agency (CIDA) SPDC generates its alternate funding through contract research.

Its Board of Directors consists of eminent personalities selected for their commitment to social sector development and their belief in the use of analytical tools in developing public policy to ensure sustainable social sector development. The members are:

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LIST OF ACRONYMS

ACGR	Annual Compound Growth Rate
ACS	Abbottabad Conservation Strategy
ADB	Asian Development Bank
ADP	Annual Development Plan
ASB	Anjuman Samaji Behbood
BHU	Basic Health Unit
BS	Basic Scale
CC	Complaint Cell
CCB	Citizen Community Board
CCPO	Capital City Police Officer
CD	Community Development
CD&MA	City Development and Municipal Administration
CDGK	City District Government Karachi
CESSD	Communication for Effective Social Services Delivery
CIC	Central Information Commission
CIDA	Canadian International Development Agency
CIS	Community Information System
CM	Chief Minister
CRPRID	Centre for Research on Poverty Reduction and Income Distribution
DA	District Administration
DC	District Commissioner
DCIC	District Citizen Information Centre
DCO	District Coordination Officer
DFID	Department for International Development (UK)
DO	District Officer
DPO	District Police Officer
DPSC	District Public Safety Commission
DTCE	Devolution Trust for Community Empowerment
ECP	Election Commission of Pakistan
EDO	Executive District Officer
EIROP	Essential Institutional Reforms Operationalization Programme
FIR	First Information Report
GDP	Gross Domestic Product
GIS	Geographic Information System
GoP	Government of Pakistan
GST	General Sales Tax
HDI	Human Development Index
HIES	Household Income and Expenditure Survey
HQ	Head Quarters
IDSP	Institute for Development Studies and Practices
IMF	International Monetary Fund
KPP	Khushal Pakistan Program
LG	Local Government
LGD	Local Government Department
LGO	Local Government Ordinance
LGRD	Local Government and Rural Development
LGSO	Local Government Support Officer
MC	Municipal Committee
MDGs	Millennium Development Goals
MDI	Multiple Deprivation Index
MNA	Member of National Assembly
MPA	Member of Provincial Assembly

NGO	Non-Governmental Organization
NPER	Net Primary Enrolment Rate
NRB	National Reconstruction Bureau
NWFP	North West Frontier Province
O&M	Operating and Maintenance
OZT	Octroi and Zila Tax
PAA	Provincial Allocable Amount
PDHS	Pakistan Demographic and Health Survey
PER	Performance Evaluation Report
PERI	Punjab Economic Research Institute
PFC	Provincial Finance Commission
PHED	Public Health Engineering Department
PILER	Pakistan Institute of Labour Education and Research
PML-Q	Pakistan Muslim League-Quaid-i-Azam
PPP	Pakistan Peoples Party
PPSC	Provincial Public Safety Commission
PRA	Provincial Retained Amount
PRSP	Poverty Reduction Strategy Paper
PSC	Public Safety Commission
PSDP	Public Sector Development Programme
PSLM	Pakistan Social and Living Standards Measurement Survey
RHC	Rural Health Centre
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
I&S	Infrastructure and Services
TO	Tehsil Officer
UA	Union Administration
UC	Union Council
UIPT	Urban Immoveable Property Tax
UK	United Kingdom
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Fund
USAID	United States Agency for International Development
WASA	Water and Sanitation Agency
WB	World Bank
ZMC	Zila Mushavirat Committee

NON ENGLISH TERMS

Abiana	Water cess, charge for supply for irrigational water
Biraderi	Clan
Gram Panchayat	Village council
Katchi Abadi	Squatter settlement
Musalihati Anjuman	Reconciliation committee
Mushavirati	Consultative
Naib	Assistant
Nazim	Chief elected official of a local government
Panchayati Raj	A decentralized form of Government where each village is responsible for its own affairs
Patwari	Lowest revenue official
Samaji Behbood	Social welfare
Taluka/Tehsil	Sub-district
Zaat	Caste
Zakat	A form of religiously mandated charity under Islam
Zila	District

EXECUTIVE SUMMARY

The report aims to gauge the impact of devolution in Pakistan on various dimensions of human development. The basic question raised is whether decentralization has contributed to human development through improvement in efficiency, promotion of equity, enhancement in peoples' participation and thereby, promoted peoples involvement in matters affecting the quality of their lives.

The report views the impact of decentralization on human development as context-specific. A more useful approach is to focus on how decentralization has taken place, what has been decentralized and to whom. This is the methodology adopted in this report to assess the consequences on human development of implementation of the Devolution Plan.

HAS DEVOLUTION IMPROVED EFFICIENCY IN PUBLIC SERVICES?

The report uses several indicators to assess whether devolution has improved efficiency in public services. The analysis is supplemented by the survey of 12 districts conducted by the SPDC team in the four provinces. Some of the principal conclusions are as follows:

- Under the Devolution Plan 2001, most of the functions of a local nature have been devolved to the local governments adhering to the principle of subsidiarity. However, a number of issues can be identified with regard to the design and speed of implementation of the Devolution Plan. Some concerns have been expressed about the need especially for an intermediate tier, the Tehsil Municipal Administrations (TMAs). Also, there is very little vertical integration in administrative terms among the different tiers which has led to a fragmentation of the planning process at the district level in Pakistan. It also appears that in 2001, a wide range of services were transferred in one go to local governments, which stretched their capacity to the limits. A more "gradualist" or incremental strategy could have minimized such challenges.
- Important issues persist with regard to inter-governmental relations. It appears that even after six years, provincial governments are not fully prepared to devolve power to local governments. For example, administrative powers to hire, fire or transfer of employees, have not been granted to the district governments. Provincial interference also appears to be a major concern with respect to the working relationship between the local elected representatives and the bureaucracy, leading to issues of coordination.
- Institutional capacity of local governments is a major issue. TMAs and UAs are understaffed, in particular. Capacity constraint at the district level, however, is not so much of the number but rather the technical

quality of the staff. Therefore, various aspects of capacity building need attention in the areas of finance and accounts; administration and management; communication skills; and development planning.

- The LGO makes provision for a number of institutional structures to improve accountability and people's participation in the system. These include Village/ Neighborhood Councils, various Monitoring Committees (District, Tehsil, Union), Complaints Cells and Musalihati Anjuman. However, despite the lapse of six years, these institutions are either not operational or are not performing according to the mandate given by the LGO. Mechanisms envisaged for improving public safety are also not functioning as desired. The SPDC survey reveals that the level of satisfaction of district government with the behavior of District Police Officers (DPO) and law enforcing agencies is low. With regard to the working of Public Safety Commissions (PSCs), an important issue is the lack of clarity of roles and responsibilities. Some of the impediments in the functioning of public safety commissions include: lack of commitment of the provincial government; lack of ownership within key stakeholders; structural concerns; politicization and extraneous interference; legal and statutory issues; amalgamation with complaints authority; capacity issues; and communication and awareness issues.

In summary, while the Devolution Plan adheres to the principle of subsidiarity and some local governments have initiated innovative approaches to improve efficiency in local service provision, they continue to be faced with issues of local institutional capacity, absence of mechanisms for improved accountability and transparency, difficulties in inter-governmental coordination and mechanisms of public safety. Key issues relate to the "mind-set," lack of political will and reluctance of the provincial governments to implement the Devolution Plan in letter and spirit.

HAS DEVOLUTION EMPOWERED PEOPLE?

Chapter 3 aims to see if devolution in Pakistan has enhanced participation, given a "voice" to the previously "voiceless" and thereby, has actually led to people's empowerment. An important prerequisite is free and fair elections. The outcomes of the elections demonstrate both positive and negative aspects. On the positive side, voter turnout has been relatively high, seats have been more keenly contested in 2005, especially for the position of Zila Nazim, and there has been a decline in the proportion of vacant or uncontested seats. On the negative side, the number of seats in Union Councils has been reduced significantly bringing down the degree of representation. There have also been widespread allegations of malpractices in the conduct of elections, which have not been adequately addressed by the Election Commission.

'State Capture' by Local Elites is an important and persistent challenge. Analysis of the characteristics of District Nazims demonstrates the overwhelming influence of family, Zaat/Biradari/tribal ties and of political affiliation. Also, the indirect choice of District Nazim and Naib Nazim provides an opening for political maneuvering as union councilors could be persuaded to vote for a particular candidate in return of lucrative benefits.

A major achievement of the Devolution Plan is the reservation of a large percentage of seats for the marginalized groups: women, workers and peasants and minorities. The reduction in the strength of union councils, however, undermines this as the extent of representation of marginalized segments of the society has also eroded.

An important question emanating is whether enhanced representation has led to a greater "voice" for the "voiceless" or empowerment of the people, particularly women or not? Though there is limited evidence yet on women's empowerment, transformational change takes time to set in. Signs of change are emerging, albeit tentative and scattered. One of the drivers of progress has been set in motion.

The role of communities has been given due importance in the Devolution Plan, through the formation of Citizens Community Boards (CCBs). This process did not pick up in the first few years. But after the local government elections in 2005, there has been a significant rise in the registration of CCBs, principally due to aggressive promotion and encouragement by the government, NGOs and donors. However, even now project execution by CCBs is a small part of development activity in the districts and there is substantial under utilization of earmarked non-lapsable funds.

In conclusion, it appears that the devolution process has not yet led to significant empowerment of the people. However, a number of significant processes have been put in motion including greater representation for the marginalized groups, especially women, and enhanced development role at the local level to community based organizations. But the litmus tests of success will be free and fair elections in future and a broad-basing of political representation so that the degree of state capture by local elites is reduced.

FISCAL DECENTRALIZATION: HAS IT IMPROVED EFFICIENCY AND EQUITY?

The devolution process has led to the transfer of a large number of functions from provincial to local governments. However, the lack of enhancement in local fiscal powers is a major weakness in the process of fiscal decentralization. It has fundamental implications for the level of fiscal autonomy of local governments and on achieving higher levels of allocative efficiency in public expenditure through linking of taxation with benefits. It also results in significant vertical imbalances. Analysis of the budgets of a sample of local governments reveals that over 90 percent of expenditure is financed by transfers.

The share of local governments in the provincial allocable pool of resources has fluctuated between 37 percent and 39 percent. It appears that the priority attached by provincial governments for allocations to local governments has declined somewhat during the last five years, especially in the case of the Punjab government.

The overall extent of fiscal decentralization (share of sub-national governments in total expenditure) has shown some increase over the five year period, from about 28 percent during 2000-01 to over 36 percent during 2005-06. The share of local governments in public expenditure has increased considerably from about 5 percent prior to devolution to about 13 percent at present. It is significant that although provincial

governments have handed over a number of major services to local governments, their share in public expenditure has remained unchanged at about 23 percent. Development expenditure, in particular, of these governments has risen exponentially during the last few years. Compared internationally, it appears that Pakistan has approached an intermediate level of fiscal decentralization.

How have development expenditure priorities evolved in recent years? In the case of Punjab, for example, the provincial PSDP has expanded significantly, more than tripling in size from 2002-03 to 2006-07. But the share of the program being executed by district governments/TMAs, which primarily focuses on social services, has declined sharply from 30 percent in 2002-03 to 12 percent in 2006-07. Instead, the provincial government is putting more resources into development of economic infrastructure. The share of economic infrastructure has risen sharply from 18 percent to 30 percent. This establishes the primacy of growth-related expenditure in incremental allocations.

As far as the pattern of sectoral allocations in local budgets in concerned, within current expenditure, the largest share is accounted for by primary and secondary education, in excess of 60 percent. On the development side, it is observed that many of the district governments are devoting a significant part of their expenditure to the construction of roads, implying the same higher priority given to economic infrastructure. The most neglected sector appears to be health which receives less than 10 percent of the development allocation in most cases.

The equity dimension of fiscal decentralization is influenced primarily by the formula given by the Provincial Finance Commissions (PFCs) for the horizontal distribution of current and development transfers among district governments. The basis for distribution of current transfers among districts differs widely among the provinces. Interestingly, Punjab relies primarily on population, while Sindh has introduced tax collection as one of the criteria and the NWFP focuses more on backwardness. This also reflects the criteria presented by different provincial governments for distribution of federal resources by the National Finance Commission (NFC).

Analysis in the report reveals that current transfers in Punjab are mildly "fiscally equalizing" in character while in the case of Sindh, there is no evidence of fiscal equalization. Overall it appears that while current transfers do not lead to significant equalization, development transfers do play this role and are the prime instrument for removing inter-district differentials in access to services over time. However, their role is limited by the relative smallness of size.

As far as resource mobilization is concerned, the revenue potential of provincial taxes which form part of the pool of allocable resources, remains substantially underexploited. Land revenue (together with the agricultural income tax) accounts for less than 1 percent of the agricultural income generated in the economy. The effective rate of property taxation of rental incomes is about 5 percent as opposed to the statutory rate of 20 percent or more.

On the whole as far as fiscal decentralization is concerned, the report concludes that the process of devolution has been facilitated more by the improvement in the macroeconomic environment after 2002 which has led to larger transfers to local governments than by any conscious effort on the part of provincial governments to support the process of decentralization.

IMPACT OF DEVOLUTION ON HUMAN DEVELOPMENT

The report attempts to make an initial assessment of the impact of devolution on human development, regional disparities, gender equality and poverty in Pakistan. It needs to be emphasized that six years only have elapsed since devolution and given the long-term nature of this process, it is probably too early to judge the success or failure of the devolution plan. However, the period is long enough for some of the effects to start becoming visible.

At the most aggregative level for the country as a whole, the trends in key outcome indicators of social development show that the rate of enhancement in literacy of the population and access to water supply and sanitation has increased perceptibly in the post-devolution period. However, there are no indications yet of any impact of devolution on health indicators. In fact, Pakistan remains largely off-track in the attainment of the health related MDGs.

The level of disparity in the provision of different local services among districts within a particular province has been quantified in the report. Within education, as expected, the level of inequality is greater for higher levels of education. But it is surprising that the inequality in access even to a basic service like primary education remains so large throughout Pakistan. Inequality in access to basic health services like immunization also appears to be quite pronounced, especially in NWFP and Balochistan. Similarly, differentials in access to water supply and sanitation are unacceptably high. As far as gender equality is concerned, the largest gap continues to be in NWFP and Balochistan. In the period after devolution, up to 2005-06, there is very little change in the trend of gender parity in education observed prior to devolution.

In summary, the devolution process is, in fact, beginning to contribute to a faster improvement in enrolment at the primary level and literacy in the country. If this effort at enhancing human capabilities is sustained then it augers well for achieving more reduction in the incidence of poverty during the coming years. However, the lack of significant change to date in the trend of health indicators, gender equality and regional disparities limits the potential impact of local governments on poverty in the post-devolution scenario.

THE WAY FORWARD

In order to realize the full potential of decentralization in bringing more benefits to the people, a 'second generation' of reforms is required to address the problems that have arisen. The report identifies in the last chapter a number of reforms related to the allocation of functions, intergovernmental relations, local institutional capacity, fiscal decentralization and some supporting measures. Many of the reforms are doable and can have a significant impact on improving efficiency and equity in the delivery of local services. They will contribute to deepening the process of democracy, raising the level of human development and improving the quality of life of the people. We remain committed to the goal of effective decentralization in Pakistan.

Views of a Leading Social Sector Personality



“The system has tremendous potential and if pursued consistently it would help establish a sound process of accountability.”

Dr. Quratulain Bakhteari



VIEWS OF A LEADING SOCIAL SECTOR PERSONALITY

SPDC interviewed Dr. Quratulain Bakhteari, a leading figure in the field of community development. She shared her following views on devolution and social issues in Pakistan.

Dr. Bakhteari's parents migrated from India at the time of partition of the sub-continent in 1947. She was raised in a family which encouraged community development/services. She married Dr. Tayyab Mehmood (a dental surgeon) soon after completing her matriculation and spent the following years raising their three children. It was a time when she could not continue her regular education and hence opted to go for the Montessori Training course.

The dismemberment of East Pakistan in 1971, and the consequential developments changed her direction in life and she actively participated in social services. She extensively spoke of her contribution as a "volunteer" in getting the refugees resettled and reintegrated in Orangi, Karachi. Her experience and exposure thus became a source for activism, growth, learning and intellectual development for many people. Describing herself as a "people's person," she eventually joined the University of Karachi for a degree in Social Work. During her studies she was given a field assignment to work in Orangi town, a settlement that received refugees from (former) East Pakistan. Dr. Bakhteari being familiar with the place and people of Orangi worked alongwith a group of students and rehabilitated widows and orphans. Houses were built and later a school for girls was also built in Mominabad, Orangi. Similarly, UNICEF approached the Department of Social Work for volunteers to initiate a household latrine construction Project in Baldia Town, a squatter settlement (katchi abadi) in Karachi. Around this time, she met and later joined Dr. Akhtar Hameed Khan in his research of setting up a Sanitation Project in Orangi Town. She, thus, continued to work as a volunteer both in Orangi and Baldia Town for the improvement in sanitation system. In Baldia Town sanitation model, some 5,000 lavatories were constructed by developing alternative technologies for the low income people. It was later replicated by the UNICEF in other areas. In another project, Dr. Bakhteari introduced home-schools and a home-based health care system which was subsequently replicated in other parts of the country. All these initiatives later became an integral part of National Water and Sanitation Policy. The Baldia Soakpit Pilot Project became an integrated urban community development program for UNICEF, while the Project itself converted into an NGO called Basic Urban Services for Katchi Abadis (BUSTI).

She nostalgically remembers her initial contact with the province of Balochistan. "WASA Quetta wanted to replicate the model of Baldia Soakpit Pilot Project where I along with the team had constructed 5,000 lavatories. I joined WASA Quetta as a consultant, helping to construct

3,000 lavatories in Balochistan by replicating the methodology used in Baldia Town," said Dr. Bakhteari. Initially, she mobilized students of the Social Work Department, University of Balochistan, and nearly 150 students were trained for the WASA project. Later, with the help of Government of Balochistan in a span of five years, she built 3,000 household pit toilets; helped set up a community based reference centers for sanitation and hygiene education in six Katchi Abadis of Quetta. It was a public-private partnership project where communities were also involved in the decision-making process. "For the first time in the history of Pakistan, Balochistan established 2,000 rural girls schools in which 2,000 to 3,000 girls were enrolled in just five years. Four local NGOs were also established and approximately 150-200 activists were trained to promote girls' education with the help of a government-parents partnership. This large scale mobilization of people helped me understand the people, their needs and their psyche," Dr Bakhteari said.

Dr. Bakhteari has great hopes from the younger generation, "future of Pakistan is not bleak because younger generation of Pakistan has immense potential and talent," she said. According to her, there is a need to provide three basic ingredients that would enable the younger generation to intellectualize their activism. She says that University-Mentor-Project nexus would develop and instigate true professionalism in our youth. Based on the philosophy of this nexus she established Institute for Development Studies and Practices (IDSP) in 1996 which provides the base for social activism and community work. According to her the institute has helped in bringing a focus on activism, intellectualism and space to practice.

Commenting on the social sector structure, she candidly accepted that it is incapable of delivering to the masses, especially those residing in the rural areas. She feels that there is a dearth of human capital both in the public and private sectors, therefore, making it difficult to implement plans formulated for the social sectors. She also spoke of the interests of various groups and the different cultures of the rural and urban people. She feels that doctors and teachers serving in rural areas are from urban centres, therefore, there is a lack of commitment at their end. "In my view, this shortage of professionals in basic health units, rural health clinics and schools can be resolved by appointing local people on these positions," she said.

Expressing her views about the waning relationship between State and the people, Dr. Bakhteari categorically denied that people of Pakistan are destructive in any sense, especially the rural population. According to her the reason for this current suffocation is non-availability of "spaces to exchange views." Unfortunately, intolerance is causing further deterioration of social environment. "Our schools, colleges, universities, and religious places such as mosques have not allowed individuals to express their views freely," said the visionary lady. She stresses that it is the policies pursued by successive governments over the years that have transformed peaceful citizens into problematic individuals. They have been taught that 'might is right.' "They have been pushed to an end where they have no choice but to kill others for survival. If people had been destructive I would not have survived in Balochistan for so long. It was the people of that province that gave me respect and protection during these last 20 years," said the eminent social worker.

She feels that in order to create an environment of trust and confidence, there should be tolerance and respect for an individual's viewpoint. "The current situation in Pakistan has nothing to do with religion, this is something else. Those who claim to be our religious leaders should come forward and offer public accountability of the assets they possess," said Dr. Bakhteari.

Being a strong supporter of devolution, she firmly believes that despite the inherent problems with this system it has made a significant difference especially in Balochistan. She says that the system has tremendous potential and if pursued consistently it would help establish a sound process of accountability where there will be a contact between the candidate and a voter.

Dr. Bakhteari feels that most countries in the world are moving away from centralization of power. Having the potential to deliver services on a mass level, decentralization in many advanced countries has played an important role in the development of social and economic infrastructure. According to her, earlier, the country was trapped in a complex procedure, in which bureaucracy and elected representatives were the sole players. However, today, the situation has changed considerably. She feels that Devolution has simplified procedures and accessibility of services to the common man has increased. It provides excellent opportunity for human development along with economic and infrastructure growth at the grassroots level, at the same time it empowers people to ask about the budget and expenditure allocations.

However, she does feel that in some sectors there are evidences of progression but on the whole, devolution has not delivered the desired results in Pakistan. The failure or rather the shortcomings can be attributed to a number of reasons one, being lack of funds which has compelled district governments to delay or altogether abolish some very innovative initiatives. Two, the funds released in installments only impaired the development process, she said. She partially blames the provincial governments, who she thinks, have not played their due role in making this process a success. Dr. Bakhteari considers financial constraints as the major hindrance in the overall efficient functioning of the local bodies, in addition to other concerns such as lack of experience and decision-making at the district level. According to her, the system needs improvement, vigilance and determination, adding that, "it should also be saved and strengthened."

Talking about her experiences, she tells about the pre-devolution era when access to government institutions and decision-making was difficult. "When we worked in a village, it was difficult to get approvals. But the devolution has changed all this. Now we feel that we have a role in decision-making. The procedural and bureaucratic hindrances still exist but devolution has simplified procedures, responsiveness has increased and there is an element of accountability. New schemes within the purview of the district, Tehsil or Union Nazims are now initiated without too many procedural delays," she said.

Dr. Bakhteari when asked to comment on empowerment of people especially women after devolution, said, "we cannot say women suddenly felt empowered, however, there are visible signs of change in attitude." Adding that for the past sixty years our people were not allowed to participate in the decision-making process thus, they lost their ability to

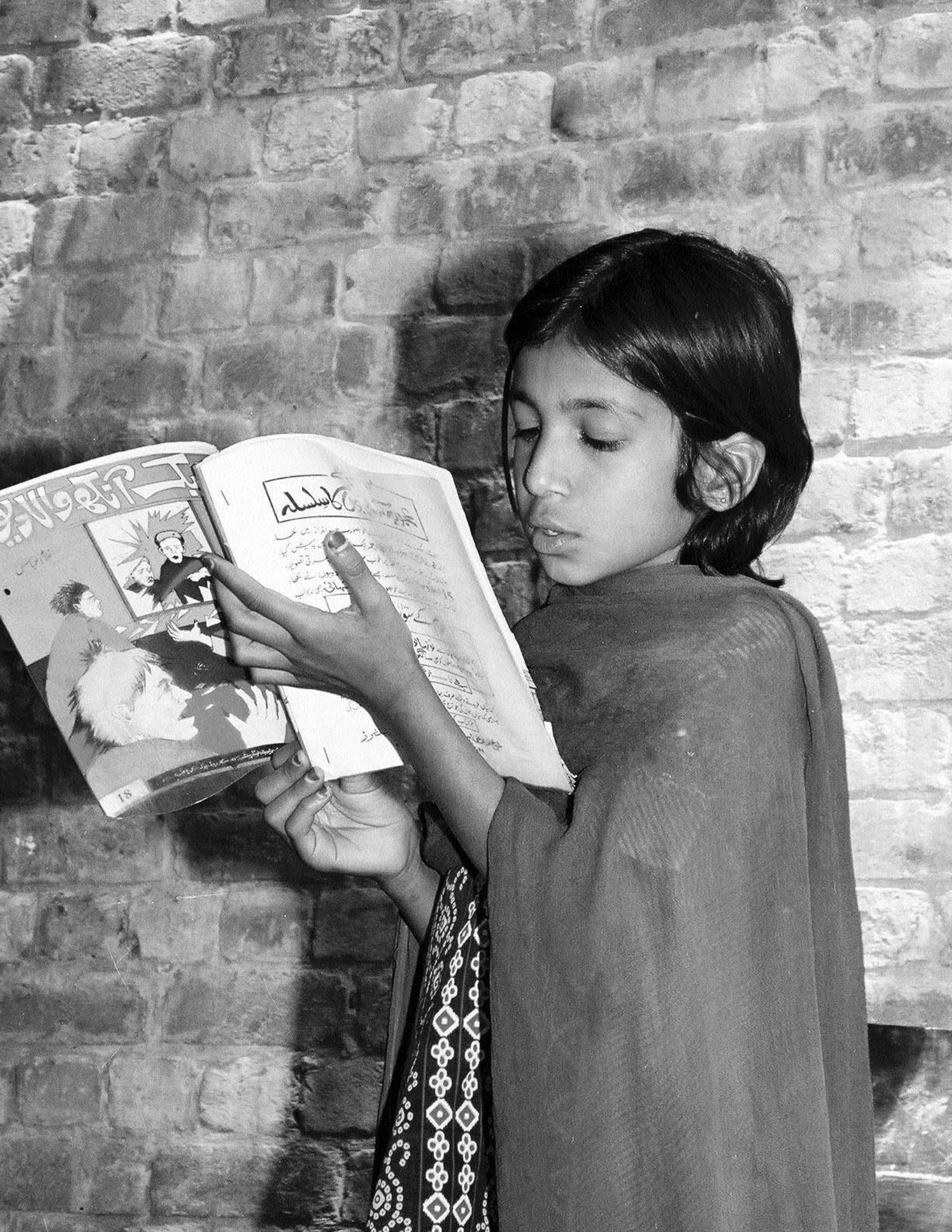
recognize empowerment. "No doubt, devolution has increased women representation but the system of patronage still exists. Things will change gradually and women from middle-class background would contest in election, as happened during the 2005 local body elections," commented Dr. Bakhteari. However, she added that despite substantial increase in women representation, male-female disparity is still the same. She is hopeful that this trend would also decrease with time when independent women are elected without the support of the rich and powerful.

She sees a hope though when it comes to 'change' in attitude of men. She feels that exploitation has become the norm of our society and especially, women have been its victim. Dr. Bakhteari feels that devolution has helped to provide a platform where women can share and discuss problems and thus increase awareness about their rights. "This has helped a great deal in forcing a change in the attitude of men towards women," said the social worker.

She is very positive about the social impact of the devolution adding that people have faith in the local government institutions and are not hesitant to take their concerns to the Nazims of their area. In Balochistan, especially, the Nazims are more responsive to the needs of the NGOs, she said.

Ms Bakhteari stresses that certain challenges are yet to be met and perhaps the biggest challenge is from the vested interest groups who would like to hijack the whole system. She feels that for the system to be successful at the district level, one option would be to employ quality human resources from the same district. Disparities between men and women need to be addressed. Medical facilities especially in rural areas should be provided as there are issues of access, availability and quality of health care.

In the end, she feels that extremism in the guise of religion and provision of meaningful education are some other challenges that need to be tackled immediately. Education system in Pakistan does not develop a student's cognitive skills. Deprivation level in girls is higher than that of boys and the society also plays a role in suppressing their potential. Dualism in our education system has challenged the identity of Pakistani women. It still remains to be seen how devolution in Pakistan would respond to the changing international political environment. Adding that globalization is a challenge for Pakistan and "we do not know where we would stand in a globalized world. Being a signatory to WTO the implications it would have on our economy and people, are still unknown to us," she commented.



DECENTRALIZATION AND HUMAN DEVELOPMENT

1

CHAPTER 1

*The Impact of
decentralization on
human development is
context-specific*

SOCIAL DEVELOPMENT IN PAKISTAN, 2006-07



DECENTRALIZATION AND HUMAN DEVELOPMENT

Implementation of the Devolution Plan in 2001 represents a significant move towards the decentralization of basic services in Pakistan. The objective of this introductory chapter is to view decentralization from a broader perspective with regard to its implications for human development and to construct indicators to gauge the favourable or unfavourable impact of devolution in Pakistan on various dimensions of human development.

Human development can essentially be defined in terms of expansion of peoples' capabilities and their range of choices. As such, it focuses on the ability to lead a long and healthy life, to acquire knowledge and to be able to enjoy a decent standard of living. These, in turn, depend upon access to basic services like education and health, expansion of income-earning opportunities and greater participation in both economic and political processes, along with greater empowerment in terms of freedom of choice.

OVERVIEW

The basic question is whether decentralization can promote more human development with respect to efficiency, equity, participation and impact on local economic activity. With regard to efficiency, the main problems generally associated with centralized provision are the lack of relevance of nationally executed projects and policies to local needs and preferences as well as the lack of mobilization or under utilization of local resources. However, this has to be balanced against the possibility that decentralization could lead to loss of economies of scale or to duplication and overlap in service provision. As such, the allocation of functions among different levels of government must adhere to the principle of 'subsidiarity' whereby, a service is provided at the appropriate level and inter-jurisdictional spillovers are minimized. Therefore, one of the key questions in the Pakistani context is whether the principle of subsidiarity has been adhered to in the design of the Devolution Plan, in terms of allocation of services, first, between provincial and local governments and, second, among different tiers of local government.

The issue of equity implications of decentralization has to be examined at two levels. First, within a local jurisdiction and second, among jurisdictions. With regard to the former, the key elements on the taxation side are the extent of local fiscal powers, the presence of local taxes which are inherently progressive in nature and the degree to which such sources of revenue are exploited. On the expenditure side, the equity impact hinges on the extent to which the provision of local services is pro-poor. If, in fact, the scope for local taxation is limited, as in the case of Pakistan, then much of the action is on the expenditure side. When services are transferred to local governments, the issue is whether the

provision of services becomes more or less pro-poor following the transfer. For example, primary education provided publicly is generally pro-poor, irrespective of which government provides it. The question then is whether, as envisaged in the Devolution Plan, this service becomes more pro-poor following the transfer to district governments from provincial governments, either by higher priority being attached to this service in public expenditure allocations or, given the level of expenditure, whether more resources are diverted to poorer and underserved neighbourhoods.

The issue of equity among local jurisdictions hinges on the nature of transfers from higher levels of government, specifically on the extent to which the element of fiscal equalization is built into these transfers, with more backward jurisdictions receiving higher per capita transfers. In the short run, the scope for spatially equalizing the provision of services is limited, however, by the need to sustain the existing network of services which is likely to be more extensive, almost by definition, in the more developed districts. As such, the scope for fiscal equalization is limited primarily to development transfers. Therefore, an evaluation of the equity implications of devolution in Pakistan will have to be based on an analysis of the revenue-sharing formula announced by the Provincial Finance Commissions (PFCs) in the various awards, both in terms of the share of development transfers in total transfers and the extent to which importance is attached to fiscal equalization, especially in development transfers.

It is important to recognize that political participation in decision making has both developmental and instrumental aspects, that is, as an end in itself and as a means to better outcomes. Both may be fostered by decentralization depending upon the pattern of representation in local assemblies, the extent to which local elections are free and fair, the nature of institutional arrangements for wider public participation, especially in local budget making, and legal and other provisions for greater transparency and accountability. The literature on





decentralization highlights the danger of local elite capture, pre-empting possibilities of broader public participation.

An assessment of the likely impact of the Devolution Plan rests on the extent to which, first, hitherto marginalized or excluded groups have been given quotas for representation in local assemblies and the extent to which such groups are able to exercise an independent voice. Second, whether local elections held to date have been manipulated or are free in character, which is reflected partly by increased number of candidates for individual seats and higher voter turnout. Third, whether provisions for participatory decision-making in the Local Government Ordinance (LGO), have been adhered to and the extent to which the right to information has been provided for, to ensure transparency in operations.

A review of literature on the impact of decentralization on human development indicates no generalized conclusions. Implications appear to be more context-specific. Therefore, a more useful approach is to focus on how decentralization has taken place, what has been decentralized and to whom. This is the methodology adopted in this report to assess the consequences on human development of implementation of the Devolution Plan over the past five to six years.

We discuss the implications of decentralization on different dimensions of human development in greater detail below.

EFFICIENCY

There are essentially three dimensions of efficiency in the context of provision of public services, such as:

Allocative Efficiency

This is the extent to which allocation of resources among services by jurisdictions reflects local needs and preferences. For this to happen, a number of conditions have to be fulfilled. The first condition is fiscal autonomy of local governments, especially in terms of expenditure choices. This requires access to resources either through local taxes or unconditional lump sum transfers from higher levels of government. Beyond this, there is need for mechanisms for revelation of local preferences. This pre-supposes decisions in the budgetary process in the larger public interest and a strong participatory process in expenditure allocations.

The ability to achieve allocative efficiency rests on the fulfillment of two important pre-conditions: first, the delegation of administrative authority by the higher level of government to the local level; and second, on the presence of adequate institutional capacity with local governments. The extent to which the first condition is met in the Pakistani context will be determined by identifying the extent to which, following the promulgation of the LGO 2001, local governments can frame, design, approve and execute projects; award contracts and procure locally; and hire or transfer personnel. The fact that the devolution plan was essentially a federal initiative without necessarily the full buy-in of provincial governments, raises doubts about the extent to which autonomy has been granted in practice.

Institutional capacity with local governments is essential not only to be able to assess the needs and preferences of the citizens within their jurisdiction but also to reflect them in appropriate programs and policies. Critical areas of institutional capacity are in the areas of management, engineering, finance and human resources. It is expected that district governments, which serve relatively large jurisdictions, are likely to have a modicum of capacity. This issue, however, is serious in the context of lower levels of government, especially in the rural areas.

There are probably two ways to test for the presence, or absence thereof, of allocative efficiency in the Pakistani context. These are:

- (a) At the margin, does the pattern of allocation of incremental current expenditure or development expenditure among sectors/services differ significantly among jurisdictions?
- (b) Is there a big difference between the types of schemes selected by community based organizations (like CCBs) and by local governments? The former may more accurately reflect local community preferences.

However, there is a need to highlight a basic trade-off with regard to the attainment of allocative efficiency. This is the choice between ensuring provision of 'merit goods' with positive externalities, like primary education and public health, and the granting of flexibility to local jurisdictions to decide on their own expenditure priorities. This implies that higher levels of government have to decide on the mix between conditional and unconditional transfers, with the former being geared to minimum standards of provision of merit goods. The question then is whether the process of devolution has led to greater equalization in access to basic services across jurisdictions.

Technical Efficiency

This refers to the attainment of effectiveness in service delivery through cost minimization. It depends on the use of an appropriate standard of service and technology, the use of local resources (via enhanced community contributions, for example, of free labour and materials) and fewer leakages and corruption (due to greater local accountability). The centralized line departments have a stronger tendency to follow rigid planning procedures and engineering standards, with little or no adaptability of designs according to local needs. Improvisations in school construction or water supply schemes are probably more likely to be carried out at the local level. Against this is the possibility of greater economies of scale in larger jurisdictions especially in services which are more capital-intensive like hospitals and roads. Simplicity and appropriateness of design may also imply lower operating and maintenance (O&M) costs.

A relevant issue in the Pakistani context is the large and growing role of the for-profit and the non-profit private sector in the provision of local services, like primary and secondary education and curative health. Faced with competition from the private sector, what is the optimally efficient strategy for local governments? Do efficiency considerations imply a retreat from the provision of such services or should the focus now increasingly be on upgrading quality and on expanded coverage only

in backward and relatively poor areas where the private sector is not so active? An answer to this question will require the determination of unit costs of public provision in different locations with varying levels of presence of the private sector. The basic motivation should be to avoid under utilization of public services in the presence of competition from the private sector.

Inter-temporal Efficiency

The issue here is the relative importance of capital versus O&M costs. For example, should more schools be built involving higher outlays of development expenditure or should the emphasis be on providing existing schools with higher budgets for more and better teachers and teaching materials? The inter-temporal trade-off arises from whether adequate provisions are made for the future O&M costs arising from the existing portfolio of development projects. There is generally an under provision for the future running costs which affects the delivery of services from newly completed projects. Of particular concern is whether larger development transfers from higher levels of government are accompanied subsequently by larger recurring transfers or by adequate cost recovery at the local level to ensure continuing provision.

EQUITY

It is important to recognize the multi-dimensional nature of equity, especially between intra-district and inter-district equity. Changes in these elements of equity may not coincide. Decentralization may promote equity among different groups within a jurisdiction, through more provision of pro-poor services, but it may lead to worsening of disparities among districts/tehsils because of differences in local fiscal capacity and inadequate fiscal equalization. The former tendency makes a case for devolution, while the latter implies that provincial governments in Pakistan will have to retain a strong redistributive role through fiscal equalization transfers.

Intra-district Equity

In the context of intra-district equity, it will be useful to see the emerging development priorities of district and provincial governments, especially with regard to the choice between social services and economic infrastructure. The latter may benefit the rich while the former cater more for the poor.

The scope for progressive local taxation is limited in Pakistan due to the absence of fiscal instruments. However, some promising sources do exist, for example, the urban immovable property tax with Tehsil Municipal Administrations (TMAs) and local rates (on land revenue) with district governments. Are these sources being exploited more after devolution?

A particular issue of interest is the impact of decentralization on gender equality. Devolution in Pakistan has been accompanied by the unprecedented decision of substantially raising the number of seats reserved for women in local assemblies. Has this led to increased focus on gender issues and higher priority for services like girl schools, water supply and sanitation, which differentially benefit women?



Inter-district Equity

We have indicated earlier that PFC awards in different provinces will need to be studied to determine the extent to which the revenue-sharing formulae for horizontal distribution of resources among districts make provisions for fiscal equalization both in recurring and development transfers. Consequently, analysis will be undertaken to determine if disparities in access to services have diminished or increased during the last six years.

However, regional disparities are likely to be more dependent on the location of private sector investments and on the regional incidence of the much larger public investments by the federal and provincial governments. In particular, a key indicator is the sharing of the provincial Public Sector Development Program (PSDP) between provincial and local governments. The former are likely to concentrate more on economic infrastructure like roads, irrigation and urban development, whereas, the latter on pro-poor social services. Investments in economic infrastructure may be more growth promoting in the short run but are likely to exacerbate inequality.

IMPACT ON LOCAL ECONOMIC ACTIVITY

One of the major concerns with the process of decentralization is that it could lead to unhealthy competition among the multitude of local jurisdictions to attract private investment, both domestic and foreign. The danger of this happening is enhanced when local governments are endowed with significant local taxes and the competition is manifest in the form of tax breaks. In many countries, this tendency has been curbed by higher levels of government regulating local tax structures by prescribing minimum levels of taxation.

In the Pakistani context, competition among local governments for investment has been minimized due to the absence of any significant taxes with these governments. Instead, the focus is likely to be more on the expenditure side, in terms of the proportion of local development budgets devoted to economic infrastructure and commercial activities like the construction of wholesale and retail markets, industrial plots and others.

PEOPLE'S PARTICIPATION

One of the major potential benefits of decentralization lies in raising the level of people's participation and thereby empowering them especially in a way that they take part in the formulation, passage and implementation of public policies. We have already highlighted that the results of participation can be largely instrumental or developmental in nature.

Local governments have, in fact, been seen as representing a form of direct or 'grassroots' democracy. One of the motivations of the Devolution Plan was probably to strengthen democracy at the local level as an answer to the quasi-military dispensation at the central level.

An overview of the country experience suggests, however, that decentralization is more likely to be thoroughgoing under liberal democratic/pluralist national regimes. Where the nation state is authoritarian, decentralization may be more in form, than in substance. This explains the strong control of local governments by provincial governments in the Devolution Plan and the extreme dependence of the former on the latter.

Perhaps the principal mechanism for people's participation is through voting in local elections. This is often the only way in which the average citizen can pass judgment (and exercise some accountability) on his or her representatives' performance. But even this mechanism breaks down if choices among candidates are not available or if the election process is manipulated. To gauge how much public participation has been induced by the Devolution Plan, it will be necessary to study the extent of diversity in representation, as well as the number of candidates and voter turnout in the two local elections held since 2001. In addition, independent reviews of the conduct of these elections will be examined to determine the extent to which they can be judged to have been 'free and fair.'

Beyond this, there is the danger of capture by the local elite. Power structures in small communities are often oligarchic in character. Given the distribution of assets (land, in particular), income and client-patron relations, local elections tend to favour the rich and powerful. In rural areas of Pakistan, leadership positions are mostly occupied by the feudal class, while mercantilist interests are more dominant in urban areas. A key set of indicators related to the capture of local governments by the local leaders/influentials will be to study the characteristics and determine the extent to which district Nazims come from leading political families representing a nexus of feudal-bureaucratic-military interests in Pakistan.

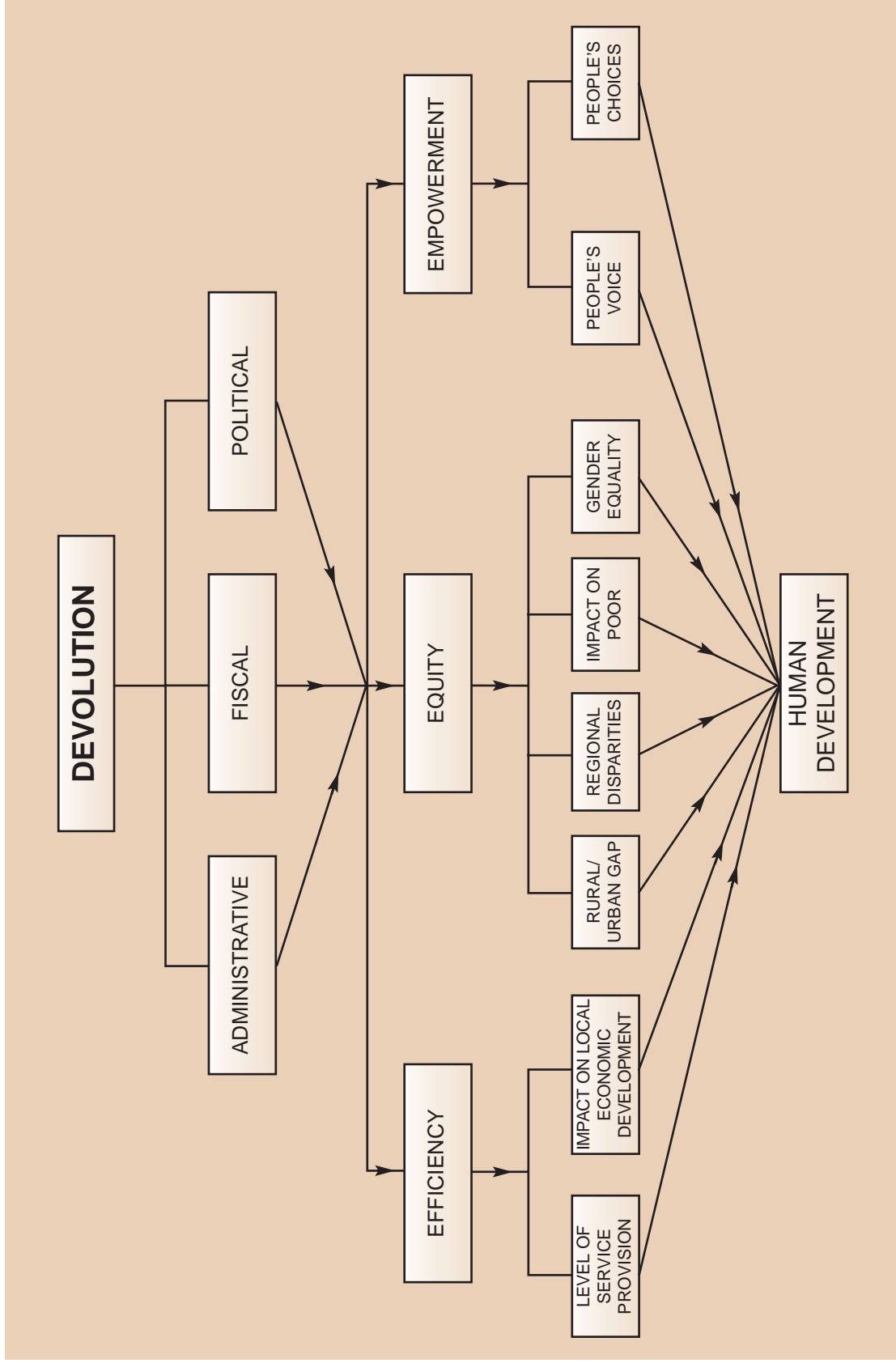
THE CONCEPTUAL LINKAGES

This report will attempt to trace the conceptual linkages between devolution and human development as described in Chart 1.1. The administrative, fiscal and political aspects of the devolution process in Pakistan since 2001 will be studied from the viewpoint of their separate impacts on the key components of human development related to efficiency, equity and empowerment.

Efficiency will be measured in terms of the impact on the level and cost effectiveness in the provision of basic services and on the pace of local economic development. The various dimensions of equity will include impact on the rural/urban gap, regional disparities at the district level, incidence of poverty and gender equality. Finally, empowerment will be assessed in terms of enhancement of people's voice and choices.

CHART 1.1

CONCEPTUAL LINKAGE BETWEEN DEVOLUTION AND HUMAN DEVELOPMENT





HAS DEVOLUTION IMPROVED EFFICIENCY IN PUBLIC SERVICES?

2

*Efficiency gains
have been limited
by the lack of
coordination and
delegation of authority.*

HAS DEVOLUTION IMPROVED EFFICIENCY IN PUBLIC SERVICES?

International experience shows that there are important preconditions for effective decentralization. Decentralization tends to be successful in enhancing efficiency, improving equity and empowering people when the higher tier of government is stable, solvent and committed to transferring both responsibility and authority, when local authorities are able to assume those responsibilities and when there is an effective participation by poor people and by a well organized civil society. These conditions generally result in responsive policies and services, equity, human development and higher growth.

In addition to a functioning state, capable local authorities and active civil society, the relationship among them is also crucial: local government must feel pressure both from above (for accountability to higher level of government) and below for service delivery (to local citizens) to ensure effective and appropriate policies and service provision. Thus successful decentralization requires more than just legal enactments—it requires establishing a three-way dynamics between the local government, civil society and a facilitating higher level of government (UNDP, 2003).

Experience with decentralization also points to the importance of the design of decentralization program. Core principles which are of utmost importance relate to:

- The functions to be decentralized
- The resources that enable local authorities to deliver these services- which must be provided for in the devolution plan





Devolving functions to local authorities' risks being meaningless unless backed by sufficient financial resources, administrative capacity, fiscal and administrative autonomy and mechanisms for holding the authorities accountable. The important question in the Pakistani context is whether these core principles have been adhered to in the devolution process. Applying the conceptual framework enunciated in the previous chapter, we see whether or not, after six years of devolution there are indications that decentralization in Pakistan has made public services more efficient and equitable and has empowered people through administrative, fiscal and political measures. The focus of this chapter is efficiency in provision while the subsequent chapter will deal with equity and empowerment issues. The analysis is supplemented by the survey of 12 districts conducted by the SPDC team in the four provinces (see Appendix A.1).

ADHERENCE TO THE PRINCIPLE OF SUBSIDIARITY

Subsidiarity is the idea that a function should be handled by the lowest competent authority. The principle of subsidiarity states, "a central authority should have a subsidiary function, performing only those tasks which cannot be performed effectively at a more immediate or local level¹." In other words, any activity that can be performed by a more decentralized entity should be given to that entity if there is cost saving and efficiency improvement. In this way, the local authorities will have the authority (administrative, political and fiscal) and responsibility to address all problems that are, in their jurisdiction. However, efficiency improvement does not merely require delegation of authority but also increased capacity of lower level institutions to effectively exercise this authority.

The Devolution Plan 2001 has overwhelmingly altered the local government system in Pakistan. Previously, the Local Government Ordinance (LGO) of 1979 entrusted compulsory and optional functions to local government. These functions, more or less, common to all four provinces, were divided into two broad categories. Some functions were regulatory in nature while the others related to the provision and delivery of services. There was also a distinction between functions of rural and urban councils. The former performed civil, welfare and development functions while the latter performed compulsory functions such as provision and maintenance of roads, bridges, public buildings, water supply, maintenance and management of hospitals, maintenance and construction of school buildings among others. The local bodies that performed service functions were town committees, municipal committees, municipal corporations and metropolitan corporations in urban areas and district councils and union councils (UCs) in rural areas of Pakistan.

The pre-devolution legislative responsibility and the actual allocation of functions are described in Box 2.1 (it does not include legislative responsibilities that are exclusively the responsibility of federal government). It appears that higher levels of government had encroached upon the functions of lower levels of government. Most of the concurrent list functions were being performed by the federal

government. This includes population planning, generation and distribution of electricity, tourism and others. Similarly, provincial governments had taken over functions like land development, preventive health, primary education, water supply among others, which are essentially in the nature of local services (SPDC, 1992).

Box 2.1 Pre-Devolution Legislative vs Actual Allocation of Functions Among Different Levels of Government

Legislative Responsibility	Service	Actual Allocation of Function	
Federal/Provincial Governments	Population Planning	Federal Government	
	Electricity		
	Curriculum Development	Federal/Provincial Governments	
	Syllabus Planning		
	Centers of Excellence		
	Tourism		
	Social Welfare		
	Vocational/Technical Training		
	Employment Exchanges		
	Historical Sites & Monuments		
Provincial Governments	Law and Order		Provincial Governments
	Justice		
	Highways	Provincial /Local Governments	
	Urban Transport		
	Secondary & Higher Education		
	Agriculture Extension		
	Distribution of Inputs		
	Irrigation		
	Land Reclamation		
	Curative Health		
Land Development			
Primary Education	Local Governments		
Preventive Health			
Local Governments	Farm-to-Market Roads	Provincial /Local Governments	
	Water Supply, Drainage & Sewerage		
	Link Roads	Local Governments	
	Intra-urban Roads		
	Street Lighting		
	Solid Waste Management		
	Fire Fighting		
	Parks, Playgrounds		

Source: SPDC (1992)

Under the Devolution Plan 2001, most of the functions of a local nature have been devolved to the local governments. The group of offices devolved is presented in Box 2.2, while the distribution of responsibilities of districts, tehsils and unions is described in Box 2.3. These include major social services of local nature such as primary education, health, water supply and sanitation. According to the Federal Ministry of Local Government there are 109 districts (including 4 city districts), 358 tehsils/talukas and 6139 union councils in Pakistan where the LGO 2001 applies.

