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**Is Capacity a Constraint to  
Decentralized Public Service Delivery –  
Discourse and Reality in South Asia:  
Examples from Pakistan**

**Sarfraz Khan Qureshi**

*Innovative Development Strategies*

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# Sign Posts

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- 1. The Promise of Devolution**
- 2. Conceptual Framework – Linking Devolution to Service Provision**
- 3. Discourse about Devolution**
- 4. Devolution Realities**
- 5. Pakistan Devolution Experience**
  - Political Devolution
  - Administrative Devolution
  - Fiscal Devolution
- 6. Pakistan Compared with other South Asian Countries**
- 7. Policy and Research Implications**

# The Promise of Devolution

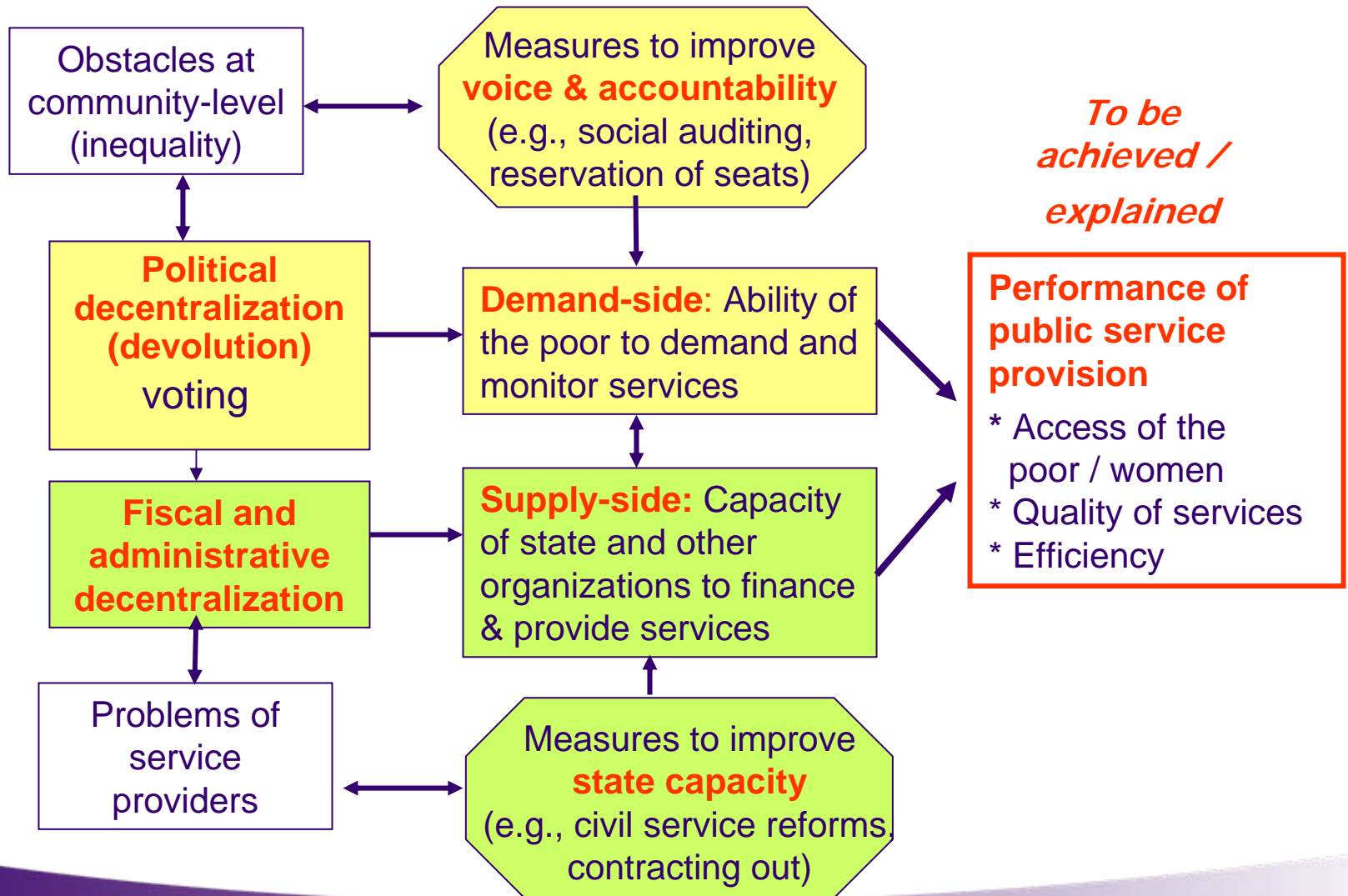
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- **Bringing government closer to the people**
  - Empowerment → goal in itself
  - Contribution to improving quality of public service provision.
    - Particular challenge in Pakistan!

