

Chapter 5

Pakistan Case Study

5.1 POLITICAL AND ECONOMIC BACKGROUND

The Government in Pakistan has been marked by alternating periods of rule by poorly functioning political parties interspersed with military interventions. Despite the strong role of the military in politics, a broad political consensus that Pakistan must have a federal structure and parliamentary form of democratic governance exists. The challenge is how to deliver improved government services and welfare outcomes in the face of entrenched, patronage trends that have dominated in the past.²⁵

The military government in 2000 initiated an ambitious decentralization program intended to address the issue of improved governance at the local level. These reforms were laid out in the Local Government Ordinances (LGOs) of 2001, which devolved significant powers and service delivery functions to local governments. Aspects intended to increase citizen involvement and oversight are explicitly included in the LGO, including direct elections of councils at the lowest level of local government that in turn indirectly elect councils at the subdistrict and district levels. While certain actors at the provincial level, among the bureaucracy, and in civil society have resisted the LGOs, it is unlikely to be reversed in the future.

Pakistan experienced stagnant growth rates during the 1990s, but economic activity has increased significantly since 2001. Growth has reached over 6.5% during the last 4 years, with resulting reductions

in poverty. While investment and exports are up, foreign direct investment remains roughly equal to official donor assistance at approximately \$1 billion per year. Attracting increased investment in a difficult security environment and maintaining high levels of growth to absorb the expanding workforce population are the primary challenges facing the government as it seeks to lift the population out of poverty. In the short-term, the government faces rising inflation, increasing current account and fiscal deficits, and speculative activities in asset markets.²⁶

One of the significant concerns facing Pakistan is its low achievement of human development relative to GDP. Indicators for infant mortality, life expectancy, and literacy are significantly lower than comparable countries. This has largely been blamed on structural inequalities in rural areas which continue to act along traditional feudal lines as well as wide disparities in the access of women to opportunities related to education, health, and income/employment. Thirty-three percent of the population lived below the poverty line in 1999 (the most recently available data), but the poverty trends have shown improvement of late in line with economic growth.

Service Delivery Responsibilities of Local Government

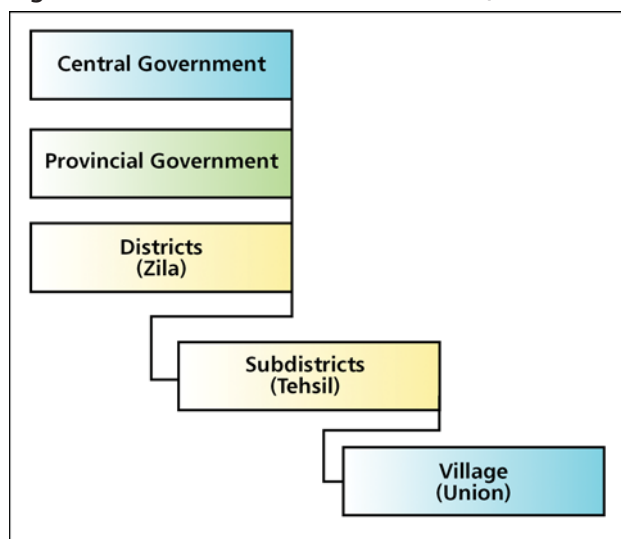
LGOs create three levels of local government—district, tehsil, and union—and clarify their service responsibilities and fiscal authorities. District governments are responsible for health, education, and roads. *Tehsil* governments are primarily responsible for local

infrastructure, including water and sanitation, sewerage, street lighting, and road maintenance. Union governments are responsible for very small-scale public works (e.g., village wells) and cultural and community events.

Decentralization in Pakistan differs significantly from that in Indonesia where civil servants at the lower levels of government continue to report primarily to the provincial government. Although budget transfers from the province to the lower levels of government include funds for these staff, the heads (*Nazims*) of tehsil and union governments are not yet able to effectively control the size or quality of the staff assigned to them.

LGOs provide local governments with powers to raise their own revenues through taxes, fees, tolls, etc.²⁷ Proposals for new taxes must be vetted at public hearings and require provincial government's approval. Other sources of revenue for local governments include rents from property and profits from investment.

Figure 5.1: Local Government Structure, Pakistan



Civil Society Capacity

Pakistan's relatively low level of human development and its limited history of democratic governance present a particular challenge in relation to identifying civil society partners able to engage in applied budgeting. None of the district-based CSOs who participated in the project had any prior exposure to budget work, although they felt that they would be

able to understand the accounting concepts involved and were very enthusiastic about engaging in the activities. As in the other countries, materials and manuals were developed in a simple format and in local language to be effective.

