

ISSUES IN INSTITUTIONAL REFORM FOR DEVOLUTION

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The world today is living through the age of democracy and decentralization. While democracy has a somewhat longer history, the process of decentralization is a more recent phenomena. In Pakistan, devolution is currently at the centre of the institutional reform debate. However, the attempt at devolution is not new. Mention of the need to strengthen local government can be found as far back as in the First five Year Plan drafted in 1955. General Ayub Khan introduced the Basic Democracy scheme in 1959 and General Zia-ul-Haq held two local bodies elections during his tenure, Benazir Bhutto floated the idea of district government, and so on. Currently, the National Reconstruction Bureau (NRB) has presented a plan for a new local government structure. Before commenting on the NRB plan, it is necessary to define what is meant by devolution.

Decentralization is defined in terms of "the degree of independent decision making exercised at the local level" (Bird, 1994). Measured on a scale, at one end of the spectrum are jurisdictions that are extensions of the central government, and their task is to carry out central policies. At the other end, are autonomous local governments that are under the control of locally elected councils (Prud'homme, 1994).

Decentralization has been classified into three types: deconcentration, delegation, and devolution. Deconcentration is the distribution of decision making authority among different levels within the central government (Rodinelli and Cheema, 1983). A representative of the centre is located in the region and supervises local governments and other field officers of the centre (Smith, 1967). Delegation refers to the case where local governments act as agents of the central government. Devolution is the transfer of powers from the central government to autonomous local governments. Deconcentration and delegation involve decentralization of bureaucratic authority in specified functions or services, while devolution involves decentralization of political authority (Rodinelli and Cheema, 1983). The term 'decentralization' is generally applied to devolution of political and economic/fiscal authority.

Political decentralization occurs when local jurisdictions exist and function by virtue of the basic laws of the land, possess the autonomy to make independent decisions, have the power to levy taxes and authorize expenditures, and their administrations are elected by and are politically accountable to the local electorate. The extent of decentralization is defined by the strength or weakness of the lowest tier of the state, i.e., local government. It is, therefore, not surprising that a discussion of decentralization inevitably leads to a discussion of issues pertaining to local government (Page and Goldsmith, 1987).

Herewith, it is necessary to distinguish between local administration and local government. Local administration encompasses a number of agencies operating at the local level. They include elected local bodies, local offices of central ministries and departments, and field agencies of central governments. Deconcentrated local extensions of central governments and their field administrations, however, do not constitute local government.

Local government is defined as a general purpose public institution, empowered to decide upon and implement a range of local public policies within a relatively small sub-division of national or regional territory, and is accountable to the local population for its actions. Local government is 'local' in the sense that it has to deal with an aggregate of people having common interests, living in close vicinity in a locality and is 'government' in the sense that instead of depending on mere delegated powers, it is vested with statutory authority to deal with local problems and affairs. The essential elements of a local government are its statutory status, its powers to raise finance by taxation in the area under its jurisdiction, participation of the local community in decision making in specified subjects and their administration, the freedom to act independently of central control, and its general purpose, in contrast to, single purpose character (Mohanty, 1993).

The NRB plan thus needs to be evaluated in terms of whether it qualifies as a devolution plan and whether it will create local entities which can be eligible for the status of local government. The NRB plan has been commented upon extensively. However, some key aspects have failed to be dealt with adequately. Any devolution plan must fulfil four prerequisites. One, it must define the new relationships between federal, provincial and local tiers of the state and within

the local tiers itself. Two, it must identify the tier where devolved local authority is to be located. Three, it must designate the functions/services which are to be devolved. And four, it must draw up a fiscal plan to ensure that institutional autonomy is not cancelled out by lack of fiscal autonomy. The four elements need to be part of a conceptual framework. The NRB plan appears to be lacking in all these respects. The plan bypasses the key issue of federal-provincial relations. It does not provide a coherent rationale for the level to which devolution is to be taken or the functions/services which are to be devolved. And there does not appear to be a fiscal plan. This paper attempts to make a contribution towards filling the first three of these gaps, while the next paper in the seminar deals with issues of fiscal decentralization.

FEDERAL-PROVINCIAL RELATIONS

The process of evolution has been underway in Europe and South America for about two to three decades. Their experience has been well documented and the literature provides a list of *do*'s and *don*'ts in the process of implementing a devolution plan. One of the priority *do*'s is that in federal states, provincial/state autonomy precedes local autonomy or where local autonomy has been granted, it has been in the context of provincial/state autonomy.