The degree of decentralization of functions in the Devolution Plan is similar to that in other developing countries, with some differences. For instance, in India the Panchayats (at district, block and village level) share the responsibility of almost all of the functions that are devolved to local governments in Pakistan. However, the list of functions of Indian Panchayats also includes several services that are within the domain of

Box 2.2 Groups of Offices Devolved under Devolution Plan 2001

Departments	Sub-Departments
District Co-ordination	<ul style="list-style-type: none"> Co-ordination Human Resource Management Civil Defense
Agriculture	<ul style="list-style-type: none"> Agriculture (Extension) Soil Fertility Livestock Fisheries On Farm Water Management Forests Soil Conservation
Community Development	<ul style="list-style-type: none"> Community Organization Sports and Culture Labor Cooperatives Social Welfare Registration Office
Education	<ul style="list-style-type: none"> Boys Schools Colleges (other than professional)* Girls Schools Sports (education) Technical Education Special Education
Finance and Planning	<ul style="list-style-type: none"> Finance and Budget Accounts Planning and Development Enterprise and Investment Promotion
Health	<ul style="list-style-type: none"> Public Health Population Welfare Basic and Rural Health District & Tehsil (Head Quarters) hospitals Child and Women Health
Information Technology	<ul style="list-style-type: none"> Information Technology Development Database Information Technology Promotion
Law	<ul style="list-style-type: none"> Legal Advice and Drafting
Literacy	<ul style="list-style-type: none"> Environment Vocational Education Literacy Campaigns Continuing Education
Revenue	<ul style="list-style-type: none"> Land Revenue Excise and Taxation Estate
Works and Services	<ul style="list-style-type: none"> Spatial Planning and Development Energy and Transport District Roads and Buildings
Additional Offices in City District Government	
Public Transport	<ul style="list-style-type: none"> Public Transportation and Mass Transit Traffic Planning, Engineering Passenger and Freight Transit Terminals Parking
Enterprise and Investment Promotion	<ul style="list-style-type: none"> Industrial Estates and Technology Parks Investment Promotion & Protection Cottage, Small and Medium sized Enterprise Promotion
Depending upon the economies of scale and nature of infrastructure, the City District Government may set up offices for integrated development and management of the various services.	
*College education has been taken back from district governments after amendments in LGO in 2005.	
Source: LGO 2001 (updated version 2005)	

Box 2.3 Selected Responsibilities of Districts, Tehsils and Unions

District	Tehsil	Union
Primary & Secondary Education, Literacy	X	X
Dispensaries & Local Hospitals, Preventive Care, Enforcement of the Drugs and Food & Sanitation Acts	X	-
District Roads	Local Roads & Streets	Local Streets
X	Water Supply System, Water Treatment	Wells & Ponds
X	Sewers & Sanitation	X
X	Fire Services	X

Source: USAID (2006)

federal or provincial governments in Pakistan. These services include small scale industries (including food processing industries), rural housing, rural electrification (including distribution of electricity), poverty alleviation programme, and women and child development.² However, law and order is devolved to district governments in Pakistan, which is not in the domain of Panchayats in India. Also, the commitment to Panchayati Raj varies substantially among state governments in India.

The unification of urban and rural governance has some implications for water supply and sanitation services devolved to TMAs.³ Before devolution, the provincial Public Health Engineering Department (PHED) was responsible for development and maintenance of water supply and sanitation services, particularly for large-scale projects. For smaller projects in rural areas, responsibility was shared between PHED, Provincial Rural Development Department and rural local councils. In large urban centers, these services were provided by Water and Sanitation Agencies. In medium and small urban areas, PHED and local councils (Municipal Committees, Town Committees) shared this responsibility.

After devolution, water supply and sanitation services for both urban and rural areas have been devolved to TMAs. However, in some cases, like TMAs in Sindh, continued provincial involvement mitigates against the essence of the principle of subsidiarity (see Box 2.4).

The burden on TMAs has increased with more UCs added to their jurisdiction. ADB, DFID and World Bank (2004) state, "the Municipal Committees (MCs) in districts and tehsils that used to provide municipal services to the urban populations are now required, with little increase in staffing or resources, to deliver these services to a much wider jurisdiction, including sizable rural areas not previously part of their mandate."

A number of issues can be identified with regard to the design and speed of implementation of the Devolution Plan. The first question is whether the new local government system is "over-designed" or not. Previously, there were essentially two tiers of local government, now there are effectively four levels (district, tehsil, union and village). Three

Box 2.4 Provincial Involvement in TMAs in Sindh

The provincial government keeps direct interaction with the TMAs mainly through the Local Government Department (LGD). PHED accords technical sanction to development works undertaken by TMAs. The LGO empowers the TMAs to carry out schemes of virtually any amount. Council and the Taluka Nazim give administrative approval of all development schemes. However, the TMAs have no legal and functional capacity to technically vet development schemes. Legally, they are hamstrung by the financial rules which have not been updated to be consistent with the provisions of the LGO. As the financial rules give no power to a Basic Scale 17 engineer to technically sanction development schemes, the majority of TMAs in the province have to forward their scheme proposals to the provincial PHED for technical sanction. Thus, the Tehsil Officer, Infrastructure and Services (TO, I&S), who himself is an engineering graduate, has no power of technical sanction. However, the Financial Rules empower the TOs in government basic scale 18 to give technical sanction to the schemes worth up to six hundred thousand rupees. But again many of the schemes are in higher amounts and therefore almost all of them land on the desk of senior engineers in the PHED. In some cases the PHED has vetted schemes of road construction and street pavement, although they only specialize in public health schemes. The TMAs have no capacity to technically vet big engineering projects as they lack in manpower and institutional knowledge. They will have this capability if the PHED officials and resources are fully transferred to them. The current arrangement is against the spirit of the LGO, which gives TMA the status of a corporate body independent in functions; it also militates against the essence of devolution.



of these have been activated while village and neighbourhood councils have not yet been established. The LGO 2001 does provide for greater grass-roots participation but also implies higher overhead costs in administering the larger number of local governments. Some concerns have been expressed about the need especially for an intermediate tier, the TMAs. Also, there is very little vertical integration in administrative terms among the different tiers which has led to a fragmentation of the planning process at the district level in Pakistan. A better option perhaps might have been for district governments to have been declared as the apex body for planning for the provision of all local services within a district. This would have promoted the process of "bottom-up" planning in Pakistan.

Also, the question is whether the "big bang" approach to implementing the Devolution Plan was the right strategy. It appears that in 2001, a wide range of services were transferred in one go to local governments, which stretched their capacity to the limits. A more "gradualist" or incremental strategy could have been followed whereby in the first phase, basic social services like education and health were transferred followed in the next phase by the transfer of economic services like agriculture extension, public transport and enterprise and investment promotion, leading eventually to the assumption of the law and order function by the district governments in Pakistan.

INTER-GOVERNMENTAL RELATIONS

The first issue related to administrative efficiency is the nature of provincial-local government allocation of responsibilities and relationships between departments, para-statal organizations and state enterprises. In order to build effective partnership between different levels of government, it is essential to streamline and clarify areas of primary and secondary responsibilities of each level of government and administration. While the LGO provides a list of principles on which these relationships are to be based, in actual practice the areas of responsibility

need to be understood and acted upon by government functionaries at different levels. Clarification of the role of provincial governments and the degree of autonomy of local governments is important for clear delineation of policy making and management functions. One of the problems with local government organizations is lack of coordination, which usually emanates from a lack of clarity in the division of responsibilities. Duplication and multiplicity in service provision, whereby more than one agency is involved in the provision of the same service, causes inefficiency and wastage in the use of public resources.

In the case of Pakistan, the new system of local governments, despite six years of its implementation, continues to face coordination problems partly because of lack of clarity of functions and authority and partly because provincial governments are yet to reconcile with the new situation providing a dominating role to the elected representatives in running the affairs of the governments at district level. The issue of parallel jurisdictions between district and provincial departments is causing confusion and delays in the delivery of services. The transfer of functions and the reallocation of staff have not been fully matched by the transfer of employer's role such as determining the wages and authority of hiring and firing of staff. In most of the cases, administrative powers to hire, fire or transfer of the employees, have not been granted to the district governments.

The majority of supervisory level positions are still manned by the provincial and federal cadres. What this means in practice is that the employees are made responsible functionally at the district level but they also report to the provincial departments. For instance, District Officers (DOs) are not only accountable to the District Nazim and the District Coordination Officer (DCO) but also report to their respective provincial departments.

This duplication in the chain of command has led to many problems in the ways things are managed. For instance, in some districts the department of community development consists of seven offices including community organization, registration of voluntary organizations, social welfare, sports and culture, special education, labor and cooperatives. At the provincial level, there are at least four separate departments overseeing these seven offices. Therefore, the Executive District Officer (EDO) has to entertain (in addition to district government) four provincial secretaries and also ministers of the respective provincial departments.

These concerns are clearly voiced by respondents -both bureaucrats and elected representatives- as revealed in Box 2.5.

A consequence of provincial interference in district affairs is frequent transfer and posting of DCOs and EDOs. Table 2.1 indicates that the average length of DCO in a district is one year, in contrast to the LGO recommended tenure of at least three years in a particular district. Same is true for the EDOs of education, health, and finance & planning. The practice of frequent posting and transfer of government functionaries without due consultation with the council heads (District Nazim/Tehsil Nazim) is a potential source of conflict between provincial and district governments and is hampering smooth functioning of the local government system. This does not give continuity to the system, as the staff needs to get adjusted to this system and as they get familiarised they

Box 2.5 Concerns of Inter-governmental Coordination Voiced by Local Elected Representatives and Bureaucracy

- "In current system, lack of clarity of functions is the main concern. For instance, Patwari-level transfer is made through CM, MPA and MNA. The provincial government does not want to loose the grip over District Government. Sometime small matters become problematic, for instance, inauguration of a sports complex in Haripur became the source of contention among provincial, federal and district governments"
- "Coordination between provincial and district government is also weak. There are some crucial powers still in the hands of provincial government"
- "The functions of district and provincial government are not clear. When the district government inquires from the provincial government on staff transfer issue, the latter fails to provide a satisfactory answer. Provincial governments have not accepted the devolution of administrative powers"
- "Officers (EDOs, DOs) take dictations directly from provincial government and often bypass the Zila Nazim. EDOs are affiliated with the provincial government. Provincial government, through MPAs, often imposes its agenda by using EDOs"

Source: Quotations from statements by survey respondents

Table 2.1 Frequency of Posting of District Officials
(from 2001 to 2007)

District	DCO	EDO Financing & Planning	EDO Education	EDO Health
Nawabshah	8	2	10	7
Mirpurkhas	6	8	6	5
Shikarpur	6	5	5	5
Sialkot	5	2	7	6
Lahore	4	5	6	4
Chakwal	4	9	4	4
Muzaffargarh	6	4	2	5
Haripur	5	6	n.a	5
Karak	6	4	5	4
Peshawar	3	4	4	n.a
Quetta	5	n.a	6	n.a

n.a = not available

Source: SPDC Survey

are transferred. It also results in delaying implementation, utilization of resources and affecting the quality of administration. The Local Government Plan 2000 states that "the administrative set-up will be rationalized by defining lines of responsibility clearly and providing protection against political interference and transfers on non-professional grounds." Similarly, LGO ensures that normal tenure of government functionaries will be three years; but clearly the practice has been in contrast to these legal requirements.

This tendency of negating local autonomy is not just limited to personnel matters relating to hiring and transfers, it also affects the development work undertaken by the local governments. For example, as demonstrated by the Hyderabad TMA study, technical sanctioning of development initiatives of some significance continues to be under the jurisdiction of provincial governments, principally because of capacity constraints at local level. This is because PHED has not yet been fully devolved in all provinces. It therefore, appears that neither the provincial bureaucracy nor provincial elected representatives are willing to give up control, thereby compromising local autonomy.



On top of this, there are vertical programs by the federal government for the development of municipal services, which envisage a limited role for the local governments. There are two federal parallel programs- Khushal Pakistan Program (KPP) and Roshan Pakistan Program (also called KPP-2). In the past, KPP was called the People's Program under the Benazir Bhutto government and Tameer-e-Pakistan program under the Nawaz Sharif government. In KPP-1, members of the National Assembly and Senate are each allocated Rs5 million per year to carry out development work in their constituencies. There are at least 442 Parliamentarians (342 MNAs and 100 Senators), each of whom may implement two to three development projects per year. Each Parliamentarian identifies his/her development scheme along with the executing agency for the project and then submits the proposal to the federal department of Local Government and Rural Development (LGRD) based in Islamabad. The KPP-2, on the other hand is managed by the Prime Minister's Secretariat and deals primarily with the development work carried out under the Prime Minister's directives.

It is clear that in both KPP-1 and KPP-2, the relevant local government does not have any control over the identification and execution of the projects. These parallel programs undermine local autonomy and can interfere with local development plans and lead to overlapping and duplication.

Issues of coordination also exist between the three tiers of local government as the case study of Hyderabad TMA demonstrates. The LGO does provide a mechanism of coordination between the TMAs and the district government through the Zila Mushavirat Committee (ZMC). However, it does not provide powers to the committee for resolving issues and in case parties resort to deliberate non-cooperation. In Sindh, the post of Local Government Support Officer (LGSO) has been created to perform as a staff officer to the DCO on local government matters. But the mechanism of functioning of both the ZMC and LGSO has not been

sufficiently elaborated. Thus there have been issues over the links between the three tiers on one hand and between local governments and the district bureaucracy on the other hand. Although the TMA officials interviewed generally had no issue as far as functional links between the three tiers and in fact some of them rated the inter-local government relations highly satisfactory, but they showed their dissatisfaction over lack of a proper coordination and implementation mechanism.

Currently the smooth functioning of the system is largely a function of personal relationships. The Nazims of the TMAs in Hyderabad personally enjoy good relations with the DCO and other bureaucracy. But they are critical of 'the absence of proper coordination mechanism among the three tiers.' An official pointed to the need for the TMAs developing formal links with the district government departments. One of them complained that 'the present coordination is limited to just attending meetings called by the District Nazim and DCO and forwarding information asked for by the district.' On the other hand, almost all the TMA officials termed the TMAs' links with Union Administrations (UAs) satisfactory, as one Nazim said that there should be no problem as 'we keep in consideration their demands regarding beautification/development'.

Except for the ZMC, meetings of which are neither regularly held nor the decisions taken there are legally binding for the actors, there is no formal link between agencies performing municipal functions. Water and Sanitation Agency (WASA), cantonment boards, TMAs and some other federal and provincial entities - such as Railways, hospitals, police headquarters, etc - do not have means to regularly hold coordination meetings on the issues of supply of bulk drinking water, disposal of sewage, management of the sewerage system network, and collection and disposal/recycling of garbage. The presence of cantonment boards within the TMA jurisdiction is also an issue needing proper resolution.

RELATIONSHIP BETWEEN ELECTED REPRESENTATIVES AND BUREAUCRACY

The District Nazim and DCO both jointly run district government and are responsible for all district matters. Therefore, their coordination and good working relations are important in running the district business smoothly. Similarly, Nazim's relations with EDOs is also important as they provide professional and technical guidance to the former in their respective sectors. However, SPDC field work indicates that the relationship between elected and bureaucratic components at the district level is strained by issues of "mind-set", duplication of authority, lack of clarity in the allocation of functions and conflicting priorities. Specific questions put for comments before District Nazims were "What problems do you have in dealing with bureaucracy?" and "Name three specific aspects of the Nazim and DCO relationship which in your view are damaging the process of devolution."

From the responses of elected representatives, provincial interference through the DCO and EDOs appears to be a major concern with respect to the working relationship between Nazim and DCO. There is consensus among the elected representatives interviewed about



demanding separate district cadres for these posts. Posting/transfers of employees and interference in the approval of development schemes were also identified as problem areas.

Nazims feel that the provincial government is using EDOs as a vehicle of interference in the matters of district governments, which has led to weaker coordination between Nazims and bureaucrats. Provincial government is able to do this because administrative powers are not fully devolved to district governments. Issues identified with regard to administrative powers include transfers and posting of staff and multiple reporting.

A District Nazim stated that "Politics creates weaker coordination between bureaucracy and Zila Nazim, sometimes Zila Nazim has to withdraw from his/her stand. If the district bureaucracy is under pressure from provincial or federal government, then Zila Nazim's instructions will not be honored. Coordination with bureaucracy is difficult; various issues at DCO level are not addressed properly in LGO."

A sense of mistrust between elected representatives and bureaucracy was detected in a few cases: "DCOs are not interested in the successful implementation of devolution because they are employees of provincial government and provincial government pulls the strings to create weaker co-ordination between DCO and Zila Nazim." "The employees who are appointed through back door policy at provincial level create weaker working coordination with Zila Nazim. Provincial affiliated staff joins the district government with a political agenda from provincial government, and the result is weaker co-ordination."

Another interesting observation that emerged from the survey was that the majority of Nazims shared a perception that bureaucracy had not accepted the devolution of power whole heartedly and still wanted to maintain a subservient relationship. As a District Nazim stated:

"Bureaucrats cannot take 'DC-ship' and 'Commissioner-ship' out of their minds. They still think they should act as the Deputy Commissioner (DC) of the district. This is not the problem of only the DCO, but of the whole bureaucrat community. The approval of development schemes often becomes a source of contention between DCOs and Nazims. Similarly, transfer of employees in education and health department creates differences between them."

Similarly, another District Nazim stated that "DCO post was created to coordinate district government bureaucracy with District Nazim and council, but the DCO still behaves like a DC. That should not be the case. DCO should coordinate with district political leadership and should come under the professional guidance of District Nazim."

Interviews with bureaucrats also reveal a degree of frustration with elected representatives, including the perception that Nazims do not have clear understanding of rules and regulations and that their decisions are usually not based on merit. Bureaucrats feel that they are public officials and they have to fulfill their responsibilities.

Delay in releasing funds was also identified as an issue that potentially creates tensions. Officials were of the view that they had to follow the rules and procedures, which is a time consuming process. The

bureaucracy also feels that priorities of provincial government are sometimes in conflict with the political priorities of the elected representatives at district level; the latter gives importance to their political compulsions and their directives are not always based on merit, while the bureaucracy only follows rules and regulations. According to them, this is particularly true in the case of allocation of development funds where decisions are made on the basis of political considerations rather than local development needs.

Overall, bureaucrats feel burdened operating in an environment where the relationship between the elected and bureaucratic components is not based on understanding and trust. An official stated that "All the responsibilities rest on the shoulders of DCO but all the powers are in the hand of Zila Nazim. Zila Nazim can do anything but the DCO is left to face the consequences due to his official responsibilities."

District government officials pointed out to other aspects of political interference of Nazims in the affairs of functioning of district departments such as political pressure for not entertaining requests of elected representatives belonging to opposition parties.

The issue of political divide, not only between a province and a district but also among district, tehsil and at union levels, is affecting smooth functioning of district governments. As revealed by SPDC field work, districts where the Nazim and the Chief Minister (CM) of the province have different political party affiliations, the satisfaction level of cooperation with the provincial government (see Chart 2.1) is considerably lower as compared to districts where both Nazim and CM are from the same party.

Chart 2.1 Level of Satisfaction of Nazims and Bureaucrats: Cooperation of Provincial Government with District Governments (Rated on Scale 0-10)

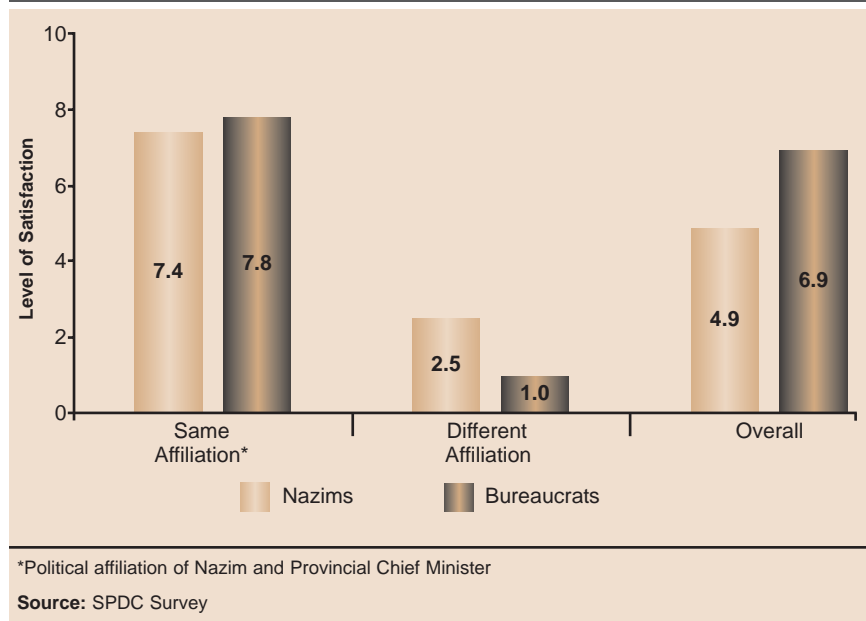


Table 2.2 Opinion about Impact of Political Divide: 'Is Political Affiliation a Threat to the Process of Devolution?'

Response	Punjab	Sindh	NWFP	Balochistan	Overall
Disagree	54.8	43.5	52.4	44.4	50.0
Fully Agree	25.8	39.1	42.9	33.3	34.5
Partly Agree	19.4	17.4	4.8	22.2	15.5

Source: SPDC Survey

The survey specifically inquired "Do you think that political affiliation of elected representatives is a threat to the process of devolution?" Table 2.2 collates the responses of Nazims and bureaucrats of selected districts in four provinces. About half denied that political affiliation is harmful for devolution. They argued that after two or three local bodies elections, things will be accepted and will be normalized. Some inter-provincial differences are also apparent. It appears that the divide has more impact in Sindh and Balochistan than in NWFP and Punjab.

Examples of political victimization by higher levels of government of jurisdictions where leadership is from the opposition include lower allocation of funds, delays in the release of funds and approval of budget and projects, transfer of DCO/EDOs, among other issues.

The majority of Nazims are of the view that the current negative consequences of the political divide between the elected representatives at different tiers of government can be minimized if elected district and provincial representatives are allowed to operate within the sphere of the authority given to them by the constitution of Pakistan and the local government system. Also they emphasized that responsibilities and authorities should be clearly defined to allow the smooth functioning of district governments.

INSTITUTIONAL CAPACITY OF LOCAL GOVERNMENTS

Focusing on the capacity of local governments in this section, it is important to realize that with increased globalization and the resultant enhancement in the level of people's awareness and expectations, the requirements for government institutions, including local governments, have increased and changed qualitatively over time. Now the requirement is for the state institutions to be democratic, efficient in the use of public resources, effective in delivering public goods, and strong and capable of dealing with challenges. People want the state and its public administration to act as a social and economic promoter, capable of ensuring equitable distribution of and access to opportunities (political, economic, social and cultural), sustainable management of resources, fostering dynamic partnerships with civil society and the private sector, enhancing social responsibility and ensuring broad participation of citizens in decision-making and monitoring public service performance (UNDP, 2004).

However, public administration in developing countries in general, and local administration in particular, is unable to cope with these changing demands of rapidly evolving socio-economic and political environment. In the context of Pakistan, some of the major issues confronting local governments can be categorized into the following:

Civil Service Reforms: Many of the public sector management issues relate to civil service reforms, which is narrowly defined as issues of the number of employees, performance appraisal, personnel recruitment, selection, placement, promotion, and related issues. There are a number of causes of local capacity constraints. First of all, local governments, particularly TMAs and UAs are understaffed. Post devolution the number of the government departments and its officers has increased significantly particularly in the case of District Administration (DA). Typically, DA has 11 departments, with staff strength of about 180 officers and 760 lower staff. Most of the officers above Grade 17 have been posted in districts from provincial civil service cadre. The grade structure of a typical, District, Tehsil and Union Administration is presented in Boxes 2.6, 2.7 and 2.8, respectively. In the old system, only one DCO of Grade 18 was posted in a district. In the new system, 53 positions are sanctioned for the officers of Grade 18 and above in a

Box 2.6 Structure of Functionaries of a Typical District Administration and Grade Structure of Principal Functionaries

S. No.	Civil Servant Designations	Grades
1.	District Coordination Officer (DCO)	Grade 20, For City District Government Grade 21
2.	Deputy District Officers (DDOs): Civil Defense, Coordination, Human Resource Management	Grade 17
3.	Executive District Officers (EDOs): Agriculture, Education, Health, Law, Revenue, Community Development, Finance & Planning, Information Technology, Literacy, Works & Services	Grade 19 but in some cases Grade 18 as well
4.	District Officers (DOs), Agriculture: Agriculture, Livestock, Farm Water Management, Soil Conservation, Soil Fertility, Fisheries, Forests	Mostly Grade 18 officers
5.	District Officers (DOs), Community Development: Community Organization, Labor, Social Welfare, Sports & Culture, Cooperatives, Registration Office	Mostly Grade 18 officers
6.	District Officers (DOs), Education: Boys Schools, Girls Schools, Technical Education, Colleges (other than Professional), Sports (Education), Special Education.	Mostly Grade 18 officers
7.	District Officers (DOs), Finance & Planning: Finance & Budget, Planning & Development, Accounts, Enterprises & Investment Promotion	Mostly Grade 18 officers
8.	District Officers (DOs), Health: Public Health, Basic & Rural Health, Child & Women Health, Population Welfare, District & Tehsil Headquarter Hospitals	Mostly Grade 18 officers
9.	District Officers (DOs), Information Technology: Information Technology Development, Information Technology Promotion, Database	Mostly Grade 18 officers
10.	District Officers (DOs), Law: Legal Advice & Drafting, Environment	Mostly Grade 18 officers
11.	District Officers (DOs), Literacy: Literacy Campaigns, Continuing Education Vocational Education	Mostly Grade 18 officers
12.	District Officers (DOs), Revenue: Land Revenue & Estate, Excise & Taxation	Mostly Grade 18 officers
13.	District Officers (DOs), Works & Services: Spatial Planning & Development, District Roads & Buildings, Energy, Transport	Mostly Grade 18 officers

Box 2.7 Structure of Functionaries of a Typical Tehsil Municipal Administration and Grade Structure of Principal Functionaries

S. No.	Civil Servant Designations	Grades
1.	Tehsil Municipal Officer: General Administration, Public Information	In Rural Areas BS 17, in Towns Grade 18, in city district Grade 19
2.	Chief Officer at TMA Head Quarters (HQ): Water Supply, Sewerage/Drainage, Sanitation and Solid Waste Management, Roads, Streets and Street Lights, Parks and Playgrounds, Other Service Delivery Functions	BS 17 or Grade 18
3.	Tehsil Officer Planning at TMA HQ	BS 17 or Grade 18
4.	Tehsil Officer Infrastructure & Services at TMA HQ	BS 17 or Grade 18
5.	Tehsil Officer Regulation at TMA HQ	BS 17 or Grade 18
6.	Tehsil Officer Finance at TMA HQ	BS 17 or Grade 18
7.	Chief Officer at Non TMA HQ: Administrative Control, Service Delivery, Finance	BS 17 or Grade 18
8.	Chief Officer at Non TMA HQ, Service Delivery: Water Supply, Sewerage/Drainage, Sanitation and Solid Waste Management, Roads, Streets and Street Lights, Parks and Playgrounds, Other Service Delivery Functions	BS 17 or Grade 18
9.	Chief Officer at Non TMA HQ, Finance: Accounts, Budget, Revenues.	BS 17 or Grade 18
10.	Tehsil Officer, Planning: Spatial (Physical Planning), Land Use Planning, Development Facilitation/Control, Building Facilitation Control, Housing, Site Development, Katchi Abadi Amelioration Plans, Coordination of development activities and CCB Schemes; Liaison with neighboring Information Technology Development, Information Technology Promotion, Database	BS 17 or Grade 18
11.	Tehsil Officer, Infrastructure and Services: Water Supply, Sewerage/Drainage, Sanitation & Solid Waste Management, Roads, Streets and Street Lighting, Fire Fighting, Parks and Open Spaces, Traffic Engineering, Others	BS 17 or Grade 18
12.	Tehsil Officer, Municipal Regulations: Licensing, Facilities & Properties, Land, Supervision and Control of Staff (Non TMA HQ Urban Places)	BS 17 or Grade 18
13.	Tehsil Officer, Finance: Accounts, Revenue, Budget & Coordination, Supervision and Control of Staff (Non TMA HQ Urban Places)	BS 17 or Grade 18

Box 2.8 Structure of Functionaries of a Typical Union Administration and Grade Structure of Principal Functionaries

S. No.	Civil Servant Designations	Grades
1.	Secretary: Community Development Community Development, Work, Others	BS 5 or 7 or 11 but mostly Grade 7 Employee
2.	Secretary: Union Committees Council Meetings, Work of all Committees, Others	BS 5 or 7 or 11 but mostly Grade 7 Employee
3.	Secretary: Municipal Services Municipal Services Provided by the Union, Others	BS 5 or 7 or 11 but mostly Grade 7 Employee

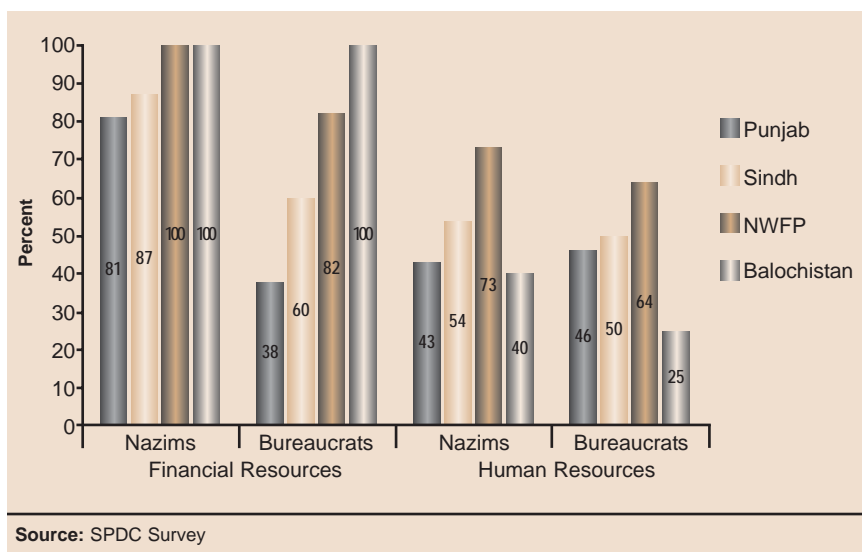


district along with a large number of Grade 17 officers. So the capacity constraint at the DA level is not so much of the number of staff but rather the technical quality of the staff, an issue which will be dealt with subsequently. It needs to be emphasized that this does not necessarily imply an increased overhead cost of governance in the country. Along with the transfer of a function, the functionaries have also been transferred from provincial line departments to local governments. Therefore, the combined number of personnel has not increased significantly.

In contrast to DA, a look at Box 2.7 shows that TMAs are somewhat overstretched. The Tehsil Officer, Infrastructure and Services (TO I&S), for example, who in the new system has to additionally serve the rural areas also, is the busiest. He/she is responsible for execution of all development schemes, management of water supply system, sewerage lines network, and sanitation and garbage removal. The TO I&S is also responsible for maintenance of street lighting, and fire brigade, supervision of slaughterhouses, traffic planning, engineering and management needs within the TMA jurisdiction as well as the LGO-mandated functions pertaining to environment. Such a heavy load of duties on a lone TO is bound to have an effect on efficiency.

The SPDC field survey enquired about the sufficiency of resources—both financial and human—from Nazims and the local bureaucracy. Chart 2.2 gives percentages of respondents who described these resources as 'insufficient.' In terms of financial resources, Punjab and Sindh are relatively better than the other two provinces. In Balochistan (Quetta), both Nazims and bureaucrats unanimously (100 percent) described that financial resources are insufficient to run district management and to finance development. Regarding the human resources, around 50 percent of respondents indicated insufficiency of such resources.

Chart 2.2 Insufficiency of Financial and Human Resources
(Percentage of Respondents)



Another civil reforms issue relates to personnel management. In most cases, administrative powers related to hire, fire or transfer of employees, have not been granted to the district government. As a Nazim said, "Staff appointment in district is done without consultation of Nazim. The provincial government is curtailing the existing powers of the district government instead of transferring more powers." In some cases, however, it was stated that district officials are only given powers of transfer and posting (within the district) of staff in lower grades (1 to 11). This has become the most contentious issue in administrative decentralization and has resulted in uncertainty in the management of local governments. It is difficult for the district management to take action against those performing at a sub par level.

Another critical issue is human resource management that includes organizational structure and culture, personnel selection and placement, training and development, job design and performance appraisal. SPDC field work observes that despite the presence of provincial/federal cadre staff, technical and institutional capacity of district governments stands out as a question mark. The City Nazim of Lahore states that "The problem of human resources is less of quantity and more of quality. There is a shortage of proper trained staff and lack of capacity of the district government to perform its functions well." The capacity of finance and planning department, in particular, appears to be weak. The district finance department is not equipped with professional staff. Similarly, the capacity of education and health department is also limited. Consequently, efficient utilization of development fund at district level remains constrained. Decentralization has given way to large number of small projects, and such thin budgeting has increased inefficiency in utilization of public funds. Large scale development projects are rarely initiated by district governments (other than city district governments). One EDO narrated that "the finance department of district was supposed to work like provincial finance departments and that has not happened. Capacity for the Finance and Planning function is severely constrained."

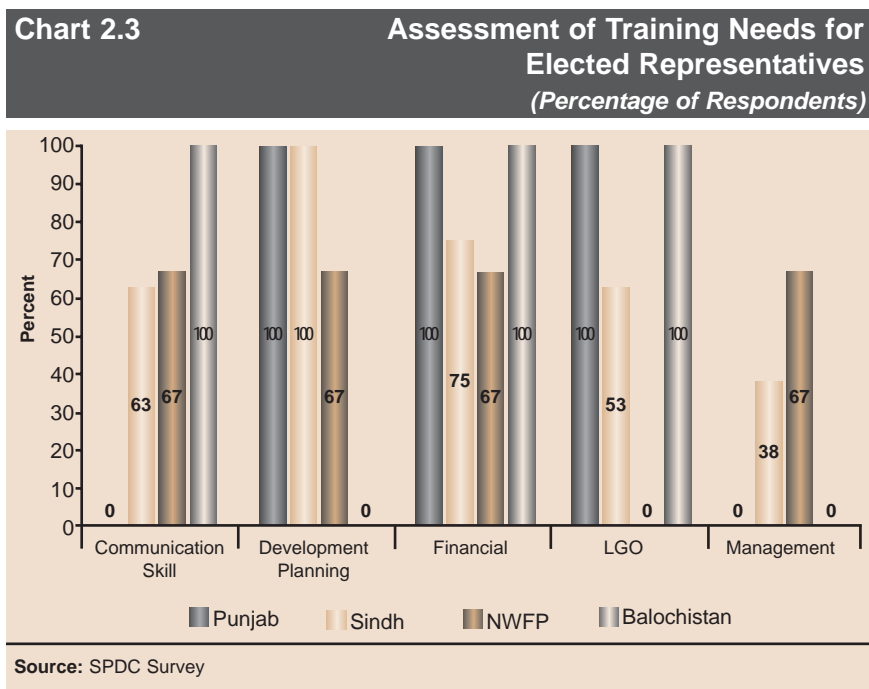
Human resource constraints have also been identified by other studies. For example, the USAID (2006) asserts that district governments lack capacity to deliver health and other social services effectively. The major issues identified by the study regarding the technical capacity of medical staff include lack of experience in using modern equipment and lack of organizational and management skills. The report states that "The staff of the EDO-Health office spends more time troubleshooting problems and managing various aspects of health services than providing the actual services. Similarly, although the medical superintendent of any hospital or senior medical officer of a Rural Health Center (RHC) is a qualified and experienced doctor, most of his time is spent managing the technical and administrative matters of the hospital. There is a strong need for developing modern management skills in the medical and non-medical staff of the district health services."

Similarly, problems have also been identified in TMAs. The study states that "TOs-I&S in all the TMAs belong to the devolved PHED. Although they have necessary experience in the operation of water supply and sewerage schemes, their approach is generally focused on

day-to-day operational problems and lacks a mid-term and long-term management strategy. Similarly, their capacity to design large integrated infrastructure schemes needs to be strengthened."

It therefore, appears that various aspects of capacity building need attention. Training is required to cope with technical aspects such as: modern tools for drafting; surveying and designing; project management tools; procedures for preventive and corrective maintenance of infrastructure; modern management approach to service delivery; development of database of the existing water supply and sewerage network; and mid-term and long-term planning.

The SPDC survey attempted to identify the training needs of district governments as assessed by the Nazims and bureaucrats. Even after the lapse of six years, the majority of Nazims and bureaucrats were of the opinion that training should be given to understand the detailed provisions of the LGO. Other training needs highlighted include: finance and accounts; administration and management; communication skills; and development planning. Chart 2.3 summarizes these priorities across provinces.



Special focus of capacity development initiatives will also have to be on women councilors if their effectiveness is to be enhanced. Almost one-fourth of the women councilors interviewed were not literate while almost half of the literate councilors had not read the LGO. Obviously if these elected representatives are to be adequately equipped to negotiate the roles and responsibilities entrusted to them through the devolution plan, effective capacity building initiatives will have to be launched. National initiatives supplemented by donor agencies can be fruitful. The important issue is the correct type of training, which can be effectively

used in the socio-political environment prevailing in the country. Donor agencies are already playing a role in capacity development in Pakistan as shown in Box 2.9.

Box 2.9 Donors' Role in Capacity Building

The transition of social services delivery framework from provincial to local government involves challenges like institutional capacity gaps and inadequate infrastructure at district level. The government of Pakistan has been addressing these transition issues with the help of donors. However, the key objective of the partnership between government and donors is to identify and implement necessary reforms in delivery of devolved public social services that will have the maximum benefits for the poor in terms of health, education, water supply and sanitation.

The experience during the past few years shows that a number of donor agencies such as the Asian Development Bank (ADB), the United Nation Development Programme (UNDP), the Department for International Development (DFID), the Canadian International Development Agency (CIDA) and the World Bank (WB), have not only expressed firm commitment towards this partnership but also supported these commitments by initiating different capacity building programs. The main intention behind these programmes has been to increase the knowledge and skills of the public sector employees for smooth implementation of the reforms agenda of government in areas of improved governance, fiscal and financial management, public sector service delivery and private sector development for achieving the twin goals of poverty reduction and economic development.

In general, these training and capacity building initiatives are based on a five-step strategy:

- i. training vision, policy, strategy and action plan
- ii. training needs assessment
- iii. planning and costing capacity building interventions
- iv. implementing a capacity building program, and
- v. monitoring and evaluation

In accordance with the departmental vision and goals, specific training needs have been developed for each department and organization. However, implementation of capacity building plans indicates that some general areas like training on budget call circular, budget management, learning new techniques of budgeting has been the focus of the donors' capacity building programmes. The Decentralization Support Programme (DSP) of the ADB, and Project for Improving Financial Reporting and Audit (PIFRA) of the World Bank have widest coverage in terms of capacity building of local government officers in these areas.

The Devolution Trust for Community Empowerment (DTCE) has also been playing an instrumental role in capacity building for community participation in development projects. Its role ranges from project formulation, prioritization and applications up-to approvals, monitoring, and evaluation. The UNDP is positioned to support the DTCE in progression of its support to the design of the Local Government Plan.

The Women's Political School (WPS) is another capacity building initiative undertaken by the UNDP, which has designed to deliver a holistic and integrated capacity development programme for women councilors. The experience showed that WPS not only provided adequate and reliable support networks and systems for women participating in political processes but also played an important role in building institutional capacities of relevant training institutions, government departments and the civil society.

In order to streamline the capacity building process, donor supported capacity building contains four specific components: (1) institutionalizing recurrent training facilities at the district level for core functions; (2) capacity building of faculty of local government academies/institutions and civil service training institutions like NIM; (3) upgrading and expanding the facilities of the training institutes; and (4) development of training manuals, teaching aids, dissemination and research.

The need to improve the quality of and access to public services is another critical issue in public sector management. Improvement in delivery implies continuous improvement in service quality, a shorter and more reliable response time and constant concern about customers and efficiency. Efficiency of the system is narrowly evaluated here in terms of attendance of employees and in terms of speed of processing of public routine services. The current level of these indicators is compared with the year 2001, when the devolved local government system was introduced. These are crude and imprecise indicators; nonetheless opinions of elected representatives and officials in these areas do provide some insight about the efficiency of the system.

As shown in Tables 2.3 and Table 2.4, a large proportion of respondents (67 percent of elected representatives and 47 percent of bureaucrats) felt that attendance of the staff in departments of district government has improved after devolution. Within bureaucracy, EDOs appear to be more satisfied than DCOs. However, 15 percent of the respondents thought that the situation has become worse than before. There are also provincial differences as shown in Table 2.4. Nazims in NWFP and Punjab (87 percent and 68 percent, respectively) seem to be more satisfied compared to the Nazims in Sindh and Balochistan (53 percent and 40 percent, respectively).

Table 2.3 Impact of Devolution in Terms of Attendance of Employees
(Percentage Distribution of Responses)

	Better	No Change	Worse
Zila Nazim	81.8	0.0	18.2
Tehsil Nazim	80.0	10.0	10.0
UC Nazim	57.6	27.3	15.2
Councilors	66.7	18.5	14.8
DCO	27.3	45.5	27.3
EDO	55.6	33.3	11.1
Overall			
Elected Rep	66.7	18.5	14.8
Bureaucrats	47.4	36.8	15.8

Source: SPDC Survey

Table 2.4 Impact of Devolution in Terms of Attendance of Employees: Province-wise
(Percentage Distribution of Responses)

		Better	No Change	Worse
Punjab	Nazims	68.4	21.1	10.5
	Bureaucrats	50.0	50.0	-
Sindh	Nazims	53.3	33.3	13.3
	Bureaucrats	60.0	30.0	10.0
NWFP	Nazims	86.7	6.7	6.7
	Bureaucrats	30.0	20.0	50.0
Balochistan	Nazims	40.0	-	60.0
	Bureaucrats	50.0	50.0	-

Source: SPDC Survey

The impact of devolution in terms of speed of processing of routine services is depicted in Table 2.5. A great majority of Nazims were of the opinion that speed of routine services has increased during the last few years (after devolution). Government officials in Punjab and Sindh strongly seconded this opinion. However, satisfaction level of bureaucrats in NWFP and Balochistan is contrary to that of Nazims.

Table 2.5 Impact of Devolution in Terms of Speed of Processing of Routine Services

		Better	No Change	Worse
Punjab	Nazims	72.2	16.7	11.1
	Bureaucrats	92.3	-	7.7
Sindh	Nazims	80.0	20.0	-
	Bureaucrats	80.0	20.0	-
NWFP	Nazims	100.0	-	-
	Bureaucrats	30.0	30.0	40.0
Balochistan	Nazims	80.0	20.0	-
	Bureaucrats	50.0	50.0	-

Source: SPDC Survey

Overall, institutional capacity seems to be, more or less, adequate in terms of numbers of staff with district governments although there is some concern about quality of human resources. TA and UAs appear to have more serious problems of capacity. In addition, the existing incentive environment mitigates against the effective utilization of existing resources. Priority will have to be attached to the development of a district service cadre and on greater investment in capacity building and training.

ACCOUNTABILITY AND TRANSPARENCY

Accountability is a key pillar of good governance that compels the government, the private sector, and civil society to focus on results, seek clear objectives, develop effective strategies, and monitor and report on performance. It implies holding individuals and organizations responsible for results measured as objectively as possible. It has three dimensions. Financial accountability implies an obligation of the persons handling resources, public office, or any other position of trust to report on the intended and actual use of the resources. Political accountability means regular and open methods for sanctioning or rewarding those who hold positions of public trust through a system of checks and balances among the executive, legislative, and judicial branches. Administrative accountability implies systems of control internal to the government including civil service standards and incentives, ethics codes and administrative reviews (Cheema, 2005).

Transparency promotes openness of the democratic process through reporting and feedback, clear processes and procedures, and the conduct and actions of those holding decision-making authority. It makes information accessible and comprehensible to citizens (Cheema, 2005).

The constitution of many countries formally encourages direct citizen participation in governance, including the right to vote. Additionally, specific local government laws like the LGO also encourage involvement and participation of the citizenry in local politics. However, legal mandates and constitutionality do not necessarily guarantee true participatory governance. In practice, the extent of participation may be very limited. Citizens are not aware of government policies and actions until after they have been implemented. Access to information is scarce, tightly controlled or denied outright (UN, 2007).

Limited public participation has led to the concentration of power in the hands of a few. Effective checks and balances in the system of government are essential so that no branch of government exceeds its authority and dominates the others. Oversight bodies and entities are required to ensure that the various organs and agencies of government are held accountable for discharging their duties responsibly and in the manner that was intended. One of the most important institutions to act as a check and ensure power balance is the judiciary, which should remain impartial, unaffiliated with political ties and parties and enforce the rule of law. This is not the case in many developing countries, including Pakistan. Also, legislative oversight over the executive, in many countries, remains weak. This is partly because efforts to strengthen parliamentary oversight have been superficial. On top of this, the executive has strengthened various laws that significantly enhance government's control over the media, official information, NGOs and other forms of non-formal checks. Freedom and independence of the press exist to varying degrees in most developing countries, but citizen's right to access information is not always guaranteed.

Another major accountability issue is corruption. The high level of government monopoly and discretion without the institution of proper mechanisms of accountability and transparency has led to corruption in many developing countries. If, under decentralization and the closer scrutiny of the people, local government does become more accountable for its actions, the relative incidence of malfeasance may be reduced. The key justification for favoring local government lies partly in "the greater capacity of local voters, compared to central decision makers, to evaluate performance" (Helm and Smith, 1986). Malfeasance would be less likely under a decentralized system where at least some of the following conditions are met: (i) active participation in, and discussion of, local government decision making by the local population; (ii) open, clear and simple routine accounting procedures and reports; (iii) at least a basic degree of numeracy and literacy in the community; and (iv) some means



by which malfeasance can be sanctioned - through, for example, the electoral process and the access of local people to cheap and effective adjudicatory systems to ensure due process and public accountability (Klugman, 1994). Yet problems of accountability do arise at the local level. This ranges from doctors pilfering medical supplies at the local level and selling them in their private practices to reports that local councilors and officials have behaved "irresponsibly" with public resources, being concerned primarily with personal emoluments, jobs and status (Stren 1989).

In the context of Pakistan, the LGO provides a comprehensive mechanism of monitoring and overseeing of public service functions by elected representatives. The council can establish a number of Committees for specialized council functions with specific roles including monitoring of departments. These committees are expected to submit their visit reports along with recommendations to the council which can then forward the same in the form of Resolution to the Nazim or other government and public functionaries for taking action.

The new local government system calls for a number of institutional structures to improve accountability in the system. These include Village/ Neighborhood Councils, various Monitoring Committees (District, Tehsil, Union), Complaints Cells, Musalihati Anjuman, and others. Table 2.6 shows the status of districts surveyed in terms of setting up of various committees. It appears that Monitoring Committees (MCs) have been formed in all districts and at all levels. On the contrary, Village Councils (VCs) do not exist yet in any of the districts. There is mixed pattern regarding establishment of Complaint Cells (CCs). At district level, CCs have been formed in only 3 out of 12 districts surveyed by SPDC. Most of the districts have CCs at tehsil level while at UC level, CCs exist in 5 districts.

Table 2.6 Establishment of Various Monitoring and Supervision Bodies

	District		Tehsil		
	MCs	CC	VCs	MCs	CC
Nawabshah	Yes	Yes	No	Yes	Yes
Mirpur Khas	Yes	No	No	Yes	Yes
Shikarpur	Yes	No	No	Yes	Yes
Sialkot	Yes	No	No	Yes	Yes
Lahore	Yes	No	No	Yes	Yes
Chakwal	Yes	No	No	No	Yes
Muzaffargarh	Yes	No	No	Yes	Yes
Kasur	Yes	No			
Haripur	Yes	Yes	No	Yes	Yes
Peshawar	Yes	Yes	No	Yes	
Karak	Yes	No	No	Yes	No
Quetta	Yes	No	No	Yes	No

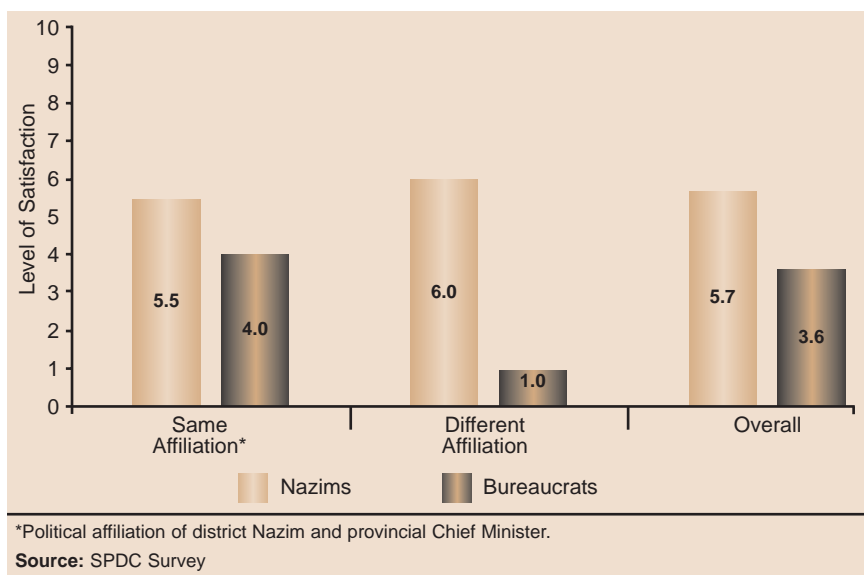
MC= Monitoring Committee; CC= Complaint Cell; VC= Village Council

Source: SPDC Survey

As shown in Chart 2.4, the level of satisfaction of Nazims and bureaucrats regarding working of MC's is quite low. LGO recommends that the MCs should work in non-intrusive manner i.e. MCs cannot interfere in the working of the departments. Their role is primarily

monitoring and reporting. However, some Nazims believe that MCs role should be made more effective by amending LGO and introducing some measures of accountability. It is argued that reports presented by MCs were not tackled properly and thus all efforts of MCs were wasted. Nazims also complained that members of the MCs do not take interest and do not perform their role seriously.

