



PAKISTAN DEVELOPMENT FORUM 2005

IMPACT OF DEVOLUTION ON SERVICE DELIVERY

PRESENTATION

BY

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CHAIRMAN NRB

Islamabad, the 26th April, 2005

OUTLINE OF PRESENTATION

- 1. UPDATE ON DEVOLUTION**
- 2. IMPACT OF DEVOLUTION ON SERVICE DELIVERY**
- 3. SECOND ORDER REFORMS**
 - 5 PRE-REQUISITES PLUS 5 INSTITUTIONS FOR DONOR SUPPORT**
 - CAPACITY BUILDING**
 - CITIZENS OWNERSHIP**
 - DISTRICT SERVICE**
 - FEDERAL TO PROVINCIAL DEVOLUTION**
- 4. CONCLUDING REMARKS**

UPDATE ON DEVOLUTION

UPDATE ON DEVOLUTION

- 1. Consensus agreements on amendments in Police Order, 2002 and the Local Government Ordinance, 2001 for ownership by the Provinces.**
- 2. The draft amendments in Local Government Ordinance have been dispatched to the Provincial Governments.**
- 3. Chief Election Commissioner has announced elections to take place beginning in July, 2005.**

- 4. Cantonments, Islamabad Capital Territory local governments are to be established alongwith the elections in the rest of the country.**
- 5. National Implementation Body (NIB) chaired by President with Prime Minister, and Chief Ministers as its members and NRB as the Secretariat for NIB reviews the progress of implementation periodically.**

IMPACT OF DEVOLUTION ON SERVICE DELIVERY

CORROBORATED EVIDENCE

IMPACT OF DEVOLUTION ON SERVICE DELIVERY

Four sources of corroborated evidence on devolution impact:

- 1. Post-Devolution own source revenue of TMAs**
- 2. Federal Bureau of Statistics - local government functions pre- and post- devolution indicators**
- 3. PRSP – Annual Monitoring Report Education, Health Indicators**
- 4. Social Audit – Interim results of second cycle**

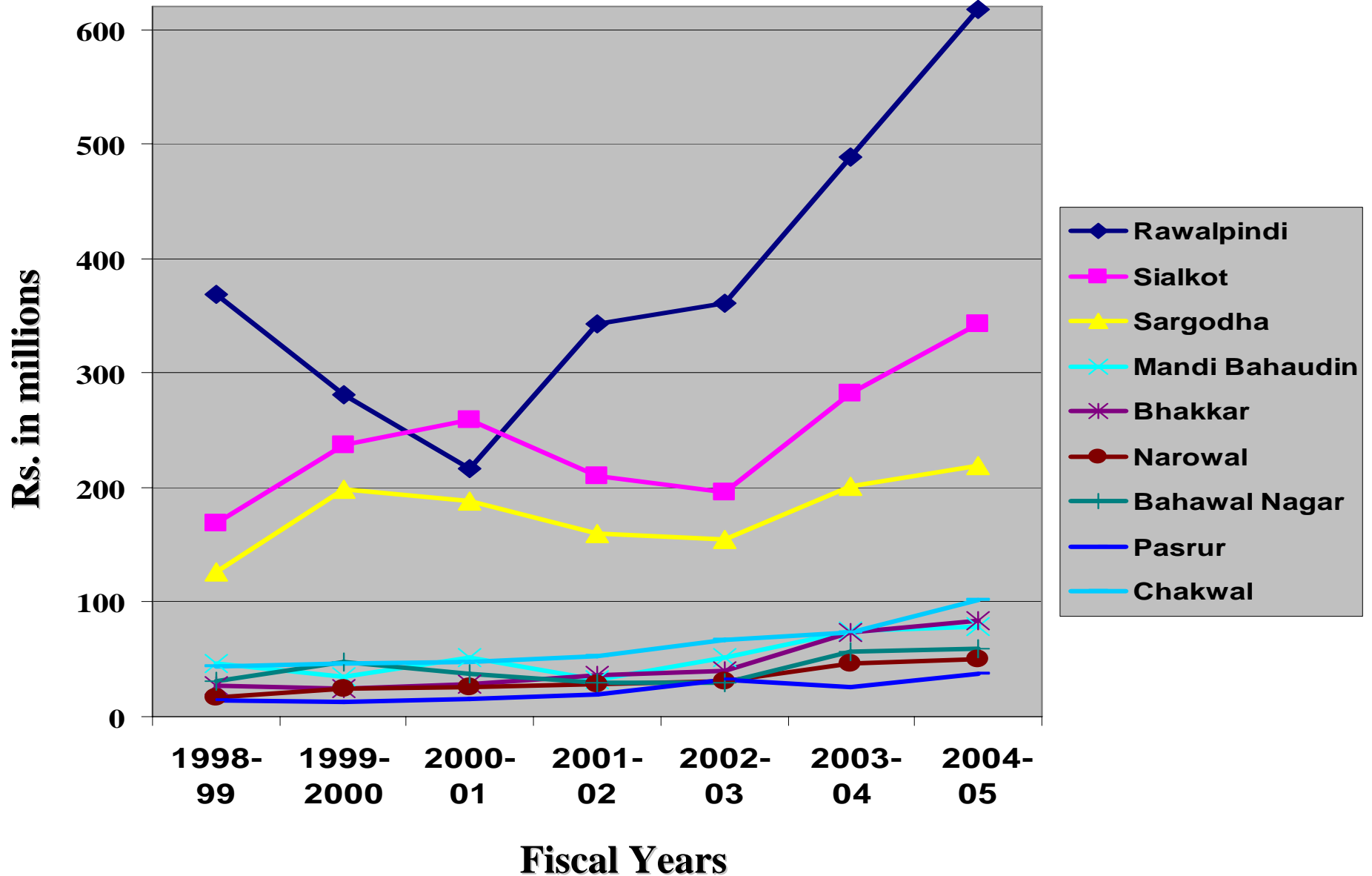
OWN SOURCE REVENUE OF TEHSILS

PRE- AND POST-DEVOLUTION

Rs. in million

S#	Urban Local Councils <u>MCs (pre-devolution)</u> Local Governments <u>TMAAs (post-devolution)</u>	1998	1999	2000	2001	2002	2003	2004	% increase over 2001 - 2002
		-	-	-	-	-	-	-	
		1999	2000	2001	2002	2003	2004	2005	
1.	Rawalpindi	369	281	216	343	361	489	617	80
2.	Sialkot	169	237	259	210	197	283	343	64
3.	Sargodha	127	199	188	159	154	201	219	37
4.	Mandi Bahaudin	46	35	51	32	51	74	79	148
5.	Bhakkar	27	24	29	36	40	74	84	131
6.	Narowal	17	25	26	29	30	46	51	78
7.	Bahawal Nagar	30	48	38	29	29	57	60	103
8.	Pasrur	14	13	16	20	32	26	38	92
9.	Chakwal	44	46	48	53	68	73	101	90