In Pakistan, the Constitution contains two legislative lists: the federal list and the concurrent list. The former lists subjects which only the federal legislature is entitled to legislate. The latter lists subjects which the federal as well the provincial legislatures are entitled to legislate, subject to the condition that where the two conflict, the federal legislature will prevail. Subjects not listed on either of the two lists lie exclusively in the domain of the provinces. However, the federal and concurrent lists combined account for 114 subjects and are comprehensive enough to leave little room for exclusive provincial jurisdiction. One proposal which has been frequently and repeatedly voiced and merits serious consideration is for the concurrent list to be abolished so as to enlarge the scope for exclusive provincial policy action. The abolition of the Concurrent List will enable the concerned federal ministries and attached departments and agencies to be abolished, entailing significant cost savings. The ministries which will stand abolished are shown in Table 1.

TABLE 1
LIST OF CONCURRENT LIST MINISTRIES
PROPOSED TO BE ABOLISHED

Culture, Sports, Tourism and Youth Affairs
Education
Environment, Local Government and Rural Development
Food, Agriculture and Livestock
Health
Housing and Works
Industries and Production
Information and Media Development
Labour and Manpower
Population Planning
Science and Technology
Religious Affairs
Women Development and Social Welfare

PROVINCIAL-LOCAL RELATIONS

The resolution of federal-provincial relations leads to the question of provincial-local relations. Currently, the concept of local autonomy does not exist and provincial governments exercise absolute and complete control over local bodies; local bodies are merely entities of one of the many departments of the provincial governments: Local Government and Rural Development Department (LGRDD). If devolution is a serious objective, local bodies will have to be graduated from being an extension of a provincial government department to the third formal tier of the Federation; with provincial governments exercising powers over local governments only in terms of legislation, regulation, determination of standards, monitoring, and financial audit. Needless to say, constitutional amendments would be in order. More specifically, a chapter relating to local government and a Local List of subjects will have to be added to the Constitution along the lines of the existing chapters on federal and provincial governments.

There are examples around the world to this effect. A bad example is that of India (Bengali, 1999). Local governments in India now command constitutional recognition by virtue of the 73rd and the 74th Amendments. They now make the establishment and periodic election of local governments mandatory, prevent dismissal of local governments en masse on political grounds, provide for appointment of an independent State Election Commission in each state to conduct and monitor elections to local governments, and a State Finance Commission in every state to recommend to the State Governments the distribution of resources between the state and local governments.

Despite the constitutional provisions, however, several states have shown little inclination to implement them. Elections have not been held for local bodies for years, the State Finance Commissions have either not been constituted or have not made much headway, and there is a general lack of serious effort to devolve adequate resources to local governments. The all-powerful deputy commissioners continue to command over-riding powers, the local bureaucracy continues to be appointed and controlled by state governments, the state controlled specific purpose service agencies continue to operate independently of local governments, and local governments continue to operate on a weak fiscal base.

The real lacunae in local self governance in India stems from inadequate and feeble provisions in the 73rd and 74th amendments. Despite the constitutional cover, the States retain real effective control over all aspects of local governments. For example, the terms “the Legislature of the State may, by law,” appears on a total of 14 occasions in each of the two amendments. It lists 29 subjects for rural panchayats and 18 subjects for urban municipalities which *may* be entrusted by the States to the local governments *to the extent it desires*. In effect, therefore, local governments have neither authority nor resources, leaving them with a titular role in local governance.

A good example in terms of local self-governance is that of Germany (Bengali, 1999). As shown in Table 2, The German constitution specifies the parameters of the structure, powers, functions, and fiscal resource bases of local governments, within which the states are entitled to legislate

TABLE 2
FEATURES OF THE GERMAN CONSTITUTION
RELATING TO LOCAL GOVERNMENT

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- Specifies the parameters of the structure, powers, functions, and fiscal bases within which the states are entitled to legislate for local governments
 - Guarantees local autonomy
 - Guarantees the right of all local authorities to manage all their own affairs, including financial matters within the limits set by state law
 - Local authorities have the following sovereign rights which cannot be infringed by the federation or the state:
 - Personnel sovereignty: the right to organize the administration themselves
 - Organizational sovereignty: the right to organize and shape local territory by drawing up land use and building development plans
 - Legislative sovereignty: the right to pass laws and by-laws
 - Tax sovereignty: the right to raise taxes
 - Financial sovereignty: the right to manage their income and expenditure
 - Federal government has no direct relations with local government
 - States can dissolve local authorities by means of an Act of Parliament, assign them tasks or take them away; subject to non-infringement of local autonomy
 - Decrees that districts and municipalities must have a parliament elected by general, direct, free, equal and secret ballot
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local governments. It guarantees local autonomy and decrees that districts and municipalities must have a parliament, elected by general, direct, free, equal and secret ballots. It guarantees the right of local authorities to manage all their own affairs, including financial matters, within the limits set by the law.