Private sector representation consists of local Chambers of Commerce and Industry, which represent larger businesses involved in manufacturing and import/export. Trade associations represent retailers and are quite active at the local level. The private sector has relatively better access to government policy processes than NGOs.

The press clubs are an important component of civil society at the local level. They are instrumental in raising public opinion and influencing decisions by public authorities. Both the executive and legislature attach significant importance to media. However, the local media is not yet aware of its increased responsibility due to decentralization (e.g., ensuring publication of tax proposals by local government to get public opinion). Moreover, it has not yet played any role with regard to analysis of local budgets or generating public debate on budget issues.

External Agency Coordination

By far, the largest donor-backed effort to support decentralization in Pakistan is a \$300 million program loan—the 2002 approved Decentralization Support Program—assisted by ADB. This program includes a \$30 million of technical assistance resources focused on supporting capacity building, including financial management support for local government, gender mainstreaming efforts, and support for fiscal decentralization. There are also large-scale efforts being supported by The World Bank (to improve financial management systems), CIDA (to build capacity of local governments, increase community participation, and mainstream gender), and United Kingdom's Department for International Development or DFID (focused on performance-based budgets). Most of the activities under these programs are directly focused on government officials as targets of training and recipients of support. Comparatively little technical assistance has been extended to elected members of the councils.

A number of donors also support civil society partners through the Devolution Trust for Community

Empowerment (DTCE),²⁸ a program under the National Reconstruction Bureau that helps establish citizen community boards (CCBs). There are also a number of efforts to disseminate gender responsive budgeting. However, support for the demand side of decentralization reforms has been limited compared to the assistance directed at local governments. In addition, much of the budget-related work to date has focused at the district level, with comparatively fewer interventions at the tehsil and union levels. This technical assistance, therefore, complemented ongoing efforts by building capacity of civil society partners and the private sector to engage on budgeting issues and also by focusing at the lower levels of local government.

5.2 LOCAL BUDGETING PROCESS

Revenues and Expenditures

As in Indonesia and the Marshall Islands, Pakistan's share of salaries and other operating costs (current expenditure) represent the large majority of the budget. This situation has recently been exacerbated by action taken by provincial governments to increase salaries of their staff (by as much as 30–40% according to District Executive Development Officers interviewed during the inception visit), while only increasing the budget transfers to local governments by approximately 10% to cover the additional expense. This has significantly decreased the availability of development funds, defined in the Budget Rules as noncurrent expenditures.

Development funds, generally used for local infrastructure projects, are hotly contested as a source of patronage used to benefit particular tribal and social groups. One of the innovations under the LGOs is that 25% of available development funds at each of the lower levels of government must be reserved for projects that CCBs initiated. CCBs consist of registered groups of citizens, not necessarily NGOs, who make project proposals through their local governments. CCB allocation cannot be spent on other development projects and is carried forward if undersubscribed. This program has met with mixed results thus far, with many local governments having low disbursement rates for reasons that include lack of political support, poor quality of proposals, and the inability of CCBs to provide a required 20% cash

contribution to the projects. In addition, it appears that in some cases politicians appear to be creating their own CCBs to secure access to these funds, undermining the intention of genuine citizen-driven allocations.

Budget Preparation Cycle

The budget process for the two pilot sites, Jehlum and Kasur in Punjab Province, involved in the project is laid out in Punjab District Government and Tehsil Municipal Administration (TMA) Budget Rules 2003 as shown in Table 5.1. The fiscal year runs 1 July to 30 June. The EDO F&P issues budget calls in September. Allocations are based on the prior year's budget and department heads have until the end of December to submit the first draft of their department budgets (including current and development expenditures). EDO compiles these in January and refers any proposed development projects to the Development Committee for consideration. At the same time, CCBs draft proposals for development projects in their communities. These proposals are submitted to the government through the councils and relevant department heads, who evaluate the technical feasibility of each proposal. In March, EDO F&P revises the current year's budget so that the upcoming year will reflect any budget shortfalls or surpluses that will be carried forward. During this same period, the F&P compiles the departmental budgets, requests justifications for any increase in spending, and obtains approval from the Development Committee for proposed projects. The head of the local government, the Nazim, submits the draft budget to the council in June. The council is required to enact the budget bill by the end of June.