*Social outcomes did not improve with growth.*

- **Empirical evidence - around the world - is mixed.**
  - Devolution is not necessarily effective and pro-poor.
- **What has been the experience in South Asia, so far?**
  - What is the discourse about devolution?
  - What is the experience, so far?

# When and how can devolution lead to better service provision?



# Discourses about devolution:

## Pro-Devolution Discourses

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- **Main arguments**
  - “Bringing government closer to the people”
  - Empowerment of local people
  - Biggest / only hope for improvement of public service provision in Pakistan and South Asia
    - Other strategies have not worked
  - Evidence already shows improvement (Social Audit)
- **Self-representation**
  - Defendants of improved governance
  - Advocate of local people; reformer of post-colonial system
- **Representation of the critics (Other-representation)**
  - Bureaucrats who want to defend their colonial privileges

# Discourses about devolution: Anti- Devolution Discourses

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- **Main arguments**
  - Devolution was just a political tactic of the current regime
  - Design of devolution not appropriate
  - Devolution is incomplete
    - Not meaningful without fiscal and administrative decentralization
  - Local governments have no capacity
  - Feudal local power structures make things worse under devolution
- **Self-representation**
  - Defendants of the “true interests” of local people
- **Other-representation**
  - Defendants of current government

# Devolution Realities: Examples from Pakistan

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- **Impact difficult to evaluate**
  - No counterfactual
- **Several data sources**
  - Social Audit Surveys (with baseline!)
  - Other statistical sources
  - Case studies
- **Social Audit Survey**
  - Perception survey (perceived access and satisfaction with major social and economic services, access to justice)
  - shows improvement in all service areas covered
    - with differences by Province in Pakistan

# Social Audit Survey Pakistan – Example: Health

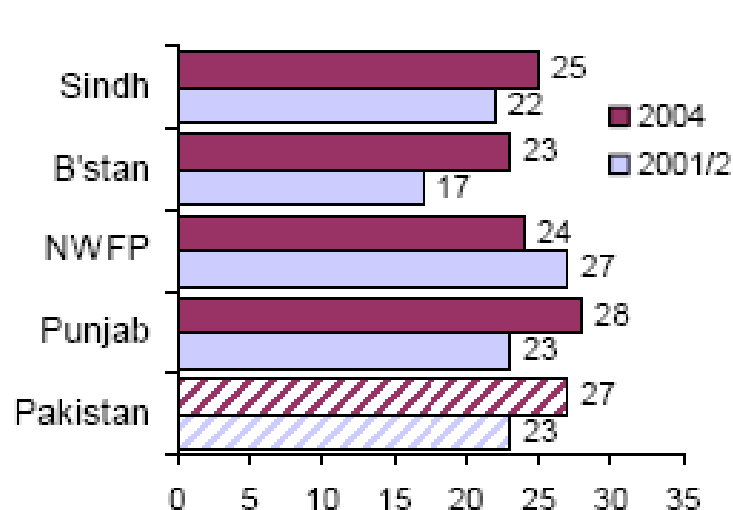


Figure 9. % of households satisfied with government health services in 2001/2 and 2004