In principle, the Federation is only the guarantor of the institutions of local government in Germany, but has, apart from a few exceptions, no direct relations to individual local authorities. On the other hand, local authorities are constitutional elements of their respective States, which are empowered to regulate local government law. States can dissolve local authorities by means of an act of parliament, assign them tasks or take them away. However, the constitutional guarantee of local autonomy prohibits Federal and State legislation from removing the rights of the local authorities to manage their own affairs or from restricting this right to such an extent that the substance of the autonomy is taken away. Local authorities command certain sovereign rights which cannot be infringed by the Federation or the State. These are: personnel sovereignty, i.e., the right to select, engage, promote and dismiss staff; organizational sovereignty, i.e., the right to organize the administration themselves; planning sovereignty, i.e., the power to organize and shape local territory under their responsibility by drawing up land use and building development plans; legislative sovereignty, i.e., the right to pass laws and by-laws; tax sovereignty, i.e., the right to raise taxes; and financial sovereignty, i.e., the right to manage their income and expenditure.

THE STRUCTURE OF GOVERNMENT

What level to decentralize to? The first task in the devolution exercise is to determine what level to decentralize to, i.e., the place of local government as the third tier in the federal hierarchy. Theoretical literature in this respect is fairly well developed and there is sufficient international experience to provide considerable guidance. There are issues of critical mass, of economies of scale, economies of scope (relating to the degree of public participation and accountability), cost efficiency, service efficiency, externalities, equity, and so on (Prud'homme, 1994; Bird, 1994).

The concept of critical mass implies that decentralized units must be of sufficient size in terms of area, population, and resources to enable the local unit to plan for the range of activities,

taking into account the inter-connections between them, and to draw on resources to implement the plans. The functions of the decentralized unit must also not be affected by inter-jurisdictional externalities. The concept of economies of scale implies that the production of a service at the level of the jurisdiction is achieved at a cost efficient level. The concept of economies of scope implies that the delivery of the service in the jurisdiction is achieved in a service-efficient and equitable manner and there is enough public participation and accountability.

In the light of the above criteria, the architecture of local government in Pakistan appears to be in, what may be described as, a state of “institutional anarchy”. There exists a multiplicity of over-lapping tiers, hierarchical as well as parallel. Below the province, there are the District Administration tiers -- division, district, and tehsil – and the LGRDD tiers – district councils, union councils, metropolitan/municipal corporations, and municipal/town committees.

The NRB plan is likely to further compound the confusion in an already crowded field by adding village councils and community development boards to the roster of local bodies. The village council is likely to be infeasible as, in many parts of Sindh, Balochistan and Kohistan (Hazara), the village is not necessarily an integrated community entity. Some villages are single household entities and some, comprising of nomads, are also mobile. The community development boards would constitute an unelected anachronism in a sphere of representative local democracy.

Conceptually, planning for and production of services requires a minimum critical mass of area, population and resources and fiscal viability, while the distribution/delivery of services requires closer contact with the citizenry. Thus, if conceptually rational considerations are followed, a two-tier local government structure may be postulated. An upper tier, which meets the critical mass and economies of scale considerations, and a lower tier, which meets the economies of scope, service efficiency and equity considerations. The candidates in these respects are the division, district, tehsil, union or municipality/town. The division or the district and the metropolitan/municipal corporations appear to fulfil the requirements of critical mass and economies of scale for the production of major services. The union and municipal/town committee appear to fulfill the requirements of economies of scope, service efficiency and equity.

The choice of division or district as the upper tier is a moot point. Some of the divisions are too large to meet the economies of scope criteria and some of the districts are too small to meet the critical mass, economies of scale and fiscal viability criteria. As shown in Table 3, the average population size of divisions in Punjab is about 9.0 million, while the average population size of districts in Balochistan is less than 0.25 million. While the larger divisions of Punjab do not meet the economies of scope criteria, the smaller districts in all the provinces do not meet the critical mass, economies of scale and fiscal viability criteria (see Tables 4 and 5). Thus, if the division is selected as the decentralized unit, some of the larger divisions will need to be bifurcated. And if the district is selected, most of the districts will have to be merged. In this respect, some of the larger districts will need to be treated at par with some of the smaller divisions. Once the upper and lower tiers are selected, all other tiers will need to be abolished.

While a scientifically determined quantitative criteria is not feasible, it may be postulated that the minimum and maximum size of the upper tier of a decentralized unit should be 1 and 3 million respectively. Exceptions, herewith, are the metropolitan corporations of Karachi and Lahore; which qualify for separate status as integrated decentralized jurisdictions, with sub-municipalities to cater to the needs of delivering services.