All local government officials execute budgets using delegated powers of the council. In most cases, budgets are passed on time (although following elections in late 2005, most councils were not able to approve their budgets within the statutory time limit). But the quality of the process varies widely across the local governments. The development portion of the budget is well contested, scrutinized for inter-constituency comparisons, and debated upon in the council. At the same time, there are complaints that rather than seeking better services, the councilors prefer allocations for infrastructure in

Table 5.1 Annual Budget Cycle for Local Governments, Pakistan

Month	Activity
Jul–Sep	Consultation with stakeholders and priorities identified by the council
Sep	Budget call letter issued, accompanied by forms for estimation of receipts and expenditures also issued with call letter
Oct	Guidelines identifying priority areas for CCBs issued by Technical Municipal Administration
Sep–Feb	Consolidation of estimates of revenue and expenditure Identification of development projects and preparation of project outlines
Dec	CCB project proposals submitted to councilors and department staff
1 Mar	All estimates, development project outlines, and CCB proposals submitted to Budget and Development Committee
Mar	Finalization by Budget and Development Committee (including revised estimates for the current year) Approval of Annual Development Program by the Budget and Development Committee
1 Apr	Draft budget submitted to council
Apr	Review of draft budget by the council including taxation proposals
1 May	Public opinion sought on taxation proposals
1 Jun	Public opinion and government vetting received
May–Jun	Revision by Head of Offices and finalization by the Budget and Development Committee
Jun	Submission of final budget to the council
Before 30 Jun	Approval of final budget by the council
Jul	Communication of grants to concerned offices and accounts offices Intimation of project approval or nonapproval
Oct	Final Accounts for previous year

CCB = citizen community board

Source: Consultations with local governments

their constituencies. The recurrent budget is not discussed and attracts little attention. This means that most of the budgetary outlay is not analyzed nor subject to debate. CCB allocation is also discussed and subjected to political compromises to ensure a positive vote, but it is not reviewed within any development policy context.

Budget Implementation and Monitoring Cycle

Through its monitoring committees, the council—in theory—exercises legislative oversight over the departments and their work, providing guidance, seeking information, and discussing issues. The Accounts Committee of the council, with responsibility for reading monthly accounts in public hearings, informs its members and the citizens of the status of local finances. Once a year it receives the independent audit report and takes up issues brought out before it, applying sanction, and ordering corrective action.

However, the monitoring committees are not fully functional and only rarely do they actively work in their sectors. Lack of experience, precedence, and administrative resources combine to make them barely effective. District (*Zila*) accounts committees also do not perform in accordance with the spirit of the ordinances, failing to conduct public hearings of the local accounts or audit reports.

Legal Basis for Participation

The LGOs and implementing Budget Rules provide for a number of mechanisms for the public (directly and through elected councils) to exercise control over the budget process. New systems have been created under the Punjab Local Government Planning Manual. These include public consultations at the beginning of the budget cycle; the presentation of the Annual Development Plan; draft budget to the council for consideration; hearings on proposed tax proposals; and the empowering of the council to enact the budget. These elements are intended to

ensure that funds are used appropriately and that development projects respond to the priorities of the population. In practice, however, these mechanisms are largely ignored.

5.3 FACILITATING CIVIL SOCIETY PARTICIPATION IN LOCAL BUDGETING

The project staff visited the municipalities of Jehlum, Faisalabad, and Kasur in Punjab province in late 2005. As in the other countries, meetings were held with the executive (Nazim and EDO F&P, tehsil municipal officers and tehsil officers) and legislative branches (tehsil councilors), as well as NGO and private sector representatives. It was decided not to work in Faisalabad as DFID already has a large technical assistance program ongoing in the municipality. In addition, it was decided to work at the tehsil level (subdistrict) rather than at the district level based on discussions with citizen groups indicating that water and sanitation and other services that the tehsil government provided priority concerns.

Jehlum tehsil is located in the north of Punjab Province, approximately 2 hours south of the capital Islamabad and several hours by road from the provincial capital of Lahore. A relatively small town with a population of 320,000, its economy relies on military service, small industries, and agriculture as the main sources of employment. Overseas

remittances are also an important source of income. With an annual budget of \$2.2 million, income per capita is PRs185, more than double the per capita income generated in the other project site, Kasur. The Nazim is dynamic and interested in development work. The *Naib Nazim* is also very active and, under his leadership, the council plays a relatively assertive role in holding the Nazim accountable. Perhaps because of its distance from Lahore where most donor-funded decentralization programs are based, Jehlum has not received significant donor assistance in implementing decentralization.