OWN SOURCE REVENUE OF TEHSILS PRE- AND POST-DEVOLUTION



COMPARISON OF SELECTED SOCIAL INDICATORS PRE- AND POST-DEVOLUTION

FEDERAL BUREAU OF STATISTICS

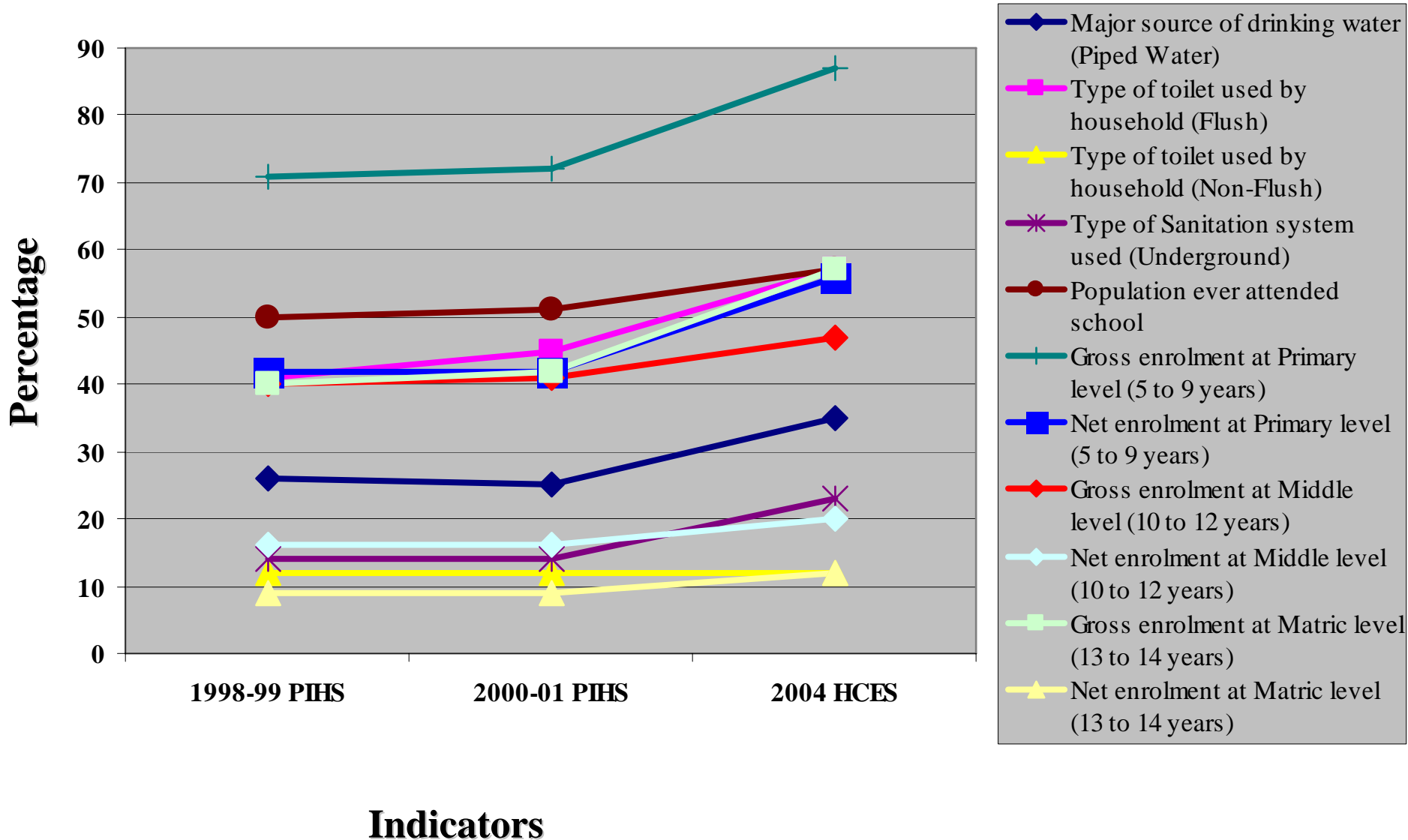
(%)

INDICATOR	1998-99 PIHS	2000-01 PIHS	2004 HCES
Major source of drinking water (Piped Water)	26	25	35
Type of toilet used by household:			
Flush	41	45	57
Non-Flush	12	12	12
No Toilet	46	43	32
Type of Sanitation system used Underground	14	14	23
Population ever attended school	50	51	57
Gross enrolment at Primary level (5 to 9 years)	71	72	87
Net enrolment at Primary level (5 to 9 years)	42	42	56
Gross enrolment at Middle level (10 to 12 years)	40	41	47
Net enrolment at Middle level (10 to 12 years)	16	16	20
Gross enrolment at Matric level (13 to 14 years)	40	42	57
Net enrolment at Matric level (13 to 14 years)	9	9	12
Average monthly consumption expenditure Rs./month	-	6714	9065

Source: Federal Bureau of Statistics / Economic Survey Table 4.3 page 44

COMPARISON OF SELECTED SOCIAL INDICATORS PRE- AND POST-DEVOLUTION

FEDERAL BUREAU OF STATISTICS



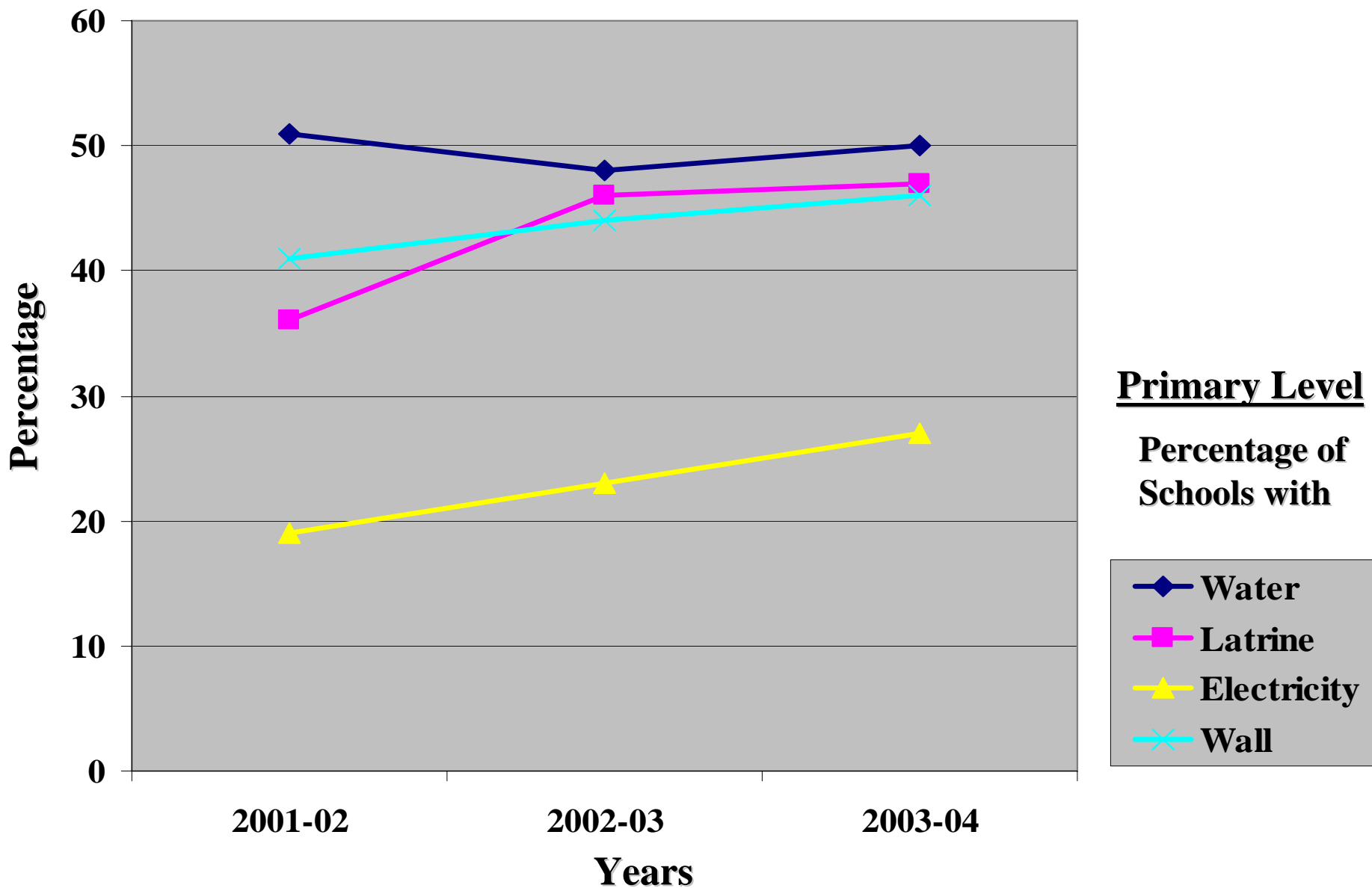
PRSP MONITORING REPORT

EDUCATION INDICATORS

YEAR	No. of Functional Schools - PAKISTAN	% of Schools with			
		PRIMARY LEVEL			
		Water	Latrine	Electricity	Wall
2001-2002	132,527	51	36	19	41
2002-2003	134,027	48	46	NA	NA
2003-2004	135,365	50	47	27	46
		MIDDLE LEVEL			
2001-2002	12,529	72	46	53	47
2002-2003	13,736	68	67	NA	NA
2003-2004	13,873	71	70	58	62

