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**LOCAL GOVERNANCE IN THE FEDERAL CAPITAL:  
A REVIEW OF THE 2015  
ISLAMABAD LOCAL GOVERNMENT SYSTEM**

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Pattan Development Organization, Islamabad  
December 2016

# Local Governance in the Federal Capital: A Review of the 2015 Islamabad Local Government System

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Published by:

INSPIRING Pakistan, Islamabad  
Pattan Development Organization, Islamabad  
December 2016

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Published by INSPIRING Pakistan based on a generous donation by Roohi and Asif Hussain,  
Canada

Designed by Yeshua and Meneka Raghavan (Colombo, Sri Lanka).

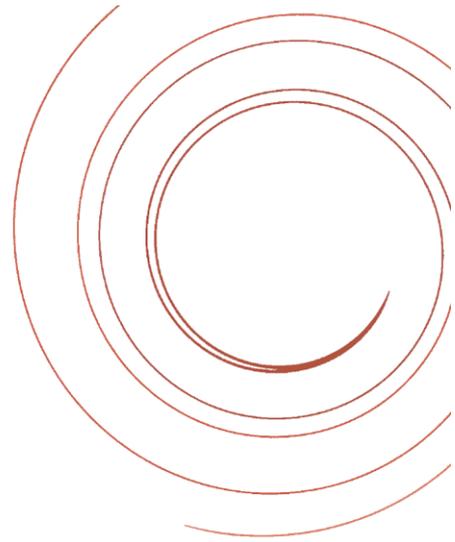
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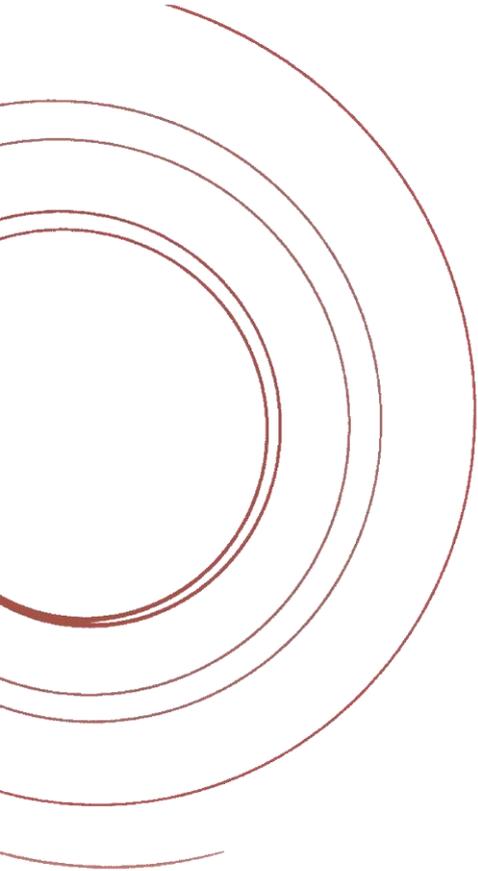
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## ACRONYMS

AAP	Aam Aadmy Party
ACR	Annual Confidential Report
AID	Agricultural and Industrial Development
BD	Basic Democracies
CADD	Capital Administration and Development Division
CCBs	Citizen Community Boards
CDA	Capital Development Authority
D&FICT	Development & Finance, Islamabad Capital Territory
DCB	Delhi Cantonment Board
DCO	District Coordination Officer
DMCs	Delhi Municipal Corporations
ECP	Election Commission of Pakistan
EPT	Education and Professional Training
FDE	Federal Directorate of Education
FDE	Federal Directorate of Education
GLA	Greater London Authority
GNCTD	Government of the National Capital Territory of Delhi
GOVTs	Governments
HOTA	Human Organs Transplant Authority
IBRD	International Bank of Reconstruction and Development
ICT	Islamabad Capital Territory
ICTA	Islamabad Capital Territory Administration
ICTLGA	Islamabad Capital Territory Local Government Act
KDA	Karachi Development Authority
LG	Local Government
LGB	Local Government Board
LGC	Local Government Commission
LGO	Local Government Ordinance
MCI	Metropolitan Corporation of Islamabad
MHA	Ministry of Home Affairs
NDMC	New Delhi Municipal Council
NHS	National Health Services
NIRM	National Institute of Rehabilitative Medicine
PEIRA	Private Educational Institutions Regulatory Authority
PFA	Provincial Finance Awards
PIMS	Pakistan Institute of Medical Sciences
PML-N	Pakistan Muslim League (Nawaz)
PTI	Pakistan Tehreek-e-Insaaf
SMCs	School Management Committees
TC	Tehsil Council
UC	Union Council
VC	Vice Chairpersons



# EXECUTIVE SUMMARY



# EXECUTIVE SUMMARY

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The crucial role of well-designed local government (LG) systems in enhancing the quality of governance is well-recognized globally. It can help achieve not only the narrower technocratic goals of efficiency and effectiveness in service delivery but also the broader political economy goals of equity and egalitarianism in society through a restructuring of the state in favour of weaker classes. The Islamabad LG system 2015 represents an important step in enhancing the quality of local service delivery. A review of Islamabad's LG system is important for several reasons. This is the first time in Islamabad's history that it has been granted a local government system for the whole city. Thus, a study at this early stage can help shape the future trajectory of its local governance system. Given Islamabad's central position in Pakistan, its LG experiences evoke interest nationally. Since LG systems have been revived after a gap of five years in all provinces recently, a study on Islamabad can inform the progress of local governance throughout Pakistan. Finally, the quality of its LG system likely represents the upper limits of the quality of LG systems in Pakistan. Thus, it can be safely assumed that the weaknesses identified in the LG system in Islamabad will exist to a greater extent throughout most of Pakistan.

This study aimed: i) To briefly summarize Pakistan's experiences with LG systems since 1947; ii) To understand the contours of the Islamabad LG system 2015 and analyze whether the extent of administrative, financial and political devolution provided in it is sufficient to achieve the efficiency, effectiveness, equity and egalitarianism aims of LGs, iii) To compare the Islamabad LG system with earlier attempts at devolution in Pakistan and with the LG systems of 2-3 other capital cities globally, iv) To analyze the opinions of key stakeholders, including local councilors, communities and civil society members about the Islamabad LG system, v) To provide recommendations for improving the system in the future, and vi) To develop an advocacy agenda around the recommendations.

This study utilized a diverse range of research tools and sources of information. It includes a comprehensive review of the existing literature on the experiences of LG systems nationally and globally. It interviewed key informants, including elected Local Councilors belonging both to the government and opposition parties, relevant government officials, civil society activists and CDA union representatives. Finally, it undertook focus group interviews in selected low-income areas of Islamabad, including one Kachi Abadi in its urban areas and one village. The visits were undertaken together with the local councilors of those two localities with a view to enhancing the linkages among communities and elected officials and making the latter more aware of municipal problems existing in these areas.

A review of the system immediately flags a number of strong points, e.g., the party-based elections, the increase in LG tenure to 5 years and the absence of some grounds included in previous legislation based on which higher authorities could dissolve LGs or fire elected officials. However, there are a number of areas where further political, administrative and financial devolution is necessary to achieve both the technocratic and political economy goals mentioned above. While the introduction of LGs for the first time under elected governments means that there is some state restructuring in the sense that the visible control of the military on these LGs is absent, power has merely shifted to the industrial, landed and professional

classes which formally control the state in Pakistan under democracy. In particular, the elite capture of many labor and peasant seats highlights this partial state restructuring.

LGs must be empowered fully to fulfil all key municipal functions, with some oversight by higher authorities to ensure compliance with its laws. Since there are multiple districts under provincial governments, they must play a crucial coordination role. Backward districts have limited human resource functions. Thus, higher-level governments have some justification for maintaining greater involvement in the delivery of LG functions. However, in the case of Islamabad which is a single federal capital district with the ability to attract high-quality human resources, these rationales for greater involvement by the federal government do not apply. Thus, greater devolution makes sense. The recommendations given below are not meant as immediate steps but provide a comprehensive list of areas to gradually and fully empower Islamabad LGs to achieve the technocratic and political economy aims of introducing LGs.