Kasur tehsil is located approximately 1 hour outside of the provincial capital, Lahore. It is a large trading center with a population of 1,154,990. Agriculture, textile, leather tanneries, and retail are the main sources of employment; the annual budget is \$4 million. Both the Nazim and Naib Nazim enjoy good relations with the council. The local government has been receiving technical assistance to strengthen financial and budget systems from CIDA.

Development of Budget Training Materials

Unlike Indonesia, few extant training materials are targeted at CSO audiences. The primary resources available were those developed under ADB's Decentralization Support Project, which is tailored toward a civil service audience and district, rather than tehsil government. A gender budget manual

had been developed with support from CIDA, but was found to be too specific to meet the current project's objectives. In Pakistan, therefore, as in the other two countries, the project largely created original materials using the budgets from Jehlum and Kasur for FY2005 to shape the exercises. The manual was translated into Urdu to allow for a broader audience and is being disseminated broadly through NGO networks.

E. Weiser



A view of Jehlum

Enhancing Capacity for Applied Budgeting

The workshops in Pakistan were organized in collaboration with local organizations to develop a sense of local ownership and to facilitate local partners in mainstreaming budget-related initiatives into their programs. Local partners made all the required arrangements including identification and reservation of venue. They also provided critical help in identifying potential participants. In addition, The Asia Foundation collaborated with the Centre for Peace and Development Initiatives, Pakistan (CPDI-Pakistan) to provide facilitation.²⁹ CPDI has worked on a number of access to information issues in Pakistan and is a national NGO with advisors based in Punjab. Co-facilitating was intended to strengthen the organization's capacity to undertake this kind of work in the future.

The budget literacy training in Kasur was attended by 39 members of NGOs, journalists, representatives of bar councils, and office-bearers of CCBs. The training in Jehlum had 33 participants, including two persons who had served in the previous tehsil council and one serving councilor.

Similar to the Marshall Islands, the agenda was for a 1-day session covering the materials presented in the budget manual. In addition, a documentary that CPDI developed discussing access to information and budget advocacy efforts in India was shown. The film generated a great deal of debate and a discussion of provisions under LGOs for access to information. Suggestions were given to participants on how they could try to approach their local government for documents that are supposed to be public under the law. Most participants said that they did not know that they had any right to information vis-à-vis the local government and were unaware of the legal provisions that mandate the local governments to consult citizens and seek their input on various proposals. Even the former councilors in attendance expressed their lack of knowledge of the legal provisions on right to information and pointed out that they too had faced problems in accessing information on budget and development projects.

There was also a great deal of discussion related to CCB allocations and how the process could be made more efficient. CCB allotments are significantly underspent in Kasur, and participants discussed reasons for this including:

Box 6: Reforms of Institutional Arrangements Must Buttress Legal Provisions

A film on consultative budgeting in India and the implementation of India's Freedom of Information Act stirred a great deal of debate. Comments highlighted the political dynamics in Pakistan and how they act to limit participation, for example:

"It is great to see that people are actively challenging corruption and abuse of power in Rajasthan (India). But if a similar initiative were taken here, it would be crushed by the powerful officers and politicians by using police and other means."

"India is different. There exists a functioning democracy, and people can raise their voice."

"The success of public initiatives depends on information but they do not give us any information. We do not have any right to information."

These cases in Pakistan highlight that the passage of laws does not guarantee their implementation unless institutional arrangements are clear and political buy-in is assured among those responsible for implementing reforms.

- The district Nazim belongs to an opposition political party and, therefore, does not enjoy good relations with the provincial government. On the behest of the provincial government, the district coordination officer (DCO) does not cooperate with the Nazim, which causes a range of difficulties in the context of approving projects for CCBs.
- Some CCBs have deposited their share of funds, but projects have not been approved even though many months have passed.
- Many projects submitted by CCBs have been rejected on vague grounds, for example, failing to show sufficient innovation.
- CCBs that have received approval tend to be affiliated with senior officers or politicians. There is little transparency and a large number of complaints regarding nepotism and favoritism.

Feedback from participants indicated that more time was needed for absorption of the analytical methodologies. More time would have been particularly useful to organize group work by participants on specific assignments related to estimation of receipts and whether projections were realistic in the light of past trends. In other words, participants needed some opportunity for hands-on exercises where they could apply the methods explained to them to analyze revenues.

Council Trainings

The training for tehsil councilors was modified to take into account the responsibilities of councilors in enacting the local budget. The training in Jehlum was organized with very active support of the head, or Naib Nazim, of the tehsil council and the head, or Nazim, of the TMA. In total, 18 persons attended the workshop. In Kasur, the training was held on 13 May and was attended by 38 councilors including the Naib Nazim.