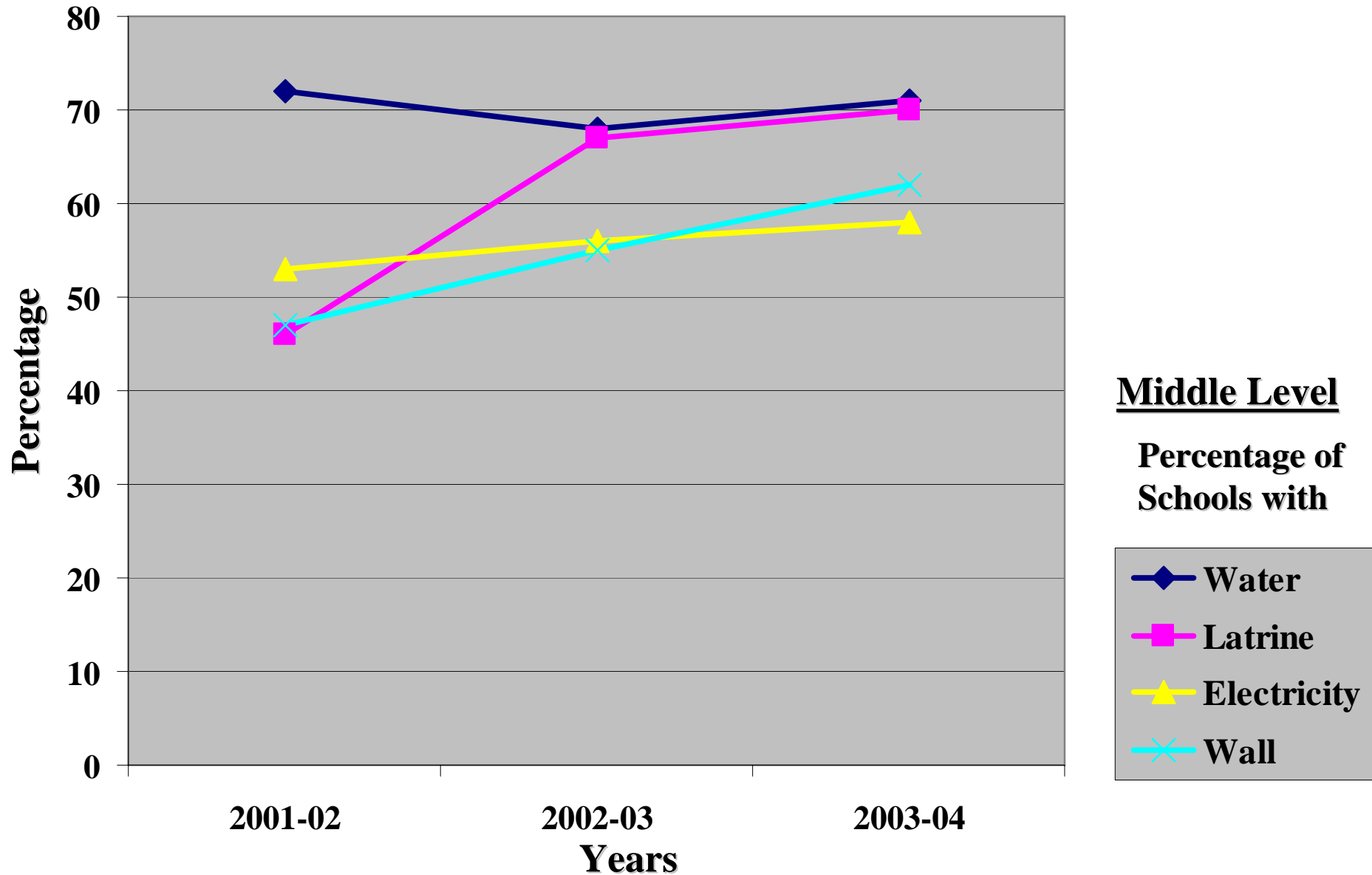
PRSP MONITORING REPORT

PRIMARY LEVEL EDUCATION INDICATORS



PRSP MONITORING REPORT

MIDDLE LEVEL EDUCATION INDICATORS



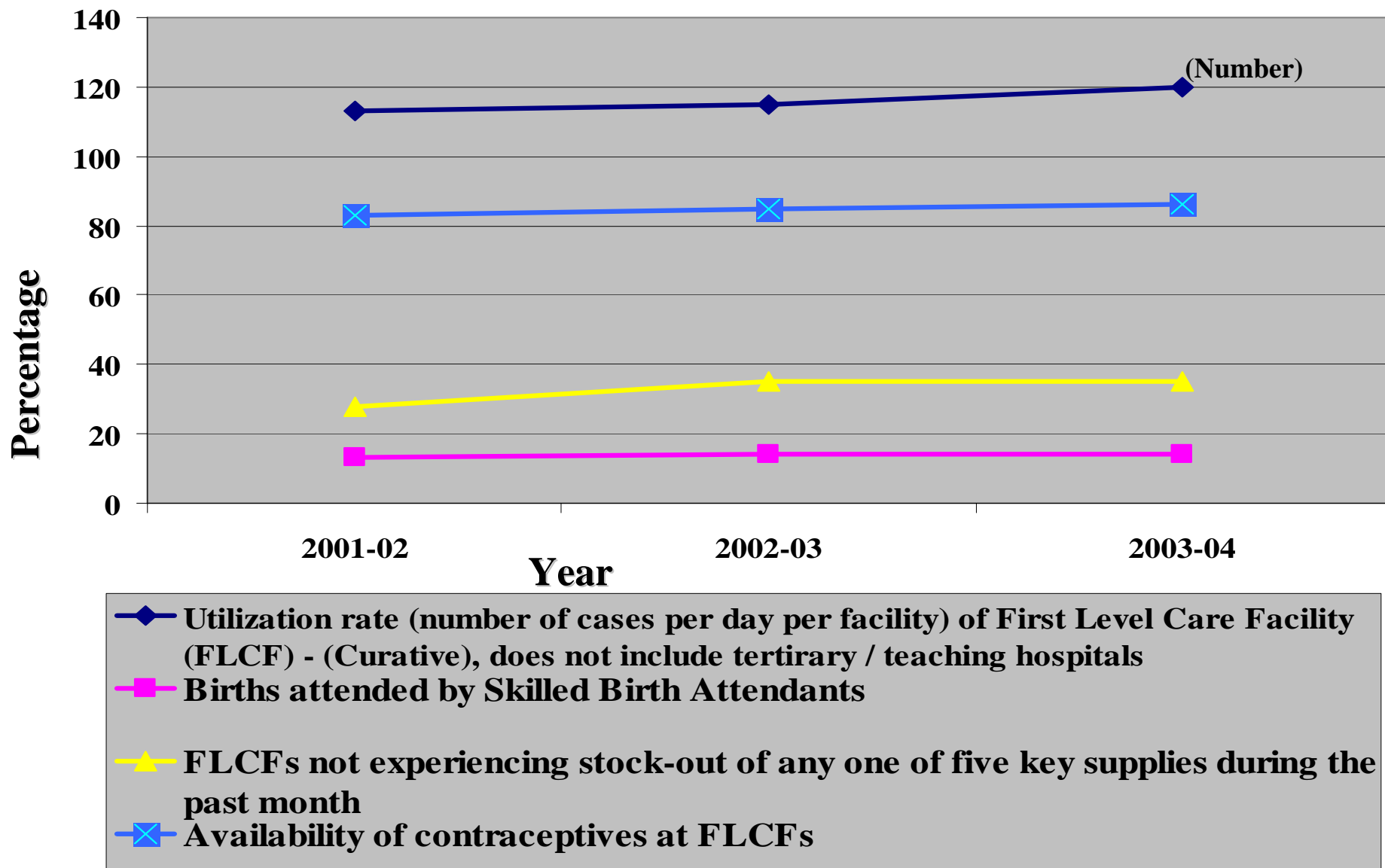
PRSP MONITORING REPORT

HEALTH INDICATORS

INDICATORS	2001-02	2002-03	2003-04
Utilization rate of First Level Care Facility (FLCS) – (Curative) [Number] Does not include tertiary/teaching hospitals	113	115	120
Births attended by skilled birth attendants (%)	13	14	14
FLCFs not experiencing stock-out of any one of five key supplies during the past month(%)	28	35	35
Availability of contraceptives at FLCFs(%)	83	85	86