Chart 2.4 Level of Satisfaction on the Working of Monitoring Committees
(Rated on Scale 0-10)



The findings of SPDC field work regarding mechanisms for monitoring and supervision functioning also correspond to USAID (2006), which states:

"... discussion on the composition and functions of the MCs reveals that the structures and mechanisms for effective monitoring of service delivery and the performance of relevant offices at each tier of local government have been created. If functioning properly, the MCs would create linkages between government offices, service providers and citizens that are essential to improved service delivery. Evidence from the field, however, suggests that the structures and mechanisms that exist on paper have not yet been fully implemented. While the Monitoring Committees have been formed in most places, they are not performing their functions as envisioned in the LGO."

The most frequently cited reasons for this discrepancy between the provisions of the LGO and the situation on ground include:

- Members of the MCs are unclear about their roles and responsibilities;
- The roles and responsibilities of MC members are in addition to their other responsibilities and some members have no time for monitoring;

- In some areas, members of the MCs have no means for travel to the facilities they are supposed to be monitoring;
- Members do not have a clear definition of monitoring and have received little or no training on monitoring.

As far as the specific service sectors are concerned, School Management Committees/Parent Teachers Associations have been formed in most schools, but they do not perform their functions as envisaged in the LGO. Perhaps the most obvious reason for this is that committee members lack the capacity to perform their functions. In the health sector, there is no formal mechanism for citizen involvement in overseeing health facilities, nor are there institutional arrangements for feedback from civil society.

An important accountability institution which has become strong over the years is media. The press is playing an active role in monitoring developments like the extent of public participation in decision making and issues in service provision. In fact electronic media - both television and radio - are telecasting programs highlighting local issues. Likewise, civil society organizations have strengthened over time in Pakistan and are not only participating in delivery of important local services but are playing an active monitoring and advocacy role. However, to make the external monitoring role more effective there is a need for promulgation of an effective Right to Information Act as has been done in India (see Box 2.10).

Box 2.10 India's Right to Information Act, 2005

Promulgated in October 2005, the Act provides for setting out the practical regime of right to information for citizens to secure access to information under the control of public authorities, in order to promote transparency and accountability in the working of every public authority. It includes the right to; (1) inspect working, documents and records; (ii) take notes, extracts or certified copies of documents or records; (iii) take certified copies of samples; (iv) obtain information in the form of printouts, diskettes, etc.

The provisions come into force with immediate effect viz. obligations of public authorities, designation of Public Information Officers and Assistant Public Information Officers, constitution of Central Information Commission (CIC), constitution of State Information Commissions, non-applicability of the Act to intelligence and security organizations and power to make rules to carry out the provisions of the Act.

Obligations of public authority are to publish, within 125 days of enactment, details like the particulars of its organization, functions and duties, powers and duties of officers and employees, procedures followed in its decision making, norms for discharge of its functions, particular arrangements that exist for consultation with, or representation by the member of the public, in relations to the formulation of public policy or implementation thereof.

Besides, The Act provides for designation of officers in all administrative units and offices to provide information to the citizens. Also, the Act provides for constitution of CIC by the central government with one Chief Information Commissioner and ten Information Commissioners to be appointed by the President of India. An important function of the Information Commissioner is to receive complaints from any person, among others, who is refused information that was requested and has powers of civil court to summon information and secure compliance of its decision for the public authority.

MECHANISM OF PUBLIC SAFETY

Prior to independence, the police force was an extension of the colonial administration. The consequence was that it was neither accessible to nor served the interest of masses. The Police Order 2002 has now replaced the Police Act of 1861. The new law brings about fundamental changes in police regulations and working in the country. The police for the first time is being transformed from a regulatory body to a service oriented organization with specific emphasis on human rights and protection to weaker segments of the society. Mechanisms of external accountability - Police Complaint Authorities and Public Safety Commissions (PSC) - have been introduced both to control the high-handedness of the police and to insulate the police from political and other extraneous influence. Additionally, the Safety Commissions at the district level and the District Nazim have been assigned a role to receive any complaint of high-handedness or any lack of action by the police for disciplinary action against errant police officers.

On the administrative side functional autonomy has been given to the police in professional matters. A code of conduct for law enforcement officials has also been formulated to make the police an instrument of the rule of law. The executive has been separated from the judiciary and Criminal Justice Coordination Committees have been created at the district level to provide a forum to all players in the criminal justice system to remove administrative and operational impediments for providing speedy justice to all.

The Police Order 2002, however, was amended in November 2004. Some of the amendments made include: transfer of Capital City Police Officer (CCPO), District Police Officer (DPO) and other key appointments again are placed with Chief Ministers and associated bureaucracy; premature transfers of Provincial Police Officer (PPO) and CCPO subject to check by Provincial Public Safety Commission (PPSC) for administrative consideration removed; merger of the District Public Safety Commission (DPSC) and Police Complaint Authority; composition of the Commission has been changed to include provincial and federal representatives at the district level; increase in the number of the members from the treasury and reduction in the number of opposition members creating an imbalance and compromising the neutrality of a high powered commission that has the sensitive duty of oversight on behalf of the public on the functioning of police.

Police reforms and devolution plan are linked in two major ways:

1. The DPO and Zila Nazim
2. District Police and Safety Commissions

DPO and Zila Nazim:

Police Order 2002, defines the relationship of the Head of District Police with Nazim as follows:

- It makes the DPO responsible to the Zila Nazim for Police functions excluding those relating to the administration of police, investigation of criminal cases and police functions relating to prosecution. The Zila Nazim is also empowered to visit a Police Station to find out if any person is under unlawful detention. In such cases he can also direct action in accordance with law.

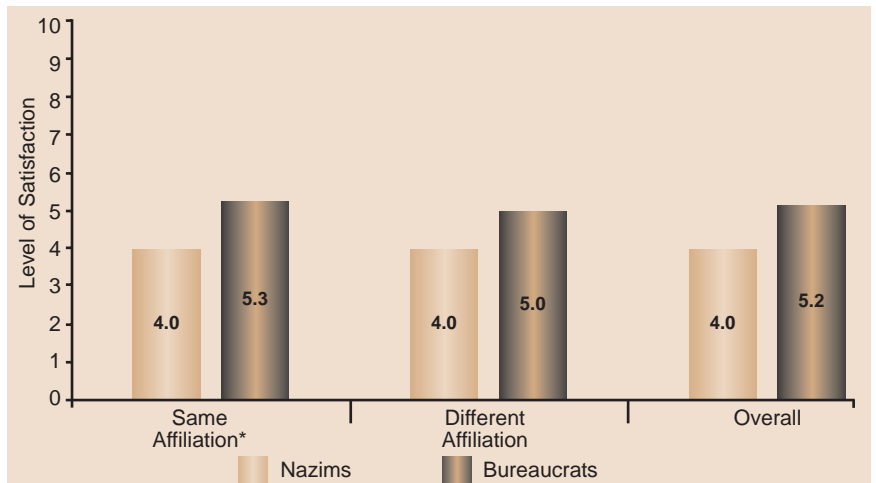
- It empowers the Zila Nazim to direct, in case of an act of neglect, failure, or excess by a police officer, the Head of District Police to take remedial measures including registration of an FIR in a cognizable offence within a specified period. The Head of District Police is bound to take remedial measures against the delinquent Police Officer and report to the Nazim within the specified time.
- The Zila Nazim is empowered to write the manuscript part of the Performance Evaluation Report (PER) of the Head of District Police; which shall be taken into consideration at the time of promotion of the officer.

The working of the police department, therefore, is dependent on the relationship cultivated on mutual interest between the DPO office and Nazim. However, it is generally feared, more so by police officials that the law will make the Head of District Police subservient to Zila Nazim, therefore, a hostage to political interests. There is hence an urgent need to allay the apprehensions of police officers in this regard by having recourse to discussions at a proper forum. At many places the old relationship on the pattern of Deputy Commissioner and Superintendent of Police has also emerged.

However where rule of law and principles surface and differences develop, the relationship had remained sour, mostly leading to the transfer of DPO. The relationship also depends on the basis of party affiliation of the Nazim. The Nazim would exert more pressure and would be in better control of things if he is affiliated with the provincial government. A Nazim of the opposition party, however, meets severe challenges from DPO as well as from the provincial government.

Based on the results of SPDC survey, Chart 2.5 plots the satisfaction level of district government with the behavior of District Police Officer (DPO) and law enforcing agencies. On the average, the level of satisfaction is low.

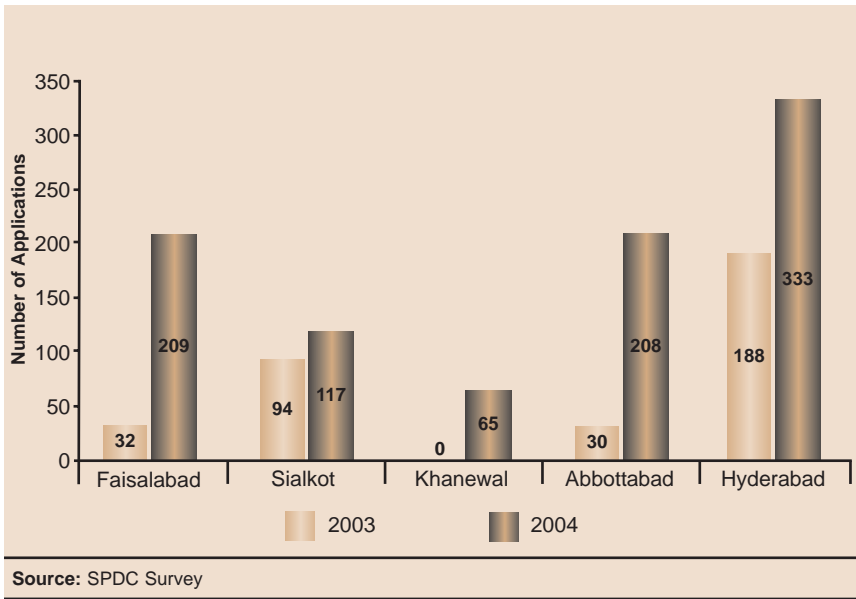
Chart 2.5 Level of Satisfaction with the Behavior of District Police Officer and Law Enforcing Agencies
(Rated on Scale 0-10)



*Political affiliation of district Nazim and provincial Chief Minister.

Source: SPDC Survey

Chart 2.6 Applications Presented to DPSC (numbers)

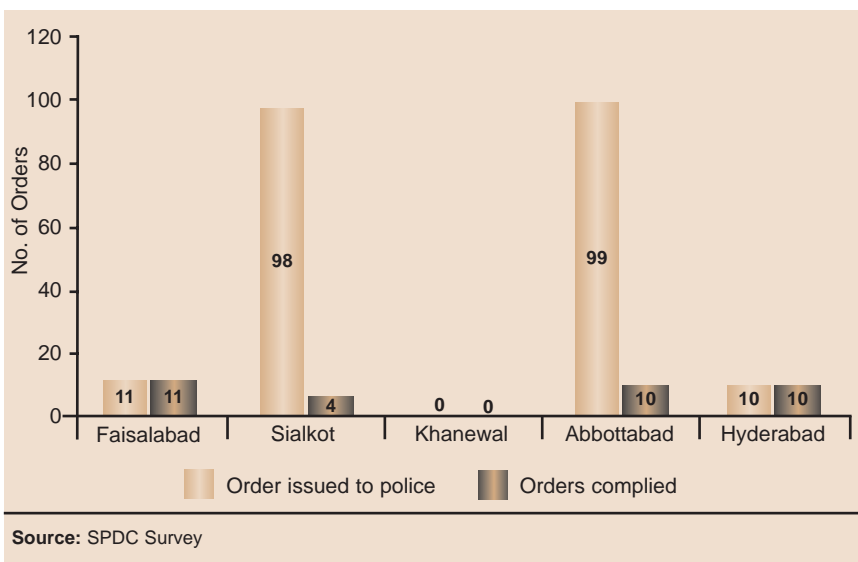


District Police and Safety Commissions

The link of DPO and safety commissions has been elaborated through Police Order 2002. It envisages external accountability through formation of Commissions comprising treasury, opposition and independent representatives. The local governments on formation of the commission are to monitor and evaluate the working of police. The body is to approve annual policing plans, protect them against extraneous interferences, handle complaints and redress the citizens and police issues. It has also been tasked to send the performance report of the police to the provincial governments. The commissions have been established at the district, provincial headquarters and at federal level. In a nutshell it is a system of police accountability by public participation through their representatives. The Police reforms have been brought under the ambit of elected persons to make their working more transparent.

The concept of external accountability is new to the police in Pakistan and, therefore, is facing many challenges. However, there is increasing acceptability of the role of the DPSCs especially in the realm of complaints handling (see Chart 2.6), even though in terms of total complaints handled the numbers are still low. This shows that people are now more aware of the complaint handling role of the DPSC and are resorting to it much more. There are also 'learning curve effects' as the members also acquire knowledge on how to handle complaints and manage situations that require their attention.

There is a clear sense within the DPSCs that they are an institution that provides relief to people against the vagaries of the formal criminal justice system by providing an informal and inexpensive forum for alternative dispute resolution. The commissions take their role as guardians against police abuses and excesses very seriously although this gives rise to problems in their relationship with the police itself.

Chart 2.7 Orders Compliance by Police (2004)

However, the accountability of police in terms of setting and supervising the policing operational targets is totally dormant all over the country. Nowhere, in general, have police plans been finalized with the result that there can be no accountability and citizen input in police operational priorities. The DPSCs were not keen about this role as it did not have the glamour or clout involved in complaint handling and required the input of several stakeholders. They are also not clear about the importance of this role.

There is a big problem in terms of role clarity and the mutual relationship between the police and the DPSCs. Since the law is not clear about the specific role of the DPSCs regarding the mechanisms for handling different situations and their sphere of operations, there are problems in the relationships. DPSCs think that police intentionally try to avoid implementation of their orders since it is against their interests. Police consider the role of DPSCs as being intrusive and many a time consider the DPSC to be stepping into their area of jurisdiction.

The perception is that members of the DPSCs try to elicit favors from the lower level functionaries of the police department. The commissions take the view that the DPOs do not take them seriously and there is non-compliance of their orders (see Chart 2.7). In short, there is a clear problem at the institutional level which spills over in cases where the personal relationship does not work. In places where there is a good relationship, the number of formal orders issued is very low since most of the complaints are handled at an informal level by both parties. However the larger point of a lack of institutional arrangements is still valid.

There are several impediments in service delivery of the public safety commissions. These impediments include: lack of commitment of the provincial government; lack of ownership within key stakeholders; structural concerns; politicization and extraneous interference; legal and statutory issues; amalgamation with complaints authority; capacity issues; and communication and awareness issues (see Box 2.11).

Box 2.11**Impediments to the Functioning of Public Safety Commissions (PSCs)**

Lack of commitment of government: There is a clear feeling among all the stakeholders that the provincial governments are not committed to PSCs. This is partly because of political reasons but much more clearly because of the limits PSCs place on the executive authority of the government. The scope of abuse of police for political purposes was the most obvious reason for having these commissions and hence, the provincial governments are not enthusiastic about them. This has been the reason for non-establishment of commissions even where they could be established, for under-resourcing and for the recent changes in the composition and functions of the commissions. The independent members and chairmen clearly stated that the government did not want an autonomous police which could not be used for ensuring politically motivated actions.

Ownership within key stakeholders: A corollary of the lack of commitment of government is that there is no ownership of the commissions in important institutions like home department and police. Since the traditional notion of independence of departments is affected by this new concept of external accountability, there has been resistance and lack of ownership among key institutions for PSCs. The non-establishment or late establishment of the apex bodies like Provincial and National PSCs has affected the ability of the commissions to garner support for this new concept as they do not have the institutional clout to manage the necessary resources or acceptability at this early stage. Another important result of this non-establishment of institutions has been that the DPSCs have no recourse if their directions are not heeded to or they want to raise an institutional issue that they consider important for themselves. This lack of a collective voice and platform for raising issues that are bound to beset new institutions is a major reason for undermining the working of these institutions. There is no leadership and no clear vision for future.

Structural concerns: A key structural issue is the reporting arrangement of the commissions. To whom should they report and what course of action is to be taken in case their orders are not implemented? This is because of a lack of clear rules regulating the conduct of their business.

Politicization and extraneous interference: The changes in composition of the commissions have compromised the impartial character of the commissions. Not only is this affecting the credibility of the commissions but this is also adversely affecting non-partisan people's willingness to serve in these commissions. This is especially ironical in institutions that were supposed to be bulwarks against politicization of police operations. Another result of the recent amendments in the Police Order is that there is now no protection to police officers against arbitrary and illegal orders. It was one clear objective of the recent reform effort that police operations would be made immune to the politically motivated orders of the executive. This has now been changed affecting the acceptability of PSCs within the police.

Amalgamation with complaints authority: Merger with complaints authority at the provincial and district level in the recent amendments has serious implications for the working of the commissions. Complaint handling and citizen participation in the working of police are two separate functions that need separate handling. There also exists a lack of capacity to investigate complaints at the district as well as the provincial levels.

Legal and statutory issues: Many eventualities are not clearly addressed in the existing rules and law. For instance, no recourse has been explicitly provided for if the commission's legal orders are not implemented without reason. Similarly, what happens if the policing plan is not presented or remains pending with DPO or Zila Nazim for too long? How would the preparation of policing plan be made a more participatory process instead of an administrative-oriented one? The rules of business to govern the functioning of the commissions including the question of the accountability of DPSCs themselves is also unclear.

Capacity issues: Capacity issues relate to both human and financial resources. There is a clear lack of comprehension of the role of these institutions within as well as outside the DPSCs pointing towards a need for training and capacity building within and communication with outside audiences. The members and chairmen of DPSCs are not or are vaguely aware of the jobs they are supposed to be performing aside from complaint handling. The full gamut of their duties and the modalities for accomplishing these jobs are not clear to them. Then there is the question of proper resourcing as there are no buildings, not enough budget, staff, equipment or running expense. The issue of the sufficiency of allocation is an important one.

Communication and awareness issues: Communication and awareness issues are hampering the progress of the commissions as people are not coming to DPSCs with complaints and suggestions. This is partly due to a lack of trust in the ability of these institutions to redress the grievances of people but is also partly due to a lack of knowledge about this forum. There is a need to increase the acceptability of these institutions through more awareness.

Box 2.12**Changes in Judiciary**

Police reforms and the post-devolution set up, has affected judicial working. It brought around number of structural changes in its purview. Separation of judiciary from executive shifted the entire judicial proceedings of District Magistrate courts to sessions courts, formation of Criminal Justice Coordination Committee provided a formal platform of appraising the court prosecutions and related matters with police department. It also led to creation of separate prosecution service, increase in the number of judges by almost 50 percent, emphasis on training and capacity building of judicial officers improved besides in service promotion blockade was redressed.⁴ Also, permanent appointments in service and capacity building of the prosecutors are resulting in timely submissions of challans and are serving as checks on the working of the investigation wings.

Judicial proceedings have been accentuated by section 22 A of Cr. PC, jurisdiction to entertain writs for non registration of cases by police stations. The Women Protection Act 2007, has given legal cover, so essential in the wake of past injustices to woman folk especially in context of Hadd and Hadood cases. An under-trial woman now has legal support of being granted a bail in all cases except those of heinous nature, besides being protected against all types of harassment.

Judges continue to be over worked. A survey of Rawalpindi session courts reveals that it has one session and 14 additional session judges and 34 civil/judicial judges, who are dealing with more than 28,000 under trial cases which mean that a judge on average is handling more than 560 cases. At most places civil judges are still handling both criminals and civil cases which are creating hardship and delays in disposal of cases.

Courts in Pakistan, despite some changes, are still rated low. The structural problems in the institution are costs associated with courts which include legitimate fee and off-the-cuff payments. The slow processing of cases also hampers general public's access to justice. Women, minorities, poor and children are particularly disenfranchised and suffer from judicial delays, discriminatory legislating, deliberate prejudicial enforcement of law and penal sections. The non-democratic setup and prevalent attitude diminishes fair-play, transparency, and true accountability of persons and organizations. Independence of judiciary imbued with adequate logistic support, proper service structure, better training and stringent internal accountability is likely to improve the working of the court.

Besides, introducing potentially strong mechanisms of external accountability and public oversight, the police reforms have also introduced a number of other changes to improve the rule of law. These include: stringent internal accountable measures, whereby misconduct by police officer for the first time has been made liable to imprisonment of three years and fine; for effective prosecutions and courts affairs vis-à-vis police, criminal justice a co-ordination committee has been formed; for making the force professional and efficient, police working has been divided on the functional basis; the mode of urban policing has been made different from that of rural policing; and substantial financial allocation has been made to bear the cost of investigation, other duties and assignments. Changes have also been made in the judiciary as presented in Box 2.12.

Overall, there is no dichotomy between the devolution plan and the police order. It is the attitude and frame of mind which is hindering smooth operation and damaging the relationship between the two systems. Lack of political will and a fixed mind-set on all sides (rulers, police, civil society and general masses) and psyche of inherent resistance to change, in the absence of accountability and any serious body to oversee and implement the state order, is undermining the objectives of the reforms.

SCOPE FOR INNOVATION AND FLEXIBILITY

Local governments, if given autonomy, can be more innovative, flexible, participatory and responsive to local needs - all prerequisites for sustained development. They can be more resourceful than higher tiers of government as they involve local communities in the identification and resolution of development problems which are more cost effective, more sustainable, and more compatible with community values and norms. They have the advantage of direct and closer access to local information and knowledge. Due to involvement of local elected leaders in the decision making processes, local government institutions along with civil society organizations can be incubators for new ideas and approaches to service delivery and for identifying and solving public problems. They can thus perform in the public sphere the same kind of innovative role that private businesses play in the sphere of private profit-oriented action.

In Pakistan, some local governments have demonstrated the initiative and the ability to do business differently. Examples that are given below of innovative approaches adopted by local governments cover a range of projects related to improvements in service provision, information technology, environmental planning, research, resource mobilization and women development. In service delivery, public-private partnership (more precisely, public-NGO partnership) appears to be an increasingly popular approach. Important factors contributing to the success of innovative approaches include self initiative and leadership role on part of elected representatives, presence of appropriate incentives, support of international donor agencies, and a conducive overall policy framework.



Innovations in Service Provision: Tehsil Jaranwala, Faisalabad

The TMA of tehsil Jaranwala has taken a number of innovative steps to improve service delivery in its jurisdiction. In collaboration with the private sector and NGO Anjuman Samaji Behbood (ASB), the TMA is constructing a comprehensive database of the existing infrastructure, including, for example, the number of water outlets, pipes, drains, connections, joints and other details of sewerage, gas connections, and telephone connections. This database is being integrated into a Geographic Information System (GIS) for use into preparing a master plan of the town and thereby improving service delivery. Other towns and NGOs have also subsequently contacted both the ASB and Jaranwala Town for information to replicate this effort.

Another interesting innovation in this tehsil is establishment of a Women's Resource Centre. With the support of Tehsil Nazim, 19 women councilors in the tehsil council pooled their individual allocations for development schemes to develop a Women's Resource Center. This center will have a shelter for abused women and vocational training facilities. As a measure to support the local traffic police, the TMA has hired eight people from a private security agency to help manage traffic and lessen the impact of traffic jams.

Alternative Model for Rural Health Care: Rahim Yar Khan District

In order to improve the system of health service delivery in rural areas of Rahim Yar Khan a pilot project has been implemented in partnership with Punjab Rural Support Program (PRSP). As a result of this collaboration, PRSP has been entrusted with the management of 104 basic health units in Rahim Yar Khan district. The District Administration has transferred administrative control along with financial resources in the form of a grant to the PRSP, with proper accounting and reporting requirements.

PRSP has organized Basic Health Units (BHUs) in the district into clusters ensuring that the distance within a cluster is manageable (a cluster has three BHUs). The doctors are the administrative heads of a cluster rather than of a single BHU and their salary has been enhanced to give them incentive to live at the focal point BHU. Paramedical staff is also given a reward for good performance. The mobility of the doctors is ensured so that they could stick to their schedule of visiting the BHUs in their cluster. The focal point is chosen on the basis of better residential facilities for the doctor along with the availability of electricity and water. These arrangements have led to a substantial improvement in health services in the district, as revealed by a significant increase in outpatients, a reduction in doctor absenteeism, more free medicines and better services.

Formulating an Integrated Sustainable Development Strategy: Abottabad District

The Abbottabad Conservation Strategy (ACS) is a pioneering district level initiative to harness and improve the capacities of people and institutions for integrated sustainable development through the optimum use of

natural resources and enhanced productivity. ACS has institutionalized effective mechanisms (policy, legal and fiscal) to foster decentralization of the development and environmental management processes. It has sought to facilitate resource mobilization by linking the sustainable development needs of the district with available funding windows as well as by identifying innovative funding mechanisms in coordination with the DCO and the Finance and Planning Department. Using a participatory approach and involving all stakeholders, ACS is a good example of implementation of a comprehensive consultative process. Keeping in view its future needs/requirements, Abbottabad is the first district to develop a comprehensive conservation strategy reflecting not only the aspirations of its people but also with the full backing of the district government and with linkage to the national and global initiatives on sustainable development.

Tapping Resources for Poverty Alleviation: Dera Ismail Khan District

Success of the devolution process initiated by the present government depends crucially on the abilities of the local governments in designing viable public policy with the twin objectives of extracting the maximum economic potential from the local resources and creating the fiscal space necessary for the sustainability of public policy. To achieve these objectives, The NWFP Essential Institutional Reforms Operationalisation Programme (EIROP) has conducted a study of untapped resources with all the tiers of local governments of NWFP. The study includes identification and assessment of the primary and secondary resources on which the economic strength of each UC, tehsil in D.I.Khan district is likely to depend; an assessment of the cost of removing various constraints impeding the recognition and utilization of potential resources; an assessment of the level of support from the local community, in terms



of desire for making the changes; the quantity and quality of human resource, local capital and entrepreneurial skills; and provision of benchmarks for monitoring and evaluation.

Computerized Complaint Centres: City District Government Karachi (CDGK)

An agreement between Transparency International-Pakistan and CDGK has been put in place to ensure implementation of an 'Integrity Pact' for Transparent Procurement Procedures in Works, Equipment and Services in CDGK.

In Gulshan-e-Iqbal Town, the town administration has established a Customer Service Center to register citizen complaints in collaboration with Transparency International. An elaborate procedure has been developed to track the action taken on these complaints and to gauge the level of customer satisfaction. The town government is also developing an interactive and informative website in the process of electronically connecting all 13 UCs with the town administration, as well as providing the union and town offices with computers through which citizens can register their complaints on-line. The town administration is also consolidating a variety of existing data on the municipal infrastructure, and linking it to a GIS system, and has launched a property survey in order to increase property tax collections.

Managing Community Information: Mardan District

UNICEF's effort to develop a Community Information System (CIS) in Mardan district predates the present government's plan to devolve power to local government. It, however, has become one of the main supporting projects to the devolution plan in the district. The main objective of the project is to empower communities and citizens with the knowledge of critical socio-economic conditions that affect their lives as well as availability and utilization of district resources. This has been made possible through the development of a cohesive and integrated system at the community level, which periodically gathers primary data on various development indicators related to health, education, sanitation and other sectors related to local development, and passes it on to the UC and district levels for district planners, managers and stakeholders. At the district level, data from the various scattered secondary sources of information is being merged with the primary data. The community will also benefit from the processed information by using it for developing, executing and monitoring local development plans. With District Citizen Information Centre (DCIC) at its core, CIS is expected to reduce the duplication in development programs.

It is expected that as the process of decentralization matures there will be local innovations in delivery, which should be studied and replicated elsewhere. This will truly let "a thousand flowers bloom."

Overall in conclusion, while the Devolution Plan adheres to the principle of subsidiarity and some local governments have initiated innovative approaches to improve efficiency in local service provision, they continue to be faced with issues of local Institutional capacity,

absence of mechanisms for improved accountability and transparency, difficulties in inter-governmental coordination and mechanisms of public safety. Key issues relate to the "mind-set," lack of political will and reluctance of the provincial governments to implement the Devolution Plan in letter and spirit.

NOTES:

¹ [http:// en.wikipedia.org/wiki/Principle of Substantiality](http://en.wikipedia.org/wiki/Principle_of_Substantiality) (site visited on June 25, 2007)

² Information Centre on Local Governance in India: www.localgovernmentindia.org (site visited on June 25, 2007)

³ These were mostly Municipal Committees before devolution.

⁴ Deliberations with DSP Rawalpindi and Mr. Majid Bashir Civil Judge Gujranwala and reviews of judicial reports.

میں خواتین کی شمولیت

مختلف حیثیت سے شرکت کر سکتی ہیں:

لئے مختص کی گئی ہیں

مزدور اور ناظم و نائب ناظم کے لئے

لازمی ہے

HAS DEVOLUTION EMPOWERED PEOPLE?

3

CHAPTER 3

*Empowerment
has been frustrated
by manipulation
of local elections
and 'elite capture'*

SOCIAL DEVELOPMENT IN PAKISTAN, 2006-07



HAS DEVOLUTION EMPOWERED PEOPLE?

An important assertion in favor of decentralization is that it provides opportunities for more people, including the underrepresented groups (like women, poor and minorities) to participate in policy decisions that affect their lives. These opportunities are created through institutionally formalizing the relationship between the citizens and the state, giving the former the authority to impose sanctions (such as the right of voting and recourse to higher level authorities) on the latter. It also creates the conditions for a more pluralist political arrangement, in which competing and vulnerable groups can voice and institutionalize their interests in local democratic fora. In theory, therefore, because of a greater degree of accountability, responsiveness and participation, effective decentralization can make the governance system, including provision of local (social and economic) services, more equitable and can empower people, including the vulnerable groups. Through broad based community participation in decision making, planning, implementation and monitoring and backed by appropriate institutions and resources, it can go a long way in improving the quality of life, particularly of the poorer and marginalized segments of the population.

In practice, however, the outcome may be different. Politicians have more often than not used the slogan of decentralization as rhetoric to strengthen their own power base rather than improve governance and enhance equity. The lack of willingness of the elite to relinquish or share power has been a major impediment to effective decentralization. In fact, the inability to make the transition to people-centered governance, with its commensurate implications for participation and empowerment is perhaps a bigger bottleneck in the process of decentralization than legislative changes, which in their right are also crucial.

The lack of public awareness, absence of a culture of participation and a weak voice of particularly the poor and marginalized sections of population has inhibited the development of: first, a two way accountability system, whereby, local governments are not only supervised by an effective state government from the above but also a strong civil society from below; second, a local government system which is responsive to the needs of all sections of the populations, particularly the poor and the marginalized. The decision making process is dominated by local elites and government functionaries with little, if any, participation from the masses.

International experience shows that the danger of elite capture of local institutions is a real threat where decentralization has taken place in the presence of a power structure that is highly unequal in character, like the domination by the feudal class in rural areas or the rich, property owning or trading groups in urban jurisdictions. For example, Galasso and Ravallion (2005) find that the targeting performance of the Food for Education Program in Bangladesh is worse in communities where land inequality is greater. Land holding is one of the major indicators,

especially in rural areas, that has created a divide between the rich and the poor. Also, the extent of elite capture is very much dependent upon the type of government at the centre. In countries where autocracies still prevail, whether in the form of monarchy or military dictatorships, the behavior of local elites in the allocation of funds and community development may reflect the overall behavior of the central authority. Byrne (2005) warned that in the absence of democratic institutions "decentralization could contribute to the further concentration of power to smaller circles of unaccountable local leaders, economic or political oligarchies or organized crime structures." It can be presumed that in true democracies, the role of the local elite becomes beneficial rather than detrimental in the overall framework of community development. Mansuri and Rao (2004) raise the possibility that the elites, within contexts of clear disparities in power, might take actions that benefit the poor - the so-called "benevolent capture."

To avert elite capture, legislation on local governments has frequently included reservation quotas for the relatively disenfranchised components of the local community like women, minorities, peasants and workers. Initially, such seats have generally been occupied largely by surrogates of powerful interest groups. Katsiaouni (2003) puts it, "process for participation does not ipso facto lead to empowerment, and to be consulted does not mean that one's voice had weight in decisions taken." However, it has been observed that gradually this has led to a greater participation and assertion of the rights of the underprivileged segment of the population. It is essential that higher standards of transparency and accountability are established for monitoring the utilization and distribution of benefits of public expenditure. The reservation of one-thirds seats in Gram Panchayats to women in India has probably done more to emancipate rural women than any other measure in recent years. As a result an increasingly large proportion of heads of these village councils today are women (UN, 2005).





It appears that social mobilization has made a contribution to broad-basing the participation in local governments and giving a greater voice to the traditionally "voiceless." The UN (2005) highlights the example of the Philippines where the poor have been given an awareness of their rights, provided access to information and empowered to participate by collaboration between civil society organizations and local governments to support candidates with an endorsed commitment to a pro-poor agenda. In Nepal, for example, social mobilization at the grassroots level is seen as a complementary activity to capacity building initiatives.

Given this backdrop, this chapter aims to see if devolution in Pakistan has enhanced participation, given a "voice" to the previously "voiceless" and thereby, has actually led to people's empowerment. The assumption is that a representative elected from the community will have a better understanding of issues and problems of the community and will voice the community concerns and needs in public policy fora, thereby, influencing decision making. This fact makes the election process very crucial. Therefore, the first section of this chapter deals with the legislative framework for elections followed in the next section by a discussion on the outcome of the elections. How have the public representatives been elected; was the process transparent, fair and free? This is done with the help of reports published by the international and national election observers and newspapers. An assessment is made of the degree of resulting "state capture" by local elites in the third section.

An important crown in the devolution plan is the reserved seat quota for the marginalized groups, particularly women. It is important to see whether the quota is just a numbers game or Pakistan has taken a meaningful leap forward whereby enhanced participation has led to empowerment. Finally, the chapter spotlights civil society's role vis-à-vis the devolution plan. Has the establishment of Citizen Community Boards (CCBs) meant a real increase in civil society's participation and empowerment?

LEGISLATIVE FRAMEWORK

The LGO 2001 has set out the legislative framework for local government elections in Chapter XVII. This includes the electorate for different seats, authority for holding local elections, delimitation of electoral wards, qualification of candidates, nature of elections, allocation of reserved seats, electoral rolls, term of office and other provisions.

The LGO envisages direct elections only for members of UCs, including Union Nazims and Naib Nazims, based on adult franchise and on the basis of joint electorate. The electoral college for the election of District Nazim and for reserved seats is all the members of the UCs in the district, while a Tehsil Nazim is to be elected by members of UCs within a tehsil.

The local government elections are to be conducted by the Chief Election Commissioner on a non-party basis. Qualifications of candidates include citizenship of Pakistan, at least twenty five years of age and academic qualification of at least matriculation or equivalent for contesting for the election of Nazim or Naib Nazim. A person shall be

entitled to vote within a particular electoral ward if he/she is a citizen of Pakistan and is not less than eighteen years of age. The term of office of local governments is four years. The Election Commission is expected to take appropriate action against any malpractices during the process of elections. Prior to the 2005 elections, the LGO 2001 was amended to reduce the number of members in a union council from 21 to 13. There was correspondingly a reduction in the number of reserved seats.

ELECTIONS

Two local government elections have been held to date under the Devolution Plan, one in 2001 and the other in 2005. Between 2001 and 2005 the number of local councils increased (see Table 3.1) but, following the above mentioned amendment, there was a reduction in the number of seats (see Table 3.2).

Table 3.1 Number of Local Councils in Pakistan

	2000-01	2005
City District	4	8
District	92	102
<i>Tehsil/Taluka</i>	305	332
Town	30	62
Union	6022	6131
Total	6453	6635

Source: National Reconstruction Bureau (NRB), GoP

Table 3.2 Number of Union Council Members

	2001	2005
General	12	6
Men	8	4
Women	4	2
Peasants and Workers	6	4
Men	4	2
Women	2	2
Minorities	1	1
Nazim & Naib Nazim	2	2
Total	21	13

Source: NRB, GoP

The reduction of almost 40 percent in the number of seats per union council has implied that the size of an electoral ward has increased from 1119 persons in 2001 to 1934 persons in 2005. Therefore, there has been a major curtailment in the extent of representation. It is not clear why the number of seats per UC was reduced. Clearly, if the objective is to promote grassroots democracy then the objective must be to respond to population growth not

only by raising the number of UCs over time but also by expanding the size of UCs. It may be of interest to note that a Gram Panchayat in India has up to 31 members as opposed to 13 at present in Pakistan.

One indicator of contestability in local elections is the number of candidates per seat (see Table 3.3). This ratio increased in all the four provinces in 2005 elections as compared to 2001. However, the number of candidates per seat has probably increased because of the reduction in the total number of seats. In fact, the total number of candidates in Pakistan declined from almost 253,000 in 2001, to about 223,000 in 2005. Also, elections appear to have been most keenly contested in Punjab, followed by Sindh and NWFP. The low number of candidates per seat in Balochistan indicates that a significant portion of seats either remained vacant or were not contested. Altogether, the share of vacant and unopposed seats in 2001 was 18 percent which fell to 13 percent in 2005.

Table 3.3 Contestability in Local Government Elections

Year	Available Seats	Contesting Candidates	Unopposed	Vacant	Contesting Candidates per Seat	Unopposed Seats as Percent of Total	Vacant Seats as Percent of Total
PUNJAB							
2001	72,513	161,632	5,203	2,219	2.2	7.2	3.1
2005	45,032	133,391	2,990	1,021	3.0	6.6	2.3
SINDH							
2001	22,974	46,755	3,628	1,066	2.0	15.8	4.6
2005	14,482	39,339	1,687	749	2.7	11.6	5.2
NWFP							
2001	20,097	32,789	2,370	2,615	1.6	11.8	13.0
2005	12,818	33,625	1,382	1,137	2.6	10.8	8.9
BALUCHISTAN							
2001	10,878	11,746	4,237	1,623	1.1	39.0	14.9
2005	7,371	16,428	1,251	376	2.2	17.0	5.1
PAKISTAN							
2001	126,462	252,922	15,438	7,523	2.0	12.2	5.9
2005	79,703	222,783	7,310	3,283	2.8	9.2	4.1

Source: NRB, GoP

How keenly have elections for District Nazims/Naib Nazims been contested? In this case the number of seats nationally has increased from 96 to 109, yet the number of candidates per seat has gone up in all provinces (see Table 3.4). This is an indication that the post of District Nazim has become more coveted over time.

Table 3.4 Seats for District Nazims (number)

	2001	2005
Available Seats	96	109
Nomination Filed	501	673

Source: NRB, GoP

Both, the elections (2001 and 2005) were successful in generating more interest in voters, which even the general elections were not able to do. The voter turnout rate was significantly higher in both local government elections as compared to the general elections as shown in Table 3.5. This clearly reflects that voters in Pakistan are: first, more interested in local politics and; second, perhaps they

Table 3.5 Voters Turnout Rate (percent)

	Local Election 2005	Local Election 2001	General Election 2002
Punjab	53.56	58.64	46.00
Sindh	37.67	41.61	38.17
NWFP	41.29	44.37	35.00
Balochistan	31.14	33.06	29.67
Pakistan	47.50	52.31	41.68

Source: NRB, GoP

are also more concerned with local issues. However, the decline in the turnout rate in 2005, as compared to 2001 elections, to 48 percent from 52 percent, is worrisome. One hopes this is not indicative of the tapering off of voter enthusiasm associated with disillusionment with the local government system. The trend is consistent across all provinces.

What are the general perceptions regarding the local government elections? The observations of some international observers are presented below:

- The Commonwealth team was one of the international organizations which monitored 2005 local government elections in Pakistan. The conclusion of the report was, "we found these elections were conducted in an environment of mistrust and skepticism on the part of the public, political parties, the media, candidates and civil society. This cannot be healthy for the development of effective local democratic structures that the team agrees are a key component to development in Pakistan. In order to strengthen local democracy and faith in political and electoral processes, the government of Pakistan needs to address this fundamental mistrust (Commonwealth, 2005)."
- "...In August 2005 the country held direct local elections to choose members and executives for the lowest tier of local government - the union council. However, international observers found serious flaws in the contests in Sindh and Punjab provinces, principally during the August 25 round. Intimidation of opposition candidates and supporters, use of state resources to influence the election, vote buying, and voting irregularities that appeared to benefit government endorsed candidates occurred and most likely had an impact on the results of the August 18 contest in Karachi as well as the August 25 contests in Sindh and Punjab.
- In October 2005, indirect elections for executives of reserved minority and women's seats in the *tehsil* and district councils were held. International observers found that all political parties engaged in attempted intimidation, coercion and vote-buying during these contests. According to press reports, in Upper Dir and Battagram districts, NWFP, local community and religious leaders prevented women from voting or seeking public office.
- "...votes in Pakistan are cast based on perceived political effectiveness of candidates which would result in the delivery of service or patronage. We contend that this in turn depends on candidate's political capital defined as contacts or networking ability to 'get things done.' In, turn political capital depends on wealth and landed power (Khan, Khan and Akhtar, 2007)."

Some of the general violations that were found at different places observed include:

- The Election Commission of Pakistan (ECP) had prohibited the use of mobile phones within the polling stations. However, at various areas of the country spanning the four provinces where individual field observers were present, mobile phones were being used.
- In most stations, polling staff was not wearing any identification cards.
- There was a general confusion over the ballot papers issued to the voters. Most voters insisted on only getting one ballot paper but the



staff gave six and in some areas five ballot papers. A number of voters complained that this was confusing, time consuming and by the time they reached the ballot box they forgot the election symbols of their candidates.

- "People did not vote 'independently' in the true sense of the word, since their voting behavior was guided by local influentials...Elections were held on a non-party basis, but panels were formed in all union councils on party lines...The NRB (National Reconstruction Bureau) rightly anticipated a reduction of intra-biraderi (within the family) conflicts at the village level. However, it did not anticipate the overall electoral dominance of the large biraderies in the multi-ward system (Khan, Khan and Akhtar, 2007)."
- "Most people said that the election was not conducted fairly. Most felt that votes were bought and sold and that bogus voting was carried out. Many considered vote-buying a normal practice and described its different forms. Many alleged that poor people voted for monetary benefits. People said bogus voting was common and mentioned the use of fake ID cards and the involvement of polling officials and agents in such practices. A few people said there was no rigging, with some mentioning the role of the new ID cards in preventing it (PATTAN, 2005)."

The perceptions of the news media about the elections are presented in Box 3.1.

In conclusion, local government elections held under the LGO 2001 demonstrate both positive and negative aspects. On the positive side, voter turnout has been relatively high, seats have been more keenly contested in 2005, especially for the position of District Nazim, and there has been a decline in the proportion of vacant or uncontested seats. On the negative side, the number of seats has been reduced significantly bringing down the degree of representation and there have been widespread allegations of malpractices in the conduct of elections, which have not been adequately addressed by the Election Commission. This has perhaps been the major factor frustrating the process of

Box 3.1 Perceptions about Local Government Elections: Newspaper Headlines

"Victory claimed in Pakistan polls: Supporters of President Pervez Musharraf say they have won a convincing victory in local elections in Pakistan...Opposition parties say that election have been marked by widespread electoral fraud." (BBC News, August 28, 2005)

"German team observes flaws in local bodies elections: Cases of preventing women from casting their votes, boycott of elections in Sindh by minorities and a number of administrative, logistical and procedural flaws were observed by the German election observation team during the monitoring of second phase of the local bodies elections....In response to a question about nazims and women candidates, the team said that majority of the elected representatives had no idea about devolution of power or their responsibilities and financial powers...." (Dawn, March 31, 2001)

"Nazim, Naib Nazim posts: Christians feel alienated: Minorities especially the Christian community members, have complained about lacunas in the present local government elections, and said that the process could not provide assurance to them for their key role in district government affairs..." Christian candidate, who withdrew his nomination papers as a minority candidate, said: "We feel ourselves alienated as we would not be able to cast vote for panel of Nazim and Naib Nazim at their union council. This means minorities do not have direct link with Nazim." (Business Recorder, May 15, 2001)

"Opposition sees prospects of grand alliance: '...pre-poll rigging in which national exchequer was misused to lure the voters and state machinery to get results in the favor of ruling parties'... the 'powerlessness' of the Election Commission was exposed in the polls as it failed to entertain complaints against ruling parties' manipulations but hastened to take action where the opposition parties or their candidates were involved." (Dawn, August 26, 2005)

"Violence mars 2nd round of LB polls: Death toll put at between 19 and 29 - large rigging alliance:...the Interior Minister acknowledges at least 19 deaths from election-related violence across the country, but figures given by other sources, including police, brought the total to 29."

"Although the elections were officially held on non-party basis, most of the candidates for members and nazims of union councils were backed by various groups and political parties."

"The Election Commission had no nationwide percentage of voter turnouts even after midnight...Women were barred from voting." (Dawn, August 26, 2005)

"Political affiliations, biradarism key factors: Political affiliations and biradarism are poised to play a crucial role in the second phase of local bodies' elections." (The News March 21,2001).

empowerment of people through their participation as voters and does not auger well for voter turnout in future elections. Free and fair elections remain a basic pre-requisite for genuine empowerment of the people.

'STATE CAPTURE' BY LOCAL ELITES

Although, both local government elections were on non-party basis, people were generally aware about the political affiliation of candidates. In particular, the District Nazim and Naib Nazim portfolios in both elections were in effect contested on the basis of political affiliations. Both government and political parties have violated the Election Commission's instructions and openly supported their representatives. Even Chief Ministers of all four provinces have lobbied for their candidates and visited respective constituencies to convince union and tehsil councilors.

Box 3.2**Views of Elected Representatives on Party vs Non-party Elections**

Nazims are divided on the issue of party vs non-party local government polls. Among those who commented on this issue in the SPDC survey, about half were in favor of open party-based election to avoid manipulation of castes, tribes and feudal affiliations in choosing public representatives. Following are some narrations for and against the party-based LG elections.

- "The election system should be on party basis because unless political parties own this system, it cannot be sustained. Furthermore, party-based election would be more transparent and the chances of rigging would be reduced"
- "Local government elections should be held on party basis because parties have their ideologies, visions and mandates and they train their members accordingly. Members of a party are answerable to the party management for all their deeds. Party management keeps a check on them so that they refrain from things that can damage party's reputation and affect party's votes. A person who does not belong to any party is not answerable to any one"
- "Family (father then son then grandson) politics may be eliminated through party-based election"
- "Present local government system has exacerbated ethnic and tribal divisions. Nazim supports members from his/her caste. Therefore election should be party-based"
- "Not only LG but elections at federal/provincial levels should also be on party basis. There are people who are diligent and efficient, however without party membership they cannot win the elections"

Comments in favor of non-party election were:

- "Election should be on non-party basis, party based representatives will protect party interests rather than community interests"
- "Local government elections should be held on non-party basis. In many countries including USA local elections are always on non party basis"
- "Now people join parties not on ideological basis but for fulfilling personal interests. Therefore election should be on non-party basis"
- "Elections should be on non-party basis, because political divide creates non-cooperation between elected representatives"

Why did the political parties violate the rules of the local bodies' election? The driving reason appears to be the significance of District Nazims. First, the stature of District Nazim, both in terms of political and financial powers, exceeds that of the MPAs and MNAs. Second, following devolution, local representatives, not provincial legislators, are responsible for the provision of basic services which impact on the quality of life of the voters. Also, there is no direct chain of command on the top of a District Nazim as she/he is not answerable to any MNA and MPA. Finally, the increased interaction with people enhances the chances of re-election to the national or provincial level. Views of the local elected representatives regarding party as opposed to non-party elections are presented in Box 3.2.

There also appears to be a serious contradiction in the process of local government elections. The government has claimed that the bottom-up approach has been adopted to promote grassroots democracy in the country, but the process of direct election stops essentially at UC level. The system functions in such a way that only union councilors are elected directly from general public voting. The District Nazim and Naib Nazim are elected through indirect election which means that the public cannot directly choose the District Nazim or Naib Nazim. Indirect choice of District Nazim and Naib Nazim provides an opening for political maneuvering as union councilors could be pursued to vote for a particular

candidate in return of lucrative benefits. The electoral college for a District Nazim and Naib Nazim consists of less than 800 members of the UCs in a district. If direct elections were held, there could be, on average, as many as 750,000 voters. Therefore, in a system of indirect elections, chances of manipulation are much greater.

To see if primordial loyalties played a major role in various phases of local electoral politics, PATTAN conducted a survey of candidates for the UC elections. The candidates were asked to rank the importance of various factors in the election campaign: family and Biradari was ranked the most important followed by local elite and political party.

At the district level, to see whether non-party based indirect elections of District Nazims and Naib Nazims has led to elite capture, the profile of each candidate has been examined on the basis of five broad categories. First category is political family, that is, whether the elected representative belongs to any political family of Pakistan or not. The second category is the affiliation with a political party, in particular, if elected representative has support of ruling party. In the case of Punjab, the ruling party is Pakistan Muslim League - Quaid-e-Azam (PML-Q). Third category is of former army or civil servant, to see if power networking continues to operate. Fourth category is Zaat/Biradari/Tribal ties. Fifth category is if the representative is an ex-MNA or MPA- indicating that the elected representative is not new to the system and is among the political elite.

In Table 3.6, a case study has been undertaken of the profile of District Nazims following the 2001 and 2005 elections in Punjab, which has more than half of the country's population and currently has the pro-government party in the provincial government.