The training included discussions on common budgeting problems, such as the predominant role of bureaucracies in developing and executing budgets; a culture of secrecy when it comes to sharing budget-related information with citizens; lack of feedback from citizens in budget preparation; and the limited time given to councilors to consider the budget prior to enactment. Councilors largely agreed that these problems were present in their area and particularly expressed that the bureaucracy does not share information with them, nor are they consulted in the budget-making process. Some of them noted that the budget enactment process is only a formality



Training in Jehlum

as it is often passed hurriedly and without any significant debate. As in the CSO trainings, participants were also unaware of the legal provisions that mandate the local governments to consult citizens and seek their inputs on various proposals.

The discussion of the budget cycle raised the following issues:

- Councilors are not consulted in the budget-making process.
- The draft budget is not presented to the council.
- Draft taxation proposals are not presented in the council for discussion.
- Taxation proposals are also not published in newspapers for feedback and suggestions from citizens.

These issues demonstrate that the provisions of LGOs (2001), which provides the legal basis for decentralization in Pakistan, have yet to be fully integrated into the local government process as the ordinance requires the actions above.

Toward Annual, Government-hosted Budget Forums

The agenda in both tehsils was the same: after the welcome remarks, the tehsil municipal officer (TMO) presented the current budget, followed by an open discussion. There was also a session devoted to discussion of ways to institutionalize public participation in budget formulation in the future. Unlike the other two countries, there was a high level of participation by local councilors, who made up nearly half the participants in Kasur (33 out of 69 attendees) and about one third in Jehlum (17 out of 54 attendees).

Kasur

In Kasur, the FY2006 budget was not yet prepared as the government had not received notification of the quantum of fiscal transfers from the province. However, the budget was expected to be consistent with that of FY2005 with some upward revisions and that development projects would be chosen from those submitted by the councilors. Concerns and issues raised in the discussion included:



Mukhtar Ali

Training in Kasur

- From the viewpoint of the executive, the lack of long-term development planning on the part of the council leads to ad hoc and inefficient projects.
- Councilors were concerned that they are not involved in the budget process and not given sufficient time to consider the budget properly before enacting it. The TMO responded that the councilors suggested all development projects, thus giving them a way of providing input into the budget.³⁰ As for other stakeholders, he suggested that they were welcome to approach the Nazim or councilors to express input. The Naib Nazim promised to convene a meeting of the council to discuss the draft budget once it had been prepared.
- Concerns that local governments are not approving CCB proposals, resulting in underspent development funds. After initially responding that there were few projects submitted, it was pointed out to the TMO that over 400 CCBs were already registered in Kasur. He then clarified that the projects were not considered technically viable and expressed suspicions that CCBs were being created to benefit certain groups or families rather than genuine community needs.
- Questions were raised about allocations in particular service areas, some of which were not the responsibility of the

local government (e.g., dispensaries). The workshop, thus, allowed the tehsil authorities to clarify for the public which level of government provides which services. Areas of concern included water, sanitation, and repair of roads. TMO suggested that councilors should submit development plans for these areas as no funds were available in other parts of the budget.

- Concerns were raised that most funds are allocated for urban parts of the tehsil, neglecting rural areas. Councilors also suggested that future technical assistance extend such workshops to the Union level.

Jehlum

In Jehlum, the Nazim expressed his support for the pilot project and the Naib Nazim, who leads the tehsil council, called upon councilors to take an active role in the budget discussion and monitoring committees. The TMO presented preliminary figures for the FY2006 budget although it had not been circulated to the council in April. He explained that the failure to disseminate the budget in April was due to the elections, which created time constraints. Points of discussion included the following:

- As in Kasur, the Jehlum local government cited that lacking an overall plan for the tehsil hindered the achievement of development goals and suggested that a technical assistance is needed to create such a plan in the future.
- Councilors proposed the inclusion of specific development schemes which TMO noted and



Mukhtar Ali

Participants of Jehlum training

- eventually included in the draft budget.
- The issue of development funds to opposition party members was raised. Opposition party members were not given allocations, but TMA did note that funds were being spent in all Union Councils (UCs), although not necessarily through the councilor.
- As in Kasur, the under-disbursement of CCB funds was raised. From TMA's perspective, few CCBs were registered as the process can be considered lengthy and the cost share requirement was prohibitive to some groups.
- The low recovery rates for public utilities, such as water, and the impact on services were also discussed. TMA outlined the efforts it is making to increase revenue generation, including outsourcing bill collection.