PRSP MONITORING REPORT

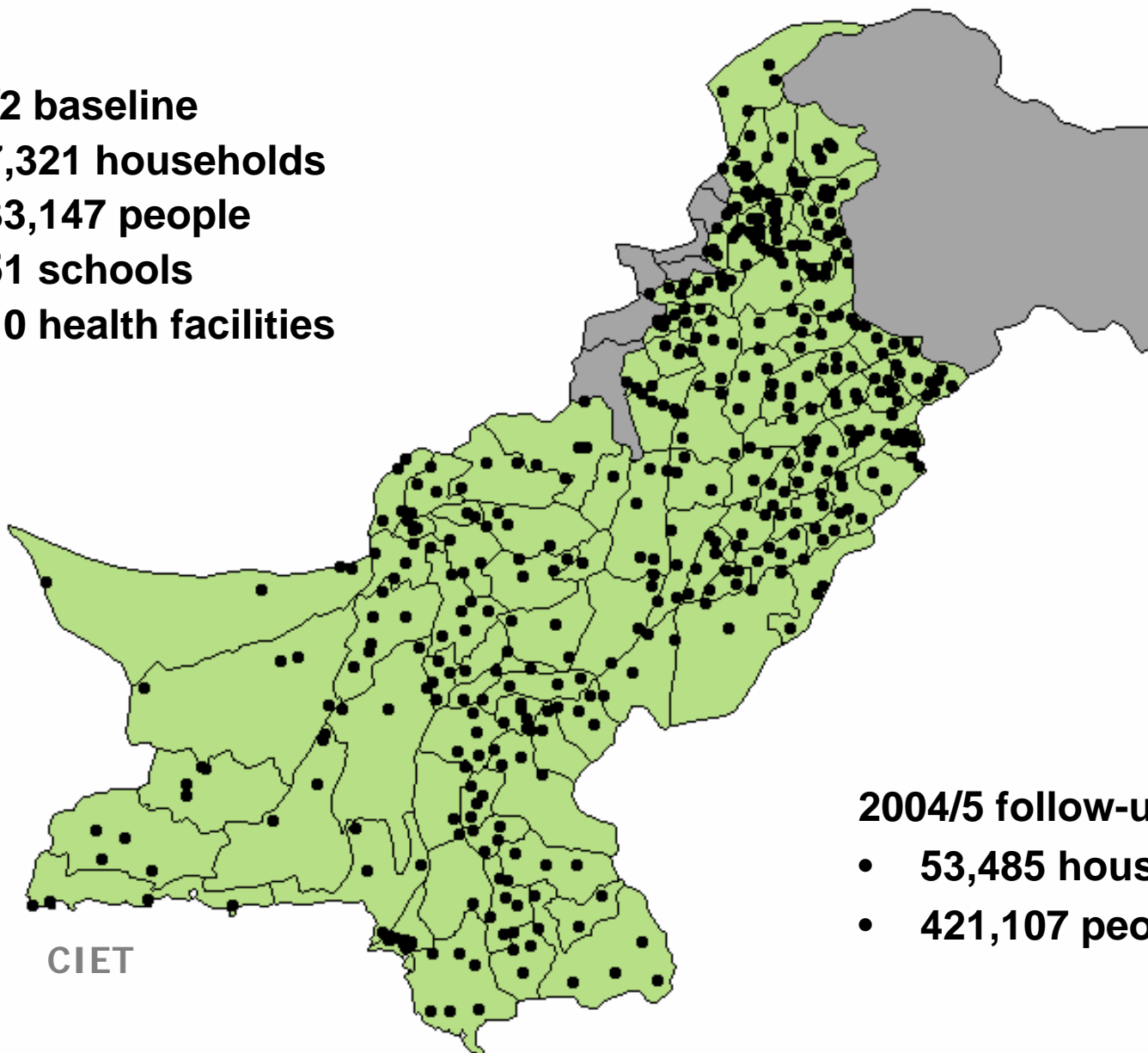
HEALTH INDICATORS



SOCIAL AUDIT

2001/2 baseline

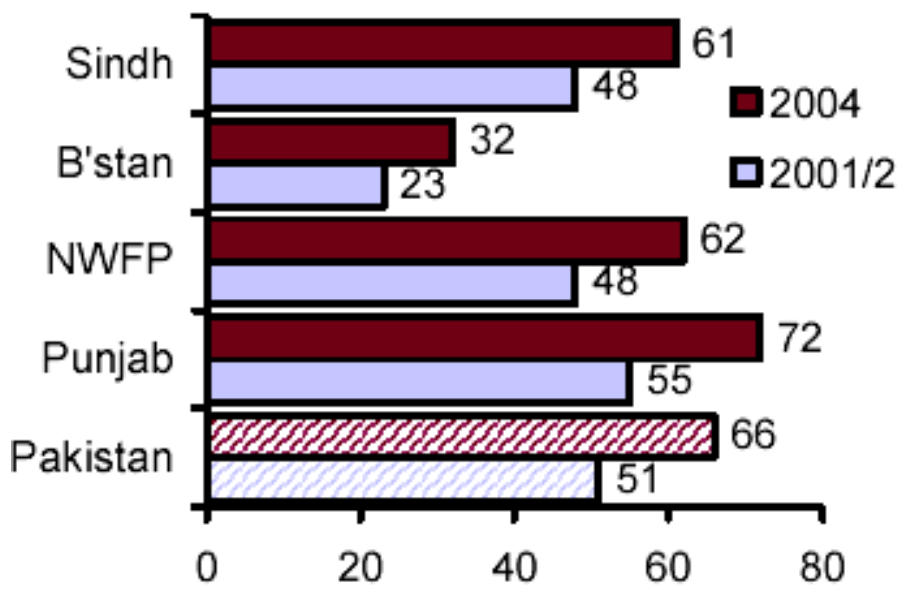
- 57,321 households
- 433,147 people
- 751 schools
- 310 health facilities



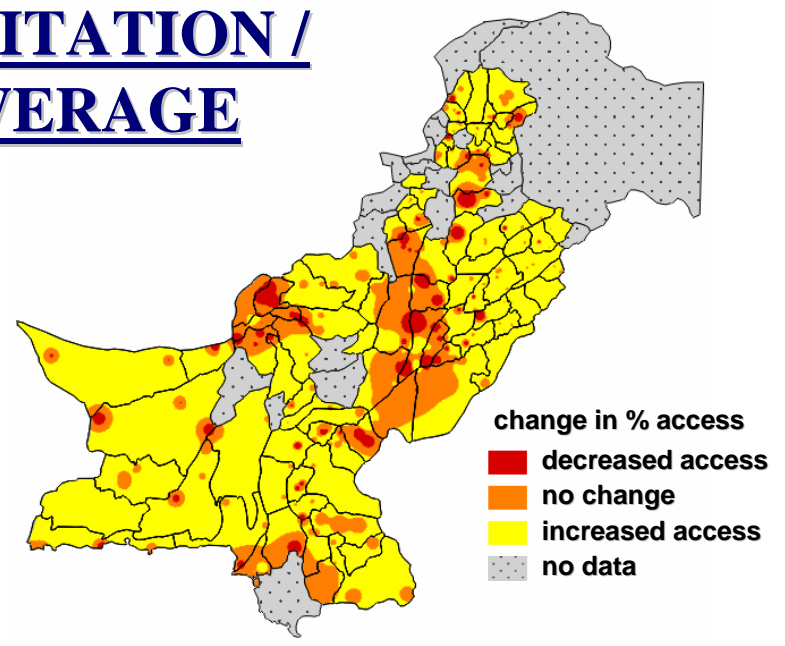
2004/5 follow-up

- 53,485 households
- 421,107 people

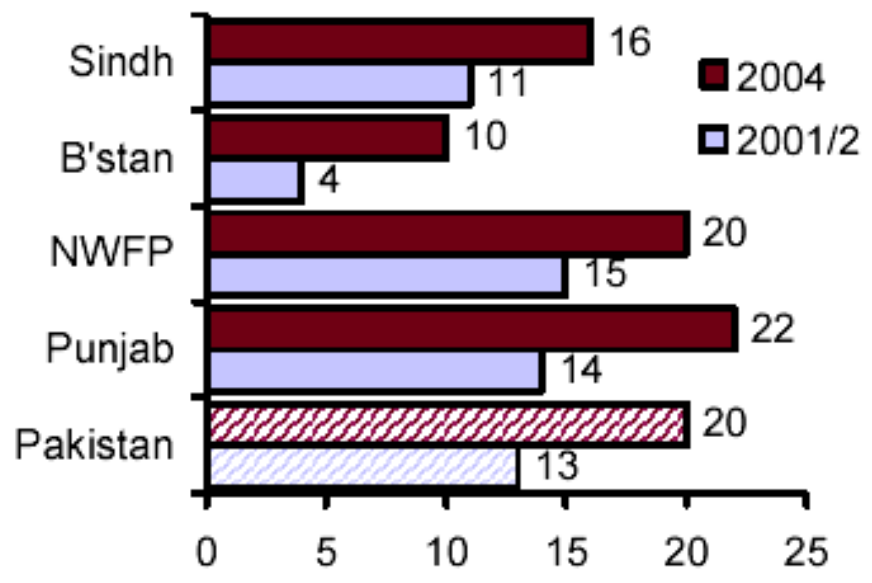
SANITATION / SEWERAGE



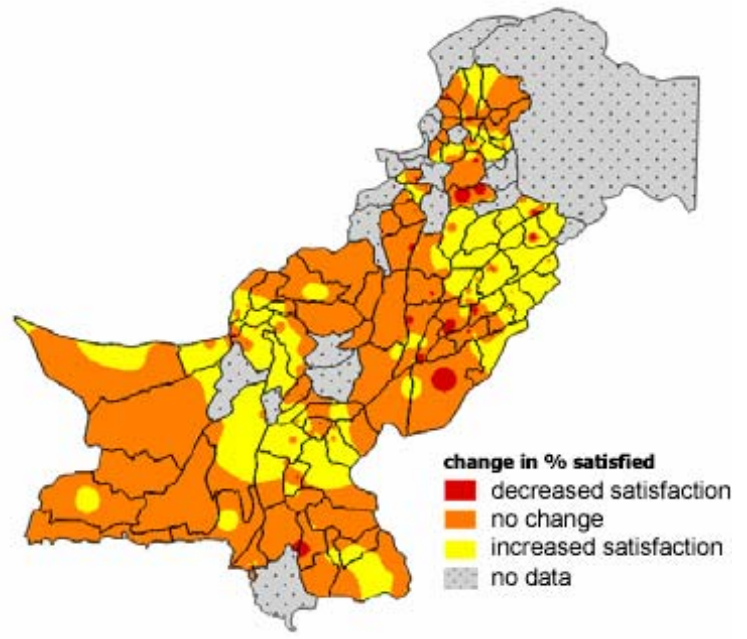
% households with access to government sewerage services