**Table 3.6 Elite Capture of District Government in Punjab
Percentage of District Nazims**

	2001 Election	2005 Election
From Leading Political Families	71	80
Affiliated with Ruling Party (PML-Q)	91	77
Ex-military or Civil Service Personnel	20	8
Zaat/Baradari/Tribal Ties	91	91
Ex-MNA or MPA	28	46
Re-elected in 2005	-	35

Source: Case study by SPDC

During both 2001 and 2005 elections of District Nazim in Punjab, most of the Nazims were from the ruling party (PML-Q). The question of fairness and transparency in the elections process can potentially be raised in 2001 as out of 34 candidates only 2 belonged to the opposition-Pakistan Peoples Party (PPP). The situation has improved during 2005 elections as out of 35 District Nazim seats, five District Nazims were elected from opposition parties. Also, 35 percent of the candidates have been re-elected to the District Nazim position. Interestingly, all of them were supported by the ruling party. Very importantly, the bulk (70-80 percent) of the elected District Nazims in 2001 and 2005, belonged to stalwart political families such as Sardar, Chaudary, Leghari, Chatta, Makhdoom, Kanju and others. Among the most prominent was Shah

Mahmood Qureshi, who not only belongs to the famous political family of Multan but was also a minister in previous governments. Other numerous examples include: Jamal Khan Leghari, who belongs to the Leghari family; Mohammad Fayyaz Chatta, the son of noted politician Hamid Nasir Chatta; Farukh Altaf, the son of former Punjab Governor Chaudhary Altaf; Ahmed Yar Hiraj from the influential political family of Khanewal district; and Abdur Rehman Kanju, son of late federal minister, Siddique Kanju.

The strongest message emerging from Table 3.6 is the overwhelming influence of family, Zaat/Biradari/tribal ties and of political affiliation in the present day political scenario. This clearly indicates that political culture of Pakistan is still in the hands of the local elite. It will take years to overcome and dismantle the deep-rooted power structure in the country whereby, common people could be empowered to effectively influence decisions that affect their lives.

REPRESENTATION OF MARGINALIZED GROUPS

Economies which succeed in achieving stable growth tend to have institutions which limit inequality in political voice and power. The World Development Report (WB, 2006), argues that institutions tend to evolve in vicious or virtuous cycles. Less equitable social structures lead to the formation of institutions that perpetuate inequalities in power, status and wealth; conversely, equitable institutions only emerge in situations when the distribution of power is not highly unequal. Therefore, one dilemma of development is how to take a society from the vicious cycle of self-reinforcing inequality to the virtuous cycle of self-reinforcing equity.

Minorities have the right to influence the formation and implementation of public policy, and to be represented by people belonging to the same social, cultural and economic context as them. For a political system to be truly democratic, it has to allow minorities a voice of their own, to articulate their distinct concerns and seek redress and hence lay the basis for a deliberative democracy. Inequality in the way institutions treat different groups of citizens also matters for legitimacy and governability. If it is widely believed that wealth differences result from unfair rules. This undermines people's faith in politicians and officials, making it harder for the government to retain people's loyalty and ensure their compliance with law and policy. If sections of population feel disenfranchised, the trust required for citizens to work together to solve their problems is undermined, leading frequently to adverse consequences like incidence and severity of crime (Demobynes and Ozler, 2005). Internationally, there is a relationship observed between high levels of inequality, on one hand, and the increased likelihood of social and political instability, crime and violence, on the other (Bourgignon, 2004 citing Rodrik, 1998). This is especially the case when the inequalities in question are horizontal or group-based (e.g. between regions or ethnic groups: Killick 2002).

To address this issue, the international practice of representation in local government has frequently included legislative reservation of quotas for the relatively disenfranchised components of the local community like women, minorities, peasants and workers. Initially, such seats have



generally been occupied largely by surrogates of powerful interest groups. However, it is the first step on the ladder to ensure equity in political participation. Pakistan, in an unprecedented step, reserved 33 percent of seats for women (in general and among peasants and workers). Likewise, there is a 31 percent quota for peasants and workers (including women) and 8 percent for minorities (either men or women).

Since Pakistan's Independence, there have been some provisions for reserved seats for women in the legislature, in addition to their constitutional right to contest elections. However, these provisions expired after the 1988 elections and were not renewed until the LGO 2001.

In 1999, in the federal and provincial legislatures women made up 3 percent of the National Assembly (7 out of 217); 2.3 percent in the Senate (2 out of 87); and 0.4 per cent overall in the four provincial assemblies (2 out of 483).

Prior to the implementation of the Local Government Plan in 2002, elections to local councils had a provision of reserved seats for women, workers and minorities filled in through indirect elections by members already elected. In 1999, Punjab reserved 12.7 percent, Balochistan 25.8 percent, NWFP 2.9 percent and Sindh 23 percent seats for women. In some of these provinces, elections were not held at all and were partially held in others. Overall, women's representation in local government was less than 13 percent.

The LGO 2001 introduced the reservation of 33 percent seats for women in all three tiers of local government. Women are elected by a direct joint electorate at the UC level and indirectly at tehsil and district levels. The reservations have enabled 36,105 women to enter formal politics at the local government level in the first round. Of these, 126 women were elected on seats reserved for minorities and 16 as Nazims and/or Naib Nazims in different councils.

The LGO 2001 has subsequently been given constitutional protection under the 17th Constitutional amendment such that it cannot

be repealed or amended without the sanction of the President. The reservation of one-thirds of seats at all levels of local government for women (over and above any number of women elected onto tehsil and district councils as UC Nazims) implies that technically women can constitute a majority on the councils.

As highlighted earlier, in 2005, a set of amendments in the LGO 2001 was initiated by the federal government altering the composition of the union councils. Earlier, a typical UC comprised 21 members, it now has a strength of 13 members (see Table 3.2). Correspondingly, the number of reserved seats was reduced from 66,595 in 2001 to 43,018 in 2005, as shown in Table 3.7. Though, the effectiveness of the method of reserved seats for ensuring the participation of any section of a society may be questioned, reduction in the extent of representation of the marginalized groups in the local governments has been viewed critically by many. As PILER (2005) states "It is evident from the political history of Pakistan that the gender and class barriers are very strong and the privileged class is always willing to concentrate all powers in its own hands. So the reduction in reserved seats for both these underprivileged sections of society would further increase their vulnerability and the dream for their empowerment would not be materialized."

The decline in the number of reserved seats means that the extent of representation of women has declined substantially as one women seat was available for 3,924 people in 2001, while in 2005 one women seat covers to 6,293 persons. In the regional context, this ratio does not compare favorably with other countries. For instance, in India, the extent of representation of women in rural local government institutions is one member for a population of 873 persons.¹

Two important questions need to be addressed in the discussion of whether the Devolution Plan gives the marginalized sections an opportunity to contribute to policy making at the local level. First, are these legal quotas only on paper, and in effect representation of these groups has not increased as many of the seats remain vacant? Second, are the elected representatives in effect surrogates of the powerful local elites and have been planted in the local government system to promote vested interests and not the interests of the marginalized groups? If a high proportion of the elected representatives are elected unopposed, it can perhaps be inferred that the candidates had the backing of powerful

Table 3.7 Number of Total Seats in Union Councils

	2001	2005
Muslim General	71,845	36,574
Men	47,823	24,357
Women	24,022	12,217
Peasants and Workers	36,132	24,500
Men	24,088	12,250
Women	12,044	12,250
Minorities	6,441	6,301
Total Reserved Seats	66,595	43,018
Population per Councilor		
Overall	1,119	1,934
Women	3,924	6,293

Source: NRB, GoP

Table 3.8 Extent of Elected Representation of Marginalized Groups in Union Councils - Women
(General, Peasants and Workers)

	% of Seats Contested		% of Unopposed Seats		% of Vacant Seats	
	2001	2005	2001	2005	2001	2005
Punjab	36.7	86.4	58.8	12.6	4.5	1.0
Sindh	59.8	78.4	30.7	16.4	9.5	5.2
NWFP	39.3	54.9	29.6	29.2	31.1	15.9
Balochistan	28.5	71.5	47.9	26.0	23.6	2.5
Total	63.7	79.5	25.0	16.7	11.3	3.8

Source: NRB, GoP

local lobbies, thereby discouraging competition. Tables 3.8 to 3.10 show vacant and unopposed seats in union councils in the two elections for the vulnerable groups. Some interesting conclusions emanate from the Tables are expressed below.

- Surprisingly, the proportion of vacant seats for women in 2005 election is low, only about 4 percent nationally (see Table 3.8). The highest proportion is in NWFP. Strikingly, the proportion has declined significantly in the latest election. This is indicative of an increase in political awareness and willingness to participate among womenfolk even in the smaller provinces of NWFP and Balochistan.
- In 2001 elections, almost one-fourths of the reserved seats were not contested, but elected unopposed, clearly indicating that the local elites were quick to occupy these reserved seats also. In Punjab, the proportion was substantial, at about 59 percent, followed by Balochistan, approximately 48 percent. The scenario changed in the 2005 elections, with the proportion of unopposed elected women declining to 13 percent and 26 percent in the two respective provinces. The only province with little change was NWFP, with about 30 percent of candidates elected unopposed.
- The proportion of vacant seats and unopposed seats in the case of peasants and workers (excluding women, who are included in the category of women) is surprisingly low and reflects a decreasing trend (see Table 3.9). Both the indicators are positive and demonstrate enhanced participation from workers and peasants in local politics.

Table 3.9 Extent of Elected Representation of Marginalized Groups in Union Councils - Peasants and Workers
(Excluding Women)

	% of Seats Contested		% of Unopposed Seats		% of Vacant Seats	
	2001	2005	2001	2005	2001	2005
Punjab	97.5	98.7	2.0	1.2	0.5	0.1
Sindh	85.1	88.2	13.1	7.6	1.8	4.2
NWFP	92.7	98.8	6.5	1.2	0.8	0.0
Balochistan	53.1	84.5	38.2	15.5	8.7	0.0
Total	90.7	95.6	7.9	3.6	1.4	0.8

Source: NRB, GoP

Table 3.10 Extent of Elected Representation of Marginalized Groups in Union Councils (Minorities)

	% of Seats Contested		% of Unopposed Seats		% of Vacant Seats	
	2001	2005	2001	2005	2001	2005
Punjab	44.8	47.8	22.6	27.8	32.6	24.4
Sindh	50.6	51.9	25.6	36.6	23.8	11.5
NWFP	8.1	19.1	9.5	15.7	82.4	65.2
Balochistan	6.6	17.3	12.9	26.8	80.5	55.9
Total	37.7	41.4	20.5	27.6	41.8	31.0

Source: NRB, GoP

- The story conveyed by Table 3.10 relating to the extent of participation of minorities is different. The national proportion of vacant minority seats is close to one-thirds, though it has declined from 42 percent in 2001. The lowest proportion is in Sindh, where about 11 percent of the reserved seats were left vacant. In other provinces, the proportions continue to be very high, about half and two-thirds in Balochistan and NWFP, respectively. This is clearly reflective of the difficulty minority groups are facing in participating in local politics.
- Table 3.10 also shows that almost 28 percent of the candidates were elected unopposed. What is more worrying is that this proportion has increased over the years, casting doubt about the truly representative nature of the candidacies.

Donald Horowitz (2006) states, "proportionate minority office-holding does not guarantee that minority interests will receive attention in the legislative process. Indeed, minority representation in the larger sense, for the creation of ethnically concentrated constituencies means not only minority-dominated constituencies, but also more constituencies in which majority-group voters dominate and in which majority-group candidates do not need to worry about minority support or minority interests." The key question is how far are quota regulations



a suitable tool to achieve a significant change? In the Pakistani context, the question is perhaps even more fundamental. Why is the quota regulation so ineffective even in increasing the basic numerical indicators of minority participation?

In conclusion, as far as broad basing political participation is concerned, a category wise analysis of the local body elections shows an all-around improvement in results in 2005 compared to those in 2001. Overall, the rates of contestation improved, fewer candidates returned unopposed and comparatively fewer seats were left vacant in the 2005 elections. This shows a maturing of the political process, and reflects the dynamics of political participation from women, workers and peasants. However, the representation of religious minorities remains a serious issue.

EMPOWERMENT OF WOMEN

Women have become one of the leading metaphors for an enlightened, moderate Pakistani state and its 'soft' image. The thirty three percent reservation of seats for women comes in the context of a wider effort of state feminism, spanning legislative quotas, government wide reform initiatives (like the Gender Reform Action Plan), changes in certain discriminatory laws like the Hudood Ordinance and outlawing customary forms of violence against women.

What has been the result of these changes? As highlighted above, a comparison of 2001 to 2005 elections clearly shows an all-around improvement in results on reserved seats for women, whereby the rates of contestation have improved, fewer candidates have returned unopposed and comparatively fewer seats were left vacant in the 2005 elections. Overall, there is an indication of a growing dynamism in women's political participation.

It is also significant that this single measure of reservation of women's seats has raised Pakistan's ranking on the Gender Empowerment Measurement of UNDP from 100th out of 102 countries in 1999, to 58th in 2003. Therefore, the stakes riding on devolution for the future are politically high and symbolically relevant to this government, which lays claim to 'empowerment of women.' It is critical therefore, on a macro level to see if the impact of devolution has indeed improved women's participation in mainstream politics and importantly, if this has been meaningful.

Affirmative action for women's political representation in local governance can be analyzed in three dimensions:

- Firstly, by looking at women political representatives to see whether the devolution process has worked to diffuse power and decision-making in the public realm;
- Secondly, by probing the indicators of their personal emancipation to explore whether reserved seats are catalyzing political empowerment of women representatives; and
- Thirdly, by examining whether these women councilors have been effective in pursuing women interests, improving social service delivery and whether the rationale of inclusion is translating into qualitative change.

Unless the former two are complete, the latter assessment will remain inconclusive. Yet SPDC data and secondary literature show that these are also simultaneous processes, and that women mediate and negotiate governance processes to bring about change even as they contest the system and function under conditions of inadequate resources, asymmetric structures and debilitating biases. In other words, many women councilors are managing to work within the system even while being subdued by it.

The initial skepticism about women not being willing to form a political cadre was largely put to rest with the nomination of a large number of women in the first local body election under devolution in 2001, though well grounded critiques have emerged about their state of preparedness for taking on the challenge. To examine how far down the rung has decision-making reached and the effectiveness of women councilors within this scheme, research shows that women's performance within devolution must be understood in relation to the nature of institutions within which they have to function and the challenges they face on an everyday basis. The two intrinsic structural characteristics that deeply and directly impinge on women's ability to perform and deliver in the local bodies system is the embedded patriarchy and overt political dispositions of the governance institutions.

PATTAN (2006) notes "Policy makers have supported decentralization ... its popularity is rivaled only by its irony, as it requires an explicit decision on part of national and provincial governments to relinquish power." All of these structural anomalies impact women councilors immensely. In addition, an analysis of gendered dynamics shows women councilors carry the additional burden of sex based discrimination.

The two women District Nazims elected in 2001, publicly and repeatedly insisted that they had no administrative authority, which was continually undermined by the provincial governments. This could be attributed to the fact that both belonged to the opposition party, but it is a complaint lodged and repeated by many women at all levels of local government, down to the basic units - the union councils. While women at the district and tehsil level protest the inability to hire, fire and transfer staff and engineered bureaucratic paralysis, at the council level, many find the police officials, magistrates, peer male councilors, school principals, and ordinary citizens unwilling to listen to them because they have no authority to ensure implementation of either their own decisions or tasks assigned to them in the local governance system.

According to the SPDC survey, 35 percent of the women councilors in Punjab, all of whom were with the ruling party PML-Q, said all powers and discretion were centralized with the Nazim, and that they had no autonomy, nor could they do anything that the Nazim did not directly instruct them to do. Almost one-fifths of women respondents said that the local government structure had brought in no systemic change, and they had been unable to undertake work of any significance because they were given no schemes or resources. These respondents said they were not consulted on budget formulation, and three-fourths of them cited funds as a problem for being unable to work.

This contradicts the usual field based experiences where observers have found that access to funds and approval of projects is usually

related to whether councilors belong to the ruling parties or not. These women were identified with groups in political power at the national and provincial level respectively, and all of them said accessing the Nazim was easy for them, yet were denied the resources to create any change. This can be explained in terms of patriarchal discrimination.

Where one-third of the women councilors sampled had no problems exercising power to fulfill their responsibilities, 26 percent cited funds as a constraint in fulfilling duties. Also 16 percent said Nazims and higher authority were a hindrance. In addition, 32 percent said that projects initiated by them were sanctioned by Nazim and an equal number said the final decision rested with 'others,' while 25 percent made the final decision themselves on their projects and went ahead with it.

Although council meetings are generally not held as frequently as the law requires, 18 percent of women councilors said they were given no prior notice to attend, 29 percent said they were never informed about the meeting agenda and 57 percent were not involved in the making of the agenda. Likewise, 37 percent said their opinion was not sought at the time of budget making.

The reason that women are susceptible to pressures and inadequately prepared to deal with them is that they have historically and systemically been denied opportunities to develop a coping system or compete on an equal basis (few examples of biases that women have to face are quoted in Box 3.3). In the SPDC fieldwork, when councilors were asked what they thought of Local Government (LG) nearly 10 percent professed no knowledge or understanding about the LG system. 62 percent identified it as a system oriented for 'people's welfare' while, a small proportion of women councilors considered LG to be about 'development.'

A causal relationship of effectiveness can be made with the level of education. SPDC field work shows that on average, 27 percent of women councilors are not literate, the incidence being the highest in Balochistan. SPDC data importantly shows the linkages between education level and nature of problems faced by councilors. In response to a question whether holding public office had in any way increased their capacity to assert themselves and complete tasks, the affirmative answer was consistent with the education levels.

Box 3.3

Voice of Women Councilors

There is anecdotal evidence of the continuous biases women have to face, even when they feel the system is functional, responsive and generally positive.

- A woman councilor narrated a popular way of referring to women councilors, "They burn homes to save lanes,"
- one of the few councilors with a Master's degree, who has studied political science, said the main issue was that she was single, which is why her every move was scrutinized and publicly discussed. She summarized the presence of women councilors as being "show pieces in the system".
- When discussing trainings, a councilor poignantly commented that she has been trained on the finer points of the ordinance and technicalities, whereas she wants to learn how to publicly talk in front of men.
- A councilor says she is with the PML-Q group but everything is controlled by men, and cannot rely on them to help her with anything. Her only power is derived from the act that her husband is a journalist, so she uses the power and threat of media to get her work done.

When asked whether they had been able to fulfill their responsibilities as councilors, 33 percent women councilors in Sindh said none at all, and 70 percent in Balochistan answered the same. All respondents in Punjab said that they had no problem understanding the training they had been given on local government and their place in it, while 21 percent women experienced some problems in NWFP, mainly because of the language barrier in translating technical jargons. In Balochistan, on the other hand, only 30 percent of the women said they had no problems understanding the training, similarly, 41 percent in Sindh had the same views. These also correlate to education levels.

This is not to negate the impressive steps other uneducated women councilors have taken, such as conceptualizing and completing innovative projects and mobilizing development funds from outside their UCs. Yet, the indications in the survey underline the need of some level of literacy for the union councilors to work the system effectively to their advantage. Policy direction should probe the possibility of designing short duration adult literacy programs for these women councilors to enhance their effectiveness. However, literacy on its own is not enough. In SPDC survey of women councilors nearly 53 percent literate councilors had not read the LGO.

Has enhanced women's participation led to personal empowerment? Despite the structural limitations, some change is evident in the lives of women union councilors and changes bring their own momentum. In contrast to first round of elections, post 2005, according to SPDC field work, women said they attended council meetings themselves and not via stand ins by husbands, brothers, fathers or sons. There are also signs of deepening political consciousness. This conclusion is consistent with other studies as revealed by Box 3.4.

There are also indications of personal empowerment. In the SPDC study, women councilors, albeit a small percentage, experienced an increase in their decision making authority at the household level. Almost all women said their confidence level had increased. Translating this confidence into social capital and interpersonal claiming of spaces would require both time and continuity.

Additionally, the SPDC field research team notes that though there is no change in the level of mobility of women councilors after assuming public office, the nature of the mobility has changed substantially.

Box 3.4 Examples of Deepening Political Consciousness

Pattan highlights cases where women councilors, who challenged the nazim's blatant discrimination on both, gender and political lines. She addressed press conferences against his heavy handedness and lopsided budget proposals, and finally networked with other councilors to deny him quorum for budget approval.

Shams-un-Nisa from Hassan Abdal was elected union councilor in 2001, but in 2005, her family decided another kin should take that post and asked her not to contest, so she decided to vacate that seat and contest tehsil elections, which she then won.

In a survey PATTAN (2006a) conducted in eighteen districts, they found that hundred per cent of women councilors in Punjab had attended rallies on various issues of women's rights, followed by 62 percent in NWFP and 50 percent in Sindh. 37 percent in Sindh and 71 percent in Punjab had also participated in strikes on their various issues.

According to this research, capacity building and networking were the most important factors in contributing to success stories of women councilors.

Previously women were able to negotiate public spaces for personal reasons, such as visiting relatives, participating in marriages or condoling in times of grief, essentially staying within a comfort zone of the known. This mobility is now taking place within the public sphere and for public reasons, requiring them to interact with those unknown to them and traverse in unknown spaces. The consequence is an across the board increase in confidence levels.

On an overall level, SPDC field work shows that 70 percent of women councilors felt that their status had improved as a result of devolution and 76 percent felt an increased sense of personal empowerment. However, the obstacles discussed above prevented them from translating this into any meaningful, transformative change. Hence when asked what local government had delivered to people, the study shows one-fourths felt local government had brought no change at all. This corresponds directly with the same number feeling no specific sense of personal agency.

Has the presence of women led to a wider change in terms of improved service delivery? There are emerging indications that change is taking place. Routine civic functions such as birth and death registration and marriage registration have become easier, as reported by women union councilors interviewed by SPDC. These are areas where government had struggled with for decades prior to devolution.

CIET conducted a social audit in 2004-05 following a baseline audit of 2001-02 for comparison over time of citizens' views, on the use and experience of public services under devolved local government. The results of the survey indicate that people perceive some improvement in delivery of public services (CIET, 2005).² Though there are many other factors that have influenced this change, partial correlation to the presence of women councilors can be inferred, such as from a survey of women councilors conducted by PATTAN (2006a), in which women councilors said among the prime social assets they contributed to was public health and education, particularly promoting girls enrolment. There are many anecdotal examples documenting the emergence of islands of change. ADB has documented that in Haripur, due to efforts of women councilors, around a hundred and fifty poor women now receive *Zakat* funds. The women councilors have also investigated and removed names from *Zakat* lists, of those who are not eligible (ADB, 2004). In tehsil Jaranwala, Faisalabad, with backing from the Tehsil Nazim, 19 women councilors in the tehsil council have pooled their individual allocations for development schemes to develop a Women's Resource Center. This center will have a shelter for abused women and embroidery, computer and other industrial training facilities.

Has there been any diffusion of decision-making at the local level? Processes that shift power structures, even if the shift is partial, bring their own momentum. The ADB (2004) finds in one of its surveys of women councilors in NWFP that during 2001 and 2006, women councilor's attendance of council meetings rose from 22 percent in the base line survey to 98 percent in a recent survey of the same areas. Almost all women respondents in 68 councils said that among the major changes was that they were now comfortable interacting with men in the councils, and could finally speak. Expectedly, an important associative factor that potentially impacts the contribution of women in decision-making seems to be their political alignment.

So, is the women's agenda now on policy-makers' table? The findings on the nature of women councilors' work reveal that although women have a political role to play within local governance, by and large they end up pushing the mainstream agenda, such as road maintenance and sewerage on the one hand, and resolution of domestic issues on the other. Only 15 percent respondents of the SPDC survey saw women as their constituents or felt their responsibilities specifically included addressing women's issues. The expectation from them to deliver on the women's empowerment agenda is therefore questionable.

It appears that the creation of social capital and propensity to catalyze attitudinal change, then, is a more attuned indicator of the capability of women councilors to represent women on reserved seats. This, rather than service delivery efficiency (or lack of) highlights the potential of grassroots transformation and empowerment. The evidence may be sporadic, but indubitable, as described in Box 3.5.

In conclusion, the 33 percent reservation for women's representation in the local governance system is a significant, even massive, advance. Though there is limited evidence showing either that there has been change in terms of women's empowerment, transformational change takes time to set in. Signs of change are emerging, albeit tentative and scattered. More importantly, one of the pillars of progress has been laid. Women stand only to gain if the system is strengthened and allowed to openly function, without being co-opted by other forces.

Box 3.5 Examples of Women Catalyzing Attitudinal Change

Fahema, a tehsil councilor from Mardan decided to focus on the issue of domestic violence, and when women would come to her, she would attempt a rapprochement only if the husband apologized and signed an undertaking that he would never lift his hand on his wife again, and if he did, he would have to pay an extremely hefty fine. She would deposit a copy of the document with the police. She reports that whereas in some cases, men paid heavy financial penalties, in most cases, it was an effective deterrent.

Haleema, a councilor from Multan organized protests against the 'Rabia and Khola' acid burn case for arrest of the culprit, lobbied for prohibition of sale of acid and brought together a group of women councilors and other activists and approached the governor of Punjab, and succeeded in convincing him to place a province wide ban on free sale of acid, which can now be sold only against license.

Shad Begum changed the political context of Dir when she violated a ban imposed by a collective of eight main political parties on the candidature of women. They, along with the elders of the area, prohibited any woman from submitting nomination papers. She moved a petition to the election commission and mobilized civil society. As she points out, there were no votes polled by women in 2001, whereas in 2005, there were one hundred and twenty seven women councilors at all levels in the area.

Huma Wahab, a tehsil councilor from Muzaffargarh also holds the post of the general secretary of the women's wing of ruling party PML-Q in the city, yet went against party instructions to vote in the PPP Nazim. She convinced all women TMA members to support him because he was pro-women in his approach, defying her political association in face of gender based solidarity.

ROLE OF CIVIL SOCIETY

In line with international practice of community-driven development, the Devolution Plan has created Citizens Community Boards (CCBs) to not only enhance participation and empowerment at the grassroots level but also to strengthen capacity of local people to identify and implement their development priorities. However, theoretically, there are multiple risks associated with the various community based models. There is a risk of capture by some interest groups because some community members may not have enough information that would ultimately affect local decision-making process (Fritzen, 2006). Effectiveness of such an arrangement is questioned "in the presence of endogenous community imperfections," by Platteau and Abraham (2002). Funds allocated to the community on the basis of local need assessment would enhance local participation but decrease the accountability over how and where funds are used, compromising transparency and accountability concerns (Chavis, 2006). Parallel community based development can potentially lower the authority of local government in community affairs and Kurosaki (2006) suspects that limited experience in community based development might drain valuable resources. Also, in most developing countries, the lack of formal and informal education has raised questions about the technical capacity of community to undertake projects of public welfare.

While the debate on merits and demerits of community based development goes on, it is important to see what has been Pakistan's experience with CCBs given the prevailing socio-political structure? Despite political vulnerabilities at the national level, has the federal government policy objective to spread democracy at the grassroots level been achieved? It has been reiterated and reemphasized by the government that devolution would increase the participation and empowerment of common people specially the marginalized and disadvantaged segment of the population. CCB initiative has a central role in achieving this overarching objective. Is there progress in this direction? To enhance our understanding of the challenges and constraints faced by CCBs, we have supplemented secondary information and SPDC field work with detailed case studies of Districts of Thatta, Kasur, and Sheikhpura, being sensitive to the issue of political divide³.

CCBs have a vital place in the conceptual framework of the Devolution Plan. It is a major linchpin to people's empowerment at the grassroots level. The purpose is also to encourage voluntarism. Any group can form a CCB, as long as the group: is of non-elected people; has at least 25 members; and as an organization has elected a chairman, executive committee and secretary to carry out its functions. There is no restriction about the number of CCBs in a location.

The registration of CCBs is simple, unlike NGOs that have to register under Social Welfare Act, Societies Act or Companies Ordinance. CCBs can be registered under LGO 2001 with EDO Community Development (CD) or any officer appointed by EDO (CD) in Districts, tehsil officer planning in tehsils, and secretary UC in case of UCs. The registration of CCBs is done under the LGO, Section 109, for various community

initiatives on self-help basis. CCBs may have following mandate for its inception:

- community mobilization
- management of public facility
- need assessment
- community participation in planning and development process
- capacity building

There is no restriction and guidelines for CCBs to work in certain areas. However, broadly the CCB's scope of work is in agriculture, education, health, community development and information technology.

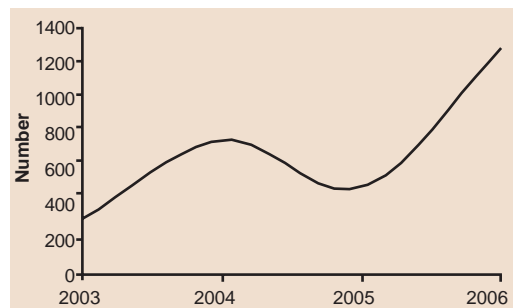
Despite its importance in the Devolution Plan, formation of CCBs did not pick up in the first phase of local governments in Pakistan. During 2001-2005, only a few CCBs were registered and there were only a small number of CCB development projects. The main reason for this was the low level of awareness among District Nazims and the bureaucracy regarding both the concept of CCBs and the potential benefits of civil society involvement in local development. After the local government elections in 2005, however, there has been a significant rise in the registration of CCBs,

principally due to aggressive awareness creation and encouragement by the government (see Chart 3.1). Even now development through CCBs is a small part of development activity in a district and there is substantial under utilization of non-lapsable funds, earmarked for CCBs.

According to the SPDC field work, 70 percent of District and Union Nazims viewed CCBs as a good concept. Likewise the concept is highly appreciated by representatives of the civil society also, reflecting that CCBs have been accepted at the local level as a good initiative. According to the bulk of the respondents, CCBs could have become popular earlier if the concept was adequately advertised. A secretary of a CCB stated "it is a powerful concept that could enhance the level of participation and empowerment in poor and illiterate communities." However, along with appreciation, there are fears. As a rural CCB Chairman said, "CCB is an immaculate concept but local representatives consider that development work through CCB would reduce their powers. Similarly, the new system, especially development through communities, curtails the powers of the bureaucracy-contractor nexus that had adversely affected the development of CCBs in the first phase of devolution plan."

As mentioned above, after 2005, one witnesses a shift in government policy towards local community participation and empowerment in the devolution plan. At all three levels of local

Chart 3.1 CCBs Registered in Sample Districts



Source: SPDC Survey

government, CCBs are being encouraged to register and submit project proposals. An institution, Devolution Trust for Community Empowerment (DTCE), with the financial assistance of donor agencies, was established to create awareness about CCBs and enhance local capacity. DTCE is working in districts, tehsil, and unions of Pakistan to mobilize communities for greater participation in the development activities. Its intervention is making a difference as the total number of CCBs in 37 districts of Pakistan has increased from 5,256 to 17,473 (DTCE, 2007).

However, before this increase in CCB registration is viewed as a symbol of civil society's participation in local development and empowerment, certain considerations need to be taken into account. First, though it may be argued that a large amount of funds available at district, tehsil and union level are necessary to provide an incentive to the local people to participate in their development, the magnitudes may encourage corruption and patronage, in the absence of proper checks and balances. Most of the Nazims at district, tehsil, and union level want to utilize these non-lapsable funds as these funds are not part of the Annual Development Plan (ADP). Second, it has been pointed out during focus group discussions that some Nazims at UC level have their own CCBs with family members holding the posts of chairman and secretary. Finally, CCBs are viewed by some as an instrument that can contribute in the preparation of future elections, further strengthening the hold of the local elite. In the presence of such instances, can we conclude that expansion of CCBs is reflective of an underlying change in socio-political structures? Or can such community leaders be viewed as "transformative" leaders?

It is clear that this instrument of people's participation and empowerment will not achieve its objective in the absence of effective institutions of accountability and transparency at all levels. This is particularly necessary in a country like Pakistan where structural changes are difficult to realize given the prevalence of negating factors like cultural biases, low level of income, illiteracy, and socio-economic inequality.

What are local perceptions regarding community empowerment through CCBs? An SPDC field team elicited the views of local representatives and administration. Most of the district and Tehsil Nazims and local bureaucrats clearly indicated that no real empowerment has yet taken place due to the CCBs. It is interesting to note that although bulk of the district and tehsil elected representatives believe that CCB is a good concept, they do not see any real empowerment of people through it.

Interestingly, however, the perceptions of elected representatives regarding empowerment change the closer we get to the grassroots level. Almost 40 percent of Union Nazims believed that community empowerment has increased significantly through CCBs. The result has its own significance. In Pakistan, most of the population lives in rural areas and rural UCs are the most deprived entities. Before the Devolution Plan 2001, there was no status of rural UCs and consequently no voice. The Devolution Plan has certainly provided an opportunity to the rural population to recognize their latent potential. The question of identity, recognition and an opportunity to form a group are considered as significant empowerment by Union Nazims.

Another important question is whether CCBs are making any contribution to local development? For the first time in the history of

Box 3.6 Procedure for CCB's Scheme Approval

The procedure for granting approval of a CCB scheme is as follows:

- Before announcing the budget, all local governments are bound to publish classification of schemes for CCB development projects
- CCB can choose any scheme at district, tehsil or union level
- CCB prepare initial cost estimate with the help of concerned department or CCB can do it independently
- Once the design and cost estimates are prepared, CCB can submit project proposal to EDO CD along with a bank draft of 20 percent or more of the total cost
- EDO CD sends the project file to the concern department, for example, if the project is for road construction, the project file would be send to EDO works and services department for technical and financial advise
- The concerned EDO after verification of technical and financial requirements sends project file to EDO Finance and Planning Department (F & P)
- EDO (F&P) sends the file to District Development Committee (DDC) for the approval. DDC comprises of all EDOs and DCO is its chairman.
- DDC marks the project files on the basis of classification of schemes, bank draft of total cost, and priority areas.
- District Councils finally approve or reject the project on the basis of voting
- After project approval, an agreement has to be signed between local government and CCB and first installment of fund would then be transferred to CCB's account.

Pakistan, communities are encouraged to participate in development activities with the government. The exceptional feature of CCB development initiative is the direct funding to communities by the government if the project fulfills certain conditions. According to legislative provisions, local governments at all levels have to earmark 25 percent of the total development budget for CCB development initiatives. Any development scheme of CCBs would be financed up to 80 percent of the total cost from the CCB development budget, if approved. The conditions of approval to some extent are difficult to fulfill by a community that has no capacity or previous experience of development work. The procedure for granting approval of a CCB scheme is presented in Box 3.6.

The SPDC field team has identified a number of reasons for the low level of project related activity of CCBs. A case study of CCB development projects, presented in Box 3.7, reveals some interesting findings that substantiate the theory that effective community participation and empowerment is still elusive for many local communities.

In conclusion, it appears that the devolution process has not yet led to significant empowerment of the people. However, a number of significant processes have been put in motion including greater representation for the marginalized groups, especially women, and enhanced development role at the local level to community based organizations. But the litmus tests of success will be free and fair elections in future and a broad-basing of political representation so that the degree of state capture by local elites is reduced. To realize the dream of a truly equitable and empowered system, deep-rooted structural issues have to be resolved, which will require dedicated, sincere and sustained efforts by all-government, politicians and civil society.

Box 3.7 Empowerment through CCBs: Case Study Findings

Politics and favoritism is playing a major role in CCB project approval. In Thatta, seven projects were approved in which two were visited by CCB office bearers. During the discussion on the project approval procedure it was learned that both approved projects had a strong political backing. Discussion with a rural CCB representative, who has not obtained any project despite fulfilling the requirements, revealed that District Nazims and DCOs are hesitant to disseminate information to public. Full knowledge and political influence are two determinants of CCB project approval.

Sector-Wise CCB Projects in District of Thatta* - 2007

(Rupees)

Sector	Total Number of Projects	Total Funds	CCB Share	Sector's Funds as % of Total CCBs Funds
Agriculture	2	297,946	59,589	6.3
Works and Services	3	4,048,800	809,760	85.0
Information Technology	2	415,000	83,000	8.7
Total	7	4,761,746	952,349	

* CCB projects include all 7 approved projects

Source: EDO Community Development Department, District Government Thatta

It is interesting to note from the Table that 85 percent of the total project funds have been allocated to works and services sector, with all three projects related to road or bridge construction. This indicates that the shift in local government's sectoral priorities, from social to economic infrastructure, is filtering to civil society projects also.

Along with politically influential local individuals, powerful business communities are also interested in CCB projects. For instance, a powerful industrial group managed to get a 2 km road constructed with the total cost of Rs 20 million. The road is primarily serving a particular industry. Development activity of this type would increase inequity in the system when the activity benefits a small group at the expense of larger segment of population.

Systematic analysis of CCB development projects shows that the entire process of CCB project approval is a political bargain game. CCBs without any political or social influence are largely only an addition to the pool of CCBs, creating an impression of development activity with no real development contribution.

NOTES:

¹ Source: Information centre for Local Governance in India (for number of women representatives) and Human Development Report 2006 (for population).

² The CIET research surveyed 53,960 households, numbering 424,675 people of which 224,053 were males and 200,622 were females.

³ This analysis is supplemented by focus group of CCB representatives, survey of CCBs and meetings with EDO Community Development in the Districts of Kasur and Sheikhpura. For the field survey of 12 districts, the criterion of district selection is based on the level of deprivation ranging from low to high and political divide.



FISCAL DECENTRALIZATION: HAS IT IMPROVED EFFICIENCY AND EQUITY?

4

*Fiscal decentralization in
Pakistan is characterized by
large vertical and horizontal
imbalances*



FISCAL DECENTRALIZATION: HAS IT IMPROVED EFFICIENCY AND EQUITY?

Until the introduction of the LFO 2002 and LGO 2001, the Constitution of Pakistan (1973) recognized only two tiers of government - the federation and the provinces. Local governments now constitute a separate tier of government. From being merely treated as extension of provincial governments, they now formally represent the third tier of the government. Implementation of the Devolution Plan is a major step towards legally empowering local governments. However, a critical element in the devolution process is the degree to which fiscal decentralization has taken place.

ALLOCATION OF FUNCTIONS AND FISCAL POWERS

The devolution process has led to the transfer of a large number of functions from provincial to local governments. This includes the major social services like primary and secondary education, preventive and curative health, water supply, drainage and sewerage, and economic services like urban transport and farm-to-market roads. Consequently, provincial governments have been left with law and order, justice, higher education, agricultural development, irrigation, land reclamation, and highways. As highlighted in Chapter 2, the principle of subsidiarity has largely been followed correctly in the allocation of functions between provincial and local governments. This is expected to improve efficiency in the provision of services, especially in terms of reflecting differences in local needs and preferences and in fully capturing the associated benefits and costs.

The taxes/fees chargeable at different levels - district, *tehsil*, union - of local governments, according to LGO 2001, are described in Table 4.1. District governments have been vested with powers to levy an education or a health tax, in addition to user charges. There is a scope for a local rate on lands assessable to provincial land revenue and for charging any other tax authorized by the government. The principal source of revenue for TMAs is expected to be the property tax on annual rental value of buildings and lands and the tax on transfer of property. Union administrations have limited fiscal powers beyond the levy of some small fees.

The abolition of Octroi in 1998, has excluded the principal source of revenue from the local tax base. Instead, the federal General Sales Tax (GST) has been enhanced by one-sixths in lieu of octroi and revenues collected accordingly reverted back to local governments. The ordinance has not led to any transfer of fiscal powers from provincial governments to local governments, despite the substantial transfer of functions. Further, the property tax will continue to be collected by the provincial excise and taxation departments, although a large part of the revenues will revert to local governments.

Table 4.1 Taxes/Fees of Local Governments

DISTRICT COUNCIL	
1.	Education tax.
2.	Health tax.
3.	Tax on vehicles other than motor vehicles.
4.	Any other tax authorized by the government.
5.	Local rate on lands assessable to land revenue.
6.	Fees in respect of schools, colleges and health facilities established or maintained by the district government.
7.	Fees for licenses granted by the district government.
8.	Fees for specific services rendered by a district government.
9.	Collection charges for recovery of tax on behalf of the government as prescribed.
10.	Toll on new roads, bridges, within the limits of a district, other than national and provincial highways and roads.
TEHSIL/TALUKA AND TOWN COUNCIL	
1.	Local tax on services.
2.	Tax on the transfer of immovable property.
3.	Property tax on annual rental value of buildings and lands.
4.	Fee on advertisement, other than on radio and television, and billboards.
5.	Fee for fairs, agricultural shows, cattle fairs, industrial exhibitions, tournaments and other public events.
6.	Fee for approval of building plans and erection and re-erection of buildings.
7.	Fee for licenses or permits and penalties or fines for violation of the licensing rules.
8.	Charges for execution and maintenance of works of public utility like lighting of public places, drainage, conservancy and water supply.
9.	Fee on cinemas, drama and theatre and tickets thereof, and other entertainment.
10.	Collection charges for recovery of any tax on behalf of the government, district government, union administration or any statutory authority as prescribed.
UNION COUNCIL	
1.	Fees for licensing of professions and vocations.
2.	Fee on sale of animals in cattle markets.
3.	Market fees.
4.	Fees for certification of births, marriages and deaths.
5.	Charges for specific services rendered by the union council.
6.	Rate for the remuneration of village and neighborhood guards.
7.	Rate for executive or maintenance of any work of public utility like lighting of public places, drainage, conservancy and water supply.
Source: Second Schedule (updated), LGO 2001	

The lack of enhancement in local fiscal powers is a major weakness in the process of fiscal decentralization. It has fundamental implications for the level of fiscal autonomy of local governments and on achieving higher levels of allocative efficiency in public expenditure through linking of taxation with benefits.

VERTICAL IMBALANCE

The substantial expansion in functions coupled with no changes in fiscal powers has implied that after devolution a large vertical imbalance between local and provincial governments has emerged. Analysis of the budgets of a sample of local governments reveals that over 90 percent of expenditure is financed by transfers (see Box 4.2). This coupled with the assignment of provincial officials to act as the local bureaucracy has meant that a true 'local' and indigenous culture of governance has not yet been developed in the districts.

TRANSFERS

In the immediate aftermath of fiscal decentralization during 2001, the primary emphasis was on enabling a smooth transition and avoiding any disruption in the delivery of services. This appears to have been achieved generally perhaps by preserving key elements of the status quo. The financing arrangements needed to be put in place to ensure the sustainability of delivery together with the responsibilities of transfer of service. Therefore, the focus of transfers initially to local governments by provincial governments was on ensuring regular payment of salaries (equivalent to over 90 percent of current expenditure) and to complete the implementation of on-going development schemes. Other objectives of transfers like fiscal equalization only came in after the constitution of the Provincial Finance Commissions (PFCs) in 2002.

The task of the PFCs has been to decide, first, on how the total provincial resources are to be distributed vertically between provincial and local governments to finance the on-going delivery of services under their respective jurisdictions and, second, how the resources transferred are to be distributed horizontally between local governments.

Generally, the methodology adopted by the PFCs has been to first determine the vertical distribution of the total quantum of provincial resources, comprising federal divisible pool transfers, straight transfers and grants and provinces' own revenue receipts. Based on benchmarks of expenditure, these resources have then been distributed between the Provincial Retained Amount (PRA) and the Provincial Allocable Amount (PAA), with the latter representing the proposed magnitude of transfer of funds to local governments. During recent periods of the awards, the first claim to provincial resources has been granted to 'common' or 'priority' expenditures, consisting of pensions, debt servicing and subsidies among others.

The resulting sharing of provincial resources between provincial and local governments since 2002-03, is given in Table 4.2. Prior to the promulgation of the Ordinance, Pasha and Pasha (2001), estimated that, given the proposed allocation of functions, transfers would have to be about 40 percent of provincial resources. In fact, during 2002-03, transfers represented 39 percent of available provincial resources for the

Table 4.2 **Sharing of Provincial Resources**
(Rs Billion)
(for the four provincial governments combined)

	2002-03	2003-04	2004-05	2005-06	2006-07
Provincial Receipts	290.7	318.0	367.7	442.7	557.1
of which:					
Provincial Retained Amount	177.2	195.6	223.8	280.1	347.2
Provincial Allocable Amount	113.5	122.4	143.9	162.6	209.9
Share of Transfers* (%)	39.0	38.5	39.1	36.7	37.7
Growth Rates (%)					
Provincial Receipts	-	9.4	15.6	20.4	25.8
Provincial Retained Amount	-	10.4	14.4	25.2	24.0
Provincial Allocable Amount	-	7.9	17.5	13.0	29.1

*The transfers correspond to the Provincial Allocable Amount.

Source: Provincial annual budget statements and provincial finance commission awards



Table 4.3 Share of Transfers in Provincial Resources by Province (percent)

	2002-03	2003-04	2004-05	2005-06	2006-07
Punjab	46.0	42.7	41.2	36.7	39.8
Sindh	35.2	37.4	40.4	35.4	37.6
NWFP*	30.2	30.5	36.5	40.2	35.1
Balochistan	32.9	34.0	29.0	35.3	30.4
Total	39.0	38.5	39.1	36.7	37.7

*NWFP figures do not include transfers to union councils.

Source: Provincial Reports on Fiscal Decentralization, NRB and Provincial Annual Budget Statements

four provinces combined. This share has fluctuated since then, rising to a peak of 39.1 percent during 2004-05 and then falling to 36.7 percent by 2005-06, and further rising slightly to 37.7 percent during 2006-07. Overall, the priority attached by provincial governments for allocations meant for local governments has declined somewhat during the last five years, especially in the case of the Punjab government (see Table 4.3).

However, provincial transfers to local governments have shown considerable buoyancy in recent years, registering a high double-digit growth rate since 2004-05. This reflects the rapid growth in provincial revenue receipts, due primarily to the fast increase in federal transfers to provincial governments. This in turn is the consequence of the buoyancy in federal tax revenues in response to the higher rate of GDP growth and an upsurge in the rate of inflation. Overall, during the period from 2002-03 to 2006-07, transfers to local governments have grown in real terms at over 8.3 percent per annum.

The broad conclusion in the Pakistani context is that the process of devolution has been facilitated more by the improvement in the macroeconomic environment than by any conscious effort on the part of provincial governments to support the process of decentralization. By and large, it appears that devolution took place at the right time when the economy was able to create more fiscal space to enable expanded financing of local services. This is in sharp contrast to the experience in other settings where decentralization has been undertaken at a time of macroeconomic crunch when it became necessary to fiscally retrench the provision of municipal services and pass the burden of financing more on to beneficiaries.

EXTENT OF FISCAL DECENTRALIZATION

The question which arises is whether the devolution plan has contributed to greater fiscal decentralization in Pakistan, defined as the share of sub-national governments (provincial and local) in total public expenditure. However, the devolution process has essentially involved a redistribution of functions within sub-national governments and is unlikely, therefore, to have significantly altered the overall degree of fiscal decentralization. For this to happen, one fundamental part of the decentralization process is the transfer of functions from federal to provincial governments, especially those contained in the Concurrent List

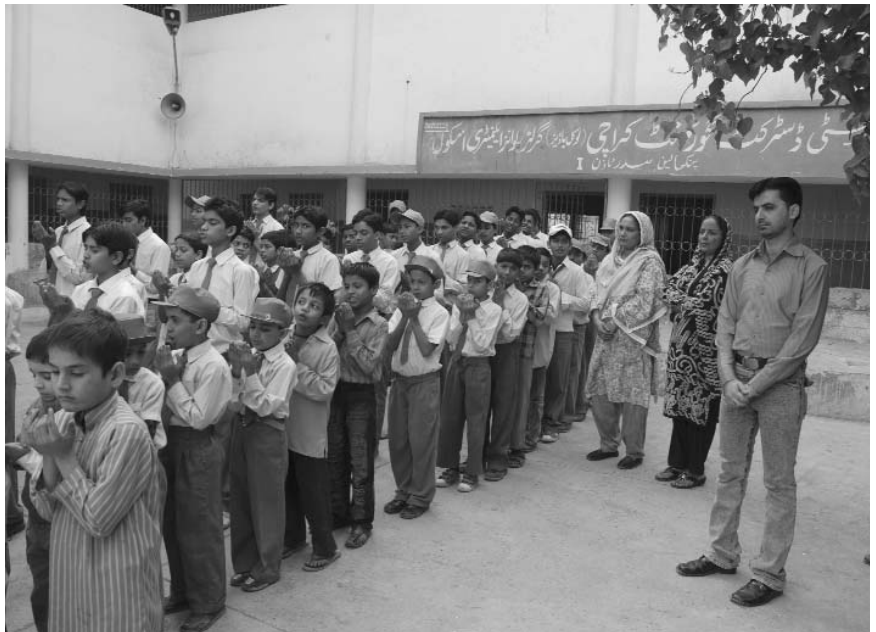
Table 4.4 Expenditure by Different Levels of Government
(Rs Billion)

	2000-01	Share (%)	2005-06	Share (%)
Federal	563.2	71.9	1006.7	63.8
Provincial	180.0	23.0	371.7	23.6
Local	40.0	5.1	198.9	12.6
TOTAL	783.2	100.0	1577.3	100.0
As % of GDP				
Federal	13.4		13.0	
Provincial	4.3		4.8	
Local	1.0		2.6	
TOTAL	18.7		20.4	

Source: Budgets of the federal and provincial governments.

of the constitution. But this has yet to happen, and remains a longstanding demand of provincial governments.

Table 4.4, gives the level of expenditure by different levels of government prior to devolution (in 2000-01) and in the most recent year (2005-06) for which information is available. The overall extent of fiscal decentralization (share of sub-national governments in total expenditure) has shown some increase over the five year period, from about 28 percent during 2000-01 to over 36 percent during 2005-06. The share of local governments in public expenditure has increased considerably from about 5 percent prior to devolution to about 13 percent at present. It is significant that although provincial governments have handed over a number of major services to local governments, their share in public expenditure has remained unchanged at about 23 percent. Development expenditure, in particular, of these governments has risen exponentially during the last few years.



Local expenditures as a percentage of GDP have increased from about 1 percent prior to devolution to about 2½ percent in 2005-06. These governments account for almost the entire increase in the public expenditure to GDP ratio in Pakistan. However, given that the local governments are now responsible for provision of basic social services like education, health and water supply, attainment of the Millennium Development Goals (MDGs) will probably imply the need for doubling of this ratio to about 5 percent of the GDP by 2015 (see CRPRID, 2006).

The above estimates reveal that Pakistan has approached an intermediate level of fiscal decentralization in the context of international comparisons. At about 36 percent it remains less decentralized than India (45 percent), China (54 percent) and Argentina (42 percent), but it is more decentralized than Malaysia (19 percent), Indonesia (10 percent), Philippines (9 percent), Mexico (29 percent) and South Africa (34 percent) [Bird and Vaillancourt, 1998].