Urban settlements are complex entities. As such, their governing structures need to be somewhat more sophisticated. Ideally, the town can remain as the main unit of urban local government, with larger settlements being agglomerations of towns formed as municipalities, and still larger settlements being agglomerations of municipalities formed as metropolises. Larger urban centres will thus have a federated governing structure. Towns are essentially marketing centres for agricultural produce and are extensions of the rural society and economy. They can, thus, be part of the union council. Smaller municipalities, currently classified as municipal committees, can have the same status as a union council. Larger municipalities, currently classified as municipal

TABLE 3
NUMBER AND AVERAGE POPULATION OF
DIFFERENT JURISDICTIONS

('000)

Administration Area	Number	Total Population	Average Population
<i>Total and Average Population of Divisions</i>			
Punjab	8	72585	9073
Sindh	5	29991	5998
NWFP	7	17554	2508
Balochistan	6	6511	1085
Pakistan	26	126642	4871
<i>Total and Average Population of Districts</i>			
Punjab	34	72585	2135
Sindh	21	29991	1428
NWFP	24	17554	731
Balochistan	26	6511	250
Pakistan	105	126642	1206
<i>Total and Average Population of Tehsils</i>			
Punjab	116	72585	626
Sindh	87	29991	345
NWFP	40	17554	439
Balochistan	111	6511	59
Pakistan	354	126642	358
<i>Total and Average Population of Rural Areas (Union Councils)</i>			
Punjab	249	49886	20
Sindh	625	15329	25
NWFP	668	14582	22
Balochistan	362	4995	14
Pakistan	4147	84792	20

Source: 1998 Population Census

TABLE 3(Contd...)

('000)

Administration Area	Number	Total Population	Average Population
<i>Total and Average Population of Metropolitan Corporations</i>			
Punjab	1	5063	5063
Sindh	1	9094	9094
NWFP	0	0	0
Balochistan	0	0	0
Pakistan	2	14157	7079
<i>Total and Average Population of Municipal Corporations</i>			
Punjab	7	7060	1009
Sindh	3	1751	584
NWFP	1	984	984
Balochistan	1	560	560
Pakistan	12	10355	863
<i>Total and Average Population of Municipal Committees</i>			
Punjab	75	4845	65
Sindh	29	1981	68
NWFP	29	1716	59
Balochistan	11	478	43
Pakistan	144	9019	63
<i>Total and Average Population of Town Committees</i>			
Punjab	144	3375	23
Sindh	118	1815	15
NWFP	14	2388	17
Balochistan	27	479	18
Pakistan	303	5908	19

Source: 1998 Population Census

TABLE 4
DIVISIONS HAVING POPULATION
THREE MILLION AND ABOVE

('000)

Number	Name	Population	Urban Population
PUNJAB			
1	Rawalpindi	6780	2470
2	Sargodha	5622	1353
3	Faisalabad	9735	3235
4	Gujranwala	11115	3484
5	Lahore	13985	7026
6	Multan	11428	2626
7	D.G. Khan	6402	860
8	Bahawalpur	7518	1647
SINDH			
9	Larkana	4169	1104
10	Sukkur	5457	1426
11	Hyderabad	6680	2100
12	Mirpur Khas	3883	763
13	Karachi	9802	9269
NWFP			
14	Malakand	4213	311
15	Hazara	3471	302
16	Peshawar	3381	1400
BALUCHISTAN			
	Nil	Nil	Nil

ⁱ Mingora

^{i i} Abbottabad

Source: 1998 Population Census

TABLE 5
DISTRICTS WITH POPULATION LESS THAN ONE MILLION
(‘000)

Numbers	Name	Population
PUNJAB		
1	Khushab	888
2	Hafizabad	822
SINDH		
3	Shikarpur	866
4	Sukkur	878
5	Ghotki	952
6	Mirpurkhas	900
7	Umerkot	656
8	Tharparkar	907
N.W.F.P.		
9	Chitral	317
10	Upper Dir	573
11	Lower Dir	711
12	Buner	501
13	Shangla	430
14	Malakand P.A	432
15	Kohistan	469
16	Batagram	304
17	Abbottabad	875
18	Haripur	681
19	Charsadda	973
20	Nowshera	869
21	Kohat	558
22	Hangu	308
23	Karak	423
24	Bannu	673
25	Lakki Marwat	487
26	D.I. Khan	847
27	Tank	231

Source: 1998 Population Census

TABLE 5 (Contd...)
DISTRICTS WITH POPULATION LESS THAN ONE MILLION
('000)

Numbers	Name	Population
BALUCHISTAN		
28	Quetta	759
29	Pishin	366
30	Killa Abdullah	391
31	Chagai	203
32	Loralai	300
33	Musa Khel	132
34	Barkhan	99
35	Killa Saifullah	189
36	Zhub	276
37	Sibi	179
38	Ziarat	33
39	Kohlu	98
40	Dera Bugti	180
41	Jafarbad	421
42	Nasirabad	243
43	Jhal Magsi	104
44	Bolan	288
45	Kalat	236
46	Mastung	164
47	Khuzdar	409
48	Awaran	114
49	Kharan	197
50	Lasbela	313
51	Kech	410
52	Gwadar	179
53	Panjgur	227

Source: 1998 Population Census

corporations, and metropolitan corporations can have the same status as divisions/districts. The proposed federal structure is shown in Chart 1.