Change in access to sewerage services

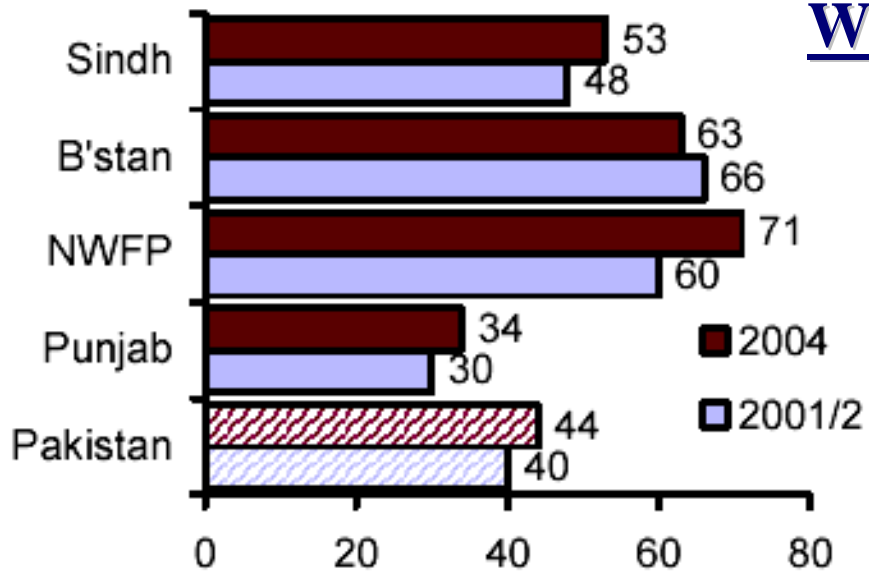


% households satisfied with government sewerage services

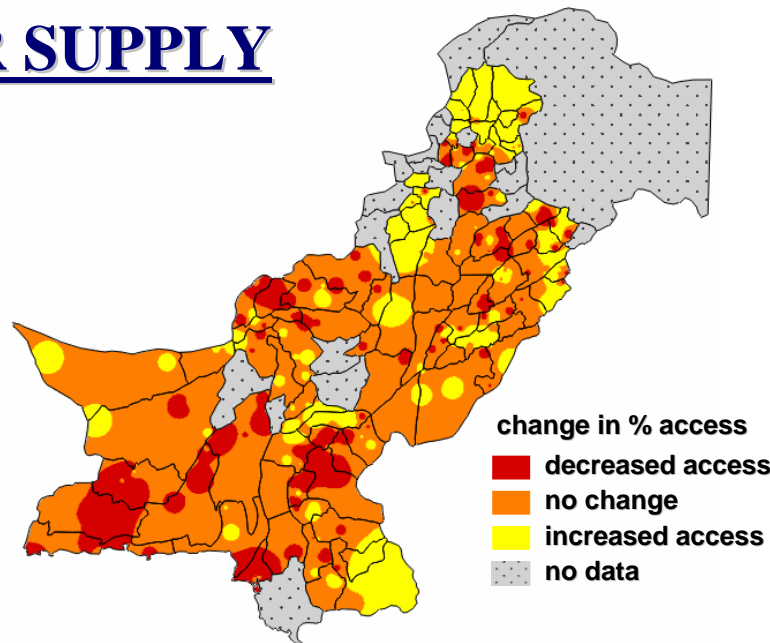


Change in satisfaction with sewerage services

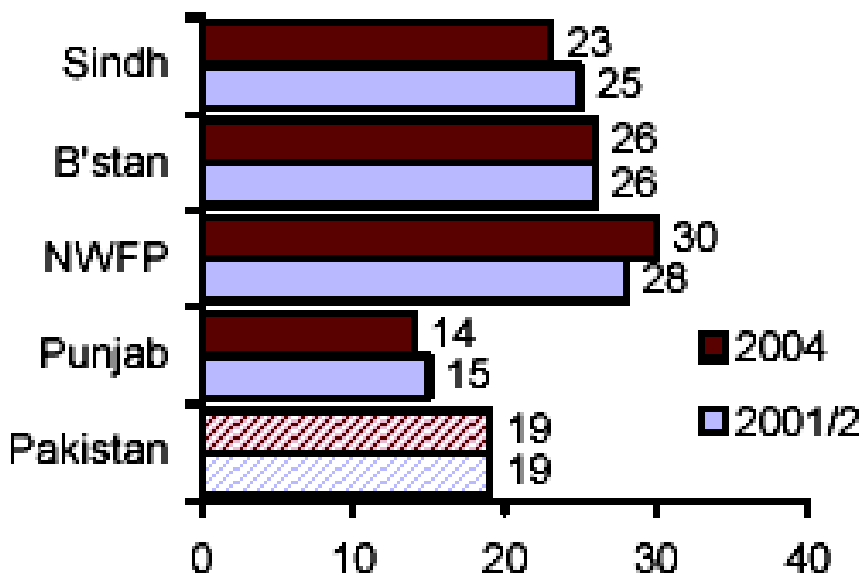
WATER SUPPLY



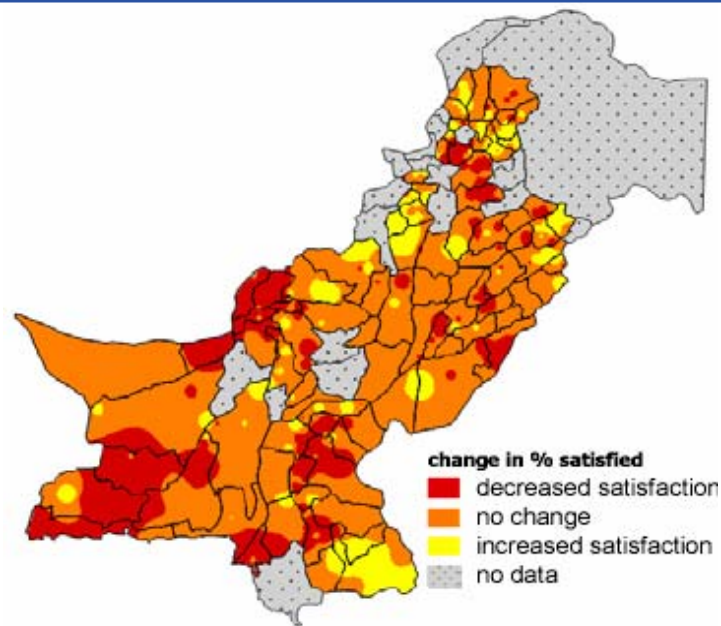
% households with access to government water supply



Change in access to government water supply

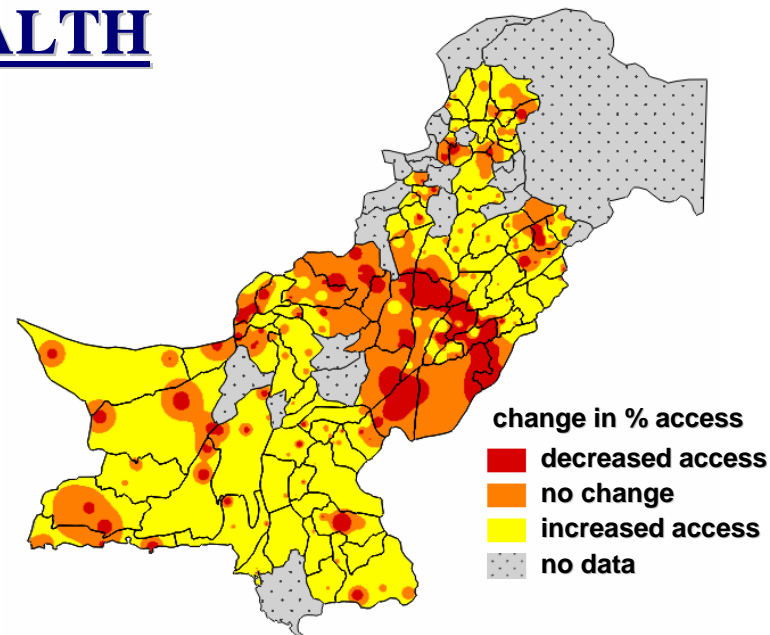
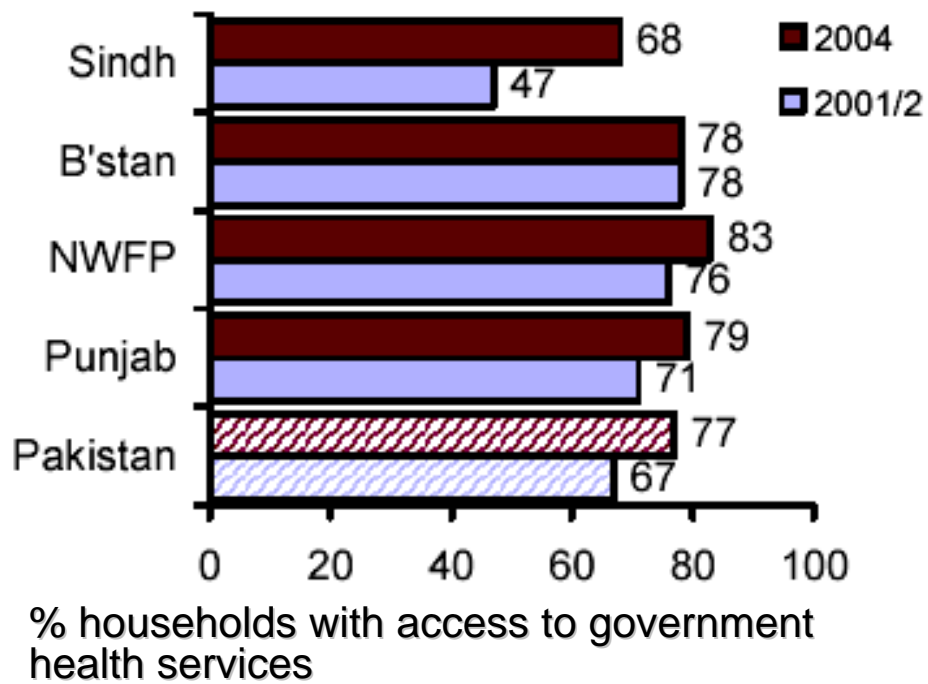