## **POLITICAL DEVOLUTION**

- The Federal Government could dissolve the LGs prematurely before national elections. Neither this act nor Pakistan's constitution mandates immediate re-elections for LGs, unlike the 90 days mandate for provincial and national assemblies. **The Act must be modified to mandate only at most a limited suspension of LGs during national elections and holding of LG elections within 90 days after end of term or early dissolution.**
- The Islamabad LG system is based on an act of parliament and not a constitutional amendment, which means that future federal governments can abolish it. **Thus, certain critical aspects of LG systems, e.g., immediate re-elections, sufficient political, administrative and financial devolution, and protections against arbitrary interference by higher authorities, must be protected through a clause in the federal constitution not only for Islamabad but all LG bodies throughout Pakistan.**
- The number of Union Councils (UCs) is not mentioned in the act and the federal government can unilaterally change the number of UCs. Currently, 18 urban and 32 rural UCs have been formed (one-third vs. two-thirds). But it is not clear whether the UC rural-urban ratio has been calculated on the basis of area or population. **A clear basis for forming new UCs and determining the ratio between urban and rural areas must be designed and mentioned clearly in the legislation.**
- The legislation laudably includes reserved seats for peasants and workers. However, a comprehensive review by Pattan shows that a large number of affluent candidates have captured these seats reserved for low-income persons. **The mistakes this time should be rectified, if necessary by disqualification. The election application process must be strengthened to ensure that such elite capture of seats reserved for low-income peasants and workers does not occur again.**
- The 2015 Islamabad legislation does not mandate community organizations below UCs, which usually do not represent natural communities. **Community-level groups must also be facilitated which can mobilize communities to identify needs and solutions together. Such community structures must be equipped with mechanisms, e.g., complaint mechanisms, regular meetings and visits requirements, to apply strong upward accountability pressures on the UC and district LG structures.**

## ADMINISTRATIVE DEVOLUTION

- The federal government has been given wide powers to control LGs through various sweeping clauses included in the ACT. A ‘Chief Officer’ (unelected federal bureaucrat) will monitor compliance with federal government laws. A Local Government Commission responsible to the Federal Government will conduct annual and surprise inspections of LGs. A Local Government Board would be appointed by the Federal government for making all the appointments, orders and transfers of the local government service sector. **While the federal government must monitor and control LGs in Islamabad, the authority to do so in this legislation seems too broad and over-arching. There is a need to circumscribe the federal authority so as to strike the right balance between federal supervision and LG autonomy.**
- One finds no clear mention of key municipal functions like policing, education, transport and economic development in the Act. Functions usually performed by LGs are diffused across a number of federal and other authorities, in particular the ICTA, CADD and CDA. **A streamlined process must be adopted where all municipal functions are mentioned clearly in the legislation. Furthermore, those local functions currently being performed by other agencies must be identified and gradually transferred to the MCI. There should be separate full-time heads of CDA and ICTA who report to the Mayor.**
- The unique functions of UCs and the extent of their autonomy from the MCI are not clearly identified. **The unique functions of UCs must be clarified further and they should be provided with an administrative structure and staff as well as supervision of LG, CDA and ICTA staff performing purely UC-level functions.**
- Local councillors lack job descriptions, offices and training. Even communities are not very well aware of the functions and domains of the new LGs. **Councillors must be given job descriptions, offices and training on their roles. Training must also relate to developing strong accountability mechanisms with communities, helping communities identify needs and including proposals for solving them in the annual budget-making process. Awareness-raising must be undertaken in communities about the importance of developing community-level structures which can liaise with local councillors, especially for women and other vulnerable groups.** CDA’s staff union has filed a court case since the labour rights and entitlements that CDA staff had gradually won over the years from the CDA management have not been protected in the new legislation. **Staff rights must be protected through appropriate legislation and CDA and other employees being transferred to LGs does not lose any existing rights.**

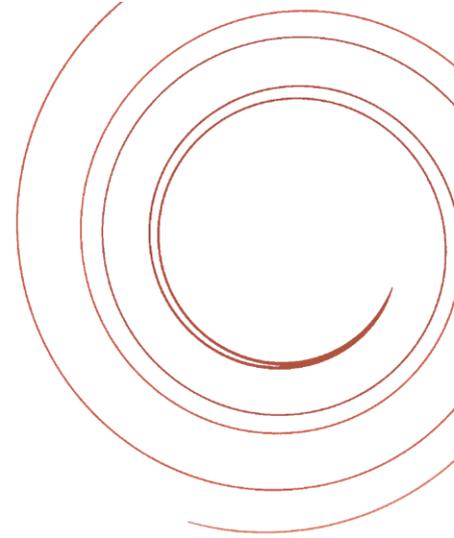
## FINANCIAL DEVOLUTION

- No budget has been allocated to LGs so far for the current year and councillors are unclear about funds availability for their areas. **A clear budget must be adopted for this year with the involvement of councillors, including by reallocating MNA development funds to LGs and councillors given clear indication of budgets for their areas.**
- The list of around 25 types of LG taxes mentioned in the Islamabad LG system is shorter than under the 2001 LG system. Some key taxes that are missing from the 2001 list include education and health taxes. **The list of key taxes allowed to LGs must be reviewed and key taxes usually falling under the purview of LGs must be included to give greater financial autonomy to LGs.**
- No financial projection exercise has been undertaken to identify the likely annual expenses of the MCI and different UCs and the extent to which they will be financially self-sufficient based on their own revenues. There is currently no financial principle for dividing federal

funds among and between MCI and UCs. **It is important to develop financial projections for all LG authorities as well as an equitable formal mechanism for dividing federal allocations fairly among and between MCI and UCs.**

- Kachi Abadis, villages and sectors in the G and I series house the majority of Islamabad's population but currently enjoy much lower levels of municipal services. **Such areas must be allocated adequate funds to meet their needs for good-quality municipal services. Kachi Abadis must not be neglected due to the absence of a regularized status and fresh surveys must be conducted there to identify the number of people living there and their needs for municipal services.**

In summary, a review of the Islamabad LG system, despite noting an improvement in some areas over previous LG systems in Pakistan, still reveals many areas of improvement to more fully achieve the technocratic aims of greater effectiveness and efficiency and the more crucial political economy goals of egalitarianism and equity. Achieving the latter in particular requires ensuring adequate constitutional protection for their continuity and against federal interference; removal of clauses which give too wide a latitude to the federal government to interfere in local matters; elimination of diffusion of critical local functions across a wide range of non-local agencies, protecting labor and peasant seats from elite capture; adequate financial independence and planning processes; mobilizing communities, setting up community organizations and introducing strong accountability mechanisms; and overcoming a general neglect of the geographical areas most in need of good-quality municipal services. Overcoming these issues will require suitable changes in not only the Islamabad legislation but the federal constitution too.



# CHAPTER 1

## INTRODUCTION

### LOCAL GOVERNMENT SYSTEMS: RATIONALE AND EXPERIENCES



## CHAPTER 1: INTRODUCTION

# LOCAL GOVERNMENT SYSTEMS: RATIONALE AND EXPERIENCES

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Local governments refer to state institutions designed to deliver basic public services to a small, sub-provincial, geographical area (Shah and Thompson, 2004). Local governments are the lowest tier in modern governmental structures and, hence, are closest to the masses at the grassroots level. This is why LG systems are also called ‘grassroots democracy’. This third tier of government is generally viewed as the most efficient and effective way of providing basic services at local levels. Well-designed LG systems confer several advantages over centralized rule. LG systems become nurseries for the grooming of political leaders and ideas and can encourage healthy competition among districts. LGs usually cover less diverse geographies and populations and thus provide the potential for smother governance. Local leaders are more accessible and accountable to people. LG systems bring the government closer to people and increases state accountability. They also provide more opportunities for ‘popular participation’ where people can communicate their preferences directly to their elected representatives (Bardhan and Mukherjee 2006). Moreover, LG officials can meet local needs more effectively because they possess better local knowledge and are better placed to recognize the needs, requirements and sensitivities of local citizens as compared to provincial or national government officials. Beyond these technical reasons, the political economy perspective argues that LGs offer greater avenues for lower-income people to attain public office due to the lower electoral expenses associated with the smaller size of constituencies. Thus, LGs provide greater opportunities for breaking the hold of elite classes on power and restructuring the state in favor of the masses (Zaidi, 2005)

In fact, the concept of local government predates the concepts of nation-state systems and federal and provincial governments as LGs existed even during 700-400 B.C. in the form of autonomous, self-ruled ancient Greek *Polis*- the Greek name for city-states (Hansen 2006). Similarly, local governments predated national and provincial governments in ancient India where they existed in the form of the *Panchayat* (assembly of five elders) system traced in the *Rig Veda* back to 1200 BC (Alok 2006). The advent of colonialism led to the centralization of power in national capitals to facilitate the exploitation of natural resources (Willoughby 1986). For example, the British East India Company destroyed the indigenous *Panchayat* system by introducing the *Patwari* system for keeping official land records and the creation of the office of magistrates for controlling law and order in villages (Misra 1959). Later on, the British introduced their own version of LG system in India through several municipal acts but never introduced proper political, administrative and fiscal decentralization to LGs.