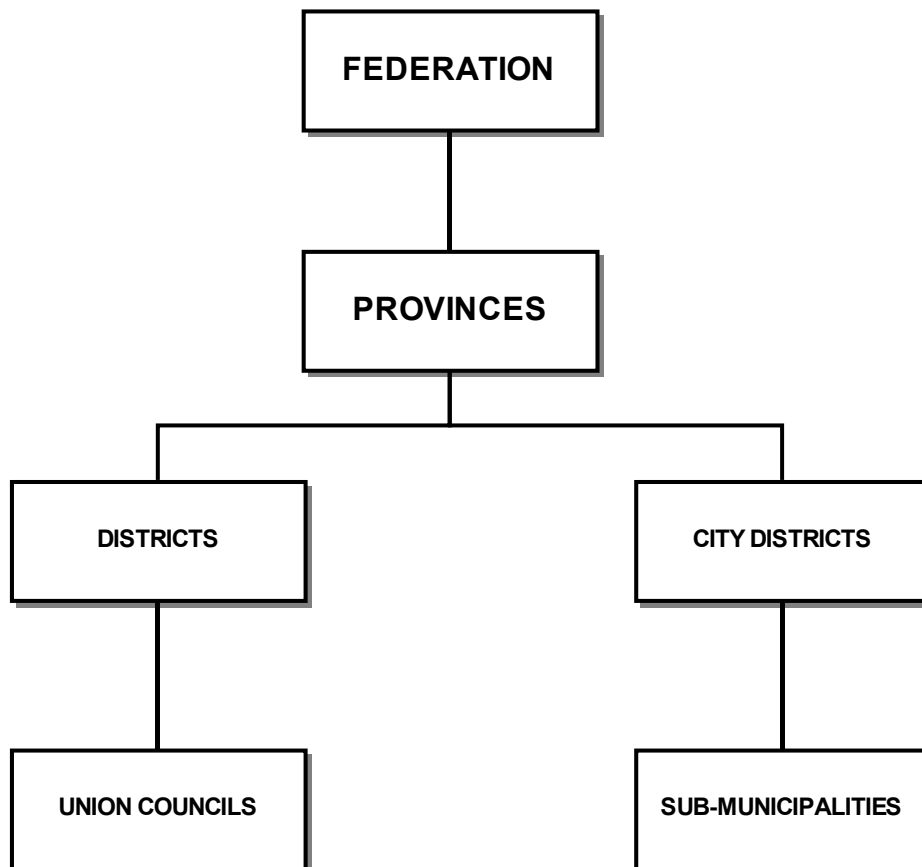
Which Functions to decentralize? Conceptually, there are two groups of people -- those who benefit and those who bear the costs. At one end are those services that benefit all residents equally and all residents bear the cost through central taxes. These are referred to as 'public goods'. At the other end are services where beneficiaries are clustered within a jurisdiction and costs can be recovered through user charges. The former is a fit case for centralization and the latter for decentralization (Bird, 1994). Three characteristics determine the decentralizability of a service, i.e., *externality*, *chargeability*, and *technicity* (Prud'homme, 1994).

Externality refers to the external effects and geographical spillovers associated with a service. Point services, like changing street bulbs or garbage removal, do not have jurisdictional spillovers. By contrast, network services, like television or transportation, have considerable jurisdictional spillovers. The smaller the externality of a service, the easier it is to decentralize.

Chargeability refers to the ease with which a service can be financed by user charges, as opposed to taxes. Services where it is possible to exclude consumers unless they pay for it, i.e., services which can be financed by user charges instead of by taxes, like water or power, rank high on chargeability. Services where it is not possible to exclude consumers unless they pay for it, i.e., services which have to be financed out of general taxation, like national defence or television broadcasts, rank low on chargeability. The greater the chargeability of a service, the easier it is to decentralize.

Technicity refers to the degree of technical and managerial expertise required to provide the service". Providing solid waste disposal requires less technical skill than bulk water. The lower the technicity of a service, lower the economies of scale and scope associated with its provision, and the easier it is to decentralize.