% households satisfied with government water supply

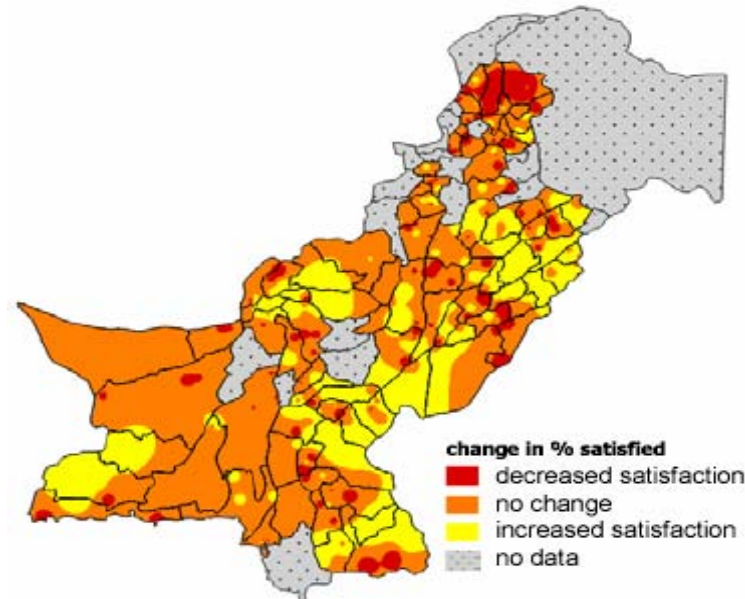
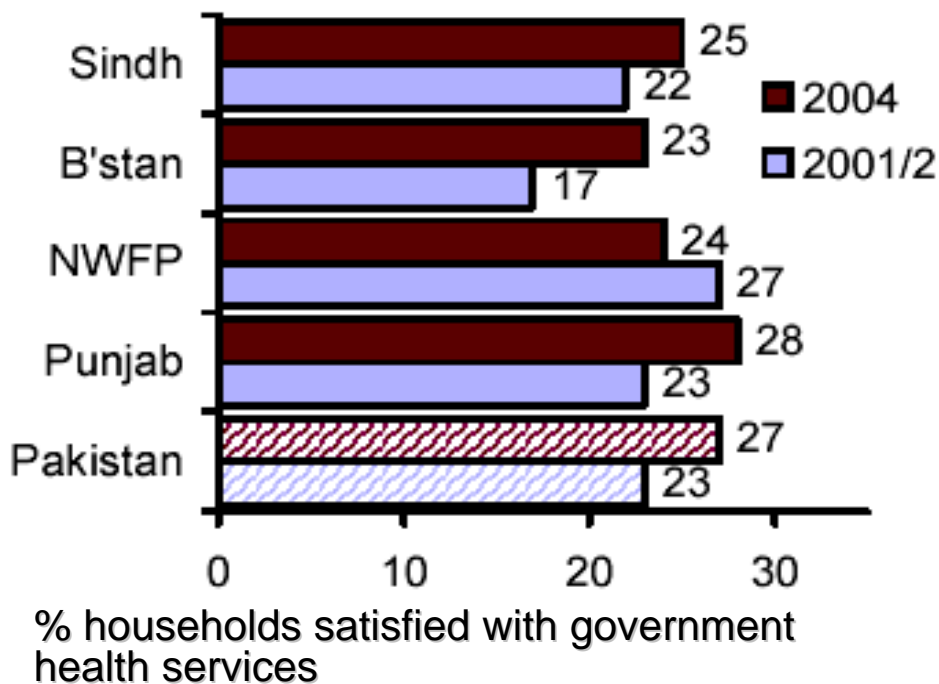