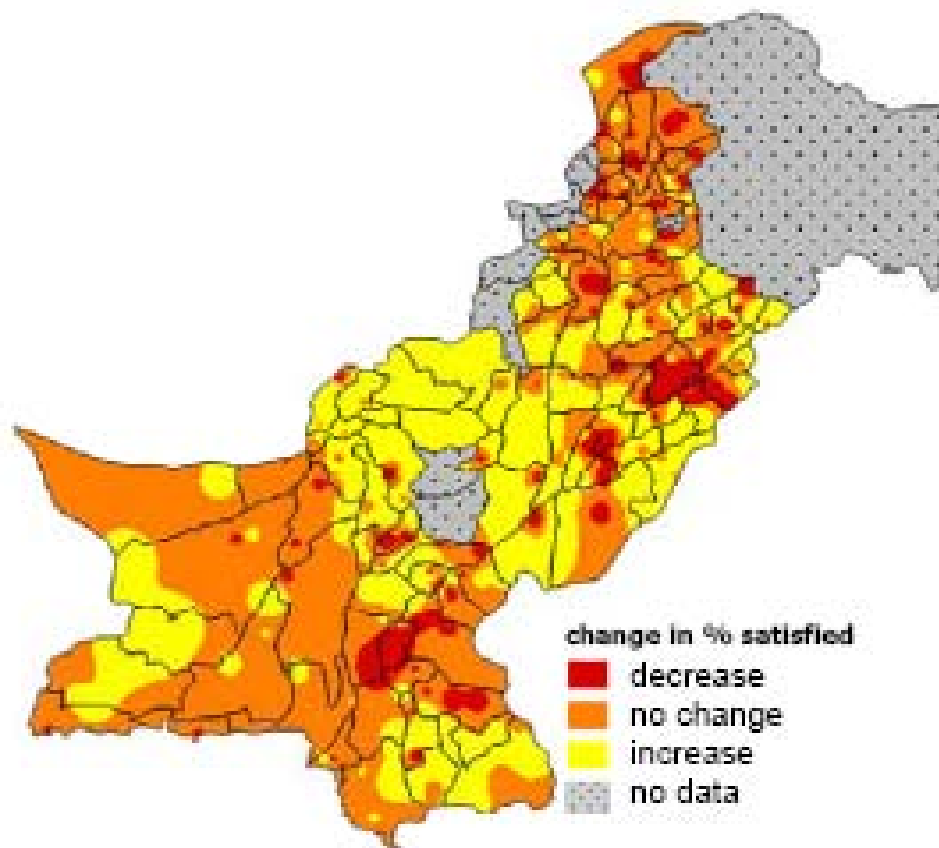


Figure 11. Change in % government health services users satisfied with treatment : 2001/2-2004



# Political Decentralization in Pakistan: Structural Features

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- 2001 local government Reforms empowered local government to deliver Social Services in line with local preferences
- Three levels of local government
  - Unions            6022
  - Tehsils           337
  - Districts          96

# Electoral Process - Local Government Elections

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- **Union Councils elected through Direct Elections**
  - Mayor (Nazim) and Vice-Mayor (Vice Nazim) contest on one Ticket
  - Each Union Council has 13 Councilors.
    - 6 Muslim seats, 2 of which reserved for women
    - 4 seats for peasants
    - 1 seat reserved for minorities
- Tehsils and District Council members elected Indirectly
- Mayor and Vice Mayor of Union Councils are ex-official members of District and Tehsil Councils respectively
- Tehsil and District Councils Mayors elected indirectly. Union Councilors are electoral college
- Quota for Women, peasants and minorities also in Tehsil and District Councils Elected indirectly by Union Councilors.