EFFICIENCY OF EXPENDITURE

Allocative Efficiency

The report now focuses on the issue of allocative efficiency of expenditure by sub-national governments. A fundamental issue is the extent to which the PFC awards of different provinces build in provisions for financing of development expenditures by district governments and TMAs over and above development grants in the provincial PSDPs, which tend to be more specific in nature. This is important because unconditional or bloc development grants provide the resources for local governments to articulate their development priorities as compared to revenue transfers which largely finance the costs of running the existing network of services and are characterized by less flexibility.

Broadly speaking, local governments can be expected to focus largely on the provision of social services while provincial governments are likely to attach greater priority to economic infrastructure for rural and urban development. Therefore, the distribution of development expenditure between these two levels of government provides an indication of whether the focus is more on supporting higher levels of production, especially in agriculture, and achieving higher rates of growth of the regional economy as opposed to the emphasis on human development and pro-poor investments.

A study of allocations by the government of Punjab illustrates the evolving priorities. As highlighted earlier PFC awards in this province have implied a decline in share of provincial resources in the form of transfers to local governments. As opposed to this the provincial PSDP has expanded significantly, more than tripling in size from 2002-03 to 2006-07. But the share of the program being executed by district governments/TMAs has declined sharply from 30 percent in 2002-03 to 12 percent in 2006-07. Instead, the provincial government is putting more resources into development of economic infrastructure with large allocations during 2006-07 to roads (14 percent), irrigation (9 percent) and special infrastructure (23 percent). Therefore, it appears that the emphasis on achieving faster rates of growth in the medium run will

mitigate against an enhanced engagement of local governments in the development process and hence restrict allocations for human development.

An analysis of the PRSP expenditure from 2001-02 to 2005-06, indicates the strategy being pursued for achieving poverty reduction in Pakistan. Direct expenditures are on social services, social safety nets and governance-related services like law and order and administration of justice. Indirect expenditures, on economic infrastructure like roads, irrigation, rural development and electrification are expected to raise incomes and exercise a 'trickle-down' effect on poverty. The share of social services, delivered mostly by local governments, has declined significantly in PRSP expenditure from 54 percent in 2001-02 to 44 percent in 2005-06 (see Table 4.5). As opposed to this, the share of economic infrastructure, developed largely by provincial governments, has risen sharply from 18 percent to 30 percent. This establishes the primacy of growth-related expenditure in incremental allocations.

The focus on development of economic infrastructure for faster growth is very much a reflection of the thinking at the federal level. This has no doubt resulted in higher rates of economic growth during the last four years but probably at the expense of rising inequality. At the provincial level, the political economy of a powerful land owning rural elite and an emerging urban mercantilist class, which dominate both provincial and local assemblies, has meant that the demands and preferences of the broader population for access to basic services to enhance human capabilities have not found full expression.

	2001-02	2002-03	2003-04	2004-05	2005-06
Social Services ^a	90.6	104.2	130.5	154.8	191.2
Economic Infrastructure ^b	30.4	47.2	67.2	95.0	131.7
Governance-Related Services ^c	33.0	38.5	41.8	50.5	65.2
Social Safety Nets ^d	11.2	14.2	15.4	10.1	16.7
Others	2.1	4.4	6.4	5.8	29.8
TOTAL	167.3	208.5	261.3	316.2	434.6
Share (%)					
Social Services	54.2	50.0	49.9	49.0	44.0
Economic Infrastructure	18.2	22.6	25.7	30.0	30.3
Governance-Related Services	19.7	18.5	16.0	16.0	15.0
Social Safety Nets	6.7	6.8	5.9	3.2	3.8
Others	1.3	2.1	2.4	1.8	6.9
TOTAL	100.0	100.0	100.0	100.0	100.0
^a Education, health and water supply ^b Roads, highways, irrigation, land reclamation, rural development and rural electrification ^c Administration of justice, law and order ^d Social security and welfare, food subsidies, food support program Source: PRSP Reviews, Ministry of Finance, GoP					

Table 4.6 Development Expenditure Priorities of Selected Districts
(% share in total development expenditure)

		2003-04	2004-05	2005-06	2006-07
Rawalpindi	Roads and Infrastructure	46.5	29.5	-	-
	Education	5.9	0.9	-	-
	Health	2.6	1.0	-	-
Faisalabad	Roads and Infrastructure	-	42.7	17.4	18.2
	Education	-	20.7	41.0	21.7
	Health	-	2.2	3.1	4.7
Chakwal	Roads and Infrastructure	-	40.0	33.3	30.7
	Education	-	11.6	19.9	12.4
	Health	-	1.2	2.2	1.5
Lahore	Roads and Infrastructure	-	20.3	-	29.5*
	Education	-	25.5	-	7.4*
	Health	-	2.4	-	1.5*
Sialkot	Roads and Infrastructure	20.0	14.0	11.8	24.9
	Education	17.0	30.1	49.1	39.3
	Health	9.7	5.8	10.8	7.8
Karachi	Roads and Infrastructure	11.7	-	15.4	17.7
	Education	36.4	-	46.1	36.3
	Health	13.9	-	14.1	20.5
Hyderabad	Roads and Infrastructure	2.4	-	20.4	-
	Education	21.5	-	36.4	-
	Health	4.9	-	-	-
Dadu	Roads and Infrastructure	35.6	-	52.2	-
	Education	37.4	-	35.1	-
	Health	5.9	-	4.1	-
Sukkur	Roads and Infrastructure	24.2	-	24.9	-
	Education	40.3	-	38.6	-
	Health	6.1	-	4.8	-

* Figures are for fiscal year 2007-08.

Source: Budget Documents of District Governments

We examine next the pattern of sectoral allocations in local budgets. Within current expenditure, the largest share is accounted for by primary and secondary education in excess of 60 percent. The share of education in the current expenditure has largely remained constant. Over the last five years, since devolution, expenditure on education by provincial and local governments combined has approached 1.6 percent of GDP.

On the development side, Table 4.6 demonstrates that many of the district governments (for whom data on development expenditures were available) are devoting a significant part of their expenditure to the construction of roads, implying the same higher priority given to economic infrastructure. Allocations for education are large in most districts, but the most neglected sector appears to be health which receives less than 10 percent of the development allocation in most cases.

Altogether, the last few years have witnessed a noticeable emphasis on the development of economic infrastructure for growth. This has biased the allocation of public resources between provincial and local governments and has limited the size of transfers to the latter. If the expectation was that due to the process of devolution and because of greater empowerment to people, higher priority should be attached to pro-poor expenditures for human development, then sadly, this has largely not happened.

Table 4.7 Unit Costs of School Education by Province

	1998-99	2001-02	2004-05
Index of Real Education Expenditure (1998-99 = 100)			
Punjab	100.0	92.9	128.6
Sindh	100.0	86.5	117.8
NWFP	100.0	91.9	128.2
Balochistan	100.0	121.1	150.0
Index of Enrolments (1998-99 = 100)			
Punjab	100.0	113.8	137.6
Sindh	100.0	99.1	120.9
NWFP	100.0	114.9	130.1
Balochistan	100.0	95.9	110.7
Index of Unit Cost of Enrolments (1998-99 = 100)			
Punjab	100.0	81.6	93.5
Sindh	100.0	87.2	102.6
NWFP	100.0	80.0	96.2
Balochistan	100.0	127.1	135.5

Source: SPDC computations based on provincial budgets and provincial development statics

The way to remedy the situation is to make explicit provisions for financing development expenditure of local governments in PFC awards. This should correspond to a pre-determined share of the projected provincial PSDP. The Punjab PFC has taken the first step in this regard by including in the 2006 award provisions for development and tied project grants, with shares of 11.3 and 8.2 percent, respectively, in the transfers. This implies a share in the provincial PSDP of local governments amounting to 18.2 percent.

Technical Efficiency

The relatively rapid growth in expenditure by local governments in recent years in line with macroeconomic buoyancy raises the issue as to whether the enhanced outlays for delivery of services are characterized by higher or lower levels of cost-efficiency. This is examined in the context of the principal local service, primary and secondary education. Has the increased education expenditure been accompanied by a corresponding growth in student enrolments?

Table 4.7 gives the trends in real education expenditure (at 1998-99 prices) and in enrolments in each province. Two periods are identified, the first from 1998-99 to 2001-02, corresponding to the period immediately before devolution, and the second from 2001-02 to 2004-05, the period after devolution.

During the period from 1998-99 to 2001-02, the economy was going through a period of macroeconomic adjustment and as the fiscal deficit was brought down under the aegis of an IMF program, public expenditure was severely constrained. As a result, expenditure on education was also curtailed in most provinces. Consequently, it fell in real terms during the period from 1998-99 and 2001-02, in three provinces - Punjab, Sindh and NWFP. This led to slow growth in enrolments, which was witnessed

in all provinces. But the fact that these enrolments continued to show some growth in a period of falling expenditure implied that there was some improvement in cost effectiveness, of up to 20 percent in the NWFP.

Thereafter, between 2001-02 and 2004-05, there has been a visible growth in real education expenditure in all provinces, especially in Balochistan. Enrolments have also grown more rapidly in Punjab, Sindh and Balochistan. But the increase in enrolment is less than the rise in expenditure, implying an increase in unit costs of education. It may, however, be argued that this decline in cost effectiveness represents essentially a lagged response of the demand for utilization of the expanded facilities. Also, marginal costs can be expected to rise as coverage is extended to the more remote and less densely populated rural areas.

The Education Census of 2005 has revealed that the private sector is playing an active role in primary and secondary education, especially in the urban areas of Pakistan. Government schools are experiencing a fall in their share of enrolments. This may be one of the factors leading to a loss of cost effectiveness in the public schooling system. Overall, local governments need to monitor closely the trends in enrolments in schools managed by them and focus more on improving quality in the face of competition from the private sector.

Another test of efficiency in education expenditure is the variation in unit cost among districts of a province. This will help in determination of the spatial allocation of incremental expenditure if the objective is to maximize the impact on enrolments. Such an analysis has been undertaken for the 34 districts of Punjab. The current education expenditure by a district government is taken as a function of enrolment (primary and secondary, respectively) as well as the characteristics of a district like the extent of urbanization and geographical area (see Appendix A.2). These factors determine the predicted level of expenditure. A district is considered to be more efficient if its actual expenditure is less than the predicted level of expenditure (on the basis of regression analysis). Alternatively, if actual expenditure exceeds predicted expenditure, then the district is considered less efficient.



Table 4.8 Level of Efficiency in Education Expenditure at the District Level in Punjab

	District Ranking in Development ^a	Level of Efficiency (Actual to Predicted Expenditure)	Enrolment per School (Primary)	Enrolment per Teacher (Primary)	
Five Most Efficient Districts					
1	Mandi Bahauddin	12	0.95	117	39
2	Gujrat	5	0.99	98	32
3	Layyah	31	0.99	94	34
4	Pakpattan	17	1.00	120	39
5	Attock	10	1.03	98	34
Five Least Efficient Districts					
30	Rajanpur	32	1.46	87	31
31	Bahawalnagar	20	1.47	72	29
32	Rawalpindi	4	1.55	83	27
33	Hafizabad	16	1.89	80	32
34	Lahore	1	2.20	111	26

^a Ranking is based on PERI (2001).
Source: SPDC computations based on provincial budgets and provincial development statistics

Results of the spatial variation in efficiency of education expenditure are perhaps unexpected in character. Table 4.8 indicates the top five and the bottom five districts of Punjab in terms of the level of efficiency, measured as the ratio between actual and predicted expenditure. It appears that the more efficient districts are relatively underdeveloped, including Layyah, one of the most backward districts of Punjab. Contrary to this, the least efficient districts include Rawalpindi and Lahore, which are considered among the most developed districts of Punjab. This implies an important conclusion that there is likely to be no trade-off between efficiency and equity if, at the margin, more resources are allocated for education to relatively backward districts.

The findings highlight that in the developed districts there is an increased competition from the private sector. Alternatively, supply constraints may be more operative in backward areas and any expansion of facilities induces a stronger enrolment response. It is possible, however, that backward districts offer a lower quality of education, implying lower costs, as manifested in the form of higher number of students per school and students per teacher.

EQUITY IN EXPENDITURE

The equity dimension of fiscal decentralization is influenced primarily by the formula given by the PFCs for the horizontal distribution of transfers among local governments. These transfers largely determine the level of expenditure of district governments. The basic question is whether the formulae for sharing among districts builds in an element of fiscal equalization, with the backward districts receiving relatively large transfers per capita. Beyond this, if it can be demonstrated that the

transfers are, in fact, equalizing in character, then the issue is whether the diversion of resources to underdeveloped areas is large enough to remove differentials over time in access to services among districts of a province.

The PFCs in each province have been able to finalize the awards for both vertical and horizontal distribution of resources. In provinces like Sindh, there has been more than one PFC award over the last five years. In this respect, the PFCs have already demonstrated a better performance than the National Finance Commission (NFC), which has not been able to finalize an award since 2002, and transfers from the federal government to the provinces are at present, being made under ad-hoc provisions. In fact, it can be argued that PFC awards have been too frequent at least initially and have mitigated against the predictability of transfers. There is a case now for PFC awards to be valid, for a minimum period of three years, as is the case with the latest PFC award for Punjab.

Also, PFC awards have tended to become too complex with multiple criteria, beyond population, for different types of transfers. This is perhaps a reflection of conflicting considerations and the need to evolve consensus on the awards. There is a case for simplifying the awards for greater transparency.

Broadly speaking, the formula for horizontal distribution can be distinguished between current and development transfers. The component of fiscal equalization in current transfers is constrained by the need to ensure that expenditure on the existing network of services is fully financed, to prevent any dislocations in the process of provision. There is inherently greater flexibility in the design of development transfers, although this has also to be linked to the throwforward in the implementation of development schemes. Some provinces have also specified special formula either for the two and a half percent GST transfer by the federal government in lieu of abolition of octroi/zila tax or for development grants tied to special programs, frequently funded by donors. We examine first the pattern of current transfers to local governments.



Current Transfers

Current transfers to district governments are specified by different provincial governments, which are as follows:

Punjab

According to the latest 2006 PFC Award, current transfers are classified into two types of grants: a general purpose grant and an equalization grant, with shares of 89 percent and 11 percent, respectively. The general purpose grant is distributed according to population while the equalization grant is shared on the basis of the fiscal gap between baseline expenditure and the general purpose grant (see Box 4.1).

Sindh

The 2007 PFC Award has specified multiple criteria for distribution of current transfers with varying weights such as: population (40 percent), service infrastructure (35 percent), development needs (10 percent), area (5 percent) and performance (10 percent). Transitional grants are only given to districts with relatively high levels of expenditure. Apparently, the PFC of Sindh has prepared a new award in 2007, details of which have not yet been announced.

NWFP

Salary transfers are made as per needs of respective districts. Non-salary transfers are formula-driven, according to which 90 percent are distributed on the basis of population (50 percent), backwardness (25 percent) and lag in infrastructure (25 percent). The remaining 10 percent is set aside for equalization grants.

Balochistan

Current transfers to district governments are allocated on the basis of shares in total expenditure during 2001-02, the first year of devolution.

It can be seen from the above that the basis for distribution of current transfers among districts differs widely among the provinces. Interestingly, Punjab relies primarily on population, while Sindh has introduced tax collection as one of the criteria and the NWFP focuses more on backwardness. This also reflects the criteria presented by different provincial governments for distribution of federal resources by the NFC.

The impact of the 'lock-in' effect of existing levels of current expenditure on the magnitude of transfers also varies among the provinces. Prior to the 2006 award, current transfers in Punjab were linked to the salary bill of district governments. The new award is formula-driven but tries to cover the fiscal gap of districts through 'equalization' grants. However, these cannot be strictly categorized as equalization grants because they are not meant only for the backward areas but can also be given to developed districts. Sindh has from the beginning followed multiple criteria in determining the horizontal distribution of transfers among districts. But the criteria tend to conflict with each other. On the one hand, criteria like tax collection favour the more developed districts while, on the other hand, criteria like level of backwardness serve equalization purposes. On top of this, the presence of 'transitional' grants is essentially meant to cater to the needs of districts with relatively high levels of expenditure. These districts may be developed or



Box 4.1 Choice of Different Criteria for PFC Awards

For the purpose of fiscal equalization it is necessary to have a criterion which captures the level of underdevelopment of a district. A number of measures available in this regard are described as follows:

- Level of backwardness (PERI), designated as BWD
- Multiple deprivation index (SPDC), designated as MDI
- Incidence of poverty (SPDC), designated as POV

The degree of correlation among these indicators for the districts of Punjab is in the table.

There appears to be little correlation between BWD and POV, while the correlation between MDI and POV is high. There is middle order correlation between BWD and MDI. Since poverty reduction is a fundamental objective of

	BWD	MDI	POV
BWD	1	0.516	0.168
MDI		1	0.802
POV			1

public policy, POV is the preferred indicator. But since poverty estimates at the district level are unreliable and infrequent, a proxy indicator is preferable. In this respect, MDI is better.

However, from the viewpoint of degree of fiscal equalization, the range of indicator values is also important. The standard deviation of BWD is higher than that of MDI. Therefore, the use of BWD will permit a faster degree of equalization.

The choice, therefore, is between targeting of the least developed districts and the speed of equalization. MDI is better for targeting while BWD enables a larger diversion of resources to which ever districts are identified as underdeveloped.

Three out of the top five districts identified by MDI and BWD are the same (Lahore, Rawalpindi and Gujranwala). MDI includes Sialkot in the top five districts while BWD includes Multan and Faisalabad. But there are big differences in the identification of the bottom five districts. In the case of BWD these districts are Attock, Khushab, Narowal, Bhakkar and Layyah, while in the case of MDI the bottom five districts are Dera Ghazi Khan, Layyah, Rajanpur, Muzaffargarh, Lodhran. Only one district, Layyah, is common to both lists. Altogether, it appears that more resources will need to be invested in identifying the most underdeveloped districts, for purposes of fiscal equalisation.

Source: PERI (2001), SPDC (2007) and Punjab PFC Awards.

underdeveloped. NWFP and Balochistan continue to link transfers essentially to the existing expenditure levels.

The consequences of the different mechanisms in place for distributing current transfers among districts have been derived for two provinces, Punjab and Sindh. Table 4.9 shows the development ranking of districts of Punjab and their corresponding ranking with respect to current transfers per capita. It may be observed that the five most developed districts (Lahore, Gujranwala, Sialkot, Rawalpindi and Gujrat) generally receive relatively low transfers per capita. However, in the case of other districts there is no systematic pattern. A relatively developed district like Chakwal receives high transfers while a backward district like Muzaffargarh receives low transfers. Overall, the correlation coefficient between the development ranking and the ranking in terms of per capita current transfers is -0.41. This implies that current transfers in Punjab are mildly "fiscally equalizing" in character.

Table 4.10 shows relationship between MDI ranking of districts of Sindh and their corresponding ranking with respect to current transfers per capita. Karachi, which is the most developed district, does get the lowest per capita current transfer. But beyond this, there is hardly any pattern. Relatively developed districts like Sukkur, Hyderabad, Shikarpur and Naushero Feroze receive a relatively larger transfer while one of the most backward (deprived) districts of the province, Badin, gets a relatively low transfer. The rank correlation coefficient is near zero, implying that current transfers in Sindh are not fiscally equalizing in character. This is primarily due to the fact that relatively developed districts like Hyderabad, Sukkur and Shikarpur are recipients of large transitional grants.

Table 4.9 Current Transfers to Districts of Punjab, 2006-07

District	Development Ranking*	Current Transfers**	Ranking in Transfer	District	Development Ranking*	Current Transfers**	Ranking in Transfer
Lahore	1	0.89	32	Sargodha	18	1.08	12
Gujranwala	2	0.90	30	Mianwali	19	1.28	5
Sialkot	3	0.89	31	Bahawalnagar	20	1.16	10
Rawalpindi	4	0.89	33	Bhakkar	21	1.32	2
Gujrat	5	0.91	28	Khushab	22	1.30	4
Faisalabad	6	0.90	29	Okara	23	1.59	1
Sheikhupura	7	0.61	34	Khanewal	24	1.00	19
Chakwal	8	1.31	3	Jhang	25	0.97	20
Jhelum	9	1.15	11	Vehari	26	0.97	21
Attock	10	1.24	7	Bahawalpur	27	0.96	23
Toba Tek Singh	11	1.04	15	Rahim Yar Khan	28	0.94	26
Mandi Bahauddin	12	0.96	22	Pakpattan	29	1.02	17
Narowal	13	1.19	8	D. G Khan	30	1.16	9
Kasur	14	0.96	25	Layyah	31	1.27	6
Multan	15	0.93	27	Rajanpur	32	1.07	13
Hafizabad	16	1.03	16	Muzaffargarh	33	0.96	24
Sahiwal	17	1.01	18	Lodhran	34	1.05	14

* Based on PERI (2001)

**Ratio of Current Transfers per capita to the district to the provincial average

Source: SPDC computations based on PFC Awards and NIPS.

Table 4.10 Current Transfers to Districts of Sindh, 2006-07

District	MDI Ranking*	Current Transfers**	Ranking in Transfer	District	MDI Ranking*	Current Transfers**	Ranking in Transfer
Karachi	16	0.56	16	Badin	5	1.09	12
Sukkur	15	1.39	2	Larkana	4	1.10	11
Hyderabad	14	1.39	4	Dadu	3	1.22	7
Shikarpur	13	1.27	6	Tharparkar	2	1.33	5
Naushero Feroze	12	1.39	3	Thatta	1	1.15	8
Ghotki	11	1.03	14				
Mirpur Khas	10	1.00	15				
Nawabshah	9	1.05	13				
Khairpur	8	1.11	10				
Sanghar	7	1.13	9				
Jacobabad	6	1.45	1				

* Based on SPDC (2007)

**Ratio of Current Transfers per capita to the district to the provincial average

Source: SPDC computations based on PFC Awards and National Institute of Population Studies (NIPS)

Development transfers

The basis for distribution of development transfers among districts in different provinces is given below:

Punjab

Two-thirds of the funds are distributed on the basis of population and one-thirds on the extent of underdevelopment.

Sindh

50 percent of the funds are given on the basis of population, 30 percent due to backwardness, 10 percent for backlog of on-going schemes and 10 percent are given through equal share.

NWFP

90 percent of development funds are distributed on the basis of population (50 percent), backwardness (25 percent) and lag in infrastructure (25 percent). 10 percent are on the discretion of the Governor and Chief Minister of the province.

Balochistan

50 percent of the fund is distributed among districts on the basis of population and 50 percent on the basis of area.

Therefore, development transfers are mostly determined by the application of different criteria. The weight of population ranges from 50 percent in Sindh, NWFP and Balochistan to 67 percent in Punjab. The weight attached to underdevelopment or backwardness varies from 50 percent in NWFP, 33 percent in Punjab to 30 percent in Sindh. Balochistan allocates 50 percent of the funds on the basis of area. There is a presumption that geographically larger districts have higher unit costs of provision due to lower population densities. Sindh has the most complicated formula with four criteria. Overall, however, it can be expected that development transfers are characterized by significant fiscal equalization. This is confirmed in the case of Punjab, for example, where one of the least developed districts, Layyah, gets a per capita development grant which is 36 percent higher than the average for the province.

The overall conclusion about PFC Awards in terms of the contribution to regional equality is that while current transfers do not lead to significant equalization, development transfers do play this role and are the prime instrument for removing inter-district differentials in access to services over time. However, their role is limited by the relative smallness of size. For example, according to the award of the Punjab PFC in 2006, the ratio between development and current transfers has been set at roughly at 1:4. In the presence of rapidly growing provincial PSDPs, there is a strong case for increasing the share of local governments in order to achieve faster equalization of services among districts, especially since the role of provincial programs in reducing regional inequality is not known.

Table 4.11 Share of Different Levels of Local Government^a in Transfers (percent)

	2002-03	2003-04	2004-05	2005-06
PUNJAB				
DGs	84.3	85.0	87.0	87.3
TMAAs	11.3	10.7	9.3	9.2
UAs	4.5	4.2	3.6	3.5
SINDH				
DGs	100	96.2	85.1	82.9
TMAAs	- ^b	3.8	12.1	14.1
UAs	- ^b	- ^b	2.8	3.0
NFWP				
DGs	-	95.6	96.4	97.0
TMAAs	-	4.4	3.6	3.0
UAs	-	- ^b	- ^b	- ^b

^a Data not available for Balochistan
^b Included in transfers to districts
Source: Provincial Reports on Fiscal Decentralization, NRB, 2006

PFC Awards also specify the shares of TMAs and UAs in current and development transfers. These are mostly distributed among TMAs on the basis of population whereas, in the case of UAs, it is in the form of lump sum grants. The resulting distribution of resources among different levels of local government is given in Table 4.11.

Therefore, the pre-dominant share of transfers accrues to district governments. The share of TMAs is relatively small and shows a decline in Punjab and NWFP and to some extent a rise in Sindh. However, TMAs have access to a significant source of revenue, the urban immovable property tax, which has been showing some buoyancy in recent years, especially in Punjab, due to increasing real estate values. Revenues from this tax are reverted in the form of straight transfers to TMAs. Consequently, TMAs are able to self-finance a significantly larger part (up to 50 percent) of their expenditure as compared to the district governments. The financial health of TMAs has basic implications for provision of municipal services like water supply and sanitation. UAs have hardly any role to play in the delivery of services, given the limited institutional capacity, and, therefore, have a very small share in transfers.

The summary budgetary position of a sample of district governments is given in Box 4.2.

RESOURCE MOBILIZATION

The provincial resource pool, for distribution between provincial and local governments includes own revenues of provincial governments. Given the very limited fiscal powers allocated to local governments, most of the significant sub-national sources of revenue remain with provincial governments. The local share in these revenues is about 38 percent on average in the four provinces. Therefore, the performance of revenue sources of each province could have a significant impact on the financial position of local governments. In particular, the bulk of revenues from the

Box 4.2 Budgetary Position of Sample District Governments

Full budgetary information for the period, 2002-03 to 2006-07, was made available by the district governments of Lahore, Chakwal, Sialkot, Nawabshah and Quetta during the SPDC survey. Budgetary magnitudes of these governments have been aggregated to get a summary picture of the trends, which are shown in the table below:

Budgetary Trends in Sample District Governments					
	(Rs Million)				
	2002-03	2003-04	2004-05	2005-06	2006-07
Revenues	11,301	14,514	14,178	16,047	18,736
Share of Transfers (%)	89.3	88.4	88.8	90.2	89.9
Annual Growth Rate in Real Revenues (%)		21.4	-10.7	5.7	14.3
Expenditure	9,840	11,845	13,588	15,413	19,157
Share of Recurring Expenditure (%)	84.6	82.3	77.8	78.5	76.8
Annual Growth Rate in Real Expenditure (%)		13.8	4.8	6.0	15.1
Budget Balance	1,461	2,669	590	634	-421
% of revenues	12.9	18.4	4.2	4.0	-2.2

Source: District Budget Documents.

The following conclusions emerge from the above table:

- (i) Revenues jumped in 2003-04 and have risen sharply once again in 2006-07.
- (ii) Buoyancy in revenues is due largely to the growth in transfers which have maintained their share in total revenues at close to 90 percent.
- (iii) Sample district governments showed initially the lack of capacity to spend and carried large budgetary surpluses upto 2003-04.
- (iv) Expenditure has grown rapidly since 2003-04 at almost 10 percent per annum in real terms.
- (v) Budgets are more or less, balanced by 2006-07.

urban immovable property tax (collected by the provincial excise and taxation departments) are reverted in the form of straight transfers to TMAs and used for financing the provision of basic municipal services like garbage disposal, street lighting, water supply and sanitation among others. The property tax should emerge as a key source of local revenue, as is the case in many other countries.

Sub-national governments (provincial and local) can play a major redistributive role in the Pakistani context, not only because they are responsible for the provision of basic pro-poor social services but also because they are endowed with taxes which are inherently progressive in character. These include taxes on assets like land, buildings and motor vehicles which are owned largely by the richer segments of the population. The provincial land revenue is essentially a land tax which has been made progressive by the introduction of an exemption limit on the size of landholding. The largest source of revenue, stamp duty, is predominantly a tax on the sale of property, while the provincial motor vehicle tax is a tax on automobile and commercial transport vehicle owners.

The property tax is a tax on annual rental value in rating areas, which are urban in character. This tax also has an exemption limit to avoid taxation of small property owners. In addition, provincial governments also tax the consumption of 'bads' like alcohol, which are primarily

Table 4.12 Tax Revenues by Province
(Rs Billion)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Tax Revenues	19.0	18.6	21.9	28.1	34.6	36.8
Punjab	9.6	9.5	12.0	16.1	20.0	20.4
Sindh	7.4	7.2	8.0	9.6	11.8	13.4
NWFP	1.5	1.5	1.4	1.7	1.9	2.2
Balochistan	0.5	0.5	0.5	0.7	0.8	0.8
Property Tax	4.7	3.8	5.1	5.6	8.6	8.3
Punjab	2.7	2.4	3.6	4.4	7.4	6.6
Sindh	1.3	0.9	1.1	0.6	0.7	0.9
NWFP	0.6	0.4	0.3	0.6	0.4	0.7
Balochistan	0.1	-	-	-	0.1	0.1

Source: Provincial Annual Budget Statements

consumed by the rich. The largest non-tax revenue historically, the Abiana or the irrigation charge is levied more on the large landowners who generally enjoy better access to irrigation water than the small farmer. Altogether, greater mobilization of revenues from provincial sources could contribute to greater equity of public finances of Pakistan.

Therefore, the questions are: how have own revenues of provincial governments performed in recent years? How much of a contribution can they make to financing the devolution process in Pakistan? Has the provincial fiscal effort, in fact, slackened due to the buoyancy in recent years in federal transfers to the provincial governments?

Table 4.12 presents the trend in province's own revenues since 2000-01. There was stagnation in revenues till 2002-03, when the economy was in a state of recession. Thereafter, some buoyancy is visible in tax revenues in line with the higher rates of economic growth. But tax revenues still constitute only about 0.5 percent of the GDP. As opposed to this, non-tax revenues have shown little growth, except for the increase, during 2005-06 (see Table 4.13).

The revenue potential of provincial taxes remains substantially underexploited. Land revenue (together with the agricultural income tax) accounts for less than 1 percent of the agricultural income generated in the economy. The effective rate of property taxation of rental incomes (above exemption limit) is about 5 percent as opposed to the statutory rate of 20 percent or more. This implies that the ratio of assessed to

Table 4.13 Provincial Revenues to GDP Ratio
(percent)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Provincial Taxes	0.45	0.42	0.45	0.50	0.53	0.48
Provincial Non-Taxes	0.34	0.34	0.42	0.29	0.25	0.55*
Provincial Own-Revenues	0.79	0.76	0.87	0.79	0.78	1.03

*increase due largely to a big jump in other non-tax receipts.

Source: Provincial Annual Budget Statements and Pakistan Economic Survey

Table 4.14 Provincial Revenues by Sources
(Rs Billion)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Provincial Taxes	19.0	18.6	21.9	28.1	34.6	36.8
Property Tax	4.7	3.8	5.1	5.6	8.6	8.3
Agricultural Tax	1.2	1.0	0.9	1.0	1.0	0.9
Excise Duties	1.3	1.4	1.4	1.7	2.1	2.3
Stamp Duties	5.1	5.7	7.0	10.3	10.6	10.2
Motor Vehicle Tax	3.1	3.2	3.6	4.7	5.7	7.1
Other	3.6	3.6	3.9	4.6	6.6	8.1
Provincial Non-Taxes	14.5	15.4	20.5	16.4	16.4	41.6
Interest	1.5	1.3	1.4	1.2	0.5	0.3
Irrigation Receipts	2.8	2.6	2.4	2.4	2.7	2.5
Forest/Other	10.2	11.5	16.7	12.8	13.2	38.8
Provincial Own-Revenues	33.5	34.0	42.4	44.5	51.0	78.4

Source: Provincial Annual Budget Statements

market rental values is about one to four. Almost 75 percent of the potential yield remains untapped. Real estate values have been booming during the past few years in Pakistan but stamp duty revenues have largely remained flat during the previous three years. A significant opportunity for taxing the rising capital values of property at the point of transactions has largely been lost.

Turning to non-tax revenues, the income from Abiana now covers only about 20 percent of the costs of operating and maintaining the irrigation system of Pakistan. Further, if properly levied and collected, it is estimated that the agricultural income tax itself could yield up to 0.5 percent of the GDP. Overall, it is clear that the size and buoyancy of federal divisible pool transfers to the provincial governments has mitigated against the development of own sources of revenue.

Among provincial governments, the fastest growth in tax revenues has been demonstrated by the government of Punjab (see Table 4.12), especially during 2003-04 and 2004-05. There was, in fact, a big jump of almost Rs3 billion in property tax revenues in Punjab during 2004-05. This has significantly contributed to an improvement in the financial position of TMAs in the province. The disappointment, in particular, is in the province of Sindh, where despite rising rental values in Karachi, property tax revenues have been largely stagnant at below Rs1 billion. Perhaps the presence of an urban based political party in the ruling provincial coalition with a strong political constituency in large cities has thwarted any attempts at proper reassessments of rent value for taxation purposes.

Altogether, the conclusion is that development of the revenue sources can not only generate significant additional revenues (of up to 1 more percent of GDP) but they can also make the tax system of Pakistan significantly more progressive. If, in fact, provincial own revenues could increase by 1 percent of the GDP over the next few years, then this could add about 20 percent to the resources available with local governments, especially TMAs.



IMPACT OF DEVOLUTION ON HUMAN DEVELOPMENT

5

CHAPTER 5

*Devolution is beginning
to show improvement in
some indicators*

SOCIAL DEVELOPMENT IN PAKISTAN, 2006-07

IMPACT OF DEVOLUTION ON HUMAN DEVELOPMENT

The previous chapters have highlighted the changes in administrative arrangements, inter-governmental fiscal relations and political processes due to the implementation of the Devolution Plan. An attempt has also been made in the respective chapters to indicate the implications of these changes on various dimensions of human development including the levels of efficiency and equity in the delivery of services and the extent of political empowerment.

Based on this analysis we are now in a position to make an initial assessment of the impact of devolution on human development, regional disparities, gender equality and poverty in Pakistan. It needs to be emphasized that six years only have elapsed since devolution and given the long-term nature of this process, it is probably too early to judge the success or failure of the devolution plan. Also, some of the changes are likely to be qualitative in nature and difficult to measure. However, the period is long enough for some of the effects to start becoming visible.

We first analyze at the most aggregative level what has been happening to the overall Human Development Index (HDI) of Pakistan, as constructed by United Nations Development Programme (UNDP), in the pre and post devolution periods. A dramatic reversal in trend is observed. In the period, 1997 to 2001, prior to devolution, the HDI of Pakistan had actually regressed and the country had fallen from the medium to low level of human development (see Table 5.1). The biggest decline had occurred in the life expectancy index, indicating deteriorating conditions in the health sector. After 2001, the index has started rising, with a jump from 2003 onwards. The biggest improvement has been recorded in the education index and Pakistan is back to the medium level of human development. Prima facie, this would indicate that devolution is beginning to have a significant impact on the level of human development.

We examine below whether the improved outcomes are due primarily to an improvement in macro economic conditions from 2003

Table 5.1 Trends in Human Development Index

Year	Life Expectancy Index	Education Index	GDP Index	Human Development Index
1997	0.650	0.410	0.460	0.508
1998	0.660	0.440	0.470	0.522
1999	0.580	0.430	0.490	0.498
2000	0.580	0.420	0.490	0.499
2001	0.590	0.410	0.490	0.499
2002	0.600	0.400	0.490	0.497
2003	0.630	0.440	0.510	0.527
2004	0.640	0.460	0.520	0.539
2005	0.659	0.466	0.528	0.551

Source: Human Development Reports, UNDP

onwards which have led to larger transfers of public resources down to the local level and enabled a faster expansion of services like education, health, water supply and sanitation. In this case, devolution per se cannot claim credit for the upsurge in human development. However, as discussed in Chapter 4, devolution could have contributed to improved human development outcomes if the newly established local governments attached higher priority to allocations for human development from given budgets and/or through appropriate changes in the institutional environment were able to achieve higher levels of cost effectiveness in expenditures.

IMPACT ON SOCIAL DEVELOPMENT

National Indicators of Social Development

At the most aggregative level for the country as a whole, the trends in key outcome indicators of social development are given in Table 5.2. We have the first indication from these numbers that the rate of enhancement in literacy of the population has increased perceptibly in the post-devolution period. During the five years prior to devolution, the annual increase in the literacy rate was 0.3 percentage points in Pakistan which has increased to 1.4 percentage points following devolution.

However, there are no indications yet of any impact of devolution on health indicators. There is no significant change in the rate of improvement in key health outcomes like life expectancy and mortality. In fact, Pakistan remains largely off-track in the attainment of the health related MDGs.

Education

A number of questions arise with regard to the improvement in the basic education outcome related to literacy. Is this due to higher priority being attached to primary education by district governments or is it a reflection of the improvement in the overall resource position of all levels of government following the upsurge in the economic growth rate after 2002-03? Have district governments been able to demonstrate greater

Table 5.2 Pre-and Post-Devolution Outcome Indicators of Social Development

Indicator	1995	2000	2005	Annual Growth Rate (%)	
				Pre-Devolution Period 1995-96 to 2000-01	Post-Devolution Period 2000-01 to 2005-06
Literacy Rate (%)	40.5	43.0	49.9	1.2	3.0
Infant Mortality Rate (per 1000 live births)	93.0	85.0	79.0	-1.8	-1.5
Mortality Rate under 5 (per 1000)	118	108	99	-1.8	-1.7
Life Expectancy (Years)	60.9	63.0	64.9	0.7	0.6

Note: The magnitude of these indicators may not tally with those given in the Statistical Appendix because of differences in definitions and sources.

Source: World Development Indicators, World Bank

Table 5.3 Expenditure on Education in Pakistan

	Value (Rs Billion)	Price Index (1999-2000 = 100)	Expenditure at 1999-2000 Prices	Expenditure as % of GDP
1995-96	56.82	0.745	76.26	-
1996-97	57.23	0.785	72.90	-
1997-98	66.10	0.824	80.20	-
1998-99	66.53	0.906	73.43	1.90
1999-2000	72.72	1.000	72.72	1.80
2000-01	75.90	1.044	72.70	1.77
2001-02	78.90	1.081	72.98	1.77
2002-03	89.80	1.103	81.41	1.84
2003-04	124.30	1.167	106.51	2.20
2004-05	140.00	1.277	109.63	2.15
2005-06	148.20	1.367	108.41	1.95

Source: SPDC computations based on Pakistan Economic Survey, GoP, various issues

cost effectiveness in the delivery of basic services like primary education which has contributed to a better outcome in terms of higher literacy? What has been the relative contribution of the public and private sectors to the acceleration in the literacy rate in the country after 2000? We attempt to answer these questions below.

Expenditure on Public Education

There has been a visible enhancement in levels of public expenditure in recent years. As shown in Table 5.3, real education expenditure was either stagnant or declining during the period, 1995-96 to 2000-01, when the economy was facing severe fiscal constraints and the emphasis was on macroeconomic stabilization. A significant change in education expenditure took place during 2003-04, when the overall outlay increased in real terms by as much as 31 percent. Of course, this was the combined increase shown by all levels of government for all levels of education. Public expenditure on education peaked at 2.2 percent of the GDP during 2003-04. This is still very low in relation to other countries (see Box 5.1).

Box 5.1 Pakistan's Low Outlay on Social Services

The table below gives the level of public expenditure, as a percentage of GDP, in a number of Asian countries. Combined spending by Pakistan on health and education is the lowest. The gap is most pronounced in health expenditure. Both India and Bangladesh spend more than twice as much (in relation to GDP) on health as Pakistan. Bangladesh has, in fact, made a major breakthrough in health outcomes in the 90s and now has the lowest level of infant mortality in South Asia.

Higher expenditure on social services in Pakistan will require larger transfers from provincial governments to district

governments, especially for primary and secondary education and health. Provincial governments, in turn, will require larger transfers from the federal government.

Public Expenditure (as % of GDP)

Country	Education	Health	Combined
SOUTHASIA			
India	3.3	1.2	4.5
Bangladesh	2.2	1.1	3.3
Sri Lanka	2.0	1.7	3.7
Pakistan	2.0	0.5	2.5
EASTASIA			
China	2.2	2.0	4.2
Philippines	3.2	1.4	4.6
Vietnam	1.8	1.5	3.3
Malaysia	8.0	2.2	10.2
Thailand	4.2	2.0	6.2

Source: UNDP

Table 5.4 Expenditure on Primary Education
(Rs Million)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Federal	1,028 (985)	2,731 (2,526)	1,301 (1,180)	1,378 (1,181)	2,911 (2,280)	1,845 (1,350)
Punjab	14,205 (13,606)	15,458 (14,300)	18,248 (16,544)	26,898 (23,049)	29,137 (22,817)	30,780 (22,516)
Sindh	5,986 (5,734)	7,526 (6,962)	7,161 (6,492)	7,839 (6,717)	8,858 (6,937)	10,966 (8,022)
NWFP	4,198 (4,021)	3,919 (3,625)	4,957 (4,494)	5,372 (4,603)	6,600 (5,168)	8,390 (6,137)
Balochistan	1,601 (1,534)	1,676 (1,550)	1,596 (1,447)	1,817 (1,557)	1,791 (1,402)	1,852 (1,354)
TOTAL	27,018 (25,879)	31,310 (28,964)	33,262 (30,156)	43,304 (37,107)	49,297 (38,603)	53,833 (39,380)
Growth Rate (%)	-	11.9	4.1	23.1	4.0	2.0

Note: Figures in parentheses give values at constant price of 1999-2000.

Source: PRSP Reviews, GoP, various issues.

Box 5.2 The Emphasis on More Schools

Following the improvement in the resource position of all levels of government after 2002-03, a major program of construction of primary schools has been undertaken by district provincial governments from the PSDPs, including some with donor support. During the four years prior to devolution, development expenditure (mostly on building or upgrading schools) on primary education cumulatively was Rs 2.0 billion. Since devolution, from 2001-02 to 2005-06, the expenditure has multiplied to over Rs 18 billion. It is not surprising that, as reported by the Federal Ministry of Education, only about 500 new public primary schools were being constructed annually on the eve of devolution which has gone up to almost 8000 schools annually between 2003-04 and 2005-06. Clearly, this expansion is helping in improving enrolment rates.

Primary Education

Primary education expenditure in individual provinces is shown in Table 5.4. Since 2001, much of this expenditure is being incurred by district governments. Here again, the big jump, of over 23 percent, took place during 2003-04. The fastest growth in primary education expenditure following devolution has been shown by NWFP, followed by Punjab and Sindh. There has actually been a decline in Balochistan. Overall, there has been faster expansion in the number of schools (see Box 5.2).

Is the increase in real primary education expenditure in at least three provinces a reflection of enhanced priority given to this service by the newly constituted governments on the basis of transfer of resources from provincial governments as per the PFC awards? Table 5.5 shows the changing priorities within education in terms of outlays to primary, secondary, tertiary and technical/vocational education, pre and post-devolution. It appears that perhaps contrary to expectations there has, in fact, been a decline in priority for primary education after devolution in all the four provinces. Therefore, in conclusion, the growth in expenditure since 2001 is a reflection of larger transfers to district governments and not due to enhancement in priority for primary education by provincial/district governments.

Table 5.5 Changing* Priorities within Education
2000-01 to 2005-06

	Primary	Secondary	Tertiary	Other**
Punjab	↘	↘	↘	↗
Sindh	↘	↗	↗	↗
NWFP	↘	↗	↘	↘
Balochistan	↘	↘	↗	↗
Summary:	↘ ↗	4 2	2 2	1 3

* ↘ Declining share in total education expenditure
↗ Increasing share in total education expenditure
**Technical and vocational training, teacher training, etc.

What has been the response of primary school enrolments to the enhanced outlays? The trend in Net Primary Enrolment Rate (NPER), pre and post devolution, is given in Table 5.6. During the five years prior to devolution, the NPER was stagnant in Pakistan as a whole, due of course, to the paucity of resources for expanding the schooling system. In the post-devolution period, the NPER has started increasing in all provinces, with the most rapid increases in Punjab and Sindh. Overall, the NPER has increased by 10 percentage points since devolution. This must be recognized as one of the achievements already of district governments.

But is there a danger of over attributing the improvement to the public sector? According to the Ministry of Education, almost 30 percent of primary level enrolment is now in private schools (see Box 5.3). Enrolment in these schools is expanding more rapidly than in public schools, as shown in Table 5.7.

Table 5.6 Primary Net Enrolment Rate
(percent)

	1998-99 PIHS	2001-02 PIHS	2005-06 PSLM
Punjab	44	45	57
Sindh	41	40	50
NWFP	39	41	49
Balochistan	36	32	34
Pakistan	42	42	52

Source: PIHS (1998-99), PIHS (2001-02) and PSLM (2005-06)

Table 5.7 Growth in Net Primary Enrolment in Government and Private Schools: 2001-02 to 2005-06
(Average annual rate)

	Government Schools	Private Schools	Total
Punjab	4.6	14.6	6.1
Sindh	3.1	19.4	7.7
NWFP	2.5	34.3	6.6
Balochistan	2.4	15.9	3.5

Source: PIHS (2001-02) and PSLM (2005-06)

Box 5.3**The Private Sector in Education**

The private sector, both for-profit and non-profit, has acquired a significant presence at all levels of education in Pakistan, although the estimates of enrolment in private schools differ widely between the Education Census of 2005 and the Federal Ministry of Education statistics as shown below.

According to the Ministry of Education, the share in enrolment of the private sector has expanded rapidly in recent years, for example, from 27 percent in 2003-04 to 31 percent in 2005-06 in middle schools and from 23 percent to 30 percent in high schools.

Share of Enrolment in Private Schools (percent)		
	Education Census 2005	Ministry of Education 2005-06
Primary Schools	13	30
Middle Schools	58	31
High Schools	45	30

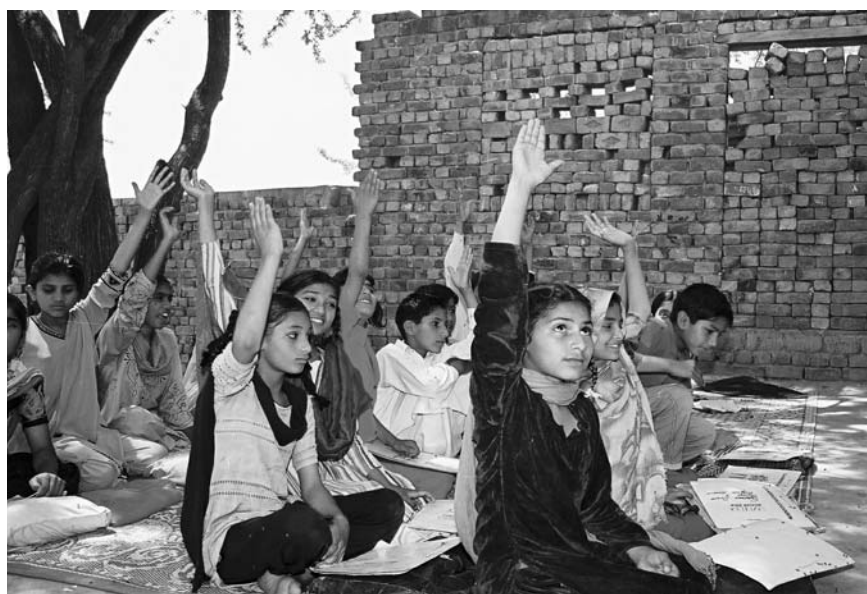
It is also significant that market penetration of private schools has increased greatly. They no longer cater only for children from rich families in the metropolitan cities. According to the PSLM 2005-06 these schools are present also in rural areas and low income

neighbourhoods. For example, 25 percent of the children in urban areas and 12 percent in rural areas from the lowest income households (the lowest quintile) now go to private schools.

PSLM also gives the total household expenditure (fees + other expenses) per pupil in public and private schools. The ratio is the highest at 7.4 at the primary level but falls to 3.5 at the secondary level.

Private schools are offering different levels of quality to a wide clientele ranging from relatively low income households even in rural areas to the privileged class. Therefore, some of the credit for more rapid increase in primary level enrolments must also go to the private sector, both non-profit and for-profit.

Turning to the issue of cost effectiveness, we have already highlighted in Table 4.7 of Chapter 4, that there is evidence of declining efficiency in the provision of education services by district governments, as indicated by the divergence between the growth rate of expenditure and of enrolments. For example, in the area of primary education, while the level of real expenditure on primary education by district governments mostly in Punjab has grown by 12 percent annually, enrolment in



Box 5.4**Education and Poverty**

A study of the determinants of poverty in Pakistan by SPDC (2000) has given the incidence of poverty in households where the head has different level of educational attainment. The estimates are given below. It appears that the biggest drop in incidence is in households with the head having secondary education. In rural areas, it falls to 17 percent in comparison to 33 percent in households where the head has primary education only. A similar fall can be observed in urban areas. It appears that a successful poverty reduction strategy will have to focus more on getting children to finish not only primary but also secondary education, if poverty is to be drastically reduced in the coming generation.

Incidence of Poverty by Type of Household (percent)

	Rural Areas	Urban Areas
<i>Education of Head of Household</i>		
Illiterate	36	40
Primary	33	34
Secondary	17	17
Graduate	14	4

government schools has increased by less than 5 percent. However, there may be a lag in response to improved access and enrolments could rise more rapidly in coming years. Also, to the extent that the school network has been expanded to hitherto uncovered and remote areas, there may be a more limited increase in enrolments. Further, the rising expenditure per student may reflect higher quality of provision as indicated, for example, by higher teacher-student ratios.

Secondary Education

Net secondary level enrolments are also relatively low in Pakistan and as the economy becomes technologically more sophisticated the demand for workers with at least a secondary level of education is expected to rise rapidly. As shown in Box 5.4, acquisition of secondary education can improve substantially the chances of escaping from poverty. Secondary education is also a major service being provided by local governments after devolution.