Change in satisfaction with government water supply

HEALTH

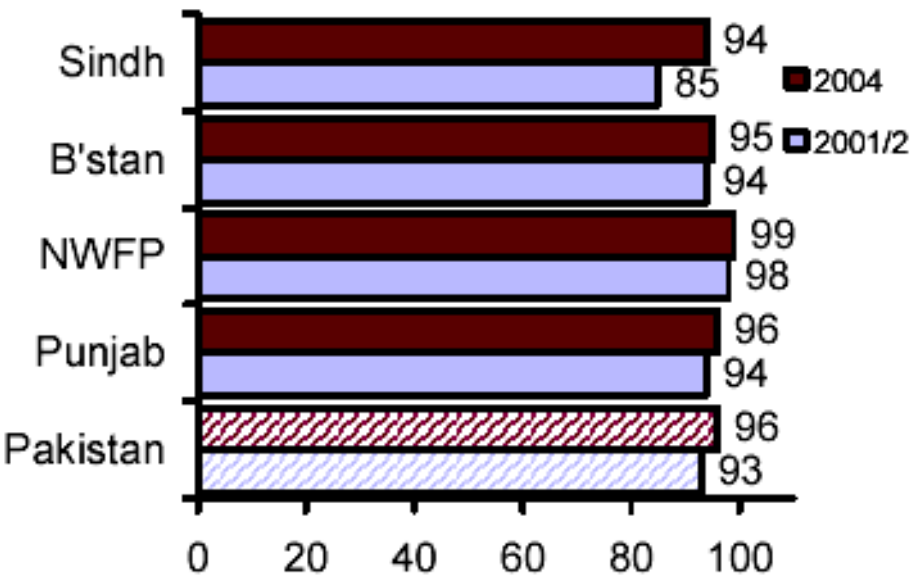


Change in access to government health services

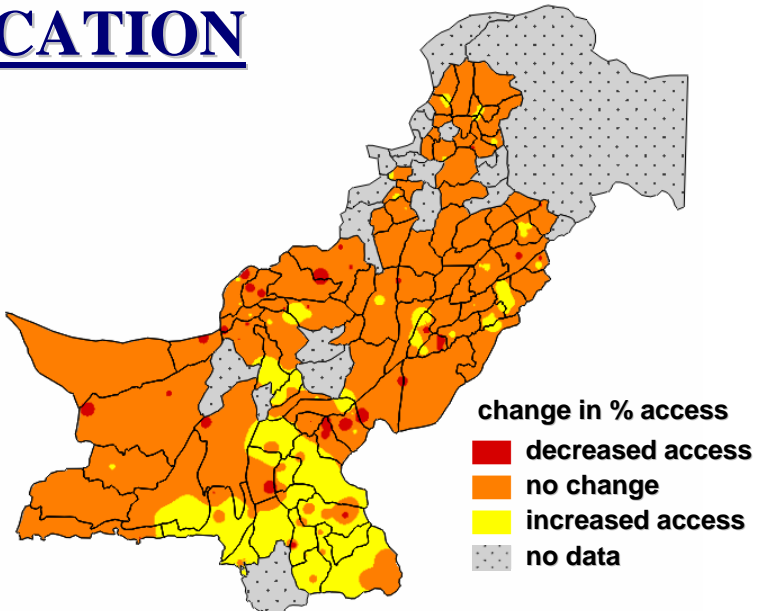


Change in satisfaction with government health services

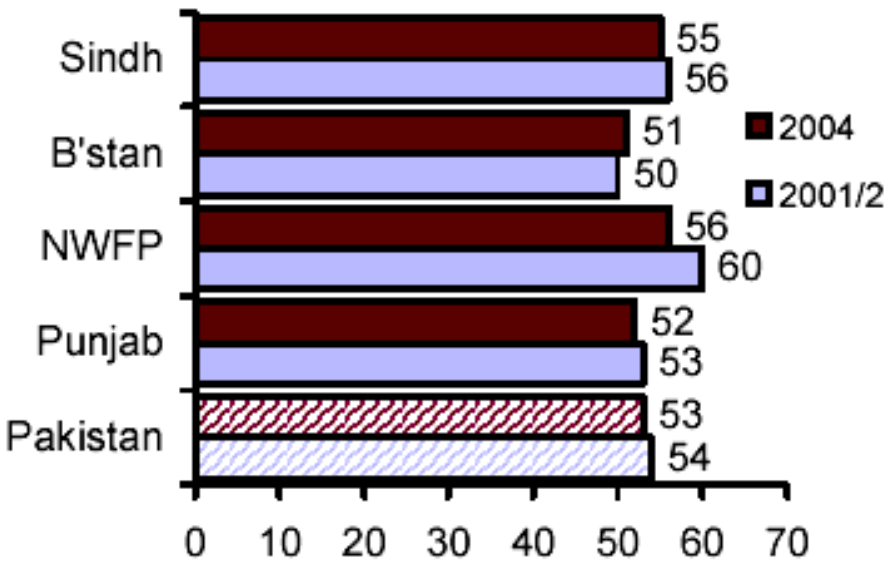
EDUCATION



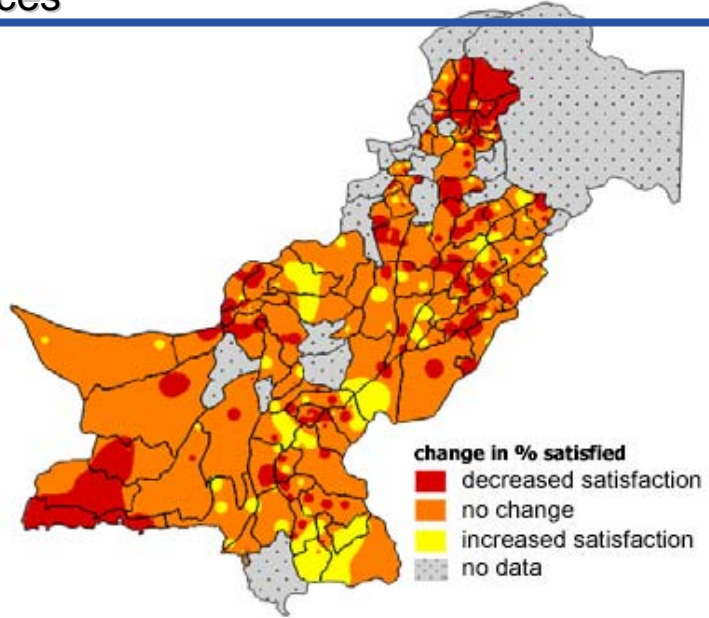
% households with access to government education services



Change in access to government education services

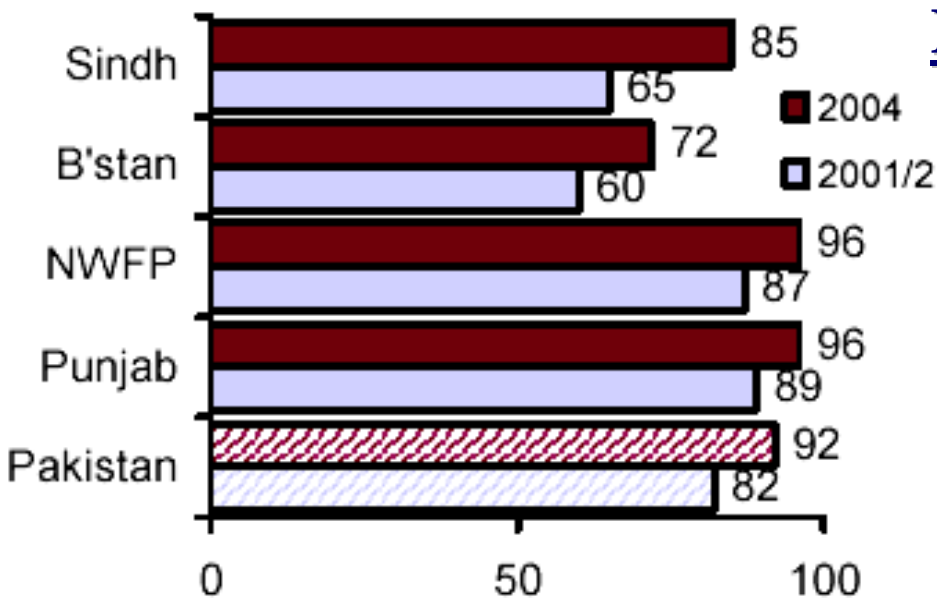


% households satisfied with government education services

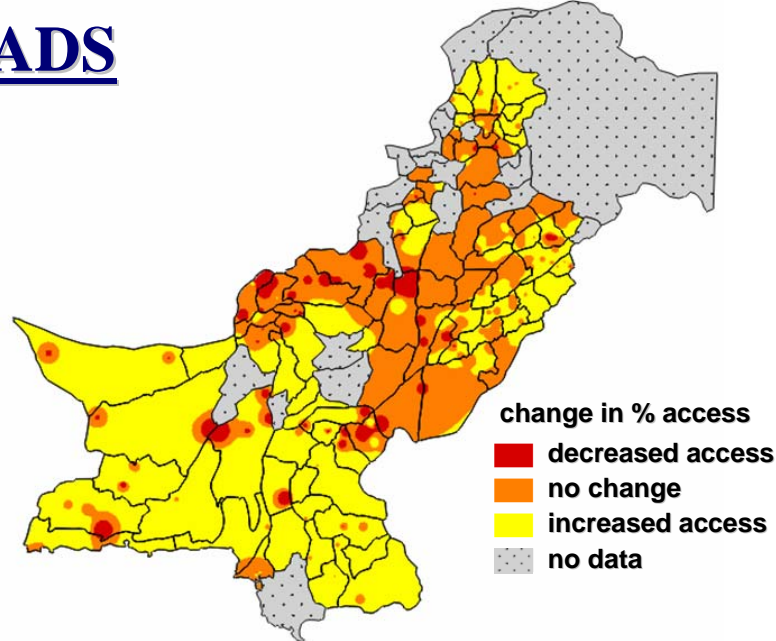


Change in household satisfaction with government education services

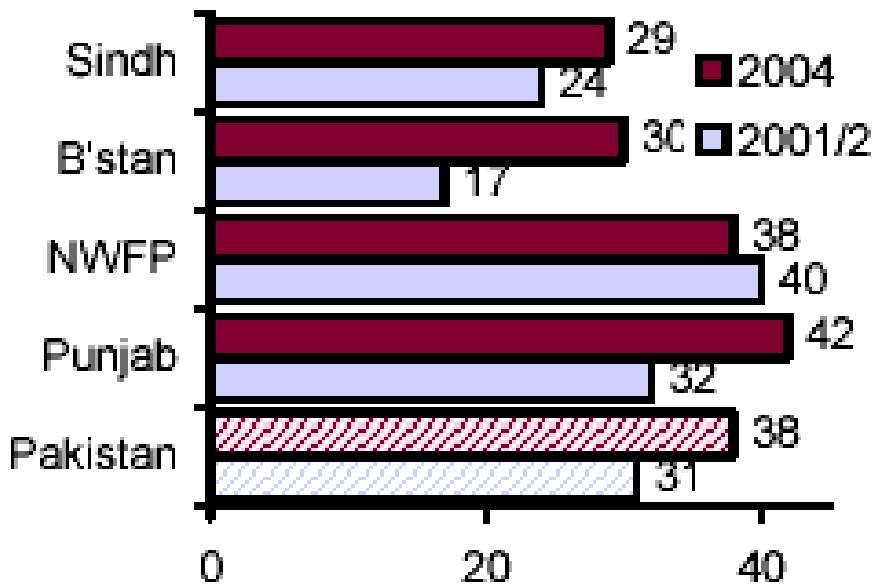
ROADS



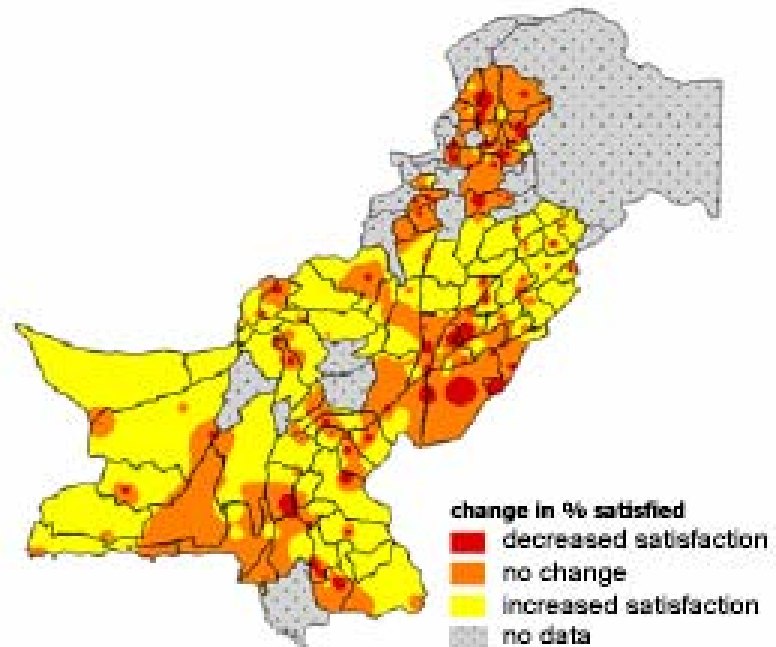
% households with access to roads



Change in access to roads



% households satisfied with roads



Change in satisfaction with roads

FINDINGS

DEVOLUTION HAS DELIVERED:

- a. Access of the citizens to service delivery facilities has greatly improved.**
- b. Citizens' satisfaction has improved.**
- c. Social sector service delivery indicators have improved.**
- d. Own source revenues of TMAs have increased.**

SECOND ORDER REFORMS

DFID, ADB, WB REPORT “VERTICAL PROGRAMS”

“Vertical programs are the main constraint on district and TMA autonomy in preparing the development budget, with the volume of funds channeled through vertical programs often dwarfing the district’s own Annual Development Plan (ADP) for particular sectors.”