After the end of colonialism, developing countries around the global have instituted local government systems based on the recognition that local governance increases service delivery quality, citizen participation and conflict resolution. Nearly hundred developing countries have embarked upon the devolution of political, fiscal, and administrative authority to LGs since 1980 with many reaping significant benefits from doing so (Bardhan and Mukherjee 2006; Shah and Thompson, 2004). For example, Bardhan and Mukherjee (2006) found LG introduction leading to improvements in service delivery in Indonesia, enhancement of local

accountability in China, reduction of poverty and interracial inequality in South Africa, improved public education and reduced regional disparities in Brazil and shifting of resources to poorer districts in Bolivia. The focus in most of these efforts was on technocratic and efficiency-oriented benefits and a restructuring of society in favor of the masses was at best expressed without strong commitment.

However, if designed improperly, LGs often do not meet even the technocratic goals and can increase administrative costs, duplication, confusion and unhealthy competition among districts. Global experiences reveal that the benefits from LGs may be undermined by politicization, incomplete devolution, poor design and shortage of human and financial resources with LGs (Prud'Homme, 1994). China, Turkey and the European Union used decentralization to actually centralize more; Pakistan (under Musharraf) and Peru decentralized to sideline or weaken their political opponents; and many countries in Africa decentralized to shift responsibility for their unpopular moves to local politicians (Shah and Thompson 2004). Elite capture also means that even LG elected positions are captured by elites or people closely associated with them, undermining a restructuring of the state in favor of the masses. Thus, LG systems must be designed carefully so that their political economy and technocratic benefits outstrip disadvantages.

To achieve the political economy goals of restructuring of state, major community mobilization and awareness-raising must precede the introduction of LGs. This must be accompanied by strong electoral rules which discourage elite capture of LGs by existing elite classes. The most important technocratic design consideration includes providing LGs with adequate legal, operational and financial independence and functional responsibilities. Such devolution is critical even for the political economy goals. Bardhan and Mukherjee (2004) differentiate between three different types of devolution of power to LGs: administrative, financial and political. Administrative devolution includes the devolution of all state functions to LG systems related to the provision of basic services which can easily be divided geographically, and sufficient protection against unnecessary interference by higher governments in routine LG administrative matters. It also includes the devolution of administrative authority over LG employees, including their recruitment and performance management. Financial devolution refers to the devolution of fiscal responsibilities. This includes the ability to raise revenues through taxes. Generally, LGs are given the authority to tax economic transactions and resources whose benefits and mobility are largely restricted to local areas, e.g., property and sales taxes and taxes on local advertising and markets. Financial devolution also includes giving LG governments leeway in determining their own expenditure priorities in line with local needs. Political devolution includes granting sufficient protection to LGs against arbitrary dismissal and suspension by higher governments, non-inclusion of appointed members on local councils and granting sufficient autonomy to local representatives to take local decisions. Thus, if the federal government does not delegate adequate financial, administrative and political powers to LGs and does not ensure adequate proportionality in the devolution across the three types of powers, LG performance would be weak. But robust administrative, political and financial devolution to LGs leads to enhanced participatory democracy and more pro-poor development. Therefore, in developing countries like Pakistan where there is huge gap between the rich and the poor, a strong LG system can be helpful in achieving the desired transformation in society.

## OVERVIEW OF THIS STUDY

This research study provides an analysis of the contours, strengths and weaknesses of the Islamabad Local Government (LG) system which came into existence in 2015. A review of Islamabad's LG system is important for several reasons. This is the first time in Islamabad's history since its founding in the 1950s that the federal government has granted the whole city a local government system. Thus, a study at this early stage can help shape the future trajectory of local governance in the city. Given Islamabad's central position in Pakistan's political landscape, its LG experiences evoke interest nationally. Since LG systems have been revived after a gap of five years in all provinces recently, a study on Islamabad can inform the progress of local governance throughout Pakistan. Given that the city houses Pakistan's political elite, which generously grants Islamabad large sums of money for its maintenance and beautification, the quality of its LG system likely represents the upper limits of the quality of LG systems in Pakistan. Thus, it can be safely assumed that the weaknesses identified in the LG system in Islamabad will exist to a greater extent throughout most of Pakistan. Finally, this is the first time that LGs have been introduced in Pakistan under elected governments. LGs under military governments had the underlying goal of perpetuating the hold of the military and bureaucracy in control of the state. Not just politicians within LGs but even those at the national and provincial levels played second fiddle to the former two groups under military rule, thus preempting a restructuring of the state in favor of either civilians or masses. Thus, with LGs introduced under elected governments, it is important to see whether this has resulted in any restructuring of state power in favor of masses through higher election of common people.

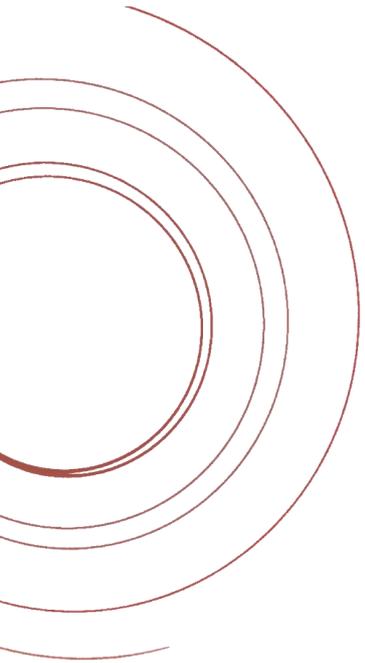
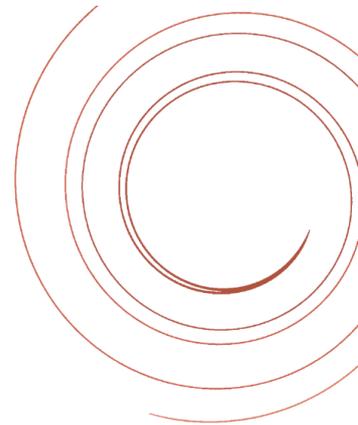
The main research aims of this study were as follows: i) To briefly summarize Pakistan's experiences with LG systems since 1947 in terms of their strengths and weaknesses; ii) To understand the contours of the Islamabad LG system 2015 and analyze whether the extent of administrative, financial and political devolution provided in it is sufficient to achieve the efficiency, effectiveness, equity and egalitarianism aims of LGs, iii) To compare the Islamabad LG system with earlier attempts at devolution in Pakistan and with the LG systems of 2-3 other capital cities globally, iv) To analyze the opinions of key stakeholders, including local councilors, communities and civil society members about the Islamabad LG system, v) To provide recommendations for improving the system in the future, and vi) To develop an advocacy agenda around the recommendations.