Table 5.8**Expenditure on Secondary Education***(Rs Million)*

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Federal	1,140 (1,092)*	1,434 (1,326)	1,767 (1,602)	1,804 (1,545)	2,239 (1,753)	2,639 (1,930)
Punjab	6,620 (6,341)	6,964 (6,442)	7,696 (6,977)	9,551 (8,184)	10,905 (8,539)	12,980 (9,495)
Sindh	3,781 (3,622)	3,470 (3,210)	5,295 (4,798)	5,934 (5,085)	6,896 (5,400)	9,072 (6,636)
NWFP	3,250 (3,113)	3,569 (3,302)	4,262 (3,864)	4,610 (3,950)	5,946 (4,656)	7,551 (5,523)
Balochistan	1,190 (1,140)	1,275 (1,179)	1,230 (1,115)	1,545 (1,324)	1,428 (1,118)	1,634 (1,195)
TOTAL	15,981 (15,307)	16,712 (15,460)	20,250 (18,359)	23,444 (20,089)	27,414 (21,468)	33,586 (24,569)
Growth Rate (%)	-	1.0	18.8	9.4	6.9	14.4

*Figures in parentheses give values at constant price of 1999-2000.

Source: PRSP Reviews, GoP, various issues

Expenditure trends for secondary education, pre and post devolution, are similar to primary education. From a period of relative stagnation during the mid to the late 1990s, secondary education has also witnessed rapid expansion since devolution. Table 5.8 highlights the secondary education expenditure, both nominal and real, in each province since 2000-01. The big jump in this expenditure, of almost 19 percent, came earlier during 2002-03. Over the period after devolution, the overall public expenditure on secondary education has increased somewhat faster than for primary education, with some of the biggest increases coming from Sindh and NWFP. It is not surprising that in these two provinces the priority for secondary education has increased.

But the response of enrolments has been muted to date. As shown in Table 5.9, net Middle and Matric level enrollments in all provinces have shown only modest growth. This failure to expand net secondary level enrolment despite rapid increases in expenditure by district governments needs further investigation, especially since the private sector is also playing a strong complementary role in this area. Does this point to a persistent high level of poverty which is continuing to compel children aged 10 years and above to dropout from school and seek gainful employment to support their households? It is also possible that the Pakistan Social and Living Standards Measurement Survey (PSLM) understates the improvement in secondary enrolments.

Table 5.9 Net Middle Level and Matric Level Enrolment Rate (percent)

	1998-99 PIHS	2001-02 PIHS	2005-06 PSLM
MIDDLE			
Total	16	16	18
Punjab	19	18	20
Sindh	17	14	17
NWFP	11	12	14
Balochistan	9	8	7
MATRIC			
Total	9	9	10
Punjab	9	11	10
Sindh	12	9	11
NWFP	4	5	7
Balochistan	6	3	5

Source: PIHS (1998-99), PIHS a(2001-02) and PSLM (2005-06)

Health

We have already highlighted above that there is no evidence yet of any significant impact of devolution on the trend in health outcome indicators like life expectancy and infant mortality. After education, health is the second major service provided by district governments.

Expenditure on Health

Public expenditure on health in Pakistan since 1995-96 is shown in Table 5.10. As in the case of education, health expenditure was either stagnant or falling in real terms prior to 2000-01. However, there is an upward trend in expenditures after devolution especially in the years 2002-03 and 2003-04. But, despite this growth, public expenditure on health in Pakistan is among the lowest for developing countries (see Box 5.1), at hardly 0.5 percent of the GDP. This lack of public investment in health is one of the principal factors behind the relatively poor health outcomes for the people of Pakistan (see Box 5.5).

Table 5.10 Public Expenditure on Health in Pakistan

	Value Rs Billion	Price Index (1999-2000 = 100)	Expenditure at 1999-2000 Prices	Expenditure as % of GDP
1995-96	12.37	0.745	16.60	-
1996-97	13.87	0.785	17.67	-
1997-98	14.86	0.824	18.03	-
1998-99	15.73	0.906	17.36	-
1999-2000	16.69	1.000	16.69	0.43
2000-01	17.51	1.044	16.77	0.42
2001-02	19.21	1.081	17.77	0.40
2002-03	22.37	1.103	20.28	0.46
2003-04	27.01	1.167	23.14	0.48
2004-05	31.43	1.277	24.61	0.48
2005-06 (P)	39.20	1.367	28.68	0.52

(P) = Projected.

Source: PRSP Reviews and Pakistan Economic Survey, GoP, various issues

Box 5.5 Health Expenditure by the Poor

The under provisioning of public health services in Pakistan has implied relatively high levels of private health expenditure by households. According to the HIES of 2004-05, expenditure on health by households ranged from about 4 percent of total expenditure by the lowest quintile to about 3.5 percent for the highest quintile, averaging at Rs 345 per household per month. This implies that the reported private expenditure on health was about Rs 92 billion. If allowance is made for the underreporting of consumption expenditure (in relation to the national income accounts) then the actual private expenditure on health could approach Rs 180 billion. This is almost six times the level of public expenditure on health in 2004-05 of Rs 31 billion.

In most South Asian countries, the ratio between private and public health expenditures ranges from three to four. Therefore, the burden of financing of healthcare falls disproportionately on households, especially the poor, in Pakistan.

The trend in health expenditure in the provinces since devolution is given in Table 5.11. The fastest growth in expenditure is shown by Sindh at about 14 percent annually in real terms, followed by Punjab at 13 percent and NWFP at 12 percent. Health expenditure in Balochistan has remained, more or less, constant in real terms.

Within the outlays on health, priorities of district governments have been changing as shown in Table 5.12. Three provinces (excluding Sindh) have reduced the share of allocations to general hospitals and clinics, partly as a consequence of the large-scale entry of the private sector in the area of curative health. The priority in these provinces has shifted towards health facilities and preventive measures, which have historically received very low allocations. This is probably a desirable shift from the viewpoint of impact on health outcomes.

Health Inputs

What has been happening to the level of health inputs in relation to the growing population? Table 5.13 shows that the availability of doctors and nurses has continued to improve, albeit at a somewhat lower rate after devolution. The most worrying trend is the decline in the ratio of hospital beds, both public and private, in relation to the population. The retreat of

Table 5.11 Public Expenditure on Health by Province
(Rs Million)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 (P)
Federal	3,939 (3,773)	4,393 (4,064)	5,317 (4,820)	6,684 (5,727)	8,116 (6,355)	11,392 (8,333)
Punjab	6,806 (6,516)	7,566 (6,999)	9,386 (8,509)	11,508 (9,861)	12,587 (9,856)	14,419 (10,548)
Sindh	3,281 (3,142)	3,679 (3,403)	3,808 (3,452)	4,310 (3,693)	5,150 (4,033)	7,371 (5,392)
NWFP	2,138 (2,048)	2,031 (1,879)	2,268 (2,056)	2,401 (2,057)	3,407 (2,668)	3,999 (2,925)
Balochistan	1,344 (1,285)	1,542 (1,426)	1,589 (1,441)	2,106 (1,805)	2,165 (1,695)	2,022 (1,479)
TOTAL	17,508 (16,770)	19,211 (17,771)	22,368 (20,279)	27,009 (23,144)	31,426 (24,609)	39,203 (28,678)
Growth Rate (%)	-	6.0	14.1	14.1	6.3	16.5

Note: Figures in parentheses give values at constant price of 1999-2000.

Source: PRSP Reviews, various issues.

Table 5.12 Changing* Priorities in Health Expenditure from 2000-01 to 2005-06

	Punjab	Sindh	NWFP	Balochistan	Summary
General Hospital and Clinics	↘	↗	↘	↘	3 1 -
Health Facilities and Preventive Measures	↗	↘	↗	↗	1 3 -
Other Health Facilities	↗	↘	↘	→	2 1 1

* ↘ Declining priority in terms of share in Expenditure

↗ Rising priority in terms of share in Expenditure

→ Unchanged priority

Source: SPDC computations based on PRSP reviews; GoP, various issues

Table 5.13 National Trends in Health Inputs

	Number			ACGR* (%)	
	per Million Population			Pre-Devolution	Post-Devolution
	1996	2001	2006	1996 to 2001	2001 to 2006
Doctors	585	684	783	3.2	2.7
Nurses	194	287	363	8.1	5.1
Midwives	166	160	157	-0.7	-0.4
Hospital Beds	694	686	650	-0.2	-1.1

*ACGR stands for Annual Compound Growth Rate.

Source: Pakistan Economic Survey, GoP, various issues

Table 5.14 Availability of Rural Health Facility

	Number			ACGR (%)	
	per Million Rural Population			Pre-Devolution	Post-Devolution
	1996	2001	2006	1996 to 2001	2001 to 2006
Punjab	16.17	14.15	13.19	-2.2	-2.3
Sindh	10.95	10.54	10.09	-0.6	-1.4
NWFP	19.52	17.79	16.66	-1.5	-2.1
Balochistan	33.31	34.33	38.47	0.5	-0.8

Source: Provincial development statistics, various issues

the public sector, especially the district governments, from curative health has major implications for the poor, who are unable to afford treatment for serious illnesses in private hospitals (see Box 5.5). The absence of relatively good health care for the aged in Pakistan is clearly one of the factors why life expectancy in Pakistan is lower than India, Indonesia and the Philippines. This problem is particularly pronounced in the rural areas where access to a health facility has decreased significantly after devolution (see Table 5.14).

Table 5.15 gives the trend in one key indicator of preventive measures, the percentage of children aged 12-23 months who have been immunized. Here, according to the PSLM of 2005-06, there has been real progress after devolution in all provinces, except NWFP, while

Table 5.15 Full Immunization of Children Aged 12-23 Months

	Percentage of Children			ACGR (%)	
				Pre-Devolution	Post-Devolution
	1996	2001	2006	1996 to 2001	2001 to 2006
Punjab	47	57	76	-2.2	7.5
Sindh	44	46	71	0.4	12.1
NWFP	39	57	64	6.5	2.9
Balochistan	56	24	48	-13.2	18.9

Source: PIHS (1995-96), PIHS (2001-02) and PSLM (2005-06)

Balochistan has some catching up to do. The recently released results of the Pakistan Demographic and Health Survey (PDHS), 2006-07, however, tend to suggest that the PSLM estimates of immunization coverage may be greatly exaggerated, especially in the case of Sindh (see Table 5.16). According to PDHS, less than half the children of

Table 5.16 Rate of Full Immunization of Children Aged 12-23 Months (percent)

	2005-06 PSLM	2006-07 PDHS
Punjab	76	53
Sindh	71	37
NWFP	64	47
Balochistan	48	35

Source: PSLM (2005-06) and PDHS (2006)

Pakistan are fully immunized, with the coverage falling to less than one third for children in poor families. Further, the PDHS also reveals that less than half the children with diarrhea are given ORS.



Overall, the emerging processes of political participation and decision making in district governments have not yet brought up adequately the importance of peoples' health, especially women and children. It will probably be necessary to increase the level of conditional transfers to ensure everywhere minimum standards of provision of basic health facilities, both preventive and curative.

Water Supply and Sanitation

Improved water supply and sanitation could make a significant contribution to enhancing the quality of life of citizens. In fact, access to safe drinking water can be considered as a basic need. The principal service delivered by TMAs is water supply and sanitation.

Table 5.17 gives the expenditure on water supply and sanitation. Since bulk of the expenditure is on the development side, allocations tend

Table 5.17 Expenditure on Water Supply and Sanitation
(Rs Million)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Federal	142 (136)	559 (517)	527 (478)	491 (421)	469 (367)	212 (156)*
Punjab	172 (1,650)	1,777 (1,643)	537 (487)	616 (528)	1,826 (1,430)	6,713 (4,911)
Sindh	564 (540)	937 (867)	676 (613)	1,267 (1,085)	1,118 (875)	604 (442)
NWFP	1,133 (1,056)	784 (725)	338 (306)	424 (363)	601 (471)	718 (523)
Balochistan	965 (924)	587 (543)	1,343 (1,218)	3,001* (2,571)	2,524 (1,976)	2,091 (1,530)
TOTAL	4,497 (4,307)	4,644 (4,296)	3,421 (3,101)	5,799 (4,969)	6,538 (5,119)	10,338 (7,562)
Growth Rate (%)	-	-0.2	-27.8	60.2	3.0	47.7

*Big jump in development expenditure

Note: Figures in parentheses give values at constant price of 1999-2000.

Source: PRSP reviews, GoP, various issues

Table 5.18 Access to Drinking Water

	Percentage of Households with Tap Water Connection*			ACGR (%)	
	1996	2001	2006	Pre-Devolution	Post-Devolution
				1996 to 2001	2001 to 2006
Punjab	19	20	27	0.9	7.8
Sindh	43	30	43	-5.8	9.4
NWFP	40	39	47	-0.4	4.8
Balochistan	30	25	36	-3.0	9.3

* Both inside and outside the household
Source: PIHS (2001-02) and PSLM (2005-06).

to be variable depending upon the availability of development funds. This sector has the highest priority in a water scarce province like Balochistan. As demonstrated by the table, total expenditure on water supply and sanitation showed a declining trend in real terms up to 2002-03. There was a big jump of over 60 percent in 2003-04, especially in Balochistan and Sindh. More recently, Punjab has allocated over Rs5 billion extra in 2005-06 for improvement in the quality and coverage of water supply and sanitation.

What has happened to access to higher quality of service, in the form of inside or outside tap and sewerage connections? Tables 5.18

Table 5.19 Perceived Access to Sewerage and Sanitation

	2002	2004
Punjab	55.3	66.3
Sindh	48.1	60.7
NWFP	48.0	60.8
Balochistan	23.5	32.1
Pakistan	51.4	66.3

Source: CIET (2005)

demonstrates that there has been visibly faster expansion after devolution in water supply services, although level of coverage still remain low. In the face of declining expenditure prior to devolution coverage by tap water connection was falling in all provinces, except Punjab. Since 2002, however, there has been fast expansion, especially in Balochistan and Sindh, in line with the rapid growth in allocations. It can be expected that significant further improvement will take place in Punjab following the implementation of the large investment program during 2005-06. Table 5.19 presents perceived access of households to sewerage and sanitation. It appears that perceived access to these services has increased from 2002 to 2004 in all the provinces.

Altogether, TMAs, with technical support from the provincial line departments, must be given due credit for bringing about a qualitative improvement in water supply and sanitation after devolution. It is important that the momentum created is preserved.

REGIONAL DISPARITIES

In the introductory chapter of the report we have highlighted the possible implications of decentralization on regional disparities. If local governments are endowed with significant fiscal powers and a large part of the expenditure on services is financed by mobilization of local resources then there is the likelihood that decentralization could even

exacerbate regional inequalities because of the differences in taxable capacity between richer and poorer jurisdictions.

However, in the Pakistani setting, district governments have limited fiscal powers. The exception is the TMAs, with access to revenues, in particular, from the urban immovable property tax, which could finance up to half their expenditure. Revenues from the Urban Immoveable Property Tax (UIPT) are likely to vary substantially among jurisdictions. For district governments, the scope for addressing the problem of regional disparities in the provision of basic services largely hinges on the nature of fiscal transfers to these governments from higher levels of government, especially the provincial governments.

If fiscal transfers are straight transfers, representing essentially the reversion of revenues collected on behalf of the recipient governments then this will contribute to inequalities. One potential example of this is the Octroi and Zila Tax (OZT) grant. If this grant is in the nature of a straight transfer to district governments then there is likely to be a large variation on a per capita basis among jurisdictions depending upon the level of development. Alternatively, the OZT grant may be linked to population. The per capita transfer will then be the same among districts, and play an equalization role.

Beyond this, transfers could be conditional or unconditional in nature. In the former case, the condition may be the adherence to minimum standards of provision of particular services. This will have the effect of reducing the differential in access to services among jurisdictions. In addition, the revenue-sharing formula among districts decided upon by the PFCs could include explicitly a component of fiscal equalization in current and/or development transfers. This is the case with the currently operative PFC awards in all four provinces. Depending on the extent and nature of fiscal equalization, there could be a significant narrowing in differentials in service provision among districts over time.



It needs to be emphasised that our focus here is not on the overall level of development at the district level but only on services provided by local governments with support from provincial governments. Changes in the overall regional level of development are more likely to be influenced by the substantially larger investments by higher levels of government and the private sector. Consequently, local governments have only a limited role to play in the overall level of development of their jurisdictions.

We quantify the level of disparity in the level of provision of different local services among districts within a particular province. The PSLM of 2004-05, has provided very useful information on service levels at the district level throughout Pakistan. As a measure of inequality within a province, we have used a simple and intuitively appealing indicator - the maximum-to-minimum ratio, that is, the ratio of the service level in the district with the highest level of service to the level in the district with the lowest level of service.

The magnitude of this inequality indicator is presented for different services in the four provinces in Table 5.20 for education, Table 5.21 for health and Table 5.22 for water supply and sanitation, respectively. Within education, as expected, the level of inequality is greater for higher levels of education. But it is surprising that the inequality in access even to a basic service like primary education remains so large throughout Pakistan. For example, in Punjab, the net primary enrolment rate varies from a maximum of 84 percent in Sialkot district to a minimum of 35 percent in Bahawalpur, a difference of 49 percentage points. Overall, inequality in education is most pronounced in Balochistan.

Table 5.20 Extent of Inequality among Districts in Access to Services by Province, 2004-05
E D U C A T I O N

Province	Maximum		Minimum		Maximum-to-Minimum Ratio
	District	Level (%)	District	Level (%)	
PRIMARY ENROLMENT					
Punjab	Sialkot	84	Bahawalpur	35	2.40
Sindh	Karachi	65	Jacobabad	25	2.60
NWFP	Abbottabad	70	Kohistan	27	2.59
Balochistan	Kech Turbat	63	Killa Abdullah	19	3.32
MIDDLE ENROLMENT					
Punjab	Sialkot	50	Vehari	18	2.78
Sindh	Karachi	42	Thatta	12	3.00
NWFP	Abbottabad	46	Kohistan	9	5.11
Balochistan	Quetta	35	Killa Abdullah	5	7.00
MATRIC ENROLMENT					
Punjab	Islamabad	35	Vehari	9	3.89
Sindh	Karachi	32	Thatta	6	5.33
NWFP	Abbottabad	29	Kohistan	4	7.25
Balochistan	Quetta	26	Killa Saifullah	2	13.00

Source: PSLM (2005-06)

Table 5.21 Extent of Inequality among Districts in Access to Services by Province, 2004-05
H E A L T H

Province	Maximum		Minimum		Maximum-to-Minimum Ratio
	District	Level (%)	District	Level (%)	
% OF CHILDREN FULLY IMMUNIZED					
Punjab	Sialkot	97	Bahawalpur	21	4.62
Sindh	Naushero Feroze	76	Jacobabad	12	6.33
NWFP	Chitral	72	Kohistan	7	10.28
Balochistan	Ziarat	58	Killa Abdullah	0	n.a
% OF PREGNANT WOMEN GIVEN TETANUS INJECTION					
Punjab	Sialkot	87	Lodhran	41	2.12
Sindh	Karachi	72	Kairpur	29	2.48
NWFP	Peshawar	63	Kohistan	15	4.20
Balochistan	Panjgur	50	Musakhel	2	25.00

Source: PSLM (2005-06)

Table 5.22 Extent of Inequality among Districts in Access to Services by Province, 2004-05
W A T E R S U P P L Y A N D S A N I T A T I O N

Province	Maximum		Minimum		Maximum-to-Minimum Ratio
	District	Level (%)	District	Level (%)	
ACCESS TO TAP WATER (%)					
Punjab	Lahore	80	Mandi Bahauddin	6	13.33
Sindh	Karachi	86	Ghotki	13	6.62
NWFP	Bannu	77	Shangla	19	4.05
Balochistan	Quetta	82	Ziarat	10	8.20
ACCESS TO FLUSH TOILET (%)					
Punjab	Lahore	94	Muzaffargarh	36	2.61
Sindh	Karachi	91	Tharparkar	14	6.50
NWFP	Peshawar	73	Kohistan	8	9.13
Balochistan	Quetta	76	Awaran	2	38.00

Source: PSLM (2005-06)

The issue is whether the differences in the rate of primary enrolment among the developed districts like Sialkot and Karachi and underdeveloped districts like Jacobabad and Kohistan are due to factors on the supply-side or on the demand-side. To the extent that it is a reflection of fewer schools and trained teachers, especially in the private sector, in backward districts efforts will have to be made to equalize spatially the availability of education inputs (see Box 5.6). Primary education is the principal service provided by district governments. There will have to be greater effort to make either conditional or larger fiscal transfers to the backward districts.

Inequality in access to basic health services like immunization appears to be quite pronounced, especially in NWFP and Balochistan. For example, in the latter province, 58 percent of the children have been fully immunized in Ziarat but no child was immunized in a backward district like Killa Saifullah. Similarly, differentials in access to water supply

Box 5.6**Low School Enrolments:
Demand or Supply Factors?**

The issue here is the big gap in primary level enrolments between the developed and underdeveloped districts of different provinces of Pakistan. Is this due to lack of availability of public schools in backward areas, especially in the absence of private schools in such areas or is it due to a lack of demand for education among families in underdeveloped districts who are likely to be poorer?

In order to get some indication of the relative importance of these two factors, we have undertaken a case study of primary enrolments in the districts of Punjab. The primary indicator used is the enrolment per government school. Three types of underdeveloped districts can be distinguished, as follows:

- i. Districts like Muzaffargarh (109)*, Mandi Bahauddin (117), Patpattan (120), Toba Tek Sindh (127), Khanewal (119) and Vehari (130) have relatively high enrolments per school, highlighting problems on the supply side
- ii. Districts like Bhakkar (78), Khushab (81), Mianwali (77), Hafizabad (80), Chakwal (76), Bhawalnagar (72) and Jhang (75) have low enrolments per school, indicating problems on the demand side.
- iii. Other districts with enrolment per school close to the provincial average.

There is a strong case for expansion of the public school system in the first group of districts.

*The figure in brackets is enrolment per school in the district. The provincial average for government schools is 97.

and sanitation are unacceptably high. For example, in Punjab, while 80 percent of the citizens of Lahore have tap connections, only 6 percent of the population in a relatively backward district like Mandi Bahauddin, has access to tap water. The high level of inequality in water supply and sanitation probably reflects the differences in financing capacity of TMAs between developed and backward jurisdictions.

Overall, the level of inequality is generally high in the provision of basic local services in Pakistan. It is most pronounced in the relatively underdeveloped provinces of Balochistan and NWFP. Within services, the most unequal access is visible in the case of Matric enrolment, health services, water supply and sanitation.



Table 5.23 Inter-district Inequality in Provinces According to Multiple Deprivation Index (Measure of Inequality is Maximum-to-Minimum Ratio)

	1996	2005	% Change	Direction* of Inequality Change
OVERALL				
Punjab	2.178	2.221	2.0	↗
Sindh	3.068	3.120	1.7	↗
NWFP	1.634	1.621	-0.8	↘
Balochistan	1.936	1.799	-7.1	↘

* ↘ Declining priority in terms of share in Expenditure
 ↗ Rising priority in terms of share in Expenditure

Source: SPDC (2007)

The devolution process appears to have been largely unsuccessful during the first six years in reducing regional disparities in the access to social services. Research undertaken by SPDC on levels of multiple deprivation at the district level with regard to coverage of services demonstrates that inequality has, in fact, been increasing in the two large and developed, provinces, Punjab and Sindh (see Table 5.23), while it has declined somewhat since 1998 in NWFP and Balochistan. Therefore, since the former provinces have relatively high level of inequality, it appears that there is some divergence among provinces in levels of inequality. Is this a reflection of the power structure at the provincial level whereby the political representation from large and developed metropolitan jurisdictions like Lahore and Karachi are able to secure relatively high allocations for their respective areas?

Overall, it appears that the focus of provincial and local governments will have to be on reducing inequalities in levels of provision of basic services among districts. This will require that the PFC Awards will have to focus either on conditional transfers linked to ensuring a minimum standard of provision in each district or on increasing the component of fiscal equalization in current and development transfers.

GENDER EQUALITY

The unprecedented increase in the number of seats allocated to women in the LGO had held out the prospect that female representatives would aggressively push for allocation of public resources to gender related investments which would help in raising the status of women. This process was expected, however, to take some time. Currently, as discussed in Chapter 3, some of the women seats have remained vacant, many of the female councilors are relatively uneducated and with limited consciousness of burning social and economics issues. On top of this, many of the representatives are an extension of the local power structure, dominated by men.

Therefore, it is not clear what impact the qualitative change in pattern of representation has had on gender equality in the initial years after devolution. The evidence to date is at best mixed. Has there, for example, been a faster move towards gender parity in school enrolments, and

eventually in literacy, after 2001? Table 5.24 gives the gender parity index at different levels of education in different provinces.

The highest level of gender parity, at both primary and secondary levels of education, is observed in Punjab followed by Sindh. During 1998-99, the gender gap was large in NWFP and Balochistan, especially in the level of literacy. In the period after devolution, up to 2005-06, there is very little change in the trend of gender parity in education observed prior to devolution. Consequently, it is not possible to conclude that the devolution process has had any significant impact yet on gender equality in the area of devolution.

Turning towards health indicators for women, there has been significant improvement in all the indicators after 2001-02 (see Table 5.25). In particular the

greater improvement is seen in the proportion of births attended by medical personal, where the rate has doubled from 23 percent in 2001-02 to 46 percent in 2005-06.

Another significant area of improvement is the more rapid expansion of tap water connections and improved sanitation facilities as shown earlier in Table 5.18 and 5.19, respectively. Procurement is a time-consuming and frequently arduous chore for women, especially in water-scarce rural areas. Any resulting time savings would liberate women towards better care of children and/or participation in economic activities.

Table 5.24 Gender Parity* in Education

	1998-99 PIHS	2001-02 PIHS	2005-06 PSLM
Net Primary Enrolment			
Pakistan	0.787	0.826	0.857
Punjab	0.851	0.915	0.883
Sindh	0.745	0.739	0.870
NWFP	0.638	0.688	0.778
Balochistan	0.636	0.615	0.710
Net Middle Enrolment			
Pakistan	0.684	0.823	0.842
Punjab	0.762	1.000	0.905
Sindh	0.650	0.800	0.889
NWFP	0.438	0.500	0.800
Balochistan	0.545	0.363	0.750
Net Matric Enrolment			
Pakistan	0.700	0.800	0.900
Punjab	0.800	0.833	1.222
Sindh	0.643	0.700	0.909
NWFP	0.500	0.833	0.400
Balochistan	0.200	0.667	1.000
Literacy Rate (10+)			
Pakistan	0.483	0.509	0.646
Punjab	0.526	0.561	0.712
Sindh	0.500	0.483	0.627
NWFP	0.278	0.309	0.469
Balochistan	0.196	0.240	0.370

*Ratio between girls and boys

Source: PIHS (various issues); PSLM (2005-06)

Table 5.25 Trend in Gender Related Indicators of Health

	1996-97	1998-99	2001-02	2004-05	2005-06
Maternal Mortality Ratio	-	-	350	400	300-700*
Proportion of Birth Attended by a Doctor/Nurse	18	18	23	31	46
Contraceptive Prevalence Rate	15	17	19	-	26
Proportion of Pregnant Women with Antenatal Care	30	31	35	50	52
Proportion of Deliveries at Home	82	82	78	71	50

* Year 2006-07 (PDHS)

Sources: PSLM (2004-05 and 2005-06); PIHS (1996-97, 1998-99 and 2001-02); Pakistan MDG Report (2004-05)

Table 5.26 Incidence of Poverty by Province

	Different Estimates (%)			Change (% points)	
	1998-99	2001-02	2004-05	1998-99 to 2001-02	2001-02 to 2004-05
PUNJAB					
Government / CRPRID	31.6	32.2	25.0	0.6	-7.2
World Bank	29.8	29.7	28.6	-0.1	-1.1
SPDC	-	34.2	30.8	-	-3.4
SINDH					
Government / CRPRID	26.0	35.5	19.0	9.5	-16.5
World Bank	26.2	36.5	21.9	10.3	-14.6
SPDC	-	35.0	25.0	-	-10.0
NWFP					
Government / CRPRID	41.3	41.5	26.9	0.2	-14.6
World Bank	40.8	40.8	38.1	0.0	-2.7
SPDC	-	39.9	33.6	-	-6.3
BALUCHISTAN					
Government / CRPRID	21.6	35.5	28.4	13.9	-7.1
World Bank	22.1	36.1	31.8	14.0	-4.3
SPDC	-	49.2	33.7	-	-15.5

Note: Figures for 2005 were computed from HIES (2005-06) using official poverty line.
Source: (i) SPDC (2007a) (ii) CRPRID (2005) (iii) World Bank (<http://www.worldbank.org/pk>)

POVERTY

Perhaps the most dramatic reversal in trend after devolution is in the incidence of poverty in all provinces of the country as shown in Table 5.26. It is tempting to conclude that devolution has been one of the factors contributing to the significant reduction in poverty in Pakistan after 2001 in sharp contrast to the rising trend during the earlier years. But



there are some concerns, first, about the choice of years for estimating the incidence of poverty and, second, the material contribution that local governments can potentially make to poverty reduction.

Regarding the timing of surveys (either the HIES or PSLM) the period during 2001-02, was an exceptionally difficult year with the agricultural sector showing zero growth because of continuing draught conditions which had also led to negative growth during 2000-01. This served to put pressure, especially on rural poverty particularly in Sindh and Balochistan, which were most severely hit. Thereafter, the years, 2003-04 and 2004-05, witnessed exceptionally high rates of economic growth of 7½ percent and 9 percent, respectively. No doubt, a contributory factor to this high growth was the 15 percent jump in the level of investment, especially by the government. Much of this investment, however, was by federal and provincial governments. The

Box 5.7 Access to and Levels of Satisfaction with Local Services

A very useful tool that has been developed to monitor the progress in delivery of services after devolution is the social audit undertaken by CIET. The first baseline survey was undertaken in 2002 of 57321 households in 384 communities throughout Pakistan. The second survey was carried out in 2004 on 53960 households, with a 25 percent repetition rate. Since the gap between the surveys was only two years, this can be interpreted as an effort to capture only the initial effects of devolution. Differences between 2002 and 2004 are highlighted below for Pakistan as a whole.

Although it was too early in 2004 to form any conclusions, it appears that TMAs had begun to demonstrate a good performance in the expansion and maintenance of local roads and in the provision of sanitation services. Significant differences in levels of satisfaction are not observed in other services.

The CIET social audits also reveal the following:

- i. The actual use of public health facilities have declined and there is increased use of private sources, especially unqualified practitioners
- ii. The actual school enrolment rate of the age group (5-9 years) has increased significantly from 70 percent to 77 percent in two years. Enrolment rate in government schools had gone up from 41 percent to 43 percent and in private schools from 29 percent to 34 percent. These results are consistent with the trends revealed by the more recent PSLM surveys.

	Access ¹		Level of Satisfaction ²	
	2002	2004	2002	2004
Services by TMAs				
Roads	82	92*	31	38*
Garbage Disposal	32	36	6	8
Sewerage Services	51	66*	12	20*
Water Supply	79	82	18	18
Services by District Governments				
Services by District Governments				
Health Services	67	77*	23	27
Education Services	93	96	54	53

*Difference of five percentage points or more between 2002 and 2004

¹Access is not actual but perceived access

²% of households satisfied with services, both users and non-users

Source: CIET Surveys

The PSLM 2004-05 also asked households about their levels of satisfaction with various government services. Results are similar to the CIET survey of 2004. One important finding of the former survey is the extremely high level of dissatisfaction with the police, at almost 94 percent.

Social audit surveys in future years will be an important instrument for assessing the performance of devolution.

share of local governments, 'in public' investment is relatively small at below 10 percent.

What then can be the contribution of local governments to the process of poverty reduction? This has to be seen via the impact of decentralization on the level of human development, in terms of enhancement in the capabilities of people. After devolution, local governments are the prime delivery agents of basic social services like education and health. If these governments can make a breakthrough in improving education and health outcomes, then on a more long term basis this can equip the people to get out of the poverty trap.

The social audit conducted by CIET in 2002 and 2004 respectively, highlights the mixed response of people regarding their levels of satisfaction with different local services (see Box 5.7). Of course, a more recent survey would have been better, for identifying the emerging trends.

We have indicated above that the devolution process is, in fact, beginning to contribute to a substantially faster improvement in enrolment at the primary level in the country. If this effort is sustained then it augers well for achieving more reduction in the incidence of poverty during the coming years. However, the lack of significant change to date in the trend of health indicators, gender equality and regional disparities limits the potential impact of local governments on poverty in the post-devolution scenario.



A 'second generation' of reforms is required to achieve the objectives of the Devolution Plan

THE WAY FORWARD

The previous chapters have demonstrated that the Devolution Plan represents one of the more fundamental reforms in the recent history of Pakistan involving the decentralization of the provision of a large number of basic services down to the local level. Six years have passed since promulgation of the LGO. By now, some of the successes of the new system have started becoming visible like the induction of a large number of elected representatives, greater participation of women, innovations in service delivery by some local governments and rapidly expanding outlays on many services, resulting in faster improvement in some social indicators.

However, in the initial period of implementation, some problems have also emerged like coordination between provincial and local governments and among different tiers of local government, alongwith tension in the relationship between elected representatives and the local bureaucracy. In addition, there are serious limitations of capacity in lower levels of local government. The conduct of local elections has been fraught with malpractices and many governments are prone to capture by the local elite. The process of fiscal decentralization has not created any incentives for local resource mobilization and the formulae for sharing of resources has not gone far enough to tackle the problem of backwardness.

Therefore, in order to realize the full potential of decentralization in bringing more benefits to the people, a 'second generation' of reforms is required to address the problems that have arisen. We describe below some of the more critical reforms.

ALLOCATION OF FUNCTIONS

- One important part of the decentralization process is the transfer of functions from federal to provincial governments, especially those contained in the Concurrent List of the Constitution. But this has yet to happen, and remains a longstanding demand of the provincial governments. This reform will help in removing the feeling of disenfranchisement on the part of provincial governments due to the Devolution Plan and motivate them in turn to grant greater autonomy to local governments.
- There is little vertical integration functionally between the three tiers of local government. For this, the Zila Mushavarrati Committees must be made to work more effectively. In addition, the function of overall district level planning for the provision of all local services must be performed by the district government. This will truly lead to "bottom-up" planning for the first time in Pakistan.

- The devolution plan was implemented with a 'big bang' in 2001 and a large number of functions related to both social and economic services were transferred, creating a serious problem of absorptive capacity for such a big change. Since then college education has been taken back by provincial governments. There is a case for similar reversion of some relatively complex services currently with local governments like technical, vocational and special education and information technology.

INTER-GOVERNMENTAL RELATIONS

- A serious issue relates to the appointment and transfer of senior local officials, which has led to tension between Nazims and the provincial governments. One way to resolve this problem is to set up a system whereby a short list of persons eligible for a particular position is made available by the provincial government to the Nazim. Once the selection is made, the official should be assigned a fixed tenure of, say, three years. Transfers within the tenure period can then only be made by the Nazim following a reference to the provincial minister for local government justifying the request for transfer of the officer. Beyond this, the ultimate solution lies in the establishment of a separate District Cadre. This was a key element in the package of civil service reforms accompanying the devolution process, and according to the LGO, should have been implemented by 2005.
- Due to recent amendments in the LGO, the Chief Minister of a province has been given the powers to suspend a Nazim. This reinforces the subordinate nature of local governments with respect to provincial governments and increases the risk of victimization especially of Nazims from opposition parties. For a proper balance, it is important that Local Government Commissions are set up in each



province and start functioning. However, in order to make these Commissions truly independent and able to arbitrate on issues between the two tiers of government, the chairperson should be a retired judge of the high court and not, as proposed in the LGO, the provincial minister of local government. If a Chief Minister feels that a particular Nazim should be suspended, a reference must first be made to the Commission. Capacity building of these Commissions must be undertaken on a priority basis to also enable them to perform functions of inspections and audit.

- The implementation of local development projects by MNAs and MPAs tends to create a parallel process to local governments. The resulting competition also makes it more difficult for local governments to achieve a degree of cost recovery. Such initiatives have to be stopped in order to avoid duplication and provide greater autonomy to local governments.

LOCAL INSTITUTIONAL CAPACITY

- Capacity constraints at the district level are not so much of the number of staff but rather the technical quality of the staff. There is shortage of properly trained staff. On the other hand, TMAs seem to be overstretched, especially lacking the capacity to design large integrated infrastructure schemes. The UAs possess little or no capacity. Priority must be attached to expanding the number of officials in town councils for performing regulatory functions and for managing the local infrastructure and services. Various aspects of capacity building also need attention. Training is required to cope with technical aspects such as use of modern tools for drafting, surveying and designing, for project management tools and procedures, for preventive and corrective maintenance of infrastructure, for modern management approach to service delivery, and for building the database of the existing water supply and sewerage network as well as mid-term and long-term planning.

The SPDC survey attempted to identify the training needs of local elected representatives and officials as assessed by Nazims and bureaucrats. The major areas of capacity building identified by the respondents include communication skills, development planning, finance and accounts, management and the understanding of the LGO, with special focus on female councilors.

- In order to detect malfeasance and high levels of inefficiency on the part of local departments and officials, the LGO provides for a number of monitoring and supervision committees. Such committees have not yet begun to operate effectively. It is important that these committees are activated and given a clear mandate to work with.
- There is a need to promote more active external monitoring of local governments also by the media and civil society. For this purpose, a strong Right to Information Act of the type functioning in India needs to be promulgated. This act should clearly specify what information must be made publicly available by all levels of government in Pakistan.

- An important link between Police Reform and the Devolution Plan is District Police and Safety Commissions (DPSCs). In this regard, the major concern is that DPSCs have not been formed in all the districts so far. Moreover, there is a problem in terms of role clarity and the nature of relationship between the police and the DPSCs. Clarity is needed on the specific role of the DPSCs regarding mechanisms for handling different situations and their sphere of operation. Further, safety commissions can be more effective if appointment of members is institutionalized and made more broad-based.
- Some local governments have started innovations in service delivery, like the formation of public-private partnerships which have produced better results. Such practices must be carefully documented and made widely available for replication elsewhere.

LOCAL POLITICAL PROCESS

- In 2005, an amendment was made in the LGO to reduce the strength of the Union Council from 21 members to 13 members. Consequently, there was a substantial decline in the total number of elected representatives (at UC level) in the local government system. The change in strength of UCs not only affected representation of people in local governments in general, but it also had implications for the extent of representation of marginalized segments of the society that are women, peasants and workers. The amendment needs to be revisited and the original number restored.
- There appears to be serious contradiction in the local election process. The government has claimed that the bottom-up approach has been adopted to promote grassroots democracy in the country while the process of direct election has stopped at the UC level. The system functions in such a way that only union councilors (including Nazim and Naib Nazim of UC) are elected directly through voting from general public. The Nazim and Naib Nazim of district and Tehsil/ town are elected by indirect elections. Indirect choice of District Nazim and Naib Nazim provides an opening for political maneuvering as union councilors could be pursued for a particular candidate in return for lucrative benefits. This has also facilitated the 'elite capture' of the electoral system at the Nazim level. A majority of the respondents of the SPDC survey (including both elected representatives and bureaucrats) were of the opinion that district Nazims and Naib Nazims should be directly elected by the votes of the general public. This will enhance the public accountability of the system and reduce chances of manipulation. Further, the local election process must be allowed gradually to evolve into a party-based system.
- Granting of 33 percent reserved seats to women in local councils was an unprecedented step. The process of participation of women could be further facilitated by ensuring that they have the same share in membership of all local committees. In addition, it may be stipulated that either the Nazim or Naib Nazim must be a woman. These measures will encourage the development of leadership among female councilors.



FISCAL DECENTRALIZATION

- Stronger incentives must be granted for local resource mobilization for achievement of a measure of fiscal autonomy and stronger linkage of taxation with benefits. This will require granting of more fiscal powers, especially to district governments. One proposal could be the levy of surcharges by local governments on either provincial or federal taxes, which are charged on "immobile tax bases." The provision already exists for a local rate on provincial land revenue. In addition, a small graduated flat rate local income tax could also be allowed. Incremental fiscal effort by district governments should be assigned weight in an appropriate fashion in the revenue-sharing formulae prescribed by the PFCs.
- There is evidence that the share of local governments in the overall sub-national development program (including the provincial PSDP) has been declining. This has tilted the allocation of resources towards economic infrastructure rather than the more pro-poor basic social services. The PFCs may also consider specifying a mandatory share of local governments in provincial PSDPs during the tenure of a particular award.
- There is evidence that fiscal equalization has not gone far enough in the horizontal revenue-sharing formula among local governments and regional inequalities are increasing. This will require granting of higher weights to backwardness in future PFC awards.
- Analysis of expenditure priorities of local governments reveals that some sectors have been relatively neglected and there are wide variations regionally in the provision of such services. This may require the introduction of conditional transfers to ensure minimum standards of provision of such services. The health sector, especially public health and reproductive health, would qualify for such treatment.

SUPPORTING MEASURES

- Social audits by independent agencies of levels of satisfaction with the provision of basic services have proven to be useful indicators of performance. Such surveys should be undertaken periodically, say once every three years, to identify improvements and emerging problems.
- A national institutional focal point (possibly with a network of provincial focal points) is required to act as the depository of data and examples of good practice of local governments. For example, there is no data base available (preferably on a website) on the budgets of local governments in a standard format. A special effort should be made to collect sex-and regionally-disaggregated data not only on inputs but also on outcome indications.
- The role of donors must be not only on providing budgetary support for provision of local services and assistance in capacity building efforts but also in the process of monitoring and evaluation, research and building of data bases. In particular, donors could help in the identification, dissemination and replication of emerging good practices.

Many of the above 'second generation' of reforms are doable and can have a significant impact on improving efficiency and equity in the delivery of local services. They will contribute to deepening the process of democracy, raising the level of human development and improving the quality of life of the people. We remain committed to the goal of effective decentralization in Pakistan.



APPENDICES

APPENDICES

SOCIAL DEVELOPMENT IN PAKISTAN, 2006-07

A.1

METHODOLOGY OF SPDC SURVEY OF SELECTED DISTRICTS

Views and recommendation from bureaucracy and elected representatives of district governments were collected from 12 districts; 5 from Punjab, 3 from Sind and NWFP each and only one from Balochistan. Three criteria used in selecting sample districts include; District Nazim's political affiliation, level of district development,¹ and geographical position of the district. From each district, one tehsil/town and two UCs were also selected for enumeration. Political affiliation and distance from district headquarter are used as a stratification criteria for selecting tehsils and UCs. A schematic view of selected districts is as follows:

Districts	District Nazim's Affiliation ²	Level of Deprivation	Location
Lahore	PML-N	Low	Punjab-Capital
Sialkot	PML-Q	Low	Middle Punjab
Muzaffargarh	PPP	High	Lower Punjab
Chakwal	PML-Q	Medium	Upper Punjab
Kasur	PPP	Medium	Middle Punjab
Nawabshah	PPP	Medium	Middle Sindh
Mirpur Khas	Functional-(HP)	High	Lower Sindh
Shikarpur	KPP-(PML-Q)	High	Upper Sindh
Peshawar	JUI-F	Low	NWFP-Capital
Haripur	PML-N	Medium	-
Karak	WN Group	High	-
Quetta	KPP	Low	Balochistan-Capital

Detailed interviews were conducted with Nazims (district, tehsil and UC), District Coordination Officer (DCO) and Executive District Officers (EDOs) for finance, education and health departments.

A semi-structured questionnaire was administered during the interviews. Separate set of questions were prepared for Nazims, DCO and EDOs. However, main modules were; strong and weak aspects of the devolved system, nature of coordination and working relations, concerns in development planning, fiscal issues and the status of institutional arrangement for community empowerment. Most questions were open ended, nonetheless in some questions respondents were requested to evaluate their views on the scale 0-10.

¹ District level of deprivation (underdevelopment) is taken from Jamal et al (2003).

² The abbreviations for political parties stand for ; the Pakistan Muslim League, Nawaz (PML-N), the Pakistan Muslim League-Quaid-a-Azam (PML-Q), the Pakistan Peoples Party (PPP), the Pakistan Muslim League Functional (Functional), the MQM Haq Parast (HP), the Kusal Pakistan Party (KPP), the Jamiat Ulami-Islam Fazl ur Rehman Group (JUI - F), the Watan Nawaz Group (WN) and the Balochistan National Party (BNP).

A.2

COST FUNCTION OF PRIMARY AND SECONDARY EDUCATION

The cost function for primary and secondary education is specified as follows:

$$EDUEXP_i = \alpha_0 + \alpha_1 PRIMENROL_i + \alpha_2 SECENROL_i + \alpha_3 AREA_i + \alpha_4 URBAN_i + \eta_t$$

Where;

EDUEXP	=	District's Recurring Expenditures on Education by the <i>i</i> th district in the province
PRIMENROL	=	Primary School Enrollment in the <i>i</i> th district in the province
SECENROL	=	Middle and High school Enrollment in the <i>i</i> th district in the province
AREA	=	Area per Square Kilometer of the <i>i</i> th district in the province
URBAN	=	Level of urbanization in the <i>i</i> th district
η	=	Error term

For the 34 districts of Punjab the estimated equation is

$$EDUEXP_i = -200.6908 + 0.0011 PRIMENROL_i + 0.0010 SECENROL_i + 0.0082 AREA_i + 1422.5190 URBAN_i$$

(-2.049 *)
(2.782 *)
(3.254)
(1.159)

$$\bar{R}^2 = 0.901, F\text{-Statistics} = 76.462, \text{Degree of Freedom} = 30, DW = 2.121$$

The marginal cost of primary and secondary enrollment is, more or less, the same. This probably indicates greater excess capacity in the secondary schooling system. Also, costs rise with a larger geographical area indicating the impact of lower residential density. Further, the positive coefficient of the urbanization variable demonstrates that the quality of education is higher in cities and towns and higher costs are due also to larger enrollments in technical education.

A.3

CHRONOLOGY OF KEY EVENTS IN THE SOCIAL SECTOR: 2006-07

- September 11, 2006** Child marriages, continually practiced in the federally and provincially administered tribal areas, are an indication of government's failure to enforce laws banning these medieval customs, said by legal experts and social activists.
-
- October 03, 2006** A study by Aurat Foundation stated that more than 280 people including 176 women had been murdered on the pretext of Karo-Kari in different parts of Sindh during January to September, 2006.
-
- October 06, 2006** The United Kingdom announced a contribution of £90 million (Rs10 billion), at the first anniversary of October 8 earthquake, to help address the pregnancy related complications in Pakistan. This contribution would largely be spent in Punjab and NWFP.
-
- October 8, 2006** Chief Minister Sindh stated that the government would allocate Rs12.7 billion to raise the standard of education and provide free textbooks to 4.7 million students from class 1 to 10, along with a stipend of Rs1000 to girl students from class 5 to 10.
-
- October 16, 2006** Food and Agriculture Organization (FAO) of the United Nations declared that globally there are about 850 million undernourished people. Of these, 35 million, with a majority of children and women reside in Pakistan.
-
- October 19, 2006** In Pakistan, approximately 5,762 children went missing and 16,939 became victims of abuse and exploitation during 1999 to 2005, while 788 went missing and 1565 got abused during the first nine months of 2007, as told at a national consultation organized by the Centre for Missing Children (a project of Lawyers for Human Rights and Legal Aid, supported by Save the Children UK)
-
- October 23, 2006** A report by the Lawyers Committee on Human Rights, Pakistan, revealed that around 5,800 people committed suicides owing to unemployment, poverty and depression in Pakistan during the first nine month of 2006. The report also indicated that an average of 483 suicides cases occurred each month.
-
- November 20, 2006** A survey conducted by the National Aids Control Programme revealed that an average of 38,000 high risk people concerning to HIV/AIDS were present in Karachi. The majority of them are present in Sadar Town (5078) followed by Baldia Town (4967) and Lyari (3866). The lowest prevalence was found in Gadap Town (418), Gulberg (613) and Korangi (635). The statistics reported for other towns were: 3011 high risk people in Jamshed, 2892 in SITE, 2686 in Bin Qasim, 2590 in DHA, 1623 in Liaqatabad, 1587 in Gulshan, 1517 in Orangi, 1276 in Shah Faisal, 1281 in North Nazimabad, 1146 in New Karachi, 1131 in Keamari, 1034 in Landhi and 744 in Malir.

November 28, 2006 In a seminar organized by Sustainable Policy Development Institute on "Public-Private Partnership in Water and Sanitation," the speakers highlighted that more than 10,000 deaths occur in Pakistan due to renal infections every year which was caused by polluted water. Moreover, the severity of the problem could be judged by the fact that about 40 percent beds in the country's hospitals are captured by patients with water-borne diseases.

December 01, 2006 According to UNESCO's Education for All Global Monitoring Report, Pakistan ranks second among the countries with the highest number of out of school children. Nigeria with some 8 million out-of-school kids stands at the top position whereas, India at the third with 4.5 million such kids. While ranked fourth, Ethiopia was not found as worse as nuclear powers like Pakistan and India.

Box A3.1**State of the World's Children**

A report entitled "State of the World's Children 2007" released by the United Nations Children's Fund (UNICEF) indicated that 500,000 children in Pakistan die every year before reaching the age of five, mostly from preventable causes. The report expressed that Pakistan had made little improvement in controlling the mortality rate of children aged five or below and was very likely that

it would miss the MDGs target of reducing the mortality rate to two-third by 2015. At present, Pakistan ranks at 47th in the world with an under-five mortality rate of 99 per 1000 births. The report cited that poor pre-natal care was the main reason for that dismal mortality rate besides acute respiratory infections and diarrhea.

December 29, 2006 According to a report compiled by the Aurat Foundation, violence against women in Sindh has risen alarmingly as indicated by murder of nearly 472 women during 2006. Besides, 168 women were injured in different incidents, more than 219 were killed in Karo-Kari, 32 were gang-raped, 154 were kidnapped and 153 committed suicide due to early marriage, domestic problems, matrimonial disputes and severe poverty conditions in different regions of Sindh.

January 01, 2007 As per a study sponsored by the World Bank, 22000 adults and 700 children lose their lives as a result of air particulate pollution every year in Pakistan. The increase in urbanization and also an ever-growing number of vehicles on the roads have damaged the environment extensively.