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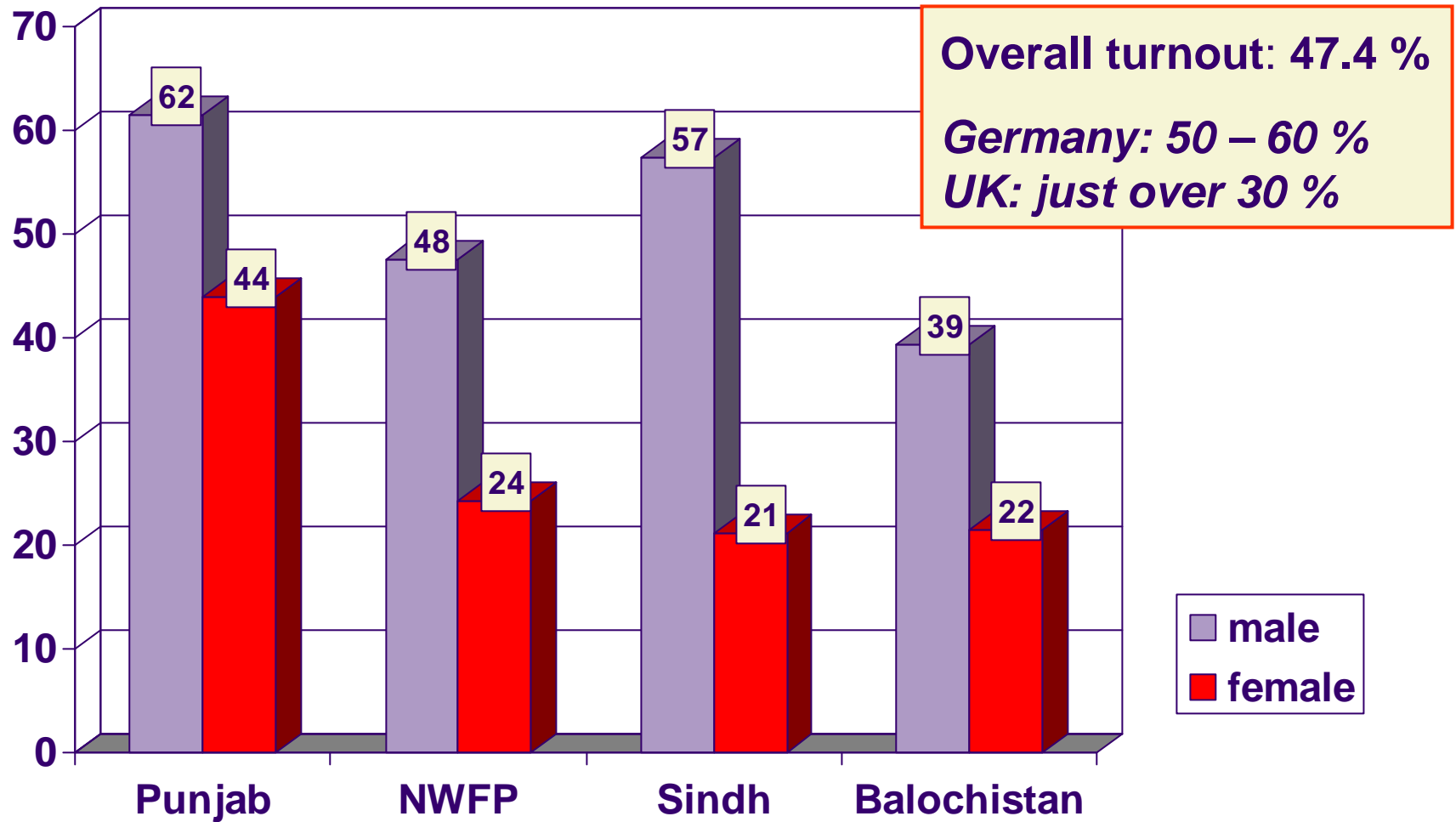
# Evidence from 2005 Local Government Elections on Voter Turnout and its Determinants - Pakistan