The research study utilized a diverse range of research tools and sources of information to undertake its analysis. It began with a comprehensive review of the existing literature on the experiences of LG systems nationally and globally and the demographic information about Islamabad. It also undertook individual and group interviews with key informants, including elected Local Councilors belonging both to the government and opposition parties, relevant government officials, civil society activists and CDA union representatives. Finally, it also undertook focus group interviews in selected low-income areas of Islamabad, including one Kachi Abadi in its urban areas and one village in its rural areas. The visits were undertaken together with the local councilors of those two localities with a view to enhancing the linkages among communities and elected officials and making the latter more aware of municipal problems existing in these areas.

This chapter provides an overview of the scope of the research study and the global rationale and experience of LG systems globally, Chapter Two undertakes a detailed analysis of the evolution of LG systems in Pakistan since independence and the strengths and weaknesses of

the LG systems adopted in various eras. Chapter Three presents an overview of the geographical, demographic and socio-economic characteristics of Islamabad, which serves to highlight the importance of LG services for the city and its different regions. It also discusses the history of local governance in Islamabad and provides details of the LG system adopted for Islamabad in 2015 and its strengths and weaknesses. For comparative purposes, the chapter also compares Islamabad's LG system with those of New Delhi and London. Finally, Chapter Four presents conclusions and recommendations for strengthening the Islamabad LG system in the future.

CHAPTER 2  
**THE HISTORY OF  
LOCAL GOVERNANCE  
IN PAKISTAN**



## CHAPTER 2

# THE HISTORY OF LOCAL GOVERNANCE IN PAKISTAN

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India and Pakistan both inherited a fragile, inefficient and dysfunctional LG structure from the British government in 1947. Unlike India, which has gradually revived the centuries old indigenous *Panchayat* system and instituted participatory democracy mechanisms to make it more relevant to the modern age, the existence of LG systems in Pakistan has been intermittent. Pakistan instituted three different LG systems during the 1960s, 1980s and 2000s when the reigns of the country were held by military dictators (Ayub Khan, Zia-ul-Haq and Pervez Musharraf respectively). But during previous civilian democratic rules, LG systems in Pakistan had mostly remained dysfunctional. Cheema, Khan and Meyerson (2015) have termed this as the countercyclical pattern of local democracy in Pakistan. The military rulers used the local governments to create alternative leadership through party-less elections and marginalize their political opponents, earn some legitimacy by providing ‘grassroots democracy’ to the nation and achieve the much needed political connection to local constituencies in otherwise highly centralized undemocratic rules. Thus, the purpose behind the controlled introduction of democracy under dictatorships was to preempt a restructuring of society in favor of civilian and masses and perpetuate the hold of unelected and elite generals and senior bureaucrats. On the other hand, the civilian political elite in provincial and federal assemblies have remained skeptical of LG system in Pakistan because they see local representatives as their competitors. Thus, no restructuring of the state in favor of the masses occurred under them either.

In this chapter the history of local governance in Pakistan is traced from the pre-independence era up to the Musharraf LG system. The pre-partition LG structures, Ayub Khan’s Basic Democracies system, and Zia-ul-Haq’s Local Government system are discussed briefly. However, Musharraf’s Local Government Ordinance 2001 is studied in greater detail to allow a comparison with the Islamabad Capital Territory Local Government Act, 2015.

## THE PRE-PARTITION LG SYSTEM

As mentioned earlier, local governments antedated the national and provincial governments in ancient India, including in the regions which now constitutes Pakistan. Local governance structures were called Panchayat in Punjab, Faislo in Sindh and Jirga in the Pashtun belt. These structures remained largely intact even during the Mughal era (Awan and Nemat-e-Uzma 2014). However, the British colonial government introduced the *Patwari* and magistrate system to take over most of the functions of local governance from the indigenous structures. Later on, even when representative LGs were introduced, the vast majority of LG members were nominated by the British bureaucracy while only a few were elected by the local communities (Tinker 1968).

Moreover, unelected Deputy Commissioners (the administrative bureaucratic head of the district) was given authority over all the main local government functions which included district administration, development works, revenue collection and criminal justice (ICG 2004 and Cheema, Khawaja and Qadir 2006). No substantive administrative, political and fiscal powers were transferred to the LGs. The proportion of elected members in LGs kept increasing during British rule with every new municipal act because of increasing local political pressures. But the British always kept the non-elected nominated members in local governments to ensure a check on the elected officials. In a nut shell, British left behind a weak, non-representative and highly centralized LG structure (Awan and Nemat-e-Uzma 2014).

## **AYUB KHAN'S BASIC DEMOCRACIES SYSTEM**

The common perception in Pakistan is that Ayub Khan's Basic Democracies Ordinance, 1959 and the Municipal Administration Ordinance 1960, which together created an elaborate "Basic Democracies" (BD) system, was the first post-partition attempt to give the country a local government system. But Ayub Khan's BD system was actually an elaboration of the "Village AID Programme" (AID standing for Agricultural and Industrial Development) that was launched in 1954 under the first Five Year Plan (1954-59) with the assistance of United States (Mellema 1961). Under the village AID programme, an estimated 15,701 village councils were established before it was finally dissolved by Ayub Khan's military regime in 1961. Its infrastructure and staff was transferred to the BD system (Hussain 2004).

The bases of Ayub Khan's four-tiered BD system were the Union Council (UC) consisting of five or more villages with a total population of around 10,000 to 15,000. Each UC represented one constituency where direct party-less elections were held (Mellema 1961). The UC members elected their Chairpersons who headed the UC and were made ex-officio members of the next higher level, the Tehsil Council (TC). The complete democratic structure was limited to the UCs only. Following the British model, sub-divisional officers or *tehsildars* were made the administrative head of the tehsil and half of the members of TCs came as ex-officio members from UCs and half were local bureaucrats and nominated members (Mellema 1961; Hussain 2004). This same structure was replicated at the two higher levels of District Council and Divisional Council as well. The Deputy Commissioner and Commissioner headed the district and divisional councils respectively and half of their members were chairpersons from UC and town committees and half were 'official members' from the local bureaucracy (Mellema 1961).

There was nominal administrative and political decentralization, as the bureaucracy still enjoyed a strong presence in elected local bodies above UCs. Under the BD system, districts were run as the kingdoms of Deputy Commissioners who were assigned twenty-eight obligatory and seventy optional functions along with the powers to levy taxes (Shafqat 2014). Although BD system vested several regulatory and developmental functions to the elected UCs, financial decentralization was not allowed and the government could quash the proceedings, resolutions or orders made by any local body (Cheema, Khawaja and Qadir 2006). As mentioned above, the BD system was enforced through two ordinances during the initial days of the Ayub Khan regime, but in 1962 it was made part of the constitution. Being a substantive part of the 1962 constitution, the BD system could not be revoked unless a constitutional amendment was made. However, its weakness lay in the fact that no one among politicians and

masses expressed ownership for the BD system, except Ayub Khan himself. Therefore, with the demise of Ayub Khan, the demise of BD system was a foregone conclusion.

## **ZIA-UL-HAQ'S LOCAL GOVERNMENT SYSTEM**

After the demise of the BD system in 1969, the elected civilian government of Zulfikar Ali Bhutto decided to promulgate their own Local Government Ordinance in 1975 but failed to hold elections for the same. But following the lead of Ayub Khan, General Zia-ul-Haq decided to reintroduce the LG system to give some legitimacy to his military regime. Despite many similarities, Zia's LG system was quite different from Ayub Khan's BD system in many respects.

Unlike Ayub Khan, who had promulgated two ordinances from the center completely superseding the provinces, Zia used the four provincial governors and respective administrators to promulgate separate ordinances for each province, the Federally Administered Tribal Areas (FATA), Azad Jammu and Kashmir (AJK) and the capital territory of Islamabad (Hussain 2004). Hence, Zia's LG system was brought under the provincial governments rather than being directly controlled by the center. A three tiered LG structure consisting of Union, Tehsil and District Councils was envisaged for the rural areas. For the urban areas, Town Committees were established for areas having populations of between 5,000 and 30,000. Municipal Committees were formed for areas with a population of up to 250,000, and Municipal/Metropolitan Corporations were formed for major cities like Karachi, Lahore and Peshawar with populations in excess of 250,000 (ICG 2004).