January 06, 2007 National AIDS Control Programme (NACP) reported an alarmingly high HIV rate in Pakistan. Number of HIV infected people range between 65000 and 70000. Incidence of HIV is increasing in cities of Punjab and Sindh. According to NACP, there are 26 percent HIV infected people Karachi, 12 percent in Sargodha, 9.5 percent in Faisalabad, 2.5 percent in Lahore, 1 percent in Sialkot and 0.5 percent in Rawalpindi.

January 16, 2007 A Consultant of the World Health Organization (WHO) of the United Nations notified that 80 percent districts of Pakistan had been made polio-free.

January 20, 2007 According to renowned lawyer Zia Ahmed Awan, 4386 cases of violence against children had been observed in Pakistan during 2006. The facts and figures showed that 704 children were murdered, 637 were sexually assaulted, 340 girls were sexually assaulted, 340 boys were sodomized and 180 children committed suicide.

January 23, 2007

The findings of a study conducted by the UNICEF showed that majority of juvenile prisoners in different jails of Pakistan were in their late teens with 98 percent of them were boys. It further showed that there were approximately 15,000 street children in Karachi, 14,000 in Lahore, 15,000 in Queta and 5,000 in Peshawar. 52 percent of these children were found to have a criminal record.

Box A3.2

Rural Growth and Poverty Reduction

A report entitled "Pakistan: Promoting Rural Growth and Poverty Reduction" released by the WB, said that rural poverty was rising in Pakistan. It explained, "Unequal distribution of land and access to water for rural poor in Pakistan limit the scope for agricultural growth

alone to rapidly reduce poverty in rural Pakistan." The report further stated that potential for agriculture growth and diversification could be ensured by efficient use of water and building partnership with the private sector.

April 29, 2007

"An estimated 2.5 million children in Pakistan are out of schools, almost 50 percent children are drop-outs and gender parity is very low," said the Nazim of Shah Faisal Town, Karachi on the occasion of Global Campaign for Education Week. He also said that quality of education was limited to the privileged class and 40 million children in 5-14 age-group were denied their fundamental right to receive education.

May 19, 2007

As indicated by the official sources, of the 619 patients registered at the Anti-Retroviral (ART) centers, nearly 36 patients of HIV/AIDS died in Pakistan while 256 received treatment during 2006. The National AIDS Control Programme (NACP) has established 9 ART centers in collaboration with the WHO.

June 12, 2007

It is reported that the number of child labour in agriculture is continuously rising in Pakistan. The last survey on child labour was carried out during 1996, since then no latest data on child labour have been compiled. The findings of 1996 survey showed that out of 3.3 million child labourers in Pakistan, 2.4 million (73 percent) were boys and 0.9 million (27 percent) were girls.

Box A3.3

The State of Pakistan's Children

A report entitled "The State of Pakistan's Children 2006," released by the Society for the Protection of Rights of the Child (SPARC) portrays that the number of children faced with labour abuse, violence and a lack of health and education facilities is rising in Pakistan. Pakistan has the highest ranking in maternal and infant mortality rate in South Asia and about 10 million children are toiling away their childhood to supplement their

family's income. At least 25,000 children live in streets of Karachi and an average of four children are sexually abused daily. According to the numbers given in the report, 704 children were murdered, 637 were sexually assaulted, 1008 were kidnapped, 526 were physically tortured and 96 were tortured by polices during interrogations.

July 16, 2007

A report compiled by Zeenat Hisam, a researcher in labour issues, reveals that around 78 percent women workers face sexual harassment in different sectors, including hospitals, banks, offices, factories, brick kilns and private homes (as domestic workers). It also highlights that 25 percent of home-based women workers faced harassment (psychological,

verbal, sexual and physical) by customers (44 percent), family members (42 percent) and middlemen (15 percent).

August 07, 2007

According to the National Education Census carried out with the support of an aid from the UNDP, there are 247,000 schools in Pakistan. Nearly 70,000 schools are running without the basic facilities such as water, electricity, lavatories and boundary walls. There are only 1500,000 teachers in government school where around 33,000,000 students are getting education.

August 11, 2007

12 cases of HIV/AIDS (positive) and 571 cases of drug addicts were found in 20 jails of Sindh, said the Inspector General (IG) Police. Of the 12 HIV/Aids patients, 6 are in the Karachi Central Prison, 3 in Malir Jail while the female patients are in women jail.

August 28, 2007

According to a report by Al-Shifa Trust Eye Hospital, more than 50,000 children in Pakistan are facing eye complications that will eventually lead to blindness. At least 15 percent of blindness is due to cataract, 12 percent glaucoma while rest is due to other complications like birth defects, infections and deficiency of Vitamin A.

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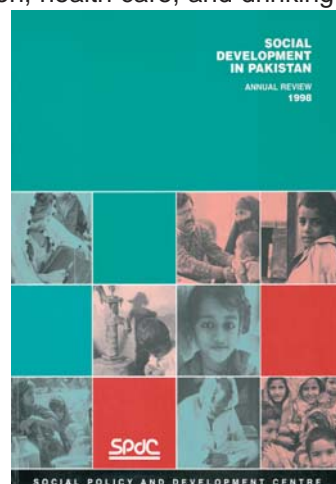
CPP 1, April 1993.

A.5

SPDC'S ANNUAL REVIEW OF SOCIAL DEVELOPMENT IN PAKISTAN: BRIEF INTRODUCTIONS

Annual Review of Social Development in Pakistan 1998

First of the annual series, the Review of Social Development in Pakistan was launched in the wake of a growing realization that the country was lagging behind in social development. It was felt that access to basic social services such as primary education, health care, and drinking water was limited, and that social underdevelopment had, perhaps, begun to slow down the pace of economic development as well. As such, the Review addressed the relationship between economic and social development, and the central role of human development in the growth process. It then traced in detail the evolution of the social sectors in Pakistan over the 50 years since independence, and compared Pakistan's social development between the provinces and with other countries in the region. Based on the custom-developed 242-equation Integrated Macroeconomic & Social Policy Model, a detailed quantitative analysis and assessment was made of the government's programmes and policies in the social sectors, including the Social Action Programme - the largest single social development programme in Pakistan's history - focusing on issues such as sources of financing, user-charges, and issues relating to cost-effectiveness of social service provision.



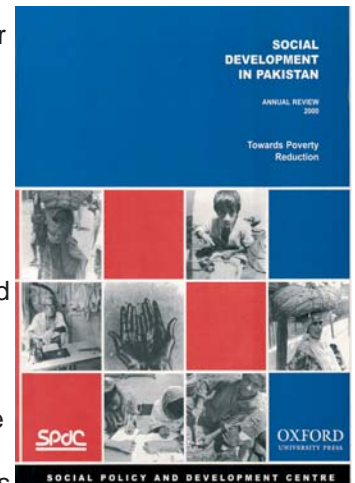
Social Development in Economic Crisis Annual Review of Social Development in Pakistan 1999

The second Review dealt with social development in an environment of severe economic crisis caused by international sanctions imposed on Pakistan following the country's decision to conduct the nuclear tests. The Review began by tracing the short and long term causes of the crisis, leading to Pakistan's return to the IMF/World Bank program. Further, based on SPDC's 246-equation Integrated Macroeconomic & Social Policy Model, it quantified the cost of the economic sanctions following the adoption of the nuclear path. It delineated the various options available to deal with the crisis, including the path of self-reliance, to achieve sustained development. It then explored the impact of each option on some of the key social dimensions: poverty, unemployment and the status of women and children. It also appraised the Social Action Programme, and forewarned that it was in jeopardy due to growing fiscal and institutional constraints. Given the prospect of rising poverty, it examined the types, nature and adequacy of different social safety nets - governmental as well as non-governmental - and highlighted the underlying problems of coverage and targeting.



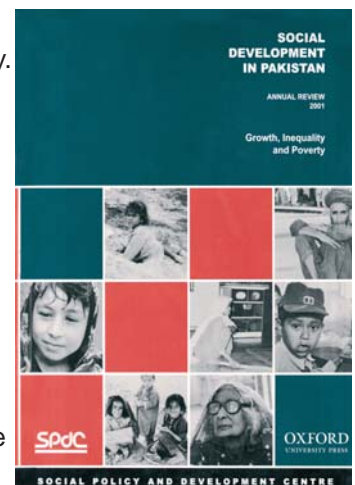
Towards Poverty Reduction Annual Review of Social Development in Pakistan 2000

The Review focuses on the subject of poverty, identifying its nature, extent and profile, and highlighting the structural dimensions of poverty. Based on the conclusions that a poverty reduction strategy will have to be comprehensive and multidimensional in character, it covers a wide agenda. It comprises an appraisal of the role of the informal economy, not only as a residual employer but also as a household or community based welfare and support system, in mitigating poverty. Based on the results of SPDC's 250-equation Integrated Macroeconomic & Social Policy Model, it underlines the need for appropriate macroeconomic and fiscal policies to achieve faster growth in income and employment. In this respect, macro and micro aspects of a revival strategy, including options such as reducing the tax burden on the poor and orienting public expenditure towards the poor have been outlined. It also covers structural issues such as land reforms and development of human resources through access to social services, particularly pro-poor services. It discusses different elements of a strategy consisting of increased economic opportunities for the poor, their empowerment, and access to welfare and support through appropriate social safety nets, namely, public works, microfinance, food support and zakat. It also deals with issues of governance and poverty, devolution, economic governance, institutional capacity, and corruption.



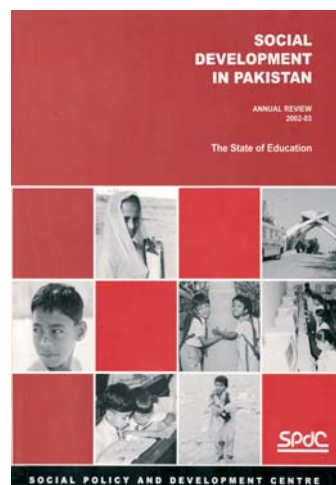
Growth, Inequality and Poverty Annual Review of Social Development in Pakistan 2001

The Review is a detailed analysis and documents the pervasive inequalities across class and regional lines and in access of social services. Spread over six chapters, it begins with the profile of achievements in the realm of economic and social development since 1947; acknowledging as well that the gains have not been equitably distributed. Based on SPDC's 255-equation Integrated Macroeconomic & Social Policy Model, it presents the macroeconomic analysis of the state of the economy, along with the factors behind the aggregates with respect to unemployment, inequality and poverty. It questions the balance between stabilization and growth objectives and discusses policy options that can help or hurt the poor. There follows a comprehensive analysis of inequality from different perspectives: income inequality, consumption inequality, inequality between income groups - nationally and province-wise - inequality in public services and land inequality. The next chapter is devoted to inequality between and within provinces, including a district analysis and ranking of deprivation levels. Social policy finds specific attention, with a review of housing and evaluation of the ambitious Five Point Programme and the Social Action Programme. The last chapter attempts to provide an overview of the factors that determine inequality and poverty, and more generally, social development.



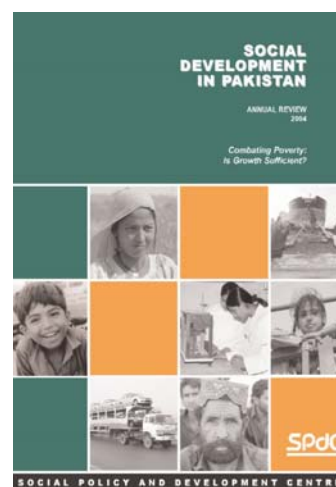
The State of Education **Annual Review of Social Development in Pakistan** **2002-03**

The Review is an in-depth analysis of the state of education in Pakistan. It breaks new ground, given that the traditional discussion relating to education has generally been limited to the issue of enrolment, particularly primary and girls' enrolment, and resource allocation. The Review is spread over seven chapters and begins with a broad profile of education in the country: Pakistan's standing regionally; literacy, enrolment and dropout trends; and availability of schools and teachers. It then documents the regional and class inequalities in education indicators, issues relating to the role of education in development - particularly in the context of the emergence of the knowledge based economy - and fiscal and sociopolitical factors that have inhibited the growth of education. The discussion ranges from the federal-level macroeconomic policy imperatives that have constrained provincial-level resource allocation to social sectors to the role of land inequality on education. There follows specific chapters devoted to critical issues in primary education and science education - matters relating to curriculum, textbooks and examinations- and a final chapter that discusses the sociopolitical impact of the creation of multiple and mutually exclusive streams of education in the country.



Combating Poverty: Is Growth Sufficient? **Annual Review of Social Development in Pakistan** **2004**

SPDC has over the years consistently highlighted the problems of social underdevelopment and inequality and poverty. It has advocated a macroeconomic policy framework that is pro-poor and leads to equitable growth; with equity defined in terms of class, region and gender. The Annual Review 2004 attempts to further advance this agenda. While earlier Reviews have largely been diagnostic, this issue is more prescriptive in nature. It suggests a policy framework whereby accelerated growth and rapid poverty reduction can be rendered complementary and feasible in the medium term. The Review presents a vision of poverty reduction at the outset and subsequent chapters provide empirical support for the suggested strategy. Spread over five chapters, it begins with the analysis of the development experience during the different political eras over the past three decades. It appraises the officially adopted national and provincial Poverty Reduction Strategy Papers (PRSPs). The Review presents the hard empirical analysis of the relationship between growth, inequality and poverty reduction and establishes the imperative of engaging with the issue of inequality to achieve poverty reduction. It also



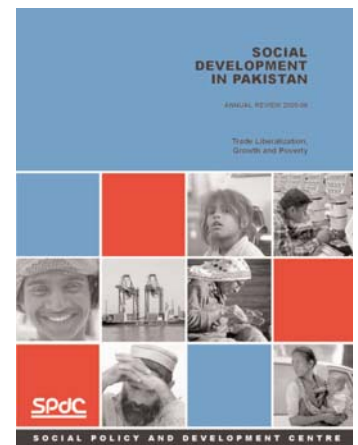
analyses the distribution of the burden of taxes and the benefits of public expenditure, with the objective of rendering the fiscal regime pro-poor. Further, it discusses issues relating to land reform - considered an essential factor in rural poverty reduction. In addition, the Review also includes a Sector Study, which focuses on the demand and supply aspects of export growth as a means to manage the current account balance.

Trade Liberalization, Growth and Poverty **Annual Review of Social Development in Pakistan** **2005-06**

Since the late 1980s, there has been a clear effort to reduce trade barriers and to liberalize the economy in Pakistan, and this effort has been accelerating over time. The events of September 11, 2001 - and the GoP's response to them - have also led to a substantial change in the external environment facing Pakistan.

The above changes raise a host of questions: What has been the pace and sequencing of trade liberalization in Pakistan? How do Pakistan's trade restrictiveness measures compare to those of other developing countries in Asia? How has Pakistan's trade evolved over time in response to liberalization and how does this compare to the evolution of trade in other developing countries of Asia? What are the most important channels through which the process of trade liberalization affected Pakistan's economy? If trade had not been liberalized in Pakistan, would the economic growth, inflation and poverty situation be better or worse? How can policy makers guard against the adjustment costs of trade liberalization and reap maximum gains from any further increases in trade openness? How have the changes in the external environment and the policy responses resulting from the tragic events of September 11, 2001 shaped Pakistan's economy? How are the effects of the textile quota removal likely to play out on Pakistan's exports going forward? What policies would work best for the GoP's avowed objective in the MTFD of enhancing exports to achieve sustainable high growth?

Trade Liberalization, Growth and Poverty, SPDC's seventh annual review of social development in Pakistan, attempts to answer these questions. It places the on-going worldwide debate on the interactions between trade liberalization, growth and poverty in the context of Pakistan. The authors isolate the effects of trade liberalization on Pakistan's economy using econometric techniques and evaluate the empirical evidence in light of the predictions of economic theory. Policy implications concerning the GoP's goal of poverty alleviation are drawn from the results.



SELECTED SOCIAL DEVELOPMENT INDICATORS

SELECTED SOCIAL DEVELOPMENT INDICATORS

SOCIAL DEVELOPMENT IN PAKISTAN, 2005-06

EDUCATION

Year	LITERACY RATE			MEAN YEARS OF SCHOLING			COMBINED ENROLMENT RATE		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
PUNJAB									
1975	31.5	12.3	22.7	2.1	0.4	1.3	29.7	14.8	22.8
1980	35.6	15.7	26.3	2.7	0.6	1.7	26.9	14.9	21.2
1985	40.0	19.5	30.3	3.2	0.9	2.1	30.6	17.3	24.3
1990	45.5	24.2	35.4	3.3	1.0	2.2	36.4	23.6	30.3
1995	52.9	30.3	42.1	3.9	1.4	2.7	36.0	27.0	31.6
2002	63.5	41.7	52.8	9.0	4.7	3.5	38.2	30.7	34.5
2004	63.6	42.9	53.3	9.4	8.7	3.7	39.3	32.3	35.9
2005	65.0	44.0	55.0	4.7	2.2	3.5	-	-	-
SINDH									
1975	39.1	19.8	30.4	3.1	0.9	2.1	26.9	13.5	20.7
1980	39.3	21.2	31.0	3.1	0.9	2.2	29.1	14.9	22.5
1985	41.6	23.5	33.3	3.9	1.4	2.7	32.3	16.2	24.7
1990	45.6	26.9	36.9	4.4	1.5	3.0	32.5	13.1	23.3
1995	51.7	31.5	42.3	4.7	2.0	3.4	31.6	17.3	24.8
2002	58.7	38.9	49.3	10.4	5.9	4.3	34.5	24.0	29.4
2004	66.9	42.2	55.3	10.7	6.4	4.5	36.9	26.6	31.9
2005	68.0	41.0	56.0	5.6	2.5	4.2	-	-	-
NWFP									
1975	23.9	5.2	15.1	1.9	0.2	1.1	33.4	9.9	22.3
1980	25.3	6.2	16.3	2.5	0.4	1.5	32.1	8.9	21.3
1985	29.5	8.5	19.5	2.5	0.3	1.3	33.2	9.0	21.8
1990	36.1	12.0	24.5	2.6	0.3	1.5	43.5	12.1	28.5
1995	45.3	17.0	31.5	3.1	0.4	1.7	46.3	17.7	32.5
2002	60.4	24.1	42.2	8.0	1.7	2.5	41.1	32.9	37.2
2004	61.8	25.2	43.0	8.5	2.2	2.7	52.2	28.1	40.5
2005	64.0	26.0	45.0	4.5	1.0	2.6	-	-	-
BALUCHISTAN									
1975	13.2	3.7	9.0	1.2	0.1	0.7	13.4	4.4	9.4
1980	14.6	4.0	9.8	1.9	0.4	1.2	13.4	4.2	9.3
1985	18.1	5.6	12.5	1.5	0.3	1.5	18.9	6.8	13.5
1990	23.1	8.2	16.3	1.9	0.3	1.1	26.0	9.1	18.4
1995	30.4	11.9	21.9	1.8	0.2	1.1	30.1	13.1	22.4
2002	41.1	18.6	30.5	5.3	1	1.7	31.0	19.7	25.8
2004	52.1	17.6	36.0	6.3	1.4	2.1	30.1	21.3	26.0
2005	52.0	19.0	37.0	3.3	0.5	2	-	-	-
PAKISTAN									
1975	31.4	12.6	22.8	2.2	0.5	1.4	28.7	13.4	21.6
1980	34.0	15.1	25.2	2.7	0.6	1.8	27.3	13.5	20.8
1985	37.9	18.3	28.7	3.2	0.9	2.1	30.7	15.4	23.4
1990	43.2	22.4	33.3	3.4	1	2.3	35.9	18.8	27.7
1995	50.5	27.9	39.7	3.9	1.4	2.7	36.1	22.7	29.6
2002	60.9	37.7	49.6	8.2	3.4	3	37.3	28.9	33.2
2004	63.7	39.2	51.6	8.8	4.8	3.3	40.1	29.8	35.1
2005	65.0	40.0	53.0	4.7	2.2	3.5	-	-	-

Notes:

(1) Figures for Pakistan represent the four provinces combined; (2) Prior to 2002, primary and secondary school enrolment represent only the enrolment in government sector

Definitions:

Literacy rate: The number of literate persons as a percentage of population aged 10 and above.

Mean year of schooling: Average number of years of schooling received per person aged 25 and above.

Combined enrolment rate: The number of students enrolled in all levels as a percentage of the population aged 5 to 24.

Sources:

1. Development Statistics of Provincial Governments (various issues); 2. Education Statistics of Provincial Governments (various issues); 3. GOP, Pakistan School Statistics, Central Bureau of Education (various issues); 4. GOP, Pakistan Education Statistics, Central Bureau of Education (various issues); 5. National and Provincial Education Management Information Systems (various issues); 6. GOP, Labour Force Survey, Federal Bureau of Statistics (various issues); 7. GOP, Census Report of Pakistan, Population Census Organization (various issues); 8. Facts & Figures Pakistan 2002, Ministry of Education, EFA Wing; 9. PSLM 2004-05, Federal Bureau of Statistics; 10. National Education Census 2005, FBS, GOP

EDUCATION									
Gross Primary Enrolment Rate									
Year	URBAN			RURAL			TOTAL		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
PUNJAB									
1995-96	95	92	93	82	62	72	85	70	78
1998-99	91	97	94	79	58	69	82	68	75
2001-02	95	93	94	80	61	70	84	69	76
2004-05	111	108	110	96	82	89	100	89	95
2005-06	112	107	110	93	83	88	98	89	94
SINDH									
1995-96	95	90	93	78	39	59	86	62	74
1998-99	100	88	94	59	33	47	75	54	64
2001-02	91	78	84	69	37	53	76	51	63
2004-05	103	94	99	70	44	58	84	65	75
2005-06	103	96	100	79	51	66	88	71	80
NWFP									
1995-96	88	82	85	79	42	61	85	70	78
1998-99	97	83	90	82	49	66	84	54	70
2001-02	100	86	93	96	52	74	97	56	77
2004-05	100	84	92	92	62	78	93	65	80
2005-06	98	84	91	93	67	81	93	70	83
BALUCHISTAN									
1995-96	97	72	96	84	61	73	86	63	75
1998-99	99	77	88	77	42	61	79	46	64
2001-02	98	75	88	73	38	57	77	44	62
2004-05	101	86	94	79	41	61	83	49	67
2005-06	100	83	92	72	41	57	79	50	65
PAKISTAN									
1995-96	95	90	92	81	54	68	85	64	75
1998-99	95	92	94	75	50	63	80	61	71
2001-02	80	52	66	80	52	66	83	61	72
2004-05	107	100	104	89	68	79	94	77	86
2005-06	107	100	104	89	71	80	94	80	87

Definition:

Gross Primary Enrolment Rate: The number of students enrolled in primary level classes (I to V) as a percentage of the population aged 5 to 9.

Sources:

1. Pakistan Integrated Household Survey, 1998-99, Federal Bureau of Statistics, Government of Pakistan.
2. Pakistan Integrated Household Survey, 2001-02, Federal Bureau of Statistics, Government of Pakistan.
3. Pakistan Social and Living Standards Measurement Survey, 2004-05, Federal Bureau of Statistics, Government of Pakistan.
4. Pakistan Social and Living Standards Measurement Survey, 2005-06, Federal Bureau of Statistics, Government of Pakistan.

EDUCATION									
Net Primary Enrolment Rate									
Year	URBAN			RURAL			TOTAL		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
PUNJAB									
1995-96	55	55	55	49	34	42	50	39	45
1998-99	54	57	56	44	35	40	47	40	44
2001-02	57	58	57	44	38	41	47	43	45
2004-05	69	68	68	57	50	54	60	55	58
2005-06	72	68	70	56	47	52	60	53	57
SINDH									
1995-96	58	57	57	45	24	35	50	39	45
1998-99	63	57	60	37	21	29	47	35	41
2001-02	56	50	53	41	25	33	46	34	40
2004-05	64	59	61	45	29	38	53	42	48
2005-06	62	63	62	48	34	42	54	47	50
NWFP									
1995-96	52	50	51	40	24	32	42	28	35
1998-99	59	49	54	45	27	37	47	30	39
2001-02	59	51	55	47	31	39	48	33	41
2004-05	58	52	56	52	37	45	53	40	47
2005-06	59	52	55	54	40	47	54	42	49
BALUCHISTAN									
1995-96	57	41	49	49	39	44	51	39	45
1998-99	58	51	54	42	25	34	44	28	36
2001-02	55	41	49	36	21	29	39	24	32
2004-05	59	53	56	41	24	33	44	29	37
2005-06	51	42	47	36	23	30	39	27	34
PAKISTAN									
1995-96	56	55	55	47	31	39	49	38	44
1998-99	58	56	57	43	30	37	47	37	42
2001-02	57	54	56	43	33	38	46	38	42
2004-05	53	42	48	53	42	48	56	48	52
2005-06	66	64	65	53	42	47	56	48	53

Definition:

Gross Primary Enrolment Rate: The number of students enrolled in primary level classes (I to V) as a percentage of the population aged 5 to 9.

Sources:

1. Pakistan Integrated Household Survey, 1998-99, Federal Bureau of Statistics, Government of Pakistan.
2. Pakistan Integrated Household Survey, 2001-02, Federal Bureau of Statistics, Government of Pakistan.
3. Pakistan Social and Living Standards Measurement Survey, 2004-05, Federal Bureau of Statistics, Government of Pakistan.
4. Pakistan Social and Living Standards Measurement Survey, 2005-06, Federal Bureau of Statistics, Government of Pakistan.

EDUCATION									
Net Middle Enrolment Rate									
Year	URBAN			RURAL			TOTAL		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
PUNJAB									
1998-99	27	26	26	18	12	16	21	16	19
2001-02	24	32	28	16	12	14	18	18	18
2004-05	28	30	29	18	14	16	21	19	20
2005-06	31	31	31	17	14	16	21	19	20
SINDH									
1998-99	29	27	28	14	3	9	20	13	17
2001-02	22	27	24	12	4	8	15	12	14
2004-05	28	25	26	14	5	10	20	15	18
2005-06	25	28	26	12	3	8	18	16	17
NWFP									
1998-99	24	17	21	15	5	10	16	7	11
2001-02	25	21	23	15	6	11	16	8	12
2004-05	24	22	23	19	9	14	20	11	16
2005-06	23	19	21	14	12	13	15	12	14
BALUCHISTAN									
1998-99	23	13	18	9	5	7	11	6	9
2001-02	19	13	16	10	2	6	11	4	8
2004-05	18	17	17	8	4	6	10	7	8
2005-06	13	15	14	6	2	4	8	6	7
PAKISTAN									
1998-99	27	25	26	16	9	13	19	13	16
2001-02	15	8	12	15	8	12	17	14	16
2004-05	27	27	27	17	11	14	20	16	18
2005-06	27	28	28	15	11	13	19	16	18

Definition:

Net Middle Enrolment Rate: The number of students aged 10 to 12 enrolled in middle level classes (VI to VIII) as a percentage of the population aged 10 to 12.

Sources:

1. Pakistan Integrated Household Survey, 1998-99, Federal Bureau of Statistics, Government of Pakistan.
2. Pakistan Integrated Household Survey, 2001-02, Federal Bureau of Statistics, Government of Pakistan.
3. Pakistan Social and Living Standards Measurement Survey, 2004-05, Federal Bureau of Statistics, Government of Pakistan.
4. Pakistan Social and Living Standards Measurement Survey, 2005-06, Federal Bureau of Statistics, Government of Pakistan.

EDUCATION									
Net Matric Enrolment Rate									
Year	URBAN			RURAL			TOTAL		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
PUNJAB									
1998-99	14	18	16	9	4	6	10	8	9
2001-02	15	18	17	10	6	8	12	10	11
2004-05	17	20	18	9	7	8	12	11	11
2005-06	14	17	16	7	7	7	9	11	10
SINDH									
1998-99	16	16	16	12	3	7	14	9	12
2001-02	17	12	14	5	3	4	10	7	9
2004-05	17	19	18	9	3	6	13	11	12
2005-06	16	17	16	6	2	4	11	10	11
NWFP									
1998-99	8	12	10	5	1	3	6	3	4
2001-02	10	12	11	5	3	4	6	5	5
2004-05	12	13	13	9	4	6	10	5	7
2005-06	16	8	12	10	4	7	10	4	7
BALUCHISTAN									
1998-99	12	9	11	10	0	6	10	2	6
2001-02	6	5	6	2	1	2	3	2	3
2004-05	11	10	10	5	1	3	6	3	5
2005-06	11	13	12	3	2	3	5	5	5
PAKISTAN									
1998-99	14	16	15	9	3	6	10	7	9
2001-02	8	5	6	8	5	6	10	8	9
2004-05	16	19	17	9	6	7	11	10	11
2005-06	15	16	16	7	6	6	10	9	10

Definition:

Net Matric Enrolment Rate: The number of students aged 13 to 14 enrolled in matric level classes (IX to X) as a percentage of the population aged 13 to 14.

Sources:

1. Pakistan Integrated Household Survey, 1998-99, Federal Bureau of Statistics, Government of Pakistan.
2. Pakistan Integrated Household Survey, 2001-02, Federal Bureau of Statistics, Government of Pakistan.
3. Pakistan Social and Living Standards Measurement Survey, 2004-05, Federal Bureau of Statistics, Government of Pakistan.
4. Pakistan Social and Living Standards Measurement Survey, 2005-06, Federal Bureau of Statistics, Government of Pakistan.

EDUCATION											
Year	Pupil-teacher ratio (Primary) ^a			Percentage of cohort reaching Class V			Availability of primary schools			Ratio of boys to girls (Primary)	% of female teachers (Primary)
	Male	Female	Total	Male	Female	Total	Male	Female	Total		
PUNJAB											
1975	43.4	39.6	42.0	52.1	31.2	43.8	176.0	258.0	207.0	1.9	36.0
1980	41.5	41.1	41.3	50.6	29.1	41.3	177.0	251.0	206.0	1.7	36.6
1985	36.1	43.3	38.4	44.1	28.0	37.2	129.0	256.0	169.0	1.7	32.6
1990	38.6	46.7	41.5	46.2	26.9	37.0	136.0	199.0	160.0	1.5	35.7
1995	35.9	49.9	40.9	50.0	32.8	41.3	149.0	221.0	176.0	1.3	35.9
2002	58.1	40.6	48.8	60.0	54.9	57.8	159.7	252.3	194.0	1.3	53.2
2004	57.0	36.2	45.7	51.1	63.3	55.4	159.3	259.1	195.7	1.3	54.7
SINDH											
1975	27.9	20.6	25.3	36.8	43.5	38.6	136.0	661.0	220.0	2.5	35.6
1980	35.3	25.8	31.9	37.7	46.0	40.0	154.0	802.0	255.0	2.4	36.3
1985	40.2	30.1	36.5	36.2	41.9	37.9	129.0	633.0	210.0	2.3	36.6
1990	40.4	20.1	32.6	40.6	51.6	42.9	81.0	519.0	138.0	3.3	38.1
1995	22.0	27.1	23.4	38.5	35.4	37.5	82.0	416.0	134.0	2.0	28.5
2002	27.5	29.2	28.2	43.8	47.6	45.1	74.8	376.0	120.8	1.6	37.1
2004	30.3	33.0	31.3	44.7	48.7	46.1	74.2	365.5	119.4	1.5	37.4
NWFP											
1975	52.5	52.2	52.4	40.4	37.5	39.7	196.0	510.0	279.0	3.3	23.4
1980	68.8	54.8	65.2	27.9	30.9	28.5	209.0	547.0	297.0	3.7	25.5
1985	50.9	48.9	50.5	23.5	20.3	22.8	207.0	541.0	294.0	3.7	22.1
1990	44.7	36.5	42.6	22.0	17.5	21.0	116.0	357.0	172.0	3.6	25.3
1995	36.8	41.8	38.1	21.2	20.9	21.1	83.0	287.0	126.0	2.5	26.0
2002	34.5	37.8	35.6	71.9	60.0	67.4	99.7	201.8	131.6	1.8	33.9
2004	32.6	30.6	31.9				102.4	212.9	136.2	1.9	35.7
BALUCHISTAN											
1975	35.2	40.2	36.2	20.1	23.5	20.8	165.0	686.0	262.0	3.5	20.1
1980	38.3	53.9	40.7	22.9	21.8	22.7	197.0	857.0	315.0	4.0	15.1
1985	40.4	84.0	45.7	15.9	25.2	17.8	121.0	895.0	207.0	3.5	12.2
1990	23.6	41.0	26.1	14.2	26.8	16.5	93.0	869.0	159.0	3.4	14.4
1995	20.7	38.3	23.8	17.5	11.3	15.6	85.0	426.0	133.0	2.5	17.8
2002	66.8	55.2	62.0	39.7	40.8	40.1	91.1	206.5	121.0	1.7	41.5
2004	25.5	33.5	28.1	38.3	41.4	39.5	91.2	205.0	120.8	1.6	32.3
PAKISTAN											
1975	39.6	34.4	37.8	45.2	33.7	41.3	167.0	343.0	221.0	2.2	34.1
1980	42.6	37.4	40.8	41.3	32.2	38.1	176.0	352.0	232.0	2.1	34.9
1985	39.1	40.4	39.5	36.1	29.5	33.8	136.0	348.0	192.0	2.1	31.7
1990	38.7	38.9	38.8	36.5	27.9	33.4	112.0	268.0	156.0	2.0	33.4
1995	30.7	42.5	34.4	37.3	30.4	34.5	110.0	267.0	153.0	1.6	31.1
2002	43.0	37.8	40.7	56.4	53.4	55.2	113.8	259.3	155.5	1.5	44.6
2004	41.1	34.5	38.1	56.7	63.1	59.0	113.9	264.7	156.5	1.4	45.1
2005	39.5	35.8	37.8	-	-	-	-	-	177.3	1.3	45.0

Notes:

^aData for 2002 and 2004 include private sector schools

Definitions:

Pupil-teacher ratio (primary): The ratio of pupils enrolled in primary level classes (I to V) to the number of teachers in primary schools

Percentage of cohort reaching Class V: The percentage of children starting primary school who reach Class V

Availability of primary schools: The ratio of population aged 5 to 9 to the number of primary schools

Ratio of boys to girls (primary): The ratio of male students to female students enrolled in primary level classes (I to V)

Percentage of female teachers (primary): The number of female teachers as a percentage of total teachers in primary schools

Sources:

1. Development Statistics of Provincial Governments (various issues)
2. Education Statistics of Provincial Governments (various issues)
3. GOP, Pakistan School Statistics, Central Bureau of Education (various issues)
4. GOP, Pakistan Education Statistics, Central Bureau of Education (various issues)
5. National and Provincial Education Management Information Systems (various issues)
6. National Education Census 2005, FBS, GOP

EDUCATION								
Year	Availability of Primary School Teachers ^a			Pupil-teacher ratio (Secondary) (Secondary)			Ratio of Boys to Girls (Secondary)	% of Female Teachers (Secondary)
	Male	Female	Total	Male	Female	Total		
PUNJAB								
1975	75.0	120.0	91.0	28.5	8.5	18.9	3.6	48.0
1980	76.0	120.0	92.0	24.9	8.2	18.7	3.1	49.5
1985	57.0	108.0	74.0	26.7	8.6	18.1	2.7	53.5
1990	52.0	87.0	65.0	15.4	14.2	15.0	2.2	33.3
1995	50.0	84.0	62.0	14.6	16.6	15.3	1.8	33.2
2002	69.0	56.5	62.3	14.2	7.7	10.4	1.3	58.8
2004	74.0	57.1	64.8	16.0	8.2	11.3	1.3	59.4
SINDH								
1975	53.0	89.0	66.0	21.2	14.3	18.2	1.9	43.3
1980	61.0	101.0	75.0	24.2	17.2	21.2	1.9	42.7
1985	63.0	105.0	78.0	30.3	19.4	25.6	2.0	43.5
1990	63.0	97.0	76.0	27.1	17.7	23.1	2.0	42.8
1995	34.0	80.0	47.0	24.8	19.5	22.6	1.9	40.4
2002	36.9	56.8	44.3	20.5	10.6	14.8	1.4	58.1
2004	37.8	57.3	45.1	19.6	8.2	12.4	1.4	63.5
NWFP								
1975	76.0	234.0	113.0	17.7	16.7	17.6	7.6	12.2
1980	98.0	267.0	141.0	14.6	9.1	13.6	7.5	17.6
1985	70.0	228.0	105.0	14.0	10.3	13.4	7.0	16.2
1990	48.0	131.0	69.0	15.8	13.2	15.4	5.9	16.8
1995	38.0	101.0	55.0	18.8	17.9	18.6	4.1	20.7
2002	35.2	63.3	44.7	16.4	11.9	14.9	2.7	34.1
2004	36.6	60.5	45.1	16.8	12.8	15.5	2.5	34.2
BALUCHISTAN								
1975	119.0	446.0	184.0	7.0	6.7	6.9	4.8	17.6
1980	125.0	672.0	207.0	6.7	5.8	6.5	3.7	23.5
1985	92.0	607.0	155.0	5.9	6.7	6.1	3.2	21.5
1990	40.0	206.0	64.0	5.7	6.8	5.9	3.9	17.8
1995	33.0	127.0	50.0	8.5	9.3	8.6	4.3	16.4
2002	103.0	115.3	108.1	4.5	5.8	4.8	2.2	25.8
2004	55.6	92.1	67.4	6.7	7.1	6.8	2.0	32.7
PAKISTAN								
1975	70.0	124.0	88.0	24.0	10.0	18.1	3.3	41.7
1980	76.0	131.0	95.0	21.7	10.0	16.7	2.9	42.8
1985	61.0	123.0	81.0	23.1	10.6	17.5	2.7	45.0
1990	53.0	97.0	68.0	16.3	14.7	15.8	2.4	31.9
1995	42.0	87.0	56.0	16.0	16.9	16.3	2.0	31.6
2002	51.9	59.1	55.1	14.5	8.5	11.3	1.5	53.4
2004	52.9	58.8	55.6	16.0	8.5	11.8	1.5	55.9
2005	54.2	61.1	57.3	13.6	6.8	9.6	1.4	59.0

Notes:

^aData for 2002 and 2004 include private sector schools

Definitions:

Availability of primary school teachers: The ratio of population aged 5 to 9 to the number of primary school teachers

Pupil-teacher ratio (secondary): The ratio of pupils enrolled in secondary level classes (VI to X) to the number of teachers in secondary schools

Ratio of boys to girls (secondary): The ratio of male students to female students enrolled in secondary level classes (VI to X)

Percentage of female teachers (secondary): The number of female teachers as a percentage of total teachers in secondary schools

Sources:

1. Development Statistics of Provincial Governments (various issues)
2. Education Statistics of Provincial Governments (various issues)
3. GOP, Pakistan School Statistics, Central Bureau of Education (various issues)
4. GOP, Pakistan Education Statistics, Central Bureau of Education (various issues)
5. National and Provincial Education Management Information Systems (various issues)
6. National Education Census 2005, FBS, GOP

EDUCATION												
Year	Percentage of cohort reaching						Availability of secondary schools ^a			Availability of secondary school teachers ^a		
	Class VI			Class X			Male	Female	Total	Male	Female	Total
	Male	Female	Total	Male	Female	Total						
PUNJAB												
1975	87	62	79.8	41.6	36.6	40.5	906	1705	1147	96	85	91
1980	91.8	66.9	84.1	32.8	35.6	33.5	947	1749	1200	95	83	89
1985	88.6	71.3	83.1	34.5	33.6	34.2	857	1569	1088	94	72	82
1990	88.2	81.2	85.8	34.7	33.2	34.2	706	998	819	43	78	55
1995	87.9	78.1	84	44.2	41	43	647	946	762	37	69	47
2002	91.3	89.7	90.6	36.0	50.3	41.3	274	894	413	45	29	36
2004				45.7	52.7	48.3	259	875	393	45	29	35
SINDH												
1975	70.5	88.3	75.8	52.5	46.5	50.4	942	2066	1241	96	100	97
1980	70.6	88	76.1	56	47	52.7	1059	2472	1431	99	111	104
1985	81.8	89.2	84.2	52.7	48.3	51.3	1023	2687	1431	104	116	109
1990	83.5	94.5	86.9	46.9	45.2	46.4	938	1876	1220	90	103	95
1995	67.2	78.2	70.7	55.6	54.8	55.3	988	1890	1268	93	118	103
2002	57.9	67.1	61.2	52.6	58.6	54.8	359	1622	560	72	44	56
2004				70.4	68.7	69.7	339	1594	533	62	30	42
NWFP												
1975	60.1	27.1	52.5	50.3	47.3	50	987	3457	1455	73	431	117
1980	65	32.6	57.8	45.3	44.6	45.2	1092	3602	1597	69	271	105
1985	74.3	49.5	69.5	34.4	29.9	33.7	1041	3533	1541	64	281	99
1990	77.8	67.9	76	40.8	28.9	38.9	869	2811	1284	49	212	76
1995	96	72.8	89.8	46.6	36	44.3	802	1903	1105	45	157	68
2002	72.5	60.5	68.5	47.0	44.6	46.4	321	1236	498	38	67	48
2004				45.2	50.0	46.5	313	1277	492	37	67	47
BALUCHISTAN												
1975	72.7	49.5	67.4	42.1	40.9	41.9	905	2906	1277	90	308	128
1980	65.3	73.8	66.8	32	47.6	35	867	3183	1253	92	221	123
1985	72.2	54.6	67.1	37.4	29.2	35.5	769	2635	1097	63	169	86
1990	80.7	43.8	69.5	26.7	32.8	27.9	546	2086	791	43	146	62
1995	81.3	76.7	80.3	46.5	29.8	42.9	559	2117	808	38	129	54
2002	82.8	65.7	76.4	39.5	44.3	40.8	449	1318	619	23	47	29
2004				43.2	51.3	45.7	428	1000	562	32	47	37
PAKISTAN												
1975	79.4	63.2	74.9	44.5	40.1	43.5	924	1954	1208	92	103	97
1980	82.3	69	78.4	38.9	39.9	39.1	983	2084	1295	91	102	96
1985	84.6	73.7	81.3	38.6	37.7	38.4	907	1947	1205	87	92	89
1990	85	85.8	85.3	37.9	35.7	37.2	757	1288	937	50	94	64
1995	84.6	77.6	82.1	46.6	42.7	45.3	719	1201	886	44	86	57
2002	79.3	78.8	79.1	41.4	51.1	44.8	304	1056	459	45	36	40
2004				49.2	55.3	51.4	288	1032	439	45	33	38
2005									315	35	22	27

Notes:

^aData for 2002 and 2004 include private sector schools

Definitions:

Percentage of cohort reaching Class VI: The percentage of children finishing primary school who reach Class VI

Percentage of cohort reaching Class X: The percentage of children enrolled in Class VI who reach Class X

Availability of secondary schools: The ratio of population aged 10 to 14 to the number of secondary schools

Availability of secondary school teachers: The ratio of population aged 10 to 14 to the number of secondary school teachers

Sources:

1. Development Statistics of Provincial Governments (various issues)
2. Education Statistics of Provincial Governments (various issues)
3. GOP, Pakistan School Statistics, Central Bureau of Education (various issues)
4. GOP, Pakistan Education Statistics, Central Bureau of Education (various issues)
5. National and Provincial Education Management Information Systems (various issues)
6. National Education Census 2005, FBS, GOP

HEALTH									
Percentage of fully immunized children									
Year	URBAN			RURAL			TOTAL		
	Male	Female	Both	Male	Female	Both	Male	Female	Both
PUNJAB									
1995-96	57	58	57	46	43	45	48	47	47
1998-99	62	68	64	56	37	52	57	52	55
2001-02	72	80	76	52	50	51	57	58	57
2004-05	89	89	89	82	80	81	85	84	84
2005-06	84	91	87	71	71	71	75	76	76
SINDH									
1995-96	38	45	41	45	48	46	42	46	44
1998-99	66	54	60	31	24	27	42	35	38
2001-02	66	63	64	39	26	33	49	40	45
2004-05	86	87	87	64	60	62	74	72	73
2005-06	82	81	82	64	63	63	70	71	71
NWFP									
1995-96	46	50	47	38	37	37	39	38	39
1998-99	82	74	77	49	54	51	52	56	54
2001-02	81	57	70	52	57	55	56	57	57
2004-05	84	86	85	74	72	73	77	76	76
2005-06	77	79	78	63	59	61	65	62	64
BALUCHISTAN									
1995-96	67	56	61	60	48	54	61	50	56
1998-99	51	52	51	35	29	32	36	32	34
2001-02	34	37	36	22	21	22	24	24	24
2004-05	80	77	79	57	54	55	64	60	62
2005-06	69	70	69	50	37	41	56	43	48
PAKISTAN									
1995-96	48	52	50	45	42	44	46	45	45
1998-99	64	63	64	47	42	55	52	47	49
2001-02	48	45	46	48	45	46	53	52	53
2004-05	86	87	87	73	71	72	78	77	77
2005-06	83	86	84	67	65	66	72	71	71

Definition: Percentage of children aged 12-23 months that have been immunized (based on recall and record).

Note:

For being classified as fully immunized, a child must have received the following vaccination: BCG, DPT1, DPT2, DPT3, Polio1, Polio2, Polio3 and Measles.

Sources:

1. Pakistan Integrated Household Survey, 1998-99, Federal Bureau of Statistics, Government of Pakistan.
2. Pakistan Integrated Household Survey, 2001-02, Federal Bureau of Statistics, Government of Pakistan.
3. Pakistan Social and Living Standards Measurement Survey, 2004-05, Federal Bureau of Statistics, Government of Pakistan.
4. Pakistan Social and Living Standards Measurement Survey, 2005-06, Federal Bureau of Statistics, Government of Pakistan.

HEALTH				WATER SUPPLY					
Year	Proportion of pregnant women with pre-natal care			Contraceptive prevalence rate			Access to Drinking Water		
	Male	Female	Both	Male	Female	Both	Male	Female	Both
PUNJAB									
1995-96	-	-	-	21	9	12	47	9	19
1996-97	43	22	27	26	11	16	48	7	19
1998-99	58	25	33	28	16	19	49	8	20
2001-02	64	31	40	33	17	22	54	6	20
2004-05	67	47	56	-	-	-	52	17	28
2005-06	73	45	53	41	27	31	50	16	27
SINDH									
1995-96	-	-	-	26	5	15	77	10	43
1996-97	76	23	44	29	5	16	78	10	44
1998-99	70	19	37	32	7	17	64	7	32
2001-02	68	22	38	27	8	15	67	4	30
2004-05	74	40	55	-	-	-	71	19	44
2005-06	82	38	56	32	11	21	71	11	43
NWFP									
1995-96	-	-	-	25	11	13	60	46	40
1996-97	44	26	28	20	11	13	64	28	34
1998-99	36	20	22	21	9	10	62	34	38
2001-02	45	19	22	29	12	14	57	35	39
2004-05	51	35	39	-	-	-	62	40	44
2005-06	53	42	43	31	22	23	56	45	47
BALOCHISTAN									
1995-96	-	-	-	8	4	5	79	19	30
1996-97	25	5	8	14	4	5	76	16	25
1998-99	43	15	18	22	5	7	77	18	25
2001-02	45	16	21	20	10	12	80	14	25
2004-05	57	27	35	-	-	-	84	22	33
2005-06	60	30	36	19	7	10	77	25	36
PAKISTAN									
1995-96	-	-	-	23	8	13	60	13	28
1996-97	54	22	30	27	10	15	60	11	27
1998-99	60	22	31	29	12	17	55	12	26
2001-02	63	26	35	31	14	19	58	10	25
2004-05	66	40	50	-	-	-	60	21	34
2005-06	74	42	52	36	21	26	59	21	34

Notes:

1. Ever married women aged 15 – 49 years who had given birth in the last three years and who had attended at least one pre-natal consultation during the last pregnancy, expressed as a percentage of all currently married women aged 15 – 49 years who had given birth in the last three years.
2. Currently married women aged 15-49 years who are currently using contraceptives expressed as percentage of all currently married women aged 15-49 years.
3. Households obtaining Tap water expressed as a percentage of the total number of households. "Tap water" includes both tap water inside and out side house.