Suggestions for Institutionalization

In addition, the councilors held sessions to discuss ways in which public consultation on the budget could be institutionalized in the future. The suggestions in both Kasur and Jehlum were quite similar and included:

- Local NGOs should organize budget consultation forums each year to discuss the budget and provide feedback to the TMA.
- UC Nazims and Naib Nazims should hold consultations with relevant communities before submitting development schemes.
- The Asia Foundation should organize workshops on budget analysis for clusters of UCs, so that people could be informed of budget issues at the grassroots level.
- TMA should establish a system of receiving and analyzing public views before and during the budget preparation.
- As per rules, a draft budget must be presented and properly debated upon in the council in April. Councilors must share the budget information with their constituents and seek their views before coming to the council meetings.
- The Nazim receives views and suggestions daily from people who visit his office. However, it would be better if he holds formal and special meetings on budget matters with larger groups

from diverse backgrounds. Hence, the inputs of these sectors, which do not get the chance to interact with the Nazim normally, could also be received.

- Budget information should be provided to local media, including local cable networks. This would allow people to learn about the budget and give feedback, as appropriate.

It is interesting to note that in both Indonesia and Pakistan, participants in the budget forums felt that budget dissemination activities should be replicated at even the lower levels of government (subdistrict).

5.4 COUNTRY-SPECIFIC RECOMMENDATIONS

The final conference in Pakistan was held on 18 July 2006. The Chairperson of the National Reconstruction Bureau, the central government agency spearheading decentralization efforts³¹ delivered the keynote address; the Chairperson of the Standing Committee on Local Government and Rural Development for Punjab also spoke. As in Indonesia, representatives from both local communities discussed their experiences of the project and their action plans. The commitments from the executive branch focus on implementing provisions of the LGOs and budget rules that are not yet operational.

Action Plans

Jhelum Local Government Action Plan

The tehsil Nazim represented Jehlum and spoke of the importance of public participation and budget transparency in winning credibility and improving public image. He expressed his belief that if people have confidence that the budget is transparent and funds are used properly, they become willing to pay taxes and cooperate with the government. He lauded LGO 2001 for including a number of provisions for budget transparency and public participation and committed to ensuring that all the relevant provisions in the LGO would be fully implemented during the year. In particular:

- The tehsil administration will take initiatives to create awareness about development projects,

the budget-making process, and how citizens can give their suggestions.

- He pledged to hold public consultations before determining priorities for the next year's budget. The timing and venue of these consultations will be announced in advance, and people from diverse backgrounds and political affiliations will be welcome to participate and give feedback.
- He will ensure that the tehsil administration will implement Article 137 of LGO 2001 on access to information and will give citizens easy and cost-effective access to documents and records that the administration holds.
- As required by the budget rules, the draft budget will be presented in the council next year. It could not be done this year in view of limited time—considering that the administration had to first prepare last year's budget, which had been delayed due to the local government elections in 2005.
- Similarly, as the budget rules require, taxation proposals will be published in May for feedback from the public. The feedback will be properly documented to inform the finalization process of taxation proposals.
- The tehsil administration will regularly provide reports to the council on the pace of project implementation, revenue collection, and budget expenditures. Monthly revenue receipt statements as well as monthly expenditure statements will be submitted to the council for discussion and executive oversight.

In implementing these measures, he spoke of the constraints that his administration faces in view of limited resources and capacity of staff and councilors. The needs he identified included staff training in budget making, technical and financial support to develop a master plan for the tehsil, as well as technical support for developing and strengthening monitoring mechanisms.

Jehlum Council Action Plan

Ms. Rizwana, a tehsil councilor, represented the Jehlum council. She discussed the success of the pilot initiative from her perspective, noting that various suggestions of councilors had been included in the

final budget document this year, thanks to the budget forum. She accounted for this by the increased awareness of the councilors of the budget process. An additional improvement in this context was that there was equal allocation of funds to both women and men councilors in this year's budget, unlike in previous years.

She committed to use the knowledge and skills acquired through the training workshops to ensure that the budget process is transparent and civil society groups get opportunities to participate in the budget-making process. These commitments, while not concrete, demonstrate that political will is present to build future technical assistance through sustained cooperation with the tehsil council.

Kasur Local Government Action Plan

The tehsil Nazim of Kasur pledged that all laws and rules related to civil society participation would be fully implemented. He cited other reforms taken by his administration including moving the funds of the tehsil administration from a current account to an interest-bearing account and implementing a transparent auction procedure, which had resulted in increased local revenues.