**CHART 1
PROPOSED STRUCTURE OF THE
FEDERATION**



Based on these characteristics, a ranking of decentralizability of the various services has been attempted, as shown in Table 6, to indicate that some services are better adapted to decentralization than others and why. Services/functions which rank 7 or below are clear candidates for centralization and can be said to lie in the federal domain. Services/functions which rank 8 and 9 are second order candidates for centralization and can be said to lie in the provincial domain. Services/functions which rank 10 and above are clear candidates for decentralization and can be said to lie in the local domain.

Services/functions which can be identified as federal, provincial and local subjects are shown in Table 7. Needless to say, the classification is at best indicative. Exceptions to the rule can and will need to be made. Several subjects can lie in more than one domain. In any case, actual allocation of services/function is a matter of political decisions and technical classifications merely serve to aid such decision-making.

An important point which needs to be made here is that for local autonomy to be effective, federal and provincial line agencies and departments dealing with subjects transferred to the domain of local government will need to be abolished or their role curtailed to establishing, regulating and monitoring standards. These include the provincial Education, Health, and Livestock Departments, the Development Authorities (e.g., KDA, LDA, PDA), Water Authorities (KWSB, WASA, PHED). The provincial Local Government and Rural Development Departments (LGRDD) and the posts of Commissioner, Deputy Commissioner and Assistant Commissioner are already redundant and will become even more so in a devolved state polity.

INSTITUTIONAL CAPACITY

Operationally, strengthening institutional and administrative capacity ranks second only to fiscal decentralization. The quality of human resources at local levels impacts on the quality of local governance and of service delivery. However, local civil services are generally relatively inferior. This is because central civil services afford better compensation packages and better opportunities for training and advancement and, as such, attract better quality manpower. Local civil services have to settle for, what may be called, residual talent. The situation in Pakistan is

w o e f u l . T h e r e

TABLE 6
DECENTRALIZABILITY INDEX OF SELECTED STATE FUNCTIONS

S.No.	Externality (high 1...5 low)	Chargeability (low 1...5 high)	Technicity (high 1...5 low)	Decentralizability Index (low 3...15 high)	
1	Solid Waste Collection and Disposal	4	5	5	14
2	Housing	5	5	3	13
3	Transport: intra-district/municipal	5	5	3	13
4	Education - Primary and Secondary	4	4	4	12
5	Gas Distribution	5	5	2	12
6	Irrigation: Water courses	5	3	4	12
7	Livestock	5	5	2	12
8	Water Distribution	5	4	3	12
9	Health - General Curative	4	5	2	11
10	Microenterprises	5	1	5	11
11	Power Generation: Thermal	5	5	1	11
12	Power Distribution	5	5	1	11
13	Roads: Intra District/municipal	5	2	4	11
14	Cultural and Social Development (including women and child development)	4	1	5	10
15	Education: General Colleges	3	4	3	10
16	Sewerage	4	4	2	10
17	Health - Specialized Curative	3	5	1	9
18	Law and Order	5	1	3	9
19	Population Planning	4	1	4	9
20	Transport: intra-provincial	1	5	3	9

TABLE 6 (Contd...)
DECENTRALIZABILITY INDEX OF SELECTED STATE FUNCTIONS

S.No.	Externality (high 1...5 low)	Chargeability (low 1...5 high)	Technicity (high 1...5 low)	Decentralizability Index (low 3...15 high)	
21	Water Supply (Bulk)	3	5	1	9
22	Education: Universities and Professional and Technical Colleges	2	4	2	8
23	Environmental Protection	2	1	5	8
24	Food and Agriculture	3	2	3	8
25	Forestry	3	1	4	8
26	Fisheries	3	3	2	8
27	Industries	3	3	2	8
28	Irrigation: Canals and Distributaries	3	3	2	8
29	Labor and Manpower	2	1	5	8
30	Roads: Inter-district	3	3	2	8
31	Minerals and Natural Resources	1	5	1	7
32	Oil and Gas Production	1	5	1	7
33	Communications	1	3	1	5
34	Defence	1	1	1	3
35	Foreign Affairs	1	1	1	3
36	Foreign Trades	1	1	1	3
37	Finance	1	1	1	3
39	Law and Justice	1	1	1	3
40	Power Generation: Hydel	1	1	1	3
41	Water Storage	1	1	1	3