Source: Same as on page 160

DEMOGRAPHY													
Year	Crude death rate			Crude birth rate			Infant mortality rate			Natural growth rate			Life expectancy (years)
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	
PUNJAB													
1976-79	9.5	11.7	11.1	41.4	42.5	42.2	80	107	100	3.2	3.1	3.1	n.a
1984-86	8.6	12.5	11	39.8	44.6	42.7	88	131	120	3.1	3.2	3.2	57.6
1987-89	8.3	11.5	10.6	37.6	43	41.4	93	119	105	2.9	3.2	3.1	57.8
1990-92	7.9	11.2	10.2	33.5	41.2	38.9	83	129	110	2.6	3	2.9	58
1993-97	7.6	10.3	9.5	31.7	38.3	36.3	71	110	99	2.5	2.8	2.7	60.5
1999-01	7.0	8.6	7.9	26.1	31.7	29.2	71	86	80	1.9	2.3	2.1	62.3
2003	7.8	7	7.2	28	25.5	26.3				2.0	1.9	1.9	64.5
SINDH													
1976-79	6.1	11.5	9.2	33.7	43.9	39.5	57	83	74	2.8	3.2	3	n.a
1984-86	8.5	13	10.6	40.2	45.3	42.5	86	138	114	3.2	3.2	3.2	55.1
1987-89	7.8	13.7	10.8	35.4	43.3	39.4	76	145	113	2.8	3	2.9	54.4
1990-92	7.1	13.2	10.1	34.7	44	39.3	68	138	98	2.8	3.1	2.9	55.4
1993-97	7.5	12.3	9.9	31.9	41.3	36.6	65	140	105	2.5	2.9	2.7	57.3
1999-01	5.9	9.0	7.4	27.0	33.7	30.2	61	82	73	2.1	2.5	2.3	62.5
2003	5.3	7.2	6.3	22.6	29.6	26.2				1.7	2.2	2.0	64.1
NWFP													
1976-79	9	11.1	10.7	41	43.6	43.2	100	111	109	3.2	3.3	3.2	n.a
1984-86	10.1	9.8	9.7	38.8	46.3	44.2	146	83	93	2.9	3.7	3.4	58.7
1987-89	7.3	9.7	9.3	38.1	46.9	45.5	67	80	76	3.1	3.7	3.6	59.3
1990-92	7.5	10.1	9.7	34	44.7	43.1	74	94	90	2.6	3.5	3.3	59.6
1993-97	6.6	9.1	8.7	31.3	38.3	37.1	53	75	72	2.5	2.9	2.8	57.1
1999-01	6.8	8.4	7.8	28.8	29.9	29.5	70	82	78	2.2	2.1	2.1	56.6
2003	5.7	7.2	6.9	26	27.6	27.3				2.0	2.0	2.0	64.4
BALUCHISTAN													
1976-79	6.4	7.2	7.1	33.1	36.9	36.3	44	69	66	2.7	3	2.9	n.a
1984-86	8.4	13.8	12.1	45.4	45.6	45.9	101	166	155	3.7	3.2	3.4	50.4
1987-89	8.7	11.4	11	44.4	44.3	44.4	104	117	114	3.6	3.3	3.3	51
1990-92	7.9	12	11.5	35.5	45.6	44.1	88	128	117	2.8	3.4	3.3	51.5
1993-97	5.9	9.2	8.6	29.5	37.1	35.7	79	119	114	2.4	2.8	2.7	60.3
1999-01	7.3	8.4	8.0	28.4	28.8	28.6	85	91	88	2.1	2.0	2.1	57.3
2003	6.4	7.5	7.3	26.7	26.7	26.7				2.0	1.9	1.9	60.2
PAKISTAN													
1976-79	8.2	11.4	10.5	38.4	42.7	41.5	74	101	94	3	3.1	3.1	n.a
1984-86	8.7	12.2	10.8	40.1	45.1	43	92	126	116	3.1	3.3	3.2	56.9
1987-89	8.1	11.6	10.5	37	43.7	41.6	85	117	106	2.9	3.2	3.1	57.1
1990-92	7.6	11.4	10.2	34	42.5	39.8	77	125	105	2.6	3.1	3	57.3
1993-97	7.4	10.4	9.4	31.7	38.6	36.4	67	103	93	2.5	2.8	2.7	61.8
1999-01	6.7	7.1	7	26	26.7	26.5	67	81	76	1.9	2.0	1.9	64.0
2003	7.1	9.1	8.3	25.1	29.8	27.8	73	89	83	1.8	2.1	2.0	64.0
2005			7.1			26.1	67	81	77			1.9	65.0

Definitions:

Crude birth rate: The number of live births per thousand population in a year

Crude death rate: The number of deaths per thousand population in a year

Infant mortality rate: The number of deaths of children under 1 year per thousand live births in a year

Natural growth rate: $([\text{Crude birth rate}] - [\text{Crude death rate}]) / 10$

Life expectancy: The number of years a newborn would live if prevailing patterns of mortality at the time of birth were to stay the same

Source:

1. GOP, Pakistan Demographic Survey, Federal Bureau of Statistics (various issues)
2. Unpublished data, Federal Bureau of Statistics
3. Economic Survey, GOP

DEMOGRAPHY												
Year	Percentage of live births ^a in medical institutions			Fertility rate (per woman)			Sex ratio (%)			Dependency ratio (%)		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
PUNJAB												
1976	4.9	0.7	1.8	7.3	7.1	7.1	111	107	108	96	98	98
1979	4.6	0.6	1.6	7.4	7.3	7.3	110	107	108	96	100	99
1985	0	0	8.2	6.3	8	7.2	107	104	105	94	101	98
1990	18.2	4.7	8.2	5.2	6.6	6.1	106	103	104	89	98	95
1996	28.9	9.4	14.3	4.6	5.9	5.4	106	105	105	91	97	95
2001	38.8	13.1	19.7	n.a	n.a	4	106	104	105	72	88	82
2003	40	20	28	n.a	n.a	n.a	107	105	106	69	88	81
SINDH												
1976	33.6	0.6	12.4	5.4	7.3	6.4	112	116	114	87	97	93
1979	32.4	0.2	11.2	5.1	7.3	6.3	112	117	115	84	98	92
1985	0	0	19.1	5.9	7.5	6.6	107	114	110	91	103	96
1990	41.4	4.1	20.7	5.2	6.9	6	109	109	109	87	103	95
1996	48	8.8	26.7	4.9	6.2	5.5	108	113	111	87	99	93
2001	55.2	14.8	28.7	n.a	n.a	4.3	109	112	110	77	98	88
2003	58	18	35	n.a	n.a	n.a	111	111	111	72	97	84
NWFP												
1976	4.6	0.2	0.9	6.6	6.9	6.8	108	101	102	94	108	106
1979	4.5	0.6	1.3	7.3	6.7	6.7	109	100	101	100	115	112
1985	0	0	3.8	7	8.4	7.8	107	102	104	99	110	105
1990	19.5	3.7	5.6	5	6.9	6.6	107	102	103	90	113	109
1996	25.1	12.3	13.6	4.4	5.8	5.5	107	102	103	91	114	110
2001	30.1	14.1	16.2	n.a	n.a	4.3	106	100	101	79	96	93
2003	34	21	24	n.a	n.a	n.a	105	101	102	80	94	92
BALUCHISTAN												
1976	19.8	0.8	2.9	5.9	7.3	7.1	106	108	108	86	91	90
1979	17.9	0.6	4.1	7.6	4.9	5.2	101	115	113	92	95	94
1985	0	0	2.6	6.6	6.5	6.6	114	109	111	105	109	107
1990	26.2	6.7	9	5.2	7.6	7.3	110	105	106	103	115	113
1996	17.6	6.4	7.7	4	6.1	5.6	109	115	113	109	108	108
2001	22.4	2.8	6.1	n.a	n.a	4.2	112	112	112	92	100	98
2003	25	9	13	n.a	n.a	n.a	113	114	114	93	99	97
PAKISTAN												
1976	13.7	0.6	4.1	6.6	7.1	6.9	111	108	109	93	99	97
1979	13	0.5	3.8	6.6	7.1	6.9	110	108	109	92	101	98
1985	19.8	2.5	10.1	6.2	7.8	7.1	108	106	107	94	103	100
1990	26.8	4.6	10.6	5.2	6.7	6.2	107	104	105	89	102	98
1996	35.1	9.7	16.4	4.7	5.9	5.5	107	106	106	90	101	97
2001	43.5	13.2	21	n.a	n.a	4.1	107	105	106	75	92	86
2003	46.8	19.4	28.3	3.4	4.3	3.9	108	106	107	71	92	84
2005	43	18	28	3.3	4.1	3.8	107	105	106	n.a	n.a	82

^a Figures for 2003 correspond to PSLM 2004-05

n.a: not available

Definitions:

Percentage of births in medical institutions: The number of births in medical institutions as a percentage of total births

Fertility rate: The average number of children that would be born to a woman if she were to live to the end of her childbearing age and bear children

Sex ratio: The number of males per hundred females

Dependency ratio: Dependent population (those under 15 and over 64) as percent of the working-age population (aged 15 to 64)

Source:

1. GOP, Pakistan Demographic Survey, Federal Bureau of Statistics (various issues)
2. Pakistan Contraceptive Prevalence Surveys, Population Welfare Division, Ministry of Planning and Development, Islamabad
3. Pakistan Integrated Household Survey (various issues)
4. Unpublished data Federal Bureau of Statistics

LABOUR FORCE AND EMPLOYMENT

Year	Labour force participation rate						Percentage of literates in labour force					
	Male	Urban Female	Total	Male	Rural Female	Total	Male	Total Female	Total	Urban	Rural	Total
PUNJAB												
1975	71.6	4.0	39.8	78.8	9.0	46.1	77.0	7.6	44.6	48.5	19.6	25.9
1979	71.6	5.6	40.0	79.0	14.4	47.9	77.2	12.2	46.0	53.3	26.2	31.9
1985	72.1	4.6	40.0	78.2	11.3	45.7	76.5	9.4	44.1	54.0	28.9	35.2
1991	67.3	10.8	40.1	73.6	17.6	46.1	71.7	15.6	44.3	57.9	31.5	38.3
1995	65.7	8.6	38.1	72.3	16.1	44.9	70.4	14.0	42.9	65.7	34.3	44.7
2000	68.2	11.8	40.9	74.8	19.0	47.1	72.7	16.8	45.2	66.3	38.5	47.2
2002	69.1	13.4	42.4	72.9	22.9	48.2	71.6	19.9	46.3	67.1	44.0	50.8
2004	68.5	12.3	41.0	73.6	26.4	49.9	71.8	21.8	47.0	67.4	43.6	50.5
2006	69.5	14.0	42.5	74.2	30.3	52.2	72.6	24.9	48.9	74.9	43.9	58.7
SINDH												
1975	67.1	3.7	37.6	85.2	6.0	49.1	75.6	4.8	43.1	56.9	23.5	38.4
1979	69.7	5.1	39.4	89.1	24.6	58.9	79.5	15.5	49.9	52.7	19.9	31.5
1985	69.7	3.5	38.2	85.0	13.2	52.1	77.4	8.2	45.1	57.6	22.3	37.1
1991	65.7	5.9	37.9	76.6	9.5	45.7	70.9	7.6	41.6	65.0	34.9	49.1
1995	62.8	5.2	35.9	73.8	6.0	43.1	68.7	5.6	39.7	68.4	30.1	48.2
2000	60.4	3.9	33.9	73.9	10.2	44.5	67.0	6.9	39.1	72.1	32.8	53.0
2002	65.1	5.5	37.2	76.6	6.8	44.3	70.4	6.1	40.5	72.9	43.2	58.0
2004	66.4	5.9	37.8	75.8	7.4	43.6	70.8	6.6	40.5	75.3	43.7	59.5
2006	68.5	6.2	39.0	77.2	12.4	47.2	72.7	9.1	42.9	69.0	45.1	52.1
NWFP												
1975	70.8	3.3	38.4	75.9	3.8	39.9	74.9	3.8	38.6	43.7	18.1	22.8
1979	65.3	5.2	37.3	73.8	4.3	38.8	72.2	4.4	38.5	48.1	25.6	26.0
1985	71.5	4.4	39.7	80.4	6.8	43.9	79.0	4.4	43.3	49.5	20.3	24.5
1991	66.1	5.1	36.2	70.1	10.2	41.0	69.5	9.3	40.2	51.2	28.6	32.0
1995	61.1	4.3	33.7	64.7	11.0	37.2	64.1	10.0	36.7	52.8	30.3	33.8
2000	62.8	7.4	36.0	66.0	13.1	39.3	65.4	12.1	38.7	56.4	33.5	37.4
2002	62.4	7.0	36.1	65.8	7.2	36.5	65.2	7.2	36.4	61.8	44.3	47.2
2004	64.3	7.1	35.7	66.0	10.8	37.5	65.7	10.2	37.2	68.1	47.9	51.2
2006	65.9	8.9	37.5	68.5	13.8	40.2	68.0	13.0	39.7	69.3	48.6	51.9
BALUCHISTAN												
1975	68.2	2.1	37.9	79.4	1.0	45.7	82.5	1.1	44.6	40.5	14.2	17.5
1979	63.3	2.9	36.8	84.1	3.1	47.5	80.3	3.1	45.9	41.6	14.0	18.0
1985	69.3	1.8	37.8	81.4	7.0	45.9	79.4	6.2	44.5	55.5	17.3	22.6
1991	63.1	4.7	36.8	74.3	6.2	43.7	72.7	5.9	42.6	54.8	18.2	22.9
1995	59.8	4.2	34.7	70.0	7.3	41.1	68.3	6.6	40.0	49.1	20.0	25.0
2000	59.1	5.0	34.0	71.1	5.1	40.3	69.0	5.1	39.2	58.5	23.6	29.7
2002	59.8	6.2	35.2	70.1	6.0	41.5	68.0	6.0	40.2	63.7	27.9	34.3
2004	58.1	5.9	34.0	71.5	8.2	42.0	68.1	7.6	40.0	66.5	29.9	37.8
2006	62.6	4.8	37.0	74.4	15.2	47.9	71.5	12.6	45.2	64.3	34.9	40.9
PAKISTAN												
1975	69.6	3.5	38.8	79.8	7.6	45.9	76.7	6.4	43.8	51.2	19.8	28.1
1979	70.3	5.3	39.6	80.1	14.3	48.7	77.3	11.8	46.1	47.2	24.3	31.1
1985	71.1	4.1	39.3	79.8	10.7	46.5	77.1	8.7	44.2	45.0	26.0	33.9
1991	66.6	8.6	39.0	73.6	14.8	45.2	71.3	12.8	43.2	60.2	31.2	39.6
1995	64.3	7.0	37.0	71.3	13.3	43.1	69.1	11.4	41.3	64.3	34.1	43.3
2000	65.0	8.8	38.1	73.1	16.1	45.1	70.4	13.7	42.8	67.4	36.1	46.5
2002	66.9	10.0	39.9	72.2	16.8	45.2	70.3	14.4	43.3	68.7	43.1	51.3
2004	67.1	9.4	39.2	72.6	19.5	46.3	70.6	15.9	43.7	70.2	43.5	52.1
2006	68.7	10.6	40.7	73.8	23.4	48.9	72.0	18.9	46.0	71.0	44.8	53.1

Definition:

Labour force participation: The number of persons in the labour force as a percentage of the population of 10 years and above

Source:

Pakistan Labour Force Survey, Federal Bureau of Statistics, Government of Pakistan (various issues)

LABOUR FORCE AND EMPLOYMENT									
Year	Percentage of labour force in			Percentage of labour force in			Percentage of labour force in		
	Agriculture	Industry (Urban)	Services	Agriculture	Industry (Rural)	Services	Agriculture	Industry (Total)	Services
PUNJAB									
1975	7.4	35.2	57.4	69.1	15.7	15.2	55.6	20	24.4
1979	6.4	35.6	58	63.5	19	17.5	51.6	22.5	25.9
1985	8.6	34.5	56.9	62.5	18.2	19.3	49.1	22.2	28.7
1991	9.4	29.1	61.5	62.6	17.4	20	48.9	20.4	30.7
1995	5.7	29.8	64.5	60.7	16.7	22.6	47.2	19.9	32.9
2000	6.5	32.1	61.4	66.4	13.2	20.4	50.2	18.3	31.5
2002	5.7	34	60.2	57.9	17.5	24.7	42.8	22.2	34.9
2004	7.0	31.3	61.7	60.1	17.4	22.5	45.2	21.3	33.5
2006	7.2	32.1	60.7	59.0	17.4	23.6	44.4	21.5	34.1
SINDH									
1975	7.4	35.2	57.4	69.1	15.7	15.2	55.6	20	24.4
1979	4.3	35.7	60	84	6.4	9.6	55.8	16.8	27.4
1985	5.2	33.5	61.3	82.9	6.6	10.5	50.3	17.9	31.8
1991	4.9	34.2	60.9	71.7	10.2	18.1	40.2	21.6	38.3
1995	5.2	27.8	67	69.8	11.3	18.9	42.4	18.3	39.4
2000	3.6	33.3	63	73.6	7.4	18.9	42.6	18.9	38.5
2002	3.9	31.1	65	69.5	8.6	21.9	37.6	20	42.9
2004	3.9	31.7	64.4	70.5	8.6	20.9	37.9	20.0	42.2
2006	4.6	34.3	61.0	66.1	10.9	22.9	37.3	21.9	40.8
NWFP									
1975	14	23.8	62.2	73	10.7	16.3	62.1	13.1	24.8
1979	7.3	24.2	68.4	56.1	17.1	26.8	48	18.3	33.8
1985	8.7	25.3	66.1	64.8	14.2	21	56.7	15.8	27.4
1991	7.9	25.7	66.4	58	14.6	27.4	50.5	16.3	33.3
1995	8.1	20.4	71.5	57.5	12.6	29.9	50.5	13.7	35.8
2000	8.1	20.2	71.7	54.1	16.5	29.5	46.8	17.1	36.2
2002	6.8	24	69.2	51.4	16.3	32.3	44.2	17.57	38.26
2004	7.2	22.4	70.4	47.2	17.3	35.5	40.9	18.1	41.1
2006	6.8	23.3	69.7	51.1	18.6	30.2	44.3	19.4	36.3
BALUCHISTAN									
1975	22.4	12.8	64.7	75.4	5.1	19.5	68.8	6.1	25.1
1979	6	17.7	76.3	69.9	10.7	19.5	60.6	11.7	27.7
1985	8.9	23.2	67.9	64.4	11.9	23.7	56.7	13.4	29.8
1991	11.4	17.7	70.8	68.1	7.9	24	60.9	9.2	29.9
1995	11.6	15.9	72.4	63.1	9.3	27.6	55.5	10.3	34.3
2000	5.7	17.4	76.9	63.2	10.3	26.5	54.6	11.4	34
2002	8.8	20.7	70.5	58.7	12	29.3	50.2	13.46	36.3
2004	8.9	17.4	73.7	55.5	12.4	32.1	46.0	13.5	40.6
2006	10.2	15.8	73.9	71.3	5.7	23.0	59.3	7.7	33.0
PAKISTAN									
1975	6.2	33.6	60.2	72.1	13.1	14.8	54.8	18.5	26.7
1979	5.7	34.5	59.8	67.4	15.9	16.8	52.7	20.3	27
1985	7.4	33.3	59.3	66.7	15.2	18.1	50.6	20.1	29.3
1991	7.6	30.7	61.7	63.8	15.4	20.8	47.5	19.8	32.7
1995	5.8	28.3	66	61.9	14.9	23.2	46.8	18.5	34.7
2000	5.7	31.5	62.8	65.8	12.5	21.6	48.4	18	33.6
2002	5.2	32.2	62.7	59	15.5	25.4	42.1	20.77	37.14
2004	5.9	30.6	63.4	60.0	15.6	24.4	43.1	20.3	36.7
2006	6.3	31.9	61.7	59.9	15.7	24.4	43.4	20.7	35.9

Source:

Pakistan Labour Force Survey, Federal Bureau of Statistics, Government of Pakistan (various issues)

LABOUR FORCE AND EMPLOYMENT

Year	Labour force			unemployment rate			Total		
	Male	Urban Female	Total	Male	Rural Female	Total	Male	Female	Total
PUNJAB									
1975	3.5	1.8	3.5	1.7	0.7	2	2.1	0.9	2.1
1979	5.5	16.4	6.2	3	8.8	4.3	3.5	9.7	3.5
1985	6.8	6.5	6.7	3.7	1.5	4.3	4.5	2	4.5
1991	7.3	31.8	10.4	4.6	14.6	7.5	5.4	18	5.4
1995	7	24.6	8.9	4.3	8.3	6	5	11.2	5
2000	9.6	31.1	12.6	5.9	10.9	6.9	7	15.3	8.5
2002	8.6	23	10.8	6.2	12	7.6	7	14.4	8.5
2004	9.1	17.9	10.4	5.5	7.8	6.1	6.7	9.6	7.4
2006	7.8	14.9	8.9	4.7	5.1	4.8	5.7	6.9	6.0
SINDH									
1975	1.8	0.6	1.8	0.4	0	1	1	0.5	1
1979	3.5	13.8	4	0.6	0.2	1.8	1.8	2.2	1.8
1985	4.3	0.6	4.2	1.5	0	2.5	2.7	0.3	2.7
1991	4	16.7	4.9	1.3	10.7	3.5	2.6	13.1	2.6
1995	2.6	14.2	3.3	1.2	18.3	2.7	1.8	16.7	1.8
2000	3.1	20.1	4	1.5	11	2.5	2.2	13.7	3.2
2002	5.9	22.8	7.1	2.2	17	3.2	4	19.8	5.2
2004	6.5	21.0	7.6	3.2	18.3	4.4	4.8	19.6	6.0
2006	5.4	13.1	5.9	2.6	5.4	2.9	4.0	8.2	4.4
NWFP									
1975	2.4	2.5	2.5	2	0	2	2	0.5	2
1979	4.4	7	4.6	3	7.5	3.5	3.3	7.3	3.3
1985	6.2	4.3	6.1	3.8	0	3.9	4.2	0.3	4.2
1991	6	28.6	7.5	5.1	12.1	6.2	5.2	13.4	5.2
1995	6.1	39.1	8.1	4.3	23	7.3	4.6	24.1	4.6
2000	9.6	32.9	11.9	8.1	31.2	12	8.4	31.4	12
2002	12.2	39	14.6	10.8	30.8	12.8	11	32.1	13.1
2004	12.8	33.5	14.8	9.6	28.9	12.5	10.1	29.4	12.9
2006	10.2	35.1	13.1	7.8	28.9	11.6	8.2	29.6	11.8
BALUCHISTAN									
1975	0.4	0	0.4	0.1	0	0.1	0.2	0	0.2
1979	2.3	0.8	2.2	1.4	28.3	2.2	1.5	23.5	1.5
1985	4.2	0	4.1	1.1	0	1.5	1.6	0	1.6
1991	2.7	17.4	3.6	1.1	4.7	1.6	1.3	6	1.3
1995	1.4	27.2	2.9	2.2	25.7	3.9	2.1	25.8	2.1
2000	5.4	32.3	7.2	4.8	44.2	7.1	4.9	42.2	7.1
2002	8.8	58	12.7	4.9	31.8	6.7	5.6	37.4	7.8
2004	10.0	41.6	12.5	5.3	24.3	7.0	6.3	27.7	8.2
2006	4.6	24.3	5.8	2.1	4.7	2.5	2.7	6.5	3.2
PAKISTAN									
1975	2.8	1.8	2.7	1.4	0.6	1.7	1.8	0.7	1.8
1979	4.6	14.6	5.2	2.4	6.4	3.6	3	7.6	3
1985	5.8	4.1	5.7	3.2	0.8	3.7	4	1.4	4
1991	5.9	27.7	8.2	3.9	13.7	6.3	4.5	16.8	4.5
1995	5.3	22.6	6.9	3.6	11.7	5.4	4.1	13.7	4.1
2000	7.5	29.6	9.9	5.4	14	6.9	6.1	17.3	7.8
2002	7.9	24.2	9.8	6.1	14.1	7.6	6.7	16.5	8.3
2004	8.4	19.8	9.7	5.7	10.9	6.7	6.6	12.8	7.7
2006	6.9	15.8	8.0	4.6	7.7	5.4	5.4	9.3	6.2

Source:

Pakistan Labour Force Survey, Federal Bureau of Statistics, Government of Pakistan (various issues)

REAL PER CAPITA GOVERNMENT EXPENDITURE IN SELECTED SOCIAL SECTORS					
(at constant price of 2000)					
Year	Education	Health	Population Planning	Social Security & Social Welfare	Water Supply & Sanitation
PUNJAB					
2001	302.0	82.4	0.0	4.4	20.9
2002	317.7	87.5	0.0	5.7	20.5
2003	343.7	101.7	6.2	5.1	5.8
2004	440.7	113.4	6.8	4.8	6.1
2005	456.2	113.5	7.2	8.6	16.5
2006	452.2	116.6	8.7	7.3	54.3
SINDH					
2001	362.6	96.2	1.1	5.3	16.5
2002	403.7	103.0	0.3	5.1	26.2
2003	410.9	99.9	8.6	5.1	17.7
2004	433.9	102.8	11.8	5.7	30.2
2005	450.5	112.4	11.3	5.6	24.4
2006	540.3	144.3	13.3	51.5	11.8
NWFP					
2001	440.8	107.1	0.2	2.9	55.2
2002	425.0	97.1	0.1	3.0	37.5
2003	534.6	101.6	8.1	3.7	15.1
2004	487.6	97.8	9.7	4.4	17.3
2005	536.9	127.0	0.1	6.2	22.4
2006	613.9	133.8	61.9	10.3	24.0
BALUCHISTAN					
2001	516.8	181.5	0.8	9.5	130.3
2002	510.4	198.8	1.2	11.0	75.7
2003	524.8	192.0	11.2	27.2	162.3
2004	572.1	231.3	16.9	15.0	329.6
2005	587.3	217.7	15.4	16.7	253.7
2006	548.8	182.3	23.2	17.6	188.6
PAKISTAN					
2001	380.6	117.9	10.7	10.6	30.3
2002	426.1	123.5	8.6	23.5	29.8
2003	472.6	139.6	18.8	7.8	20.6
2004	535.0	151.1	25.7	22.7	31.8
2005	585.9	157.9	22.9	11.8	32.8
2006	637.1	176.3	46.0	34.1	46.5

Notes:

1. Figures for Pakistan also include federal government besides provinces.
2. Expenditures represent combined recurring and development expenditures.

Source:

Pakistan PRSP Review; Pakistan Economic Survey, various issues.

BUDGETARY PROFILE OF SELECTED (SURVEYED) DISTRICT GOVERNMENTS					
	(Rs Million)				
	2002-03	2003-04	2004-05	2005-06	2006-07
LAHORE					
Income	5,787	7,518	6,497	7,285	9,207
Opening Balance	450	575	345	488	723
Income from PFC Award	3,003	3,667	3,678	4,364	6,302
OZT/Property Tax (Share of District Govt.)	892	1,014	939	1,026	1,179
Grants	1,137	1,755	988	870	399
District's Own Revenue	306	507	546	538	604
Expenditures	4,478	5,486	6,451	6,859	9,096
Recurring	3,855	4,662	4,928	5,694	6,752
Development	623	825	1,524	1,165	2,344
Surplus (+) / Deficit (-)	1,310	2,032	46	426	110
CHAKWAL					
Income	1,245	2,190	2,261	2,326	2,725
Opening Balance	60	278	563	409	634
Income from PFC Award	1,169	1,611	1,455	1,735	1,885
OZT/Property Tax (Share of District Govt.)	4	a	a	a	a
Grants	-	284	220	159	166
District's Own Revenue	12	18	23	24	40
Expenditures	1,243	1,527	1,724	1,915	2,058
Recurring	989	1,172	1,247	1,586	1,832
Development	254	355	476	330	226
Surplus (+) / Deficit (-)	2	663	538	411	667
SIALKOT					
Income	2,079	2,472	2,673	3,134	2,887
Opening Balance	167	20	120	267	1
Income from PFC Award	1,869	2,352	2,369	2,819	2,820
OZT/Property Tax (Share of District Govt.)	10	10	20	20	60
Grants	34	90	165	27	6
District's Own Revenue	-	-	-	-	-
Expenditures	1,929	2,428	2,862	3,677	4,488
Recurring	1,636	1,868	2,063	2,370	2,683
Development	293	560	800	1,306	1,805
Surplus (+) / Deficit (-)	150	44	-189	-543	-1,601
NAWABSHAH					
Income	1,123	1,370	1,634	2,041	2,314
Opening Balance	-	55	85	152	280
Income from PFC Award	864	995	1,165	1,408	1,521
OZT/Property Tax (Share of District Govt.)	103	31	44	44	49
Grants	155	286	338	435	454
District's Own Revenue	-	3	2	2	11
Expenditures	-	1,335	1,278	1,527	1,740
Recurring	-	1,131	1,023	1,221	1,380
Development	168	204	255	306	361
Surplus (+) / Deficit (-)	-	35	356	514	574
SHIKARPUR					
Income	1,068	1,258	1,273	1,496	-
Opening Balance	-	-	-	-	-
Income from PFC Award	898	1,025	1,253	1,475	-
OZT/Property Tax (Share of District Govt.)	34	34	20	21	-
Grants	135	198	-	-	-
District's Own Revenue	-	-	-	-	-
Expenditures	1,218	1,538	-	1,497	1,568
Recurring	1,077	1,354	975	1,221	1,243
Development	141	184	-	276	325
Surplus (+) / Deficit (-)	-150	-280	-	-1	-
PESHAWAR					
Income	2,004	2,235	2,101	6,156	6,098
Opening Balance	127	301	354	153	112
Income from PFC Award	1,414	1,491	1,669	1,892	1,157
OZT/Property Tax (Share of District Govt.)	239	221	79	83	83
Grants	-	-	-	3,793	4,409
District's Own Revenue	224	222	-	236	337
Expenditures	1,526	1,718	1,577	-	-
Recurring	1,162	1,296	1,373	1,842	2,014
Development	364	422	204	-	-
Surplus (+) / Deficit (-)	479	516	525	-	-
QUETTA					
Income	1,067	964	1,113	1,261	1,603
Opening Balance	145	113	30	n.a.	29
Income from PFC Award	845	783	984	1,121	1,396
OZT/Property Tax (Share of District Govt.)	28	15	34	n.a.	n.a.
Grants	34	38	33	96	128
District's Own Revenue	14	15	33	44	50
Expenditures	-	1,067	1,273	1,435	1,775
Recurring	886	938	1,120	1,274	1,458
Development	-	129	153	161	318
Surplus (+) / Deficit (-)	-	-103	-160	-174	-172

^a Included in District's Own Revenue; Source: District Governments Budget

BUDGETARY PROFILE OF SELECTED (SURVEYED) DISTRICT GOVERNMENTS (percent shares)

	2002-03	2003-04	2004-05	2005-06	2006-07
LAHORE					
Income	100.0	100.0	100.0	100.0	100.0
Opening Balance	7.8	7.6	5.3	6.7	7.9
Income from PFC Award	51.9	48.8	56.6	59.9	68.4
OZT/Propoerty Tax (Share of District Govt.)	15.4	13.5	14.5	14.1	12.8
Grants	19.6	23.3	15.2	11.9	4.3
District's Own Revenue	5.3	6.7	8.4	7.4	6.6
Expenditures	100.0	100.0	100.0	100.0	100.0
Recurring	86.1	85.0	76.4	83.0	74.2
Development	13.9	15.0	23.6	17.0	25.8
CHAKWAL					
Income	100.0	100.0	100.0	100.0	100.0
Opening Balance	4.8	12.7	24.9	17.6	23.3
Income from PFC Award	93.9	73.5	64.4	74.6	69.2
OZT/Propoerty Tax (Share of District Govt.)	0.3	a	a	a	a
Grants	-	13.0	9.7	6.8	6.1
District's Own Revenue	1.0	0.8	1.0	1.0	1.5
Expenditures	100.0	100.0	100.0	100.0	100.0
Recurring	79.5	76.8	72.4	82.8	89.0
Development	20.5	23.2	27.6	17.2	11.0
SIALKOT					
Income	100.0	100.0	100.0	100.0	100.0
Opening Balance	8.0	0.8	4.5	8.5	0.0
Income from PFC Award	89.9	95.1	88.6	90.0	97.7
OZT/Propoerty Tax (Share of District Govt.)	0.5	0.4	0.7	0.6	2.1
Grants	1.6	3.6	6.2	0.9	0.2
District's Own Revenue	-	-	-	-	-
Expenditures	100.0	100.0	100.0	100.0	100.0
Recurring	84.8	76.9	72.1	64.5	59.8
Development	15.2	23.1	27.9	35.5	40.2
NAWABSHAH					
Income	100.0	100.0	100.0	100.0	100.0
Opening Balance	-	4.1	5.2	7.4	12.1
Income from PFC Award	77.0	72.6	71.3	69.0	65.7
OZT/Propoerty Tax (Share of District Govt.)	9.2	2.2	2.7	2.2	2.1
Grants	13.8	20.9	20.7	21.3	19.6
District's Own Revenue	-	0.2	0.1	0.1	0.5
Expenditures	-	100.0	100.0	100.0	100.0
Recurring	0.0	84.7	80.0	80.0	79.3
Development	0.0	15.3	20.0	20.0	20.7
SHIKARPUR					
Income	100.0	100.0	100.0	100.0	-
Opening Balance	-	-	-	-	-
Income from PFC Award	84.1	81.5	98.4	98.6	-
OZT/Propoerty Tax (Share of District Govt.)	3.2	2.7	1.6	1.4	-
Grants	12.7	15.7	-	-	-
District's Own Revenue	-	-	-	-	-
Expenditures	100.0	100.0	-	100.0	100.0
Recurring	88.4	88.0	-	81.6	79.3
Development	11.6	12.0	-	18.4	20.7
PESHAWAR					
Income	100.0	100.0	100.0	100.0	100.0
Opening Balance	6.4	13.5	16.8	2.5	1.8
Income from PFC Award	70.5	66.7	79.4	30.7	19.0
OZT/Propoerty Tax (Share of District Govt.)	11.9	9.9	3.8	1.3	1.4
Grants	-	-	-	61.6	72.3
District's Own Revenue	11.2	9.9	-	3.8	5.5
Expenditures	100.0	100.0	100.0	-	-
Recurring	76.2	75.4	87.1	-	-
Development	23.8	24.6	12.9	-	-
QUETTA					
Income	100.0	100.0	100.0	100.0	100.0
Opening Balance	13.6	11.7	2.7	-	1.8
Income from PFC Award	79.2	81.2	88.4	88.9	87.1
OZT/Propoerty Tax (Share of District Govt.)	2.7	1.6	3.1	-	-
Grants	3.2	4.0	2.9	7.6	8.0
District's Own Revenue	1.3	1.5	2.9	3.5	3.1
Expenditures	-	100.0	100.0	100.0	100.0
Recurring	-	87.9	88.0	88.8	82.1
Development	-	12.1	12.0	11.2	17.9

^a Included in District's Own Revenue

Note: Revenues of few districts surveyed (Mirpurkhas, Karak and Haripur) were not available. Therefore, budgetary profile of these districts is not presented here. However, share of recurring and developing expenditures are given in Chapter 4 (Table 4.14)



DISTRICT POVERTY, DEPRIVATION AND EDUCATION INDICES

SOCIAL DEVELOPMENT IN PAKISTAN, 2006-07

DISTRICT POVERTY, DEPRIVATION AND EDUCATION INDICES

PREDICTED POVERTY INCIDENCE, 2004-05

[Percentage of Population Below the Poverty Line]

PUNJAB				
Districts	Rank*	Overall	Urban Areas	Rural Areas
Attock	29	14.1	19.2	12.9
Bahawalnagar	12	32.5	43.0	29.9
Bahawalpur	7	39.5	40.4	39.1
Bhakkar	26	18.2	35.5	14.4
Chakwal	27	18.1	25.8	17.0
D.G.Khan	3	51.0	42.4	52.3
Faisalabad	22	19.8	22.0	18.2
Gujranwala	24	19.0	24.5	13.6
Gujrat	31	12.7	22.6	8.9
Hafizabad	20	24.0	39.7	17.4
Jhang	13	32.3	48.3	27.2
Jhelum	32	12.3	21.8	8.8
Kasur	16	28.2	40.0	24.6
Khanewal	8	38.8	49.2	36.6
Khushab	19	24.4	43.7	17.7
Lahore	33	11.6	10.7	15.0
Layyah	6	40.9	50.7	39.1
Lodhran	4	48.4	56.9	47.0
Mandi Bahauddin	28	17.3	31.7	14.8
Mianwali	11	35.4	24.2	38.8
Multan	9	38.4	30.7	42.7
Muzaffargarh	1	56.3	57.1	56.2
Narowal	23	19.3	32.9	17.3
Okara	15	30.0	36.2	28.3
Pakpattan	10	36.7	40.5	36.0
Rahim Yar Khan	5	45.9	35.7	48.3
Rajanpur	2	54.2	59.8	53.3
Rawalpindi	34	11.3	16.2	6.7
Sahiwal	21	21.7	32.4	19.3
Sargodha	18	25.7	28.5	24.8
Sheikhupura	17	26.2	30.9	24.3
Sialkot	30	14.0	19.4	12.2
Toba Tek Singh	25	19.0	36.4	15.0
Vehari	14	30.0	41.9	27.6

* 1 = Highest Poverty; 34 = Lowest Poverty

Note: For methodology and data sources, see SPDC Research Report Number 70 (SPDC, 2007b)

INDEX OF MULTIPLE DEPRIVATION

[IMD]

PUNJAB

	Rank*	IMD-2005	IMD-1998
Attock	25	48.0	53.7
Bahawalnagar	15	56.2	64.1
Bahawalpur	7	58.4	65.3
Bhakkar	14	56.5	67.9
Chakwal	27	47.2	56.9
D.G.Khan	5	59.6	70.6
Faisalabad	29	44.2	45.6
Gujranwala	33	38.5	45.1
Gujrat	30	42.7	46.5
Hafizabad	19	52.9	58.1
Jhang	9	58.1	64.6
Jhelum	26	47.7	51.3
Kasur	21	51.8	58.3
Khanewal	11	58.0	64.0
Khushab	13	57.1	61.5
Lahore	34	29.2	34.3
Layyah	4	60.1	69.1
Lodhran	1	64.9	68.9
Mandi Bahauddin	23	50.9	55.6
Mianwali	16	54.8	62.3
Multan	20	51.9	56.8
Muzaffargarh	2	64.2	70.8
Narowal	21	51.8	54.9
Okara	12	57.5	62.0
Pakpattan	6	59.5	66.0
Rahim Yar Khan	7	58.4	66.0
Rajanpur	3	61.8	74.8
Rawalpindi	31	41.4	41.0
Sahiwal	18	53.5	61.3
Sargodha	17	53.6	59.3
Sheikhupura	28	46.6	53.8
Sialkot	32	40.9	40.3
Toba Tek Singh	24	50.0	52.8
Vehari	9	58.1	62.1

* 1 = Highest Deprivation; 34 Lowest Deprivation

Note: For methodology, indicators and data sources, see SPDC Research Report Number 72 (SPDC, 2007)

DISTRICT EDUCATION INDEX

[DEI]

PUNJAB

	Rank**	DEI-2005	DEI-1998
Attock	8	58.6	42.3
Bahawalnagar	24	41.5	30.8
Bahawalpur	30	37.6	28.5
Bhakkar	22	42.2	29.4
Chakwal	2	62.8	47.8
D.G.Khan	32	37.3	23.3
Faisalabad	12	51.9	44.9
Gujranwala	7	59.0	46.3
Gujrat	6	60.3	55.6
Hafizabad	17	47.2	38.7
Jhang	26	40.8	33.5
Jhelum	4	61.4	56.3
Kasur	18	47.0	31.6
Khanewal	21	43.4	33.3
Khushab	15	47.6	35.6
Lahore	3	61.9	52.2
Layyah	20	44.5	31.2
Lodhran	33	34.2	25.5
Mandi Bahauddin	11	52.1	44.0
Mianwali	16	47.4	38.4
Multan	23	41.7	35.5
Muzaffargarh	34	32.7	23.6
Narowal	9	54.2	44.8
Okara	27	40.4	33.6
Pakpattan	26	40.8	28.9
Rahim Yar Khan	32	37.3	27.1
Rajanpur	29	38.0	20.1
Rawalpindi	1	65.8	61.0
Sahiwal	19	45.6	36.4
Sargodha	14	49.7	41.9
Sheikhupura	13	50.8	37.5
Sialkot	5	61.0	54.0
Toba Tek Singh	11	52.1	44.8
Vehari	28	39.5	30.6

** 1 = Highest Educational Status; 34 Lowest Educational Status

Note: For methodology, indicators and data sources, see SPDC Research Report Number 71 (SPDC, 2007c)

PREDICTED POVERTY INCIDENCE, 2004-05

[Percentage of Population Below the Poverty Line]

SINDH				
Districts	Rank*	Overall	Urban Areas	Rural Areas
Badin	6	34.8	40.9	32.4
Dadu	5	36.4	57.8	32.2
Ghotki	4	40.8	54.1	33.9
Hyderabad	15	23.1	26.3	20.2
Jacobabad	7	34.2	44.3	29.7
Karachi	16	9.2	8.3	26.2
Khairpur	12	27.4	43.5	25.2
Larkana	3	43.3	53.8	40.9
Mirpur Khas	11	28.5	24.1	30.8
Nawabshah	9	32.7	48.7	22.3
Naushero Feroze	8	33.1	46.8	27.4
Sanghar	14	24.7	39.1	20.6
Shikarpur	1	51.0	57.8	40.3
Sukkur	13	25.0	26.2	22.8
Tharparkar	10	28.9	43.6	24.3
Thatta	2	46.9	50.9	45.7

* 1 = Highest Poverty; 16 = Lowest Poverty

Note: For methodology and data sources, see SPDC Research Report Number 70 (SPDC, 2007b)

INDEX OF MULTIPLE DEPRIVATION

[IMD]

SINDH

	Rank*	IMD-2005	IMD-1998
Badin	5	61.1	71.6
Dadu	3	62.5	63.1
Ghotki	11	55.6	67.7
Hyderabad	14	47.2	53.2
Jacobabad	6	60.1	68.2
Karachi	16	20.9	24.6
Khairpur	8	57.4	62.6
Larkana	4	61.2	59.9
Mirpur Khas	10	56.3	65.8
Nawabshah	9	57.2	60.4
Naushero Feroze	12	53.5	60.4
Sanghar	7	59.7	64.6
Shikarpur	13	52.7	64.2
Sukkur	15	44.5	58.0
Tharparkar	2	64.0	75.4
Thatta	1	65.3	72.7

* 1 = Highest Deprivation; 16 Lowest Deprivation

Note: For methodology, indicators and data sources, see SPDC Research Report Number 72 (SPDC, 2007)

DISTRICT EDUCATION INDEX

[DEI]

SINDH

	Rank**	DEI-2005	DEI-1998
	8	37.1	18.1
	10	35.4	29.0
	6	39.7	22.9
	5	41.5	32.9
	16	25.3	20.2
	1	63.6	51.7
	7	37.2	29.8
	14	31.2	28.1
	9	36.1	25.4
	12	34.6	26.3
	3	47.2	31.4
	11	35.3	26.4
	4	43.1	20.6
	2	47.3	35.6
	13	34.0	12.9
	15	27.4	14.8

** 1 = Highest Educational Status; 16 Lowest Educational Status

Note: For methodology, indicators and data sources, see SPDC Research Report Number 71 (SPDC, 2007c)

PREDICTED POVERTY INCIDENCE, 2004-05

[Percentage of Population Below the Poverty Line]

Districts	Rank*	NWFP		
		Overall	Urban Areas	Rural Areas
Abbottabad	23	21.2	24.9	20.4
Bannu	17	33.2	36.2	33.0
Battagram	18	29.2	--	29.2
Buner	4	45.4	--	45.4
Charsada	8	40.8	54.4	37.8
Chitral	7	41.0	33.1	41.9
D. I. Khan	15	34.6	32.2	35.0
Hangu	5	43.2	47.1	42.4
Haripur	22	27.3	24.8	27.6
Karak	11	36.9	70.5	34.7
Kohat	19	28.5	41.8	23.6
Kohistan	13	35.6	--	35.6
Lakki Marwat	3	46.5	34.1	47.8
Lower Dir	16	34.6	61.1	33.0
Malakand	10	39.2	58.5	37.0
Mansehra	24	20.7	26.5	20.4
Mardan	6	42.5	53.6	39.6
Nowshera	20	28.0	39.9	24.1
Peshawar	12	36.5	34.7	38.3
Shangla	2	50.8	--	50.8
Swabi	21	27.3	51.4	22.7
Swat	9	39.6	46.5	38.7
Tank	14	34.9	61.0	30.7
Upper Dir	1	54.5	59.6	54.3

* 1 = Highest Poverty; 24 = Lowest Poverty

Note: For methodology and data sources, see SPDC Research Report Number 70 (SPDC, 2007b)

INDEX OF MULTIPLE DEPRIVATION [IMD]				DISTRICT EDUCATION INDEX [DEI]		
NWFP				NWFP		
	Rank*	IMD-2005	IMD-1998	Rank**	DEI-2005	DEI-1998
Abbottabad	22	51.7	57.5	1	61.5	47.8
Bannu	19	52.9	62.4	15	40.7	24.9
Battagram	2	67.9	78.0	18	36.4	14.7
Buner	6	63.6	69.2	20	33.8	21.0
Charsada	11	58.8	65.7	17	38.9	26.0
Chitral	3	64.8	69.0	3	52.6	39.6
D. I. Khan	15	56.8	68.1	20	33.8	24.6
Hangu	9	61.1	69.0	7	47.7	23.1
Haripur	23	51.6	54.5	23	31.3	19.4
Karak	8	63.1	65.7	13	42.9	26.5
Kohat	16	54.9	62.1	2	53.6	44.4
Kohistan	1	71.7	83.0	5	48.5	34.9
Lakki Marwat	14	57.1	63.5	10	46.1	35.8
Lower Dir	17	54.4	66.9	24	24.4	7.5
Malakand	12	58.2	64.3	16	40.1	28.3
Mansehra	10	60.2	66.1	4	49.0	29.1
Mardan	18	53.8	61.4	7	47.7	34.6
Nowshera	19	52.9	58.8	9	46.8	31.7
Peshawar	24	44.2	50.8	11	44.6	33.4
Shangla	5	64.5	78.6	12	43.6	43.7
Swabi	19	52.9	64.1	22	31.5	13.7
Swat	13	57.6	66.3	8	47.1	30.4
Tank	7	63.2	68.5	14	42.0	23.8
Upper Dir	4	64.6	74.6	21	32.1	21.0

* 1 = Highest Deprivation; 24 Lowest Deprivation

Note: For methodology, indicators and data sources, see SPDC Research Report Number 72 (SPDC, 2007)

** 1 = Highest Educational Status; 24 Lowest Educational Status

Note: For methodology, indicators and data sources, see SPDC Research Report Number 71 (SPDC, 2007c)

PREDICTED POVERTY INCIDENCE, 2004-05

[Percentage of Population Below the Poverty Line]

BALOCHISTAN

Districts	Rank*	Overall	Urban Areas	Rural Areas
Awaran	5	61.5	--	61.5
Barkhan	14	52.8	84.3	49.5
Bolan	19	45.6	67.8	42.4
Chaghi	1	76.9	83.7	75.8
Gwadar	18	47.6	50.1	44.7
Jaffarabad	20	44.1	50.5	42.7
Jhal Magsi	13	53.4	70.1	52.7
Kalat	22	41.9	62.9	38.6
Kech Turbat	11	54.4	61.1	53.4
Kharan	10	55.5	59.0	55.3
Khuzdar	16	51.0	58.4	48.3
Killa Abdullah	7	58.8	33.6	61.3
Killa Saifullah	6	60.7	37.5	62.0
Lasbella	2	66.4	65.8	66.7
Loralai	15	52.1	45.9	52.8
Mastung	21	42.3	36.1	43.6
Musakhel	12	54.3	--	54.3
Nasirabad	8	57.3	60.7	56.9
Panjgur	17	49.7	25.2	50.9
Pashin	4	62.4	73.2	61.9
Quetta	24	34.2	26.7	46.2
Sibi	9	55.8	49.0	58.2
Zhob	3	66.0	49.4	67.8
Ziarat	23	41.3	56.3	40.2

* 1 = Highest Poverty; 24 = Lowest Poverty

Note: For methodology and data sources, see SPDC Research Report Number 70 (SPDC, 2007b)

**INDEX OF MULTIPLE DEPRIVATION
[IMD]**
BALUCHISTAN

	Rank*	IMD-2005	IMD-1998
Awaran	2	79.8	80.4
Barkhan	11	69.3	76.7
Bolan	13	68.3	75.0
Chaghi	10	70.1	72.8
Gwadar	18	65.4	67.8
Jaffarabad	22	61.9	71.4
Jhal Magsi	7	74.7	79.2
Kalat	20	63.2	70.5
Kech Turbat	12	68.7	69.5
Kharan	3	77.6	82.9
Khuzdar	9	72.8	79.0
Killa Abdullah	8	73.9	76.1
Killa Saifullah	5	76.8	76.2
Lasbella	16	67.7	71.6
Loralai	17	66.2	70.8
Mastung	14	68.1	73.5
Musakhel	1	82.8	89.1
Nasirabad	15	67.8	76.7
Panjkur	6	75.6	79.2
Pashin	23	60.6	65.1
Quetta	24	46.0	46.0
Sibi	19	63.6	67.2
Zhob	4	77.1	79.3
Ziarat	21	62.5	59.8

* 1 = Highest Deprivation; 24 Lowest Deprivation

Note: For methodology, indicators and data sources, see SPDC Research Report Number 72 (SPDC, 2007)

**DISTRICT EDUCATION INDEX
[DEI]**
BALUCHISTAN

	Rank**	DEI-2005	DEI-1998
Awaran	16	28.1	12.0
Barkhan	10	30.6	16.6
Bolan	14	28.7	16.3
Chaghi	13	29.5	26.1
Gwadar	6	36.4	26.9
Jaffarabad	15	28.6	17.2
Jhal Magsi	23	18.2	5.8
Kalat	7	35.5	15.7
Kech Turbat	2	48.7	30.8
Kharan	18	26.5	13.5
Khuzdar	13	29.5	16.4
Killa Abdullah	20	25.4	14.3
Killa Saifullah	22	23.1	19.1
Lasbella	11	29.9	19.5
Loralai	10	30.6	17.8
Mastung	5	39.4	22.8
Musakhel	21	25.2	10.5
Nasirabad	24	17.6	9.0
Panjkur	19	26.0	33.1
Pashin	3	46.6	27.5
Quetta	1	51.5	51.4
Sibi	8	33.4	19.7
Zhob	17	27.5	14.1
Ziarat	4	40.1	37.8

** 1 = Highest Educational Status; 24 Lowest Educational Status

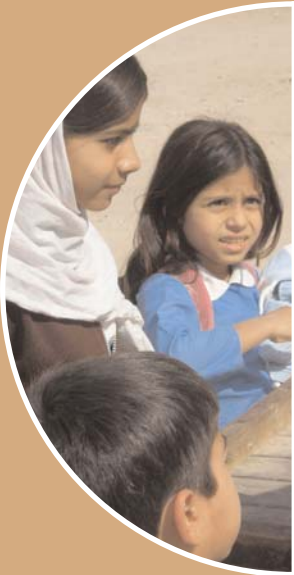
Note: For methodology, indicators and data sources, see SPDC Research Report Number 71 (SPDC, 2007c)

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Implementation of the Devolution Plan in 2001 represents a significant move towards the decentralization of basic services in Pakistan. Six years ago a new legislative framework was introduced to bring a noticeable change in society. With the promulgation and implementation of the Local Government Ordinance, the responsibility of the provision of a large number of basic social services such as education, health and water supply and sanitation was devolved to the local level.

The critical appreciation of the efforts have raised questions such as: To what extent devolution has improved efficiency in public services? Has devolution

empowered the people? Has it improved efficiency and equity in terms of fiscal decentralization? What has been the effect of devolution on human development, regional disparities, gender equality and poverty in Pakistan?

Devolution and Human Development in Pakistan being eighth in the series of Annual Review looks into various dimensions of the process of devolution and decentralization i.e. efficiency, equity, people's participation and empowerment. The report deals with the saliences of the problem and has proposed second generation reforms.



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