Kasur Council Action Plan

The Kasur council will be involved in the budget-making process by doing the following:

- Sufficient time will be allocated for discussion and debate in the council to ensure that the budget statement is thoroughly scrutinized and views of councilors, if appropriate, are incorporated in the approved budget.
- The council will insist upon the Administration presenting the draft budget in the council, as required by the budget rules. Similarly, the council will require the administration to publish the taxation proposals in May for public comments.
- The council will establish monitoring committees to keep an eye on expenditures and ensure that there is no leakage or deviation from the approved budget. There will, however, be a need to train members of the monitoring committees in executive oversight.

- The council will demand that the administration regularly submits to the council monthly revenue receipt and expenditure statements.

Civil Society Action Plan

The civil society representative from Jehlum pledged that civil society groups would play their role in creating public awareness and would use the skills acquired through the training workshops to hold local governments accountable. She suggested that NGOs should be allowed to attend meetings of the council and that their views should be invited and considered before taking final decisions. She also recommended the use of TV cable networks, which exist in almost all towns, to create awareness on issues related to the budget. Furthermore, she proposed that monitoring committees in the council be formed and include civil society representation. The civil society representative from Kasur added that civil society groups would maintain regular contact with the Nazim and Naib Nazim on budget matters and asked that special attention be paid to resolve the underutilization of CCB budget.

Sustainability and Replication

The general nature of many commitments made in Pakistan reflects the relatively new nature of this exercise in the country context. Low levels of capacity on the part of local CSOs, councilors, and tehsil administrators make institutionalizing these reforms challenging. Nonetheless, the stakeholders clearly expressed interest in continuing these activities. This represents an important opportunity to deepen these pilots through continued assistance to develop a complete model for Pakistan. First, technical assistance is being provided to administrators, but clearly more have to be done specific to strengthen budget preparation and development planning. Many donor efforts are concentrated at the district level, but significant budget resources at the tehsil level could be programmed more efficiently if civil servants had increased capacity.

Second, donor efforts should be extended to focus more explicitly on strengthening the capacity of councilors. This will include direct measures to build up the council secretariat to provide technical assistance on a daily basis to councilors, who are

volunteers. In addition, councils need support to establish the sectoral and accounting committees intended to monitor the budget. Without more effective demand from councils and the public at large, the executive will unlikely take seriously the requirements under the budget rules for engaging substantively with the council.

Significant efforts have to be made to build up the capacity of local CSOs to engage in budget work. While the budget manual developed under this project is being distributed widely, it cannot replace extensive training and grant support to organizations willing to engage in budget advocacy and monitoring. The creation of a national-level network on budget advocacy would be helpful, but individual pilots at the tehsil level are still badly needed as budget advocacy remains a new methodology in the country.

Although it was not the primary focus of this technical assistance, the functioning of CCB provisions in the budget received a great deal of attention. Donor programs working to support the formation of CCBs and improve the quality of their proposals may find that broader budget work supports disbursement of these funds by addressing some of the political and supply side capacity constraints currently impeding better implementation.

Lessons Learned and Recommendations

- As in every local government, conflicts of varying degrees exist between the executive and the legislative branches. In Pakistan, these conflicts, which are generally on the issue of resource distribution, appear to be managed by accommodating the demands of more vocal and stronger players. In the absence of transparent procedures and open debate in the councils, such compromises generally involve specific individuals and do not necessarily contribute to developing clear criteria or clarifying the exact roles and responsibilities of relevant offices or branches. As a result, the focus remains on personalities, rather than institutions.
- Tehsil councils are vested with a large number of powers and responsibilities under LGO 2001, but very few of these are actually being used and performed. This is due to a variety of

reasons including lack of awareness, limited capacity, restricted opportunities for open debate on relevant issues and concerns, and a noncooperative executive. It is possible to significantly increase opportunities for public participation by strengthening the tehsil councils. At present, councilors generally believe that their only responsibility is to ensure that they get a fair share in the development projects for the constituencies they represent. They have little understanding of their role in development planning, monitoring of development projects, establishing transparent and participatory mechanisms for service delivery, and holding the executive accountable for any performance deficit. Even when they seek to perform such roles, the relevant initiatives are mostly verbal, rhetorical, and do not make good use of authentic official information and laid-down rules and procedures.