Unlike the BD system, the bureaucrats were not made direct members or chairpersons at any level in the three tiered LG system and all the members and chairpersons of local bodies were required to be directly elected representatives of people. Hence, the hold of the bureaucracy over LG systems decreased to some extent. But the controlling mechanism was kept intact by giving suspension powers and the powers to quash resolutions and proceedings of local bodies to the provincial administration (Cheema, Khawaja and Qadir 2006). Also, as compared to the BD system, relatively more administrative powers were devolved to different LG tiers. There was also increased but still limited financial devolution by empowering the local bodies to levy local taxes for managing their accounts (Hussain 2004).

In a nut shell, Zia's LG system was surely an improvement over the BD system but it lacked the constitutional cover and a political consensus which is required for such a system to survive when its benefactor (the military ruler) is gone. Zia did not choose to make his LG system part of his infamous 8<sup>th</sup> constitutional amendment which was secured from the rubber parliament in 1985. Therefore, Zia's non-party based LG system could only survive until the early 1990s. The subsequent civilian political leadership of PPP and PML (Nawaz) increasingly became wary of non-partisan local bodies members and chairpersons who were viewed as their competitors.

## **MUSHARRAF'S LOCAL GOVERNMENT SYSTEM**

Following in the foot-steps of his predecessors Ayub Khan and Zia-ul-Haq, Musharraf introduced a new LG system to consolidate his military rule and create an alternative leadership as he had declared that he would not allow the two former Prime Ministers, Nawaz Sharif and Benazir Bhutto, to make a comeback in Pakistani politics. Although his LG system could not achieve longevity either, it received far more acclaim from local and international observers as compared to the Ayub and Zia models of LG system.

### **POLITICAL DEVOLUTION**

Unlike Zia who got provinces to introduce his LG system, Musharraf, like Ayub, launched his LG system directly from the center through a single Sindh/Balochistan/NWFP/Punjab LG Ordinance 2001 which was largely incorporated into provincial ordinances passed by the four Governors in the absence of provincial assemblies then. This step was criticized by both independent scholars and political opponents as a clear negation of the federal principle as powers must devolve from center to provinces and then from provinces to the LG. The Musharraf LG system did not give provinces to adopt LG systems independently in line with their local situations in the presence of duly-elected provincial assemblies.

Zia's three-tiered model with union, tehsil/taluqa and district councils (or unions, towns and city districts for urban areas) was retained with each level having an elected council and an appointed administration. But subtle changes were made to improve electoral decentralization. Unlike the past, Nazims (mayors) and Naib Nazims (deputy mayors) were elected directly on a joint ticket. Nineteen councilors (12 general seats including 4 reserved for women; 6 seats reserved for peasants/workers, including 2 women; and one minority member) were also directly elected by the people for each UC to complete the council of 21 people (SBNP LGO 2001). The UC Nazims became ex-officio members of their respective District Council, and the Naib Nazims that of the Tehsil Council. Unelected, appointed persons could not become part of the councils at any of the three levels. District and Tehsil Nazims and Naib Nazims and women, peasants, workers and minorities reserved seat members were elected by all the members of Union Councils in the district and tehsil respectively. As a result of these reforms, 107 new district governments, four city district governments, 396 tehsil/town councils, and 6,125 union councils emerged in the country (Hussain 2012). In addition, there were also village and neighborhood councils.

Moreover, several steps were taken to enhance the representation of unrepresented groups. The voter age was reduced from 21 to 18 to give increased representation to the youth, one-third seats were reserved at all three levels for women and special seats were created for workers/peasants and minorities. But Musharraf continued the policy of non-party LG elections to make it easier for his government to manipulate the results at tehsil and district levels and secure as many Nazims as possible for his own party, PML (Q). Furthermore, LGs could still be arbitrarily dismissed by the provinces and there was no constitutional requirement for immediate elections after premature dissolution or completion of tenure. Furthermore, provincial Chief Ministers could remove district Nazims with the approval of the provincial assembly on somewhat vague grounds like the Nazim acting against the public policy or interest of the people or being guilty of misconduct (SBNP LGO 2001).

## ADMINISTRATIVE DEVOLUTION

Administrative decentralization improved as well since the vast majority of public services that were previously held by the provincial administration were devolved to the LG bodies (SBNP LGO 2001). The following were the main groups of offices under this system:

- **DISTRICT COORDINATION:** Coordination, Human Resource Management and Civil Defence.
- **AGRICULTURE:** Agriculture (Extension), Livestock, Farm Water Management, Soil Conservation, Soil Fertility, Fisheries, and Forests.
- **COMMUNITY DEVELOPMENT:** Community Organization, Labour, Social Welfare, Sports and Culture, Cooperatives, and Registration office.
- **EDUCATION:** Boys Schools, Girls Schools, Technical Education, Colleges, (other than professional) Sports (Education) and Special Education.
- **Finance and Planning:** Finance & Budget, Planning & Development, Accounts, Enterprise and Investment Promotion.
- **Health:** Public Health, Basic & Rural Health, Child & Woman Health, Population Welfare, District and Tehsil (Hqrs.) hospitals.
- **Information Technology:** Information Technology Development, Information Technology Promotion, and Database.
- **Law:** Legal advice and drafting, and Environment.
- **Literacy:** Literacy Campaigns, Continuing Education, and Vocational Education.
- **Revenue:** Land Revenue & Estate and Excise and Taxation.
- **Works and Services:** Spatial Planning and Development, District Roads and Buildings, Energy and Transport.
- **Public Transport:** Public transportation and mass transit, Passenger and freight transit terminals, Traffic planning, engineering and parking
- **Enterprise and Investment Promotion:** Industrial estates and technological parks, Cottage, small and medium sized enterprise promotion, Investment promotion and protection

Moreover, the colonial model of comprehensive bureaucratic control over LG systems, which had only received a minor setback in Zia's LG system, received far bigger blows in Musharraf's system. The posts of Assistant Commissioner, Deputy Commissioner and Commissioner were abolished which used to enjoy special executive, judicial and revenue functions in a tehsil, district and division respectively under Zia. Instead a new office of District Coordination Officer (DCO) was created to head the bureaucratic administration in a district and coordinate with the elected district Nazim. The DCOs and the appointed district administrative staff under them were made to work under the district Nazim who could write Nazim's ACR and could appoint and remove a DCO with the approval of the district council. The DCO did not enjoy magisterial and legal powers as they were allocated to the lower judiciary under LGO 2001 and the police oversight powers were also now transferred directly to the district Nazim (SBNP LGO 2001; ICG 2004). But these changes received severe criticism from the all-powerful civil service elite and led to a 'tripartite confrontational mode' where civil bureaucracy and provincial ministers joined hands against the LG Nazims (Hussain (2012)).

Citizen Community Boards (CCBs) and School Management Committees (SMCs) were two new participatory development initiatives under Musharraf's LG system that tried to directly involve communities in developmental works and service delivery. Theoretically both of these initiatives were a step in right direction but practically it failed to show the expected results as

a whole. In the span of five years (2003-07), 37057 CCBs were registered all over Pakistan but only 3,516 projects were completed out of a total 12,849 submitted schemes at both district and tehsil levels (Khan and Anjum 2013). This shows most of the CCBs could not complete or even submit a single scheme in all that period.

Several qualitative and quantitative studies were conducted on the effectiveness of the Musharraf system which overall showed mixed results. Aslam and Yilmaz (2011) in their quantitative study of 183 Pakistani villages found the evidence for a significant increase in provision of all services as a result of the implementation of LGO 2001. Similarly, the study of Hasnain (2008) shows an increase in accessibility of citizens to policy makers but a heavy tilt in LG priorities towards physical infrastructure like roads and rural electrification. Moreover, Cheema and Mohamand (2008) claimed they found evidence that as a result of the implementation of Musharraf's LG system a good number of previously underprovided households and villages were brought into provision net.

## FINANCIAL DEVOLUTION

As compared to previous LG systems, a positive change was visible in terms of financial devolution as well. Previously LG systems failed to provide finances even for basic expenditures to local bodies. But under Musharraf's LG system, for the first time 'formula-based fiscal transfers' were given to the districts through Provincial Finance Awards (PFA) and each tier of LG was also allowed to levy local taxes from a specified list mentioned in LGO 2001 (Anjum 2001). Although the list of allowable taxes for each tier given below is long, except for a few exceptions like property taxes, most of these taxes heads have limited revenue potential outside major cities.