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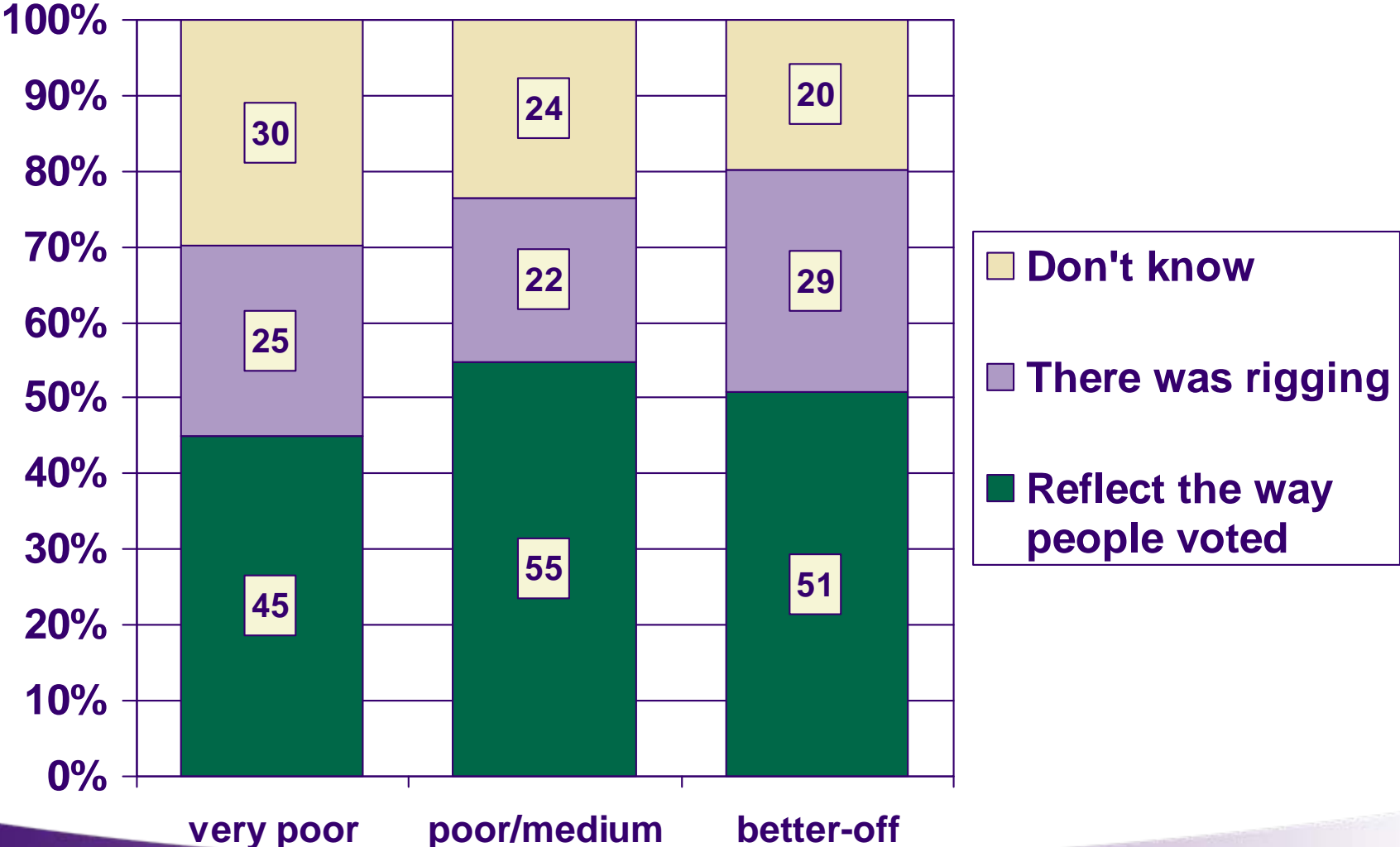
- **Data**
  - Survey of voters and candidates (pre- and post-election) by **Pattan Development Organization**
  - Stratified random sampling
    - Sample size: 3792 voters; 977 candidates:

Continue-

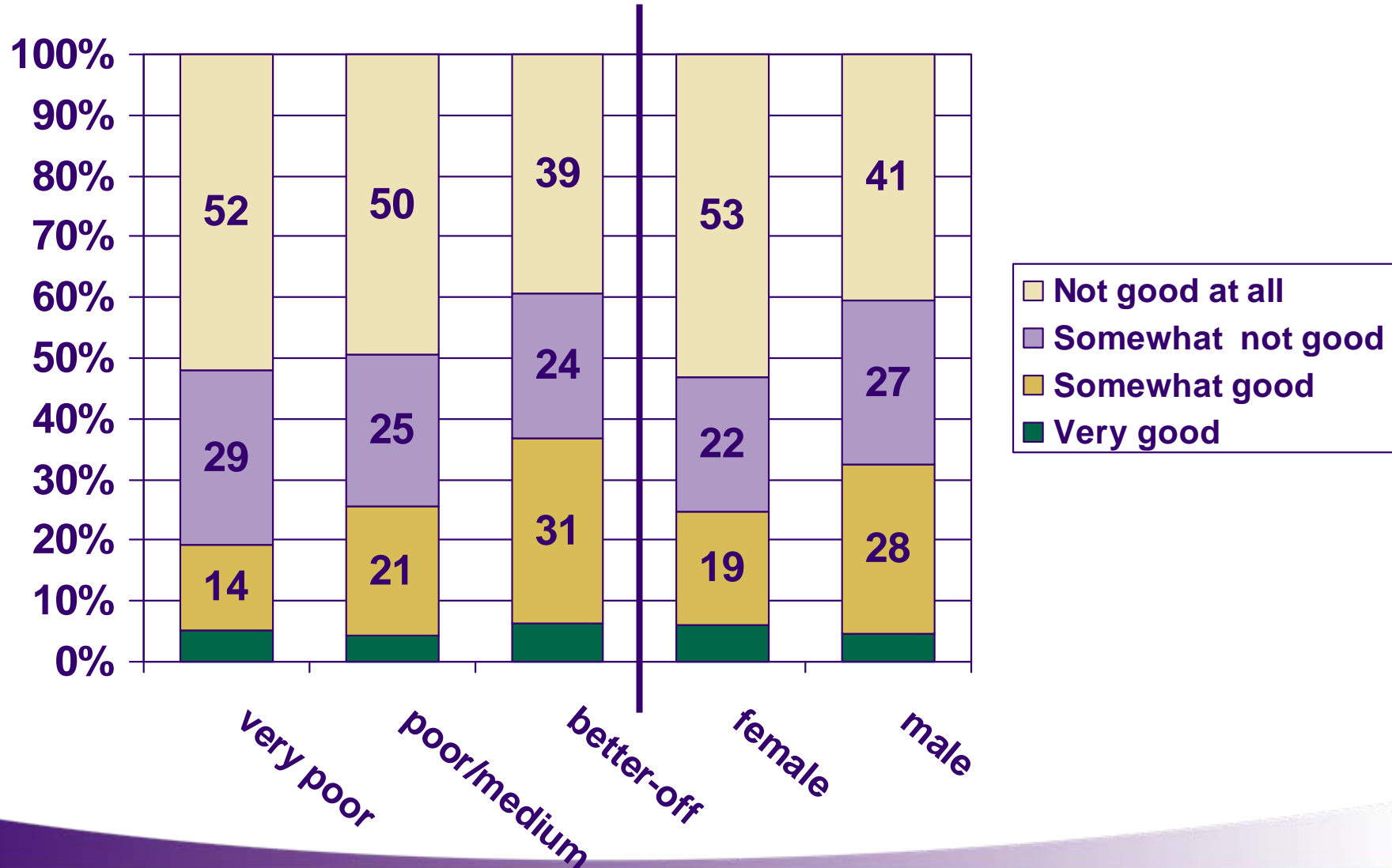
# Do people vote? Voter turnout



# Do election results reflect how people voted?



# Overall Satisfaction with District Nazim (2001-2006)



# Summary of Findings on Political Devolution

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- High voter turn out reflects Voice by voters
- Factors inhibiting voice expression
  - Indirect elections resulting in mis-match between voters and candidates
  - Low Credibility of elections
    - Vote buying
    - Rigging
- Poor law and order constraining voter turnout
  - Specially for women

# Administrative Decentralization

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- **Ability to hire and fire local employees and set the terms of their employment critical for the success of decentralized local governance**
- **Important missing link in Pakistan's decentralization**
- **Shortage of staff and lack of appropriate skills, particularly at the Tehsil Municipal Administration (TMA) level**
  - LG Staff mainly Transferred from provincial pool of employees
    - Split loyalty
    - Dual Command
  - Having life-long and rotating appointments - little incentives for performance - almost no accountability to local governments.
  - Local governments saddled with large provincially determined bureaucracies. Nearly 90% of local finances go towards wage compensation. Little budgetary flexibility for local service provision.
  - Pre-determined number of departments and positions constraining local government options to adopt innovative public management practices.