- Councilors frequently complained about the attitude of the executive, who does not consult them in the planning and development process. However, when urged that they also needed to consult constituents and civil society groups before recommending development schemes or taking other initiatives in the councils, they were not completely convinced. They had the view that, once elected, they represented the public and had the right to speak on their behalf. It is, therefore, important to engage them in a dialogue in such a manner that they realize the importance of regular consultations with stakeholders both individually and collectively through the forums that the council or its committees establish. It may be particularly important to highlight that the executive would take the councilors (or the council) far more seriously if their initiatives and recommendations include the views of relevant stakeholders.
- Access to official information is a major problem for both councilors and members of civil society. This is despite the fact that the LGO 2001 clearly guarantees citizens' right to access information held by all offices of TMA. Even more instructive is the fact that hardly any councilor or civil society activist was aware

of this legal right and, therefore, no one had demanded information by referring to the relevant section.

- There exists very limited capacity for applied budget analysis both among the councilors and civil society groups. In the course of training workshops, trainers had to significantly simplify and modify the modules and training methods, as the base skills were below the expected levels. Participants lacked interest and aptitude for statistics, and required a lot of motivation and skill to obtain their attention. Trainers also needed to explain to them the very basic information and concepts used in the budget documents. Explaining all concepts and principles by concrete examples and comparative statistical data from within the target tehsils were found to be extremely helpful. Participants, for instance, took special interest in comparative data about per capita revenue and per capita expenditures in the two tehsils.
- There is generally a dominant environment of apathy, helplessness, and lack of initiative on the part of civil society based on an assumption that any efforts are not going to make a difference. Such attitudes are partly formed by stories of failed attempts from within the local and national political environment. On close examination, most of these failures involved individuals and groups who had established unrealistic targets, and who were driven by passion and sentiments rather than a realistic assessment of the skills and advocacy techniques necessary to succeed. There is a need to provide training in establishing realistic and achievable advocacy targets and appropriate advocacy techniques, and share success stories from within the region wherein people took initiatives and made a significant difference.
- Many participants requested that more training workshops on applied budget analysis should be organized. This indicates a demand for learning about relevant rules and acquiring appropriate skills, although it may not be very strong and well-articulated. The very fact that the budget documents were frankly and openly discussed outside the councils was very encouraging and motivating for many repre-

sentatives of civil society groups. More such events could create further interest and greater momentum for public participation.

- One major success of the project was dependent upon obtaining the full cooperation of both the council and the executive in terms of agreeing to allow opportunities for open discussions on the budget documents. This was achieved partly because the relevant officials could be persuaded that they could gain political capital by offering opportunities for public participation. This demonstrates that significant entry points exist or can be created for establishing partnerships and promoting the project objectives. Such a possibility is greater if simultaneous awareness and capacity-building initiatives are taken on the demand side as well.
- Almost all participants complained about lack of funds in the face of huge development and service delivery challenges. Such complaints were invariably followed by demands that the provincial and federal governments must transfer more funds to the tehsil levels. However, when their attention was drawn to the fact that the tehsil administration could also take initiatives to increase local revenue collection, the typical response was that people were too poor to pay taxes. This reflects that councilors may not sufficiently recognize their revenue collection potential, nor are they adequately equipped to develop and implement effective ways to increasing local revenues. A major concern is that people would resist any imposition of taxes or increase in fees. It was realized that there was a need to initiate dialogue on the positive linkage between the willingness to pay taxes and fees and the quality of services to be delivered by TMA. But the objective of increased local revenue generation

is unlikely to be achieved in the absence of robust mechanisms of information sharing, transparency, and public participation in relevant planning and policy processes.

- Local government elections in Pakistan are held on nonparty basis, but the fact is that political parties do play a significant role in local politics. Most councilors and Nazim are widely known for their political party affiliations. As a result, proceedings in the council or the nature of relationship between the council and the executive are significantly formed or influenced by party affiliations. Such factors need to be fully understood in designing and implementing training programs.
- Under the rules, the executive must present the draft budget to the council in April for discussion and feedback. However, the executive branch never implemented this rule in the targeted tehsils; nor did the councils ever demand the executive branches do so. In fact, when the TMO in Kasur was asked to present the draft budget in May in the workshop, his response was that it was difficult to prepare the draft budget until the auctions had been made and the provincial budget has been presented. This reflects limited technical capacity, as the TMO did not know that draft budget could be developed based on forecasts for next year.

The nature of these challenges indicates the dual political and technical nature of program design necessary for success. Consultative budgeting in Pakistan represents an area of great potential in realizing the intentions of the LGOs. Development partners are encouraged to replicate such efforts to demonstrate that local government can be responsive to citizen needs in concrete ways.