**TABLE 1: MAIN HEADS OF LG TAXATION UNDER LGO 2001**

UNION COUNCIL	TEHSIL / TOWN COUNCIL	CITY / DISTRICT COUNCIL
<ul style="list-style-type: none"> <li>• Fee for licensing of professions and vocations.</li> <li>• Registration fee for births, marriages and deaths.</li> <li>• Charges for services rendered by UC. Union</li> <li>• Rate for remuneration of Village and Neighborhood guards.</li> <li>• Rate for the maintenance of any work of public utility</li> <li>• Rent for land, buildings, machine and vehicles.</li> <li>• Collection charges for recovery of any tax on behalf of other Governments</li> </ul>	<ul style="list-style-type: none"> <li>• Local tax on services.</li> <li>• Fee on sale in animal markets.</li> <li>• Market fees.</li> <li>• Tax on transfer of immovable property</li> <li>• Fee for public events organized by the Town.</li> <li>• Fee for licenses or permits and penalties or fines for violations.</li> <li>• Collection charges for recovery of any tax on behalf of other Governments</li> <li>• Fee on cinemas and shows.</li> <li>• Rent for land, building, machines and vehicles.</li> <li>• Fees for specific services.</li> <li>• Property taxes</li> <li>• Fee on approving building plans.</li> <li>• Tax on vehicles other than those registered in Town.</li> </ul>	<ul style="list-style-type: none"> <li>• Education tax.</li> <li>• Health tax.</li> <li>• Local rate on lands assessable to land revenue.</li> <li>• Fees on educational and health facilities maintained by the District.</li> <li>• Fee for licenses or permits and penalties or fines for violations.</li> <li>• Fees for specific services rendered</li> <li>• Collection charges for recovery of tax on behalf of other Governments</li> <li>• Toll on roads, bridges, ferries within District, other than national/provincial highway</li> <li>• Rent for land, buildings, machinery and vehicles.</li> <li>• Fee for public events organized by the District</li> </ul>

The PFA awarded budget to LGs was non-discretionary and non-lapsable because once award decided, the provincial government had no discretion in its allocation and it does not lapse even in case it is not used in that fiscal year. Moreover, Musharraf removed the infamous octroi and zila (district) tax. This removed the Urban-Rural divide which was created by Zia's LG system that had divided areas under same tehsil into urban and rural areas merely on the basis of the size of populations. Cheema, Khawaja and Qadir (2006) claim this may have helped to correct the urban bias which had resulted in lopsided progress between urban and rural areas within the same district. According to one estimate about forty percent of the Provincial Consolidated Fund went in the head of local bodies (Hussain 2012). However, despite this, Hussain (2012) claims the fiscal transfers to LGs were limited and local bodies had to rely on provincial and federal governments to meet most of their expenses because they could not levy sufficient new taxes while they had to pay salaries of all government employees working within their district.

Despite the relative successes of Musharraf's LG system mentioned above, it also could not survive its benefactor like previous LG systems. Musharraf, like Zia, failed to provide a constitutional cover to his LG reforms in the 16<sup>th</sup> and 17<sup>th</sup> amendments and left it at the mercy of the new democratic civilian dispensation. The 18<sup>th</sup> constitutional amendment under PPP rule, otherwise a very comprehensive and consensus document, also said nothing about LG system and merely left it to the discretion of provinces to legislate and implement a LG system of their choice. Hence, the fate of Musharraf's LG reforms was not different from Zia's reforms because provinces viewed their authority was being challenged by the local bodies. Moreover, like Ayub's and Zia's LG systems, Musharraf's system also could not win popular ownership among most major political parties of Pakistan. The PML (N), PPP and PTI, the three largest political parties of Pakistan which came to power in all four provinces of Pakistan after the 2013 general elections decided to go ahead with their own versions of LG systems in their respective provinces.

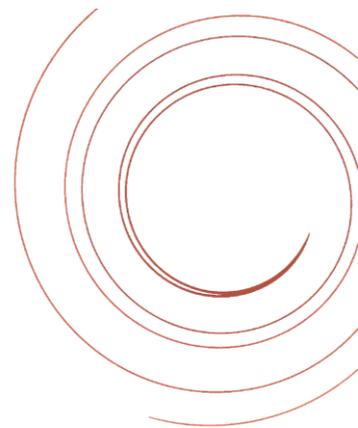
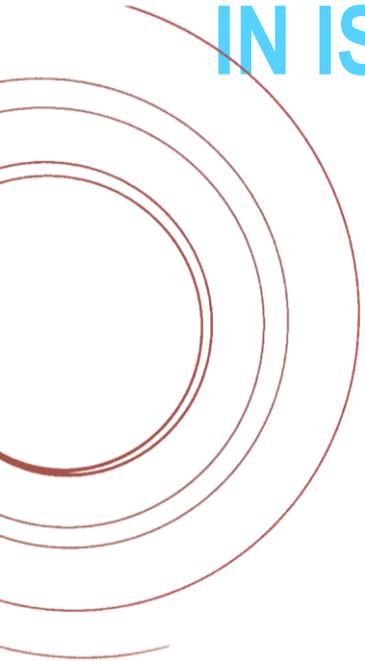
**TABLE 2: COMPARISON OF DECENTRALIZATION UNDER PRE-2013 LOCAL GOVERNMENT SYSTEMS**

	<b>COLONIAL LG SYSTEM</b>	<b>AYUB KHAN'S LG SYSTEM</b>	<b>ZIA-UL-HAQ'S LG SYSTEM</b>	<b>MUSHARRAF'S LG SYSTEM</b>
<b>ADMINISTRATIVE DECENTRALIZATION</b>	Bureaucracy heads all tiers of LG	Bureaucracy heads all tiers above UC	No bureaucratic head in LG, DC still head of district; provincial govts could fire elected officials	No bureaucratic head in LG, Dist. Nazim writes ACR of DCO; provincial govts could fire Nazim with assembly approval
<b>FINANCIAL DECENTRALIZATION</b>	Nil	LG Could levy some local taxes	LG could levy specified local taxes, no Provincial Finance Award (PFA)	LGs could levy more local taxes, Non-discretionary and non-lapsable (PFA)
<b>POLITICAL PARTICIPATION</b>	Non-party elections, no political participation	Non-Party elections, Political activity banned	Non-party elections, political parties participated with changed names	Non-Party elections, political parties participated with changed names
	Nominated members at all tiers of LG, restricted franchise	Nominated members above UC, Adult franchise	No nominated members, UC chairpersons elected by UC members	No Nominated members, UC Nazim/Naib Nazim directly elected
	Colonial Govt had all powers to dismiss LGs	Constitutional Cover for LGs	No constitutional cover, provincial govts could dissolve LGs; no mandatory immediate elections	No constitutional cover, provincial govts could dissolve LGs after 2010; no mandatory immediate elections

The discussion in this chapter clearly shows that the three LG systems practiced before 2013 in Pakistan, despite being the product of dictatorial regimes, demonstrated only gradual improvements in administrative, political and financial decentralization. Table 2 shows that political decentralization gradually increased with all council members in LG councils being directly or indirectly elected by adult suffrage by the time of the Musharraf LG system. The change is even more visible in administrative decentralization as in Musharraf's LG system the district Nazims used to write the ACRs of the district's main bureaucrat, the DCO. Similarly on the financial side, LGs under Musharraf received their finances through a non-discretionary and non-lapsable Provincial Finance Awards and were also allowed to levy certain local taxes. However, sadly in terms of ease of arbitrary dismissal, no progress was observed in LG systems of the three military rulers. Overall, in one way or the other, LGs under the three military governments were designed to forestall state restructuring in favour civilians and the masses and perpetuate the hold the military on state structures while keeping politicians in a dependent state.