# Fiscal Decentralization

- **Local fiscal autonomy critical to responsive and accountable local governance**
- **Important missing link in Pakistan's decentralization.**
  - Local governments (LGs) do not have taxing powers commensurate with their expenditure responsibilities. Finance follows function rule ignored in Pakistan's reforms.
  - Significant expenditure decentralization but little local flexibility in resource allocation and little expenditure autonomy due to straight jacket mandates.
  - LGs primarily dependent upon manna from heaven revenue sharing transfers from the provinces with little incentives for improvement in service delivery performance or accountability to local residents.
- **Rule-based Transfers through Provincial Finance Commission proposed but not implemented**
- **Large variation in transfers across districts, Tehsils and Villages**

# Overall assessment of Pakistan's Devolution

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- **Great strides in political decentralization but indirect elections of mayors constrains political accountability.**
- **Incomplete fiscal decentralization. Expenditures shifted downwards with little flexibility and autonomy. Limited and highly constrained taxing powers.**
- **Lack of administrative decentralization.**
- **Some improvement in local participation and service delivery but major further political, administrative and fiscal decentralization reforms needed to create an enabling environment for responsive and accountable local governance.**

# Pakistan Experiences Compared with other Countries

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## Issues

- **Centralized Decision-Making Structures**
- **Supply-rather than demand-oriented delivery structures**
  - Exit and Voice Mechanism Lacking
- **Despite Constitutional Provision of State or local responsibilities, centralization tendency has led to over-centralization**
- **Con-current list explains increasing Centralization**

## Decentralization Priorities

- **Induce Central Government to own decentralization objectives**
- **Develop Capacity of lower jurisdiction to take on additional responsibilities.**
- **Clarify division of responsibilities between different levels of government**
- **Engage actors beyond government**
  - Private sector, NGO's and community organizations for public sector delivery

# Implications for Policy

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- **Possible actions: “Demand-side”**
  - “Civic education” – focusing on the poor and on women
    - Increasing awareness among voters, empowerment
  - Capacity strengthening of councilors
    - Example: India (use of various media, focus on illiterate female council members)
  - Strengthening accountability mechanisms
    - Social audit, Citizen Report Cards, Benchmarking
  - Introduce direct elections
- **Knowledge gaps: “Supply side” - Role of bureaucracy**
  - What is the role of the bureaucracy in promoting or inhibiting the devolution reform?
    - Administrative procedures (e.g., registration of voters)
    - Provision of public services
    - Role in maintaining local power structures? (e.g., Law enforcement, access to justice)

# Implications for Research

- **Overall goal**
  - Identify strategies (demand-side and supply-side!) for making local governments work for the poor
- **Suggestions**
  - **(1) Analyzing the factors that influence the performance of local governments**
    - Why do some local governments perform better than others? What explains success in local governance?
      - **Statistical analysis** using existing data on performance, local elections, fiscal data, etc.
      - **In-depth case studies** of successful cases using new methods (e.g., social network analysis, influence mapping)
      - **Surveys** to answer open questions, get generalizable results
  - **(2) Measuring the efficiency of local service provision**
    - Developing local governance indicators for benchmarking
      - taking resource use into account

# Conclusion and Implications for Donors

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- **Decentralization Reforms need to account for variations in local context for success**
- **Capacity development and Institutional Reforms need to be priority areas in Design of Reforms**
- **In view of diverse nature of discourse on Devolution, there is need for donors and governments to address upfront positions of different stakeholders at Design and implementation stage.**
- **Donors should build ownership of reforms by the government before commitment of financial resources.**

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**Thank you!**