TABLE 7
INDICATIVE INTER-GOVERNMENTAL DISTRIBUTION
OF PUBLIC FUNCTIONS

FEDERAL	PROVINCIAL	LOCAL
Communications (Telecommunications, Rail, Air and Sea Transport, inter-provincial Highways)	Education: Universities, Professional and Technical Colleges	Cultural and Social Development (including women and child development)
Defence	Environmental Protection	Education: Primary and Secondary (including literacy and computer literacy)
Foreign Affairs	Food and Agriculture	Education: General Colleges
Foreign Trade	Forestry	Gas Distribution
Finance	Fisheries	Health: General Curative
Interior	Health: Specialized Curative	Housing
Law and Justice	Industries	Irrigation: water courses
Minerals and Natural Resources (including Oil and Gas)	Irrigation: Canals and Distributaries	Livestock
Power Generation: Hydel	Labour and Manpower	Microenterprise Development
Water Storage	Law and Order	Power Generation: Thermal
	Population Planning	Power Distribution
	Roads: inter-district	Roads: inter-district/ municipal
	Transport: inter-district	Water Distribution
	Water Supply: Bulk	

exists a duality in the staffing of local bodies. Local bodies directly appoint low grade clerical and other staff, e.g., clerks, janitors, who are considered the permanent employees of the local body. Executive officers are appointed by provincial governments from the provincial local civil services pool. These officers are routinely transferred from one jurisdiction to another within the province and their average length of tenure in any one position has been estimated to be less than one year. The service structure, pay scale, minimum entry requirements, etc. of the local civil services as well as the municipal employees are also seriously inadequate to attract the requisite talent to cater to the demands of efficient management and delivery of public services.

The appointment grades of various executive positions also cascades downwards with the level of the local body. For example, metropolitan corporations are headed by Grade-19/20 municipal commissioners, municipal corporations and district councils by Grade-18 chief officers, and municipal and town committees by Grade-16 chief officers. Other principal executive officers are the engineer, the accounts officer and the taxation officer. Their appointment level ranges from Grade-18/19 in the case of metropolitan/municipal corporations and district councils to Grade-11 in the case of town committees. Union councils are manned by a single Grade-11 secretary, who functions as the chief officer, engineer, accounts officer, taxation officer, etc. Clearly, a qualified engineer or accountant cannot be expected to be available in Grade-11 and below, with the result that the quality of municipal services in towns and villages is abysmally poor, if not non-existent (Bengali, 1999).

For local government to be an effective provider of services, an effective Local Civil Service will be imperative. Operationally again, the first step towards the creation of a Local Civil Service will be the merger of the service cadres of the various local entities: District Councils, Municipalities, Development Authorities, District Administrations, and other line agencies, e.g., WASA, KWSB, PHED, Education Department, Health Department, etc. Needless to say, the service and remuneration structure of the new Service will have to be set at the highest common denominator of the services being merged. For purposes of economies of scale, the Local Civil Service will have to be a provincial level pool, but with the right to draw on it being vested with the local governments.

The envisaged wide range of the transfer of functions and responsibilities to the local level will impose an enormous burden on local governments and demand significant capacity in terms of policy-making, planning, budgeting, administrative and financial management, and service delivery. The existing local management structures are over a century old and grossly inadequate. If the local government system is to be effective, a modern governing structure will have to be put in place.

It is proposed to introduce a cabinet system headed by a directly elected Mayor. The cabinet should be selected from amongst members of the District Assembly, with each cabinet member being in charge of one of the local departments, headed administratively by a Secretary (District Officer), drawn from the Local Civil Service. The proposed organogram of a district government is shown in Chart 2.

CONCLUSIONS

The National Reconstruction Bureau (NRB) has presented a plan for a new local government structure. It needs to be evaluated in terms of whether it qualifies as a devolution plan and whether it will create local entities which can qualify for the status of local government. Any devolution plan must fulfill four prerequisites. One, it must define the new relationships between federal, provincial and local tiers of the state and within the local tiers itself. Two, it must identify the tier where devolved local authority is to be located. Three, it must designate the functions/services which are to be devolved. And four, it must draw up a fiscal plan to ensure that institutional autonomy is not cancelled out by lack of fiscal autonomy. The four elements need to be part of a conceptual framework.