# CHAPTER 3

## LOCAL GOVERNANCE IN ISLAMABAD



### CHAPTER 3

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## ISLAMABAD OVERVIEW

Islamabad is located in Pothohar Plateau in the northeastern part of the country, “between the historical cities of Lahore and Peshawar. Unlike Delhi, Dhaka, Jakarta and many other capitals in the region which have existed for several centuries, Islamabad is a new city purposely built as a capital in the 1960s. The Greek architect and city planner Dr. C.A. Doxiadis proposed the current Islamabad site in summer of 1959 and in less than five years Islamabad was inaugurated as the capital of Pakistan in 1963 (Frantzeskakis, 2009). Islamabad covers an area of slightly over nine hundred and six square kilometres (906.50 km). The city is demarcated into five zones. Among these five zones, Zone 1 covers the largest developed residential area. This zone is further divided into sectors. Zone 2 consists of mostly underdeveloped residential sectors as compared to Zone 1. Zone 1 and Zone 2 together constitute the planned urban areas of Islamabad. Zone III, which is the third largest zone, is known as the green zone as it houses the Margalla Hills, the recreational areas (Daman-e-Koh, Monal) and model villages like Said Pur village (Ali, 2013). Zone 4, which is the largest zone in terms of area, along with Zone 5 comprises the bulk of the unplanned rural areas of Islamabad.

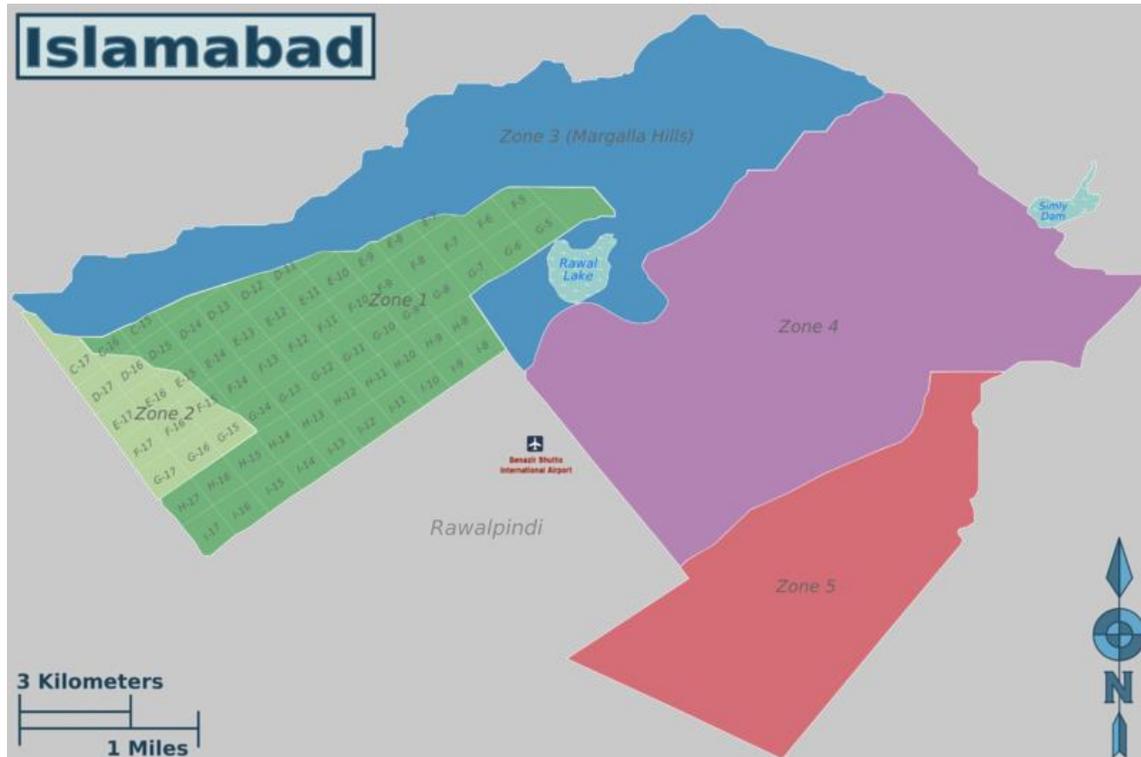
<b>TOTAL AREA</b>	<b>906.50 SQ. KM</b>
Islamabad Urban Area	220.15 sq. km
Islamabad Rural Area	466.20 sq. km
Islamabad Park	220.15 sq. km

Source: CDA Official Website.

Being the capital and a metropolis, Islamabad is heterogeneously populated. Scores of people belonging to other cities have flocked to this city owing to the multiplicity of the opportunities it offers with respect to business and work. This influx of the people is continuously adding to the population of Islamabad. Punjabis, Pakhtuns, Kashmiris, Balochis, and Sindhis have inhabited the city in large numbers. It has been two decades when the last census was conducted. The 1998 census showed Islamabad’s population to be around 805,000, out of which nearly 276,000 was rural and 529,000 was urban (Pakistan Bureau of Statistics: Population by Province/Region Since 1951). During the last 10 years, the city has experienced a 73 percent increase in its population (Durrani, 2015). Though accurate population figures are not available, the housing survey conducted in April 2011 estimated its population to be around 2 million.

## THE UNPLANNED AREAS OF ISLAMABAD

Despite the common perception about Islamabad being the best urban center of Pakistan and its only planned city, large pockets of poor and/or unplanned areas exist within Islamabad in the shape of villages and slums. The large numbers of low-income people in these areas are unable to afford private options for basic services, unlike the upper-class residents of Islamabad, and are consequently in much greater need of the basic services provided by LGs.



The unplanned rural areas (466.20 sq. km) of Islamabad are far bigger in size than the urban areas (220.15 sq. km), covering nearly 130 villages, mainly in Zones 4 and 5 in the earlier 12 rural Union Councils of Islamabad named Bhara Kahu, Phulgaran, Tuimer, Charah, Kirpa, Sihala, Koral, Rawat, Sohan, Tarlai, Kurri and Shah Allah Ditta. A large percentage of the population there is likely to be poor and even the rest lack the municipal services available in upper-class urban areas of Islamabad. A four-year plan (2006-2010) for the uplift of rural areas was launched by the federal government in 2006 and 4.3 billion rupees were allocated for this purpose but by July 2010 only 1.008 billion rupees had been released (Gishkori, 2010). There is a huge gulf between the planned urban parts of Islamabad and the unplanned rural areas in terms of the provision of the basic services (Ali, 2013). A few high-end sectors have well managed playgrounds, round-the-clock water supply, and carpeted roads while there is not even proper waste management in the rural areas (Ghuman and Abbasi, 2015). The residents of the rural areas are compelled to throw their garbage in vacant plots or roads (Pirzada, 2016). Rapid rural appraisals conducted together with local councilors as part of this study in Pind Bhagwal near Bhara Kahu show that water, health, education and other basic needs facilities also far lag those found in the urban areas.

**TABLE 3: LIST OF KACHI ABADIS IN ISLAMABAD**

Name	Location	Number of Families	Number of Individuals
Christian Colony	G-6/1-4	10	70
Dhobi Colony	G-6/2	50	250
Shopper Colony	G-7/1	600	3700
66 Quarters	G-7/2	670	4100
48 Quarters	G-7/3-2	400	2390
100 Quarters	F-6/2	500	6150
France Colony	F-7/4	550	6000
Muslim Colony	PM Secretariat	3200	15000
Afghan Basti	I-11/1	783	5488
Afghan Basti	I-10/3	170	1390
Afghan Basti	H-11/4&H-10/1	90	760
Afghan Basti	H-11	19	102
Afghan Basti	I-11/4	372	2564
Afghan Basti	I-11/2	49	415
Afghan Basti	I-10/1	45	184
Roshan Colony	I-12	35	135
Esa Nagri	I-9/1	180	1436
Muslim Abadi	I-9/1	53	187
Akram Gill Colony	H-9/2	214	1060
Ghorri	Phase-6	40	295
Dhoke Pathana	Sihala	140	780
Mera Jaffar	Ramna	4804	28536
Roshan Abadi	I-9/4	12	49
<b>Total</b>		<b>12,986</b>	<b>81,041</b>

With the rise in population and migration, Kachi Abadis (urban slums) have also multiplied in Islamabad. They reflect a failure on the part of the authorities to cope with the challenges of arranging shelter for the marginalized dwellers. There are at least 23 Kachi Abadis, out of which 21 are in urban areas in the prime Zone 1. Around one-third of them are inhabited by Afghan refugees. The CDA only recognizes 10 Kachi Abadis. The occupants of the slums mostly work as labourers, sweepers, beggars, CDA sanitary staff, and loaders (Hussain, (2014). Poor shelter, overcrowding, and lack of proper jobs, water, sanitation, health and educational facilities are major problems in these areas. CDA official policies restrict development work in unregistered slums. The issues of Kachi Abadis came to the limelight when last year the slum areas of I-11 were bulldozed by government. With the social activists and slum dwellers knocking at the doors of the higher judiciary, the capital administration was asked to stop the practice of evicting such vulnerable inhabitants of slums. Rapid appraisals conducted in France Colony together with local councillors as part of this research showed huge needs in the areas of utilities, water, sanitation, jobs, security and roads. Additionally, there is also the issue that no recent official surveys have been conducted in many Kachi Abadis with the result that families which have moved there recently are not recognized by the government as living there or being eligible for basic services.