“...In addition to the government-funded vertical programs, donors provide extensive support for federal and provincial vertical programs. For local governments, highly vertical programs not only undermine accountability and operational efficiency. Additionally, they create an environment in which funding in the key sectors is largely determined elsewhere.”

Source: Devolution in Pakistan : An Assessment, & Recommendations for Action by DFID, ADB, WB Report (July, 2004), Pages-6 & 91.

DFID, ADB, WB REPORT “VERTICAL PROGRAMS”

Program	Planning and Operational Design	Budgeting and Financing	Expenditure Control
LHW	M	H	H
Sindh Education Reform Program	M	M	M
DFID – RWSS (NWFP)	M	M	L
DERA	M	H	M
DIMRC	M	H	M
Punjab Community Water Supply & Sanitation Program	L	M	M
ESR	M	H	M
Southern Punjab Urban Service Project	H	L	M
PESRP	M / L	L	L
Sindh Devolved Social Service Program	M / L	M	L
KPP	L	H	M / L

M = Medium, H = High, L = Low

DEVOLUTION TO LOCAL GOVERNMENTS IS RURAL DEVELOPMENT

- 1. Pre-devolution arrangements for rural development continue through various state and non-state actors.**
- 2. Devolution to local governments was implemented precisely to deliver rural development. Pre-devolution hangover attempts to separate devolution from rural development.**
- 3. Parallel systems of pre-devolution vintage undermine and undercut the consolidation of devolution.**
- 4. Parallel systems suffer from lack of accountability, transparency, revenue responsibility, democratic leadership, efficiency of overheads, sustainability and can never replace government systems.**

FIVE PRE-REQUISITES

FOR

DONOR DEVOLUTION INTEGRITY COMPLIANCE

- 1. Flow of funds through PFC to local funds**
- 2. Budgeting of local funds by Councils**
- 3. Expenditures out of the local funds**
- 4. Accounts of local funds**
- 5. Audit and accountability of local funds**

FIVE INSTITUTIONS

FOR

DONOR DEVOLUTION INTEGRITY COMPLIANCE

- 1. Provincial Finance Commission**
- 2. Provincial Local Government Commission**
- 3. District Ombudsman (Zila Mohtasib)**
- 4. Public Safety and Police Complaints Commissions (Provincial and District)**
- 5. Local Government Public Accounts and Monitoring Committees**

DONOR COORDINATION AND DEVOLUTION FRAMEWORK

- 1. Donors to comply with legal framework of Local Government Ordinances and Police Order.**
- 2. Primary and secondary education, health, drinking water and sanitation, local roads and community development among others are local government functions.**
- 3. Donor programs and project agreements not in accordance with the law are not justifiable.**

ACCOUNTING AND CAPACITY

- a. Donor funds flows should not be diverted on the pretext of accounting issues.
 - i. Tehsil: The offices of the local fund audit and local accounts service have been consolidated at the tehsil level and senior level provincial personnel of the HPPD and PHED and LGRD have been introduced as an executive tier of the tehsil for the first time.
 - ii. District: The financial mechanisms, capacity, as well as financial integrity of the Provincial Government have been adopted through the new law at the district level.

b. Provincial responsibility for local government audit:

- i. Audit reports of 2001-02, 2002-03 for Union, Tehsil and District levels have been transmitted to the Governors who forwarded the same to the Provincial Governments.**
- ii. However, the provincial governments have not forwarded audit reports to be laid before any District, Tehsil or Union Council or referred them to any public accounts committee at any level despite the passage of three years.**

RECOMMENDATIONS

- 1. NRB may communicate to the Economic Affairs Division and the donors regarding projects not meeting devolution compliance and request submission of a Voluntary Action Plan within 30 days.**
- 2. NRB will communicate quarterly donor operations devolution compliance report to donors and proposed PDF review meetings.**

CAPACITY BUILDING

Effective functioning of local governments, improved service delivery and enhanced institutional capacity of the Commissions, Authorities, and Offices established under the LGO and Police Order require a 3-year investment in capacity building of USD 500 million.

CAPACITY BUILDING

S#	TARGET PARTICIPANTS	NUMBER
1.	Local Government representatives	85,000
2.	Members of monitoring committees	30,000
3.	Members and officials of the Provincial Local Government Commissions and Finance Commissions	400
4.	Zila Mohtasibs and officials in their offices	600
5.	Local Government officials	50,000
6.	Nazims; Chairpersons and members of Provincial & DPS&PCCs; Members of NPSC and Islamabad DPSC; Members of FPCA; and District and Tehsil Officers and Police Officers;	3,500
7.	Inspectors in the local governments; and Officers and officials of district and tehsil judiciary	25,000

CAPACITY BUILDING

The allocations will also be used for:

- a. institutionalizing recurrent training facilities at the district level for core functions;**
- b. capacity building of faculty of local government academies/institutions and civil service training institutions like NIPA, PASC, CSA;**
- c. upgrading and expanding the facilities of the training institutes; and**
- d. development of training manuals, teaching aids, dissemination, research.**

COMMUNITY PARTICIPATION THROUGH CCBs HAS TAKEN OFF

CITIZEN OWNERSHIP

- 1. Bottom-up planning, people-centered development and community participation through Citizen Community Boards have taken off.**
- 2. The DTCE in collaboration with the NCHD and RSPN is providing support to the CCBs at the Union level.**
- 3. In the 13 districts where the tripartite alliance has intervened registration of CCBs is up 190% compared with the national average and number of projects is up 283% compared with the national average.**

CITIZEN OWNERSHIP

REGISTERED CCBs

Number

Province	March 2003	December 2003	March 2004	December 2004
Punjab	1,066	3,258	3,482	7,244
NWFP	224	709	1,299	4,337
Sindh	213	941	917	1,837
Balochistan	5	119	138	442
Total	1,508	5,027	5,836	13,860

CITIZEN OWNERSHIP

FUNDS UTILIZED THROUGH CCB SCHEMES

Rs. in million

Local Government	CCBs Share (20%)	LG Share (80%)	Total
District Government	137.80	551.10	688.90
TMA	40.86	163.40	204.26
Total	178.66	714.50	893.16

Source: EDOs (Community Development) and TMOs

CITIZEN OWNERSHIP

4. **Community Participation and administrative and political responses to fostering it are the *sine qua non* for successful devolution.**
5. **Government of Pakistan has recognized this and contributed Rs. 16 billion by law towards incentivising this effort.**
6. **Community mobilization in post-colonial states is not self activating, therefore the National program must extend coverage in all the Unions of Pakistan.**
7. **In order to extend DTCE operations to the rest of Pakistan over 5-years USD 225 million are required.**

The Difference is Clear...

Street Pavement Projects in UC Kolian Bala, Tehsil Haripur

Contractor's Work



CCB Project



District Haripur

DISTRICT SERVICE

1. A new chapter on District Service has been proposed in Local Government Ordinance, 2001 to provide for establishment of District Cadres.
2. The District Service shall comprise:
 - a. District Coordination Cadre BS-20/21
 - b. District Financial Cadre BS-17 to 19
 - c. District Technical Cadre BS-17 to 20
 - d. Tehsil or Town Technical Cadre BS-17 to 19
 - e. District Local Cadre BS-1 to 15
 - f. Tehsil Local Cadre BS-1 to 15
3. District Governments and TMAs shall select officials using Positive Performance Appointment system.

FEDERAL TO PROVINCIAL DEVOLUTION

- 1. Federal to provincial devolution is an essential prerequisite for consolidating local government system.**
- 2. NRB has formulated proposals for devolution from Federal to Provincial Governments in accordance with implementing the Constitution on the following themes:-**
 - a. Council of Common Interests**
 - b. National Finance Award**
 - c. Federal and Concurrent Legislative Lists**
 - d. Administrative Devolution**
 - e. Civil Service Reforms**
 - f. Provincialization of Accounts**

CONCLUSIONS

- 1. Devolution has delivered**
- 2. 5 + 5 formula for donor spending**
(pre-requisites and institutions)
- 3. USD 500 million for a 3-year national capacity building initiative of local government institutions**
- 4. Support to DTCE for community mobilization**
- 5. Support for Federal to Provincial devolution transition**

THANK YOU