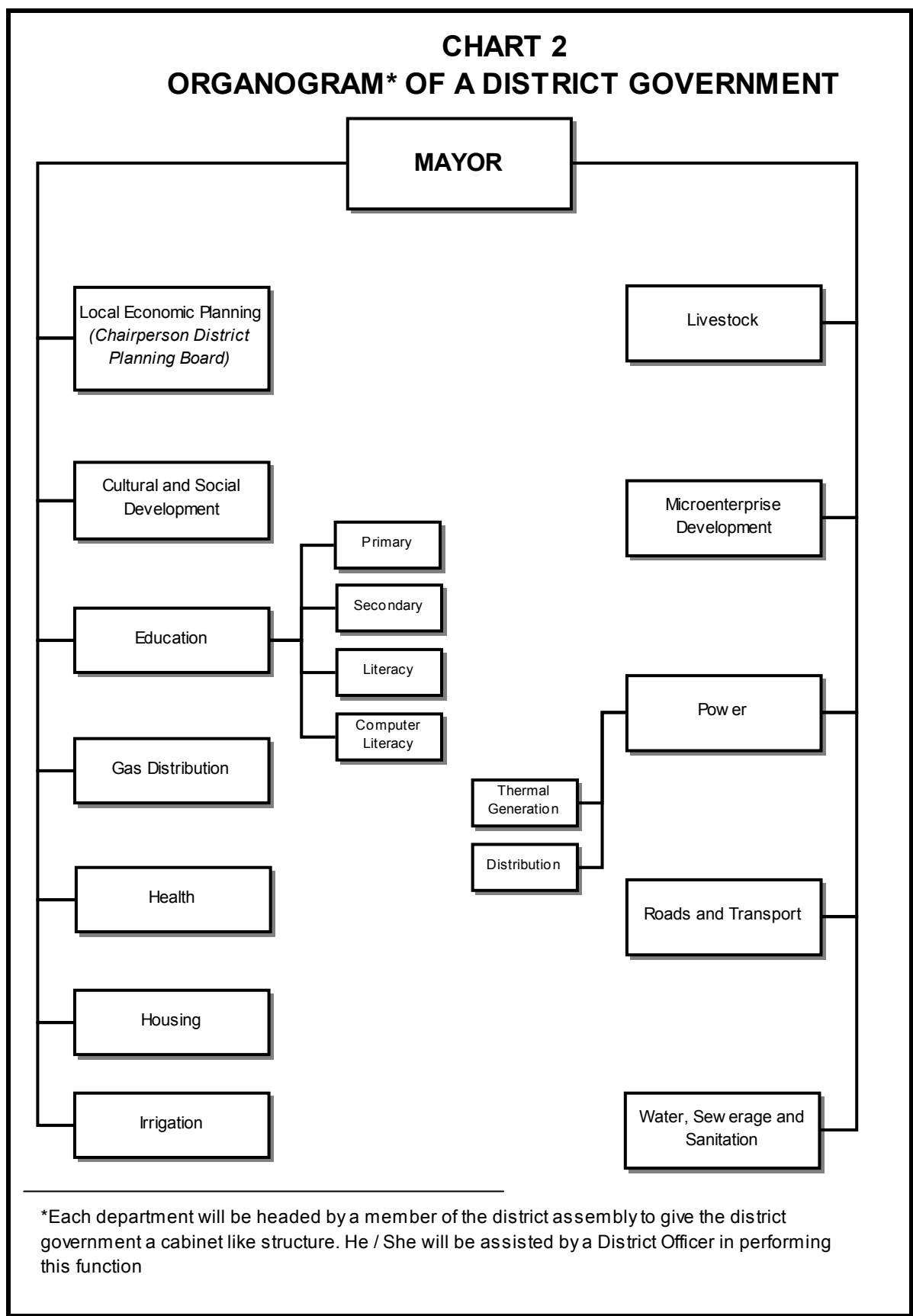
Firstly, it is imperative that the Concurrent List be abolished so as to enhance the scope for provincial policy making and create the political space for transfer of functional jurisdictions to the local level.

Secondly, it is necessary to determine what level to decentralize to. There are issues of critical mass, of economies of scale and economies of scope, of cost efficiency and service efficiency,

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**CHART 2
ORGANOGRAM* OF A DISTRICT GOVERNMENT**



*Each department will be headed by a member of the district assembly to give the district government a cabinet like structure. He / She will be assisted by a District Officer in performing this function

externalities and equity, and so on based on which a rational decision can be made. Thus, a two-tier local government structure may be postulated. An upper tier, which meets the critical mass and economies of scale considerations, and a lower tier, which meets the economies of scope, service efficiency and equity considerations. The candidates in these respects are the division, district, tehsil, union or municipality/town. The division or the district and the metropolitan/municipal corporations appear to fulfil the requirements of critical mass and economies of scale for the production of major services. The union and municipal/town committee appear to fulfill the requirements of economies of scope, service efficiency and equity.

Thirdly, it is necessary to determine the functions to be decentralized. Three characteristics determine the decentralizability of a service, i.e., externality, chargeability, and technicity. Based on these characteristics, a ranking of decentralizability of the various services has been attempted. Services which rank low are candidates for centralization and services which rank high are candidates for decentralization.

The issue of institutional strengthening ranks second only to fiscal decentralization. The envisaged range of the transfer of functions and responsibilities to the local level will impose an enormous burden on local governments and demand significant capacity in terms of policy-making, planning, budgeting, administrative and financial management, and service delivery. The existing local management structures are over a century old and grossly inadequate. If the local government system is to be effective, a modern governing structure will have to be put in place. It is, thus, proposed to introduce a cabinet system headed by a directly elected Mayor. The cabinet should be selected from amongst members of the District Assembly, with each cabinet member being in charge of one of the local departments, headed administratively by a Secretary/District Officer drawn from the Local Civil Service.

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