Assuming the 1998 rural-urban population ratio still persists and adding the population of slums given above, the current population of Islamabad lacking good-quality municipal

services would be around 40% of its total population of approximately 2 million. This population living in slums and villages should be the main targets of LG services. Additionally, municipal services lag behind even in some planned sectors like I-9 to I-11 and several sectors outside of Zone 1. Thus, the majority of the population in Islamabad does not enjoy the planned services available in elite E and F sectors.

## **PRE-2013 LOCAL GOVERNANCE SYSTEM**

LGs were installed for the first time in Islamabad in 1980 under Zia. This LG system was only introduced covering nearly 130 villages mainly in Zones 4 and 5 in the 12 rural Union Councils of Islamabad named earlier while the urban areas of Zone 1 and Zone 2 remained out of the orbit of the LG system (Iqbal, 2015). The management of the rural areas of Islamabad was transferred from the CDA to the Islamabad Capital Territory (ICT) Administration in 1981 (UN-Habitat, 2014). Unlike the CDA which receives handsome funding for managing civic amenities in urban areas, the ICT has always suffered from the lack of funds for even providing basic necessities in the rural areas. Later on, three LG elections were held in 1983, 1987 and 1992. Only 12 rural UCs were constituted with no provisions for tehsil or district councils. Moreover, no exact number of UC members was given beyond saying the number of members may be specified according to the size of the UC population. Some seats were reserved for minorities, women, peasants and workers but once again without specifying the exact number.

The UCs were given powers to perform most of the developmental and municipal functions in their areas but at the discretion of the federal government. The UCs did not enjoy autonomy in their actions. All the key decisions were left to the discretion of the federal government as UCs could not even employ a simple peon until required” by the federal government. The legislation had a special chapter for the general supervision and control of UCs under which their working was required to be inspected by the federal government at least once in a financial year. The federal government was empowered to quash UC proceedings, suspend the execution of any resolution passed or order made by the UC; and prohibit any action of UC. A “local fund” was created for all UCs where all proceeds from tolls, taxes, fines and sales were pooled along with the loans and grants from the federal government. However, even from the taxes mentioned in the ordinance, UCs could only levy those taxes which were allowed by the federal government individually. Hence, the LG system was highly centralised and weak.

After the dissolution of LGs in the late 1990s, no LG elections were held in Islamabad until 2015 (Iqbal, 2015). Although Musharraf had issued the Islamabad Capital Territory Local Government Ordinance, 2002, no elections were held under this ordinance. Hence, apart from the rural areas in the 1980s and early 1990s, local bodies have not been operational in Islamabad most of the times since its inauguration in 1963. Thus, so far, Islamabad has mainly been run by several units which till recently reported to the federal government.

The CDA was formed under the Capital Development Authority Ordinance, 1960 to look after the development of Islamabad and work as a ‘municipal committee’ responsible for all municipal functions for the new city (CDA ordinance 1960). Under Musharraf’s LG system all city development authorities like the Karachi Development Authority (KDA) were merged with the city governments and their staff and assets were transferred to their respective city governments. But CDA survived even during that phase because Musharraf’s LG system was not implemented in Islamabad. The CDA, as per the 1960 ordinance that is still in operation,

works under the federal government. The CDA chairperson, vice chairperson, financial advisor and all other officials are appointed and dismissed by the federal government. The highest governing body for the CDA is the CDA Board which comprises of the Chairperson, Member Finance & Accounts, Member Administration, Member Planning & Design, Member Engineering, Member Environment, Member Estate, Commissioner Rawalpindi and the Chief Commissioner Islamabad.

Under the 1960 CDA ordinance, the federal government can assign any of those functions to the local government by a notification. But on the other hand CDA ordinance 1960 article 12(5) limits the powers of the federal government and the local government in this regard as it clearly states, “No planning or development scheme shall be prepared by any person or by any local body or agency except with the concurrence of the Authority (CDA)”. However on the other hand, under article 52(1) of the same ordinance, the federal government can dissolve CDA anytime and transfer its assets and liabilities to any other agency. A “Capital Development Authority Fund” was created under the CDA ordinance, from where the administrative, developmental and municipal functions of the CDA are met. The CDA fund is basically run on the grants and loans from the federal government and the sale proceeds of movable and immovable property in Islamabad. CDA can also receive the foreign aid and loans from the International Bank of Reconstruction and Development (IBRD) and other international donors with the sanction and approval of the federal government. The main pre-2013 functions of the CDA were as follows:

**TABLE 4: ORIGINAL FUNCTIONS AND DIVISIONS OF CDA**

STILL WITH CDA	TRANSFERRED TO LG IN 2016
Planning & Designing	District Health services
Urban Planning	Emergency Service, Cares Directorate
Building Planning	District Municipal Administration.
Regional Planning	Sports and culture
Housing Society	CDA Model School
Works Directorate	Coordination
Quantity Survey	Public relations
Program & Evaluation	Capital Hospital
Special Projects	Maintenance and Quality Control
Sector Development	Bulk Water Management
Program & Evaluation	Geological laboratory
Special Projects	Water and Sewerage (Dev)
Sector Development	Maintenance & Road Management Department
Parliament House/Aiwan-e-Sadr upkeep	Water Supply
Zoo & Wild Life Management	Sewerage Treatment Plant
One Window Operation	Machinery Pool Organization
Estate Management	Environment
One Window Operation	Sanitation
Land & Rehabilitation	

In addition, there is also the Islamabad Capital Territory Administration (ICTA), which covers municipal functions like agriculture, industry, labour, development, health, food, local government, rural development, zakat, ushr, auqaf, civil defence, cooperative societies, excise and Police. After the 18<sup>th</sup> amendment devolution in 2010, a Capital Administration and Development Division (CADD) was also created to perform the earlier functions of the abolished federal Ministries/ Divisions relating to Islamabad. The functions which are now controlled by CADD include social welfare, education, health, and population which usually fall under the domains of LG systems. The departments and institutions which came under CADD control included Federal Directorate of Education (FDE), Private Educational Institutions Regulatory Authority (PEIRA), National Institute of Health, Federal Government Services Hospital, Federal College of Education, Federal Government Polytechnic Institute, National Institute of Science and Technical Education, National Training Bureau, National Book Foundation, Pakistan Institute of Medical Sciences (PIMS), Boys and Girls Scouts, National Institute of Rehabilitative Medicine (NIRM) and Human Organs Transplant Authority (HOTA) (Abbasi, 2015). CADD controls the 422 public schools and colleges of Islamabad through FDE. CADD also makes rules and regulations for the private educational institutions in Islamabad using PEIRA (Mohal, 2016a). In 2011, the federal government also established the Ministry of Education and Professional Training (EPT) and the Ministry of National Health Services (NHS) with some oversight of health and education functions in Islamabad. This created further overlap of powers and rivalries among CADD, CDA, ICTA and the two new ministries. Finally, universities, airports and metro bus services, all of which come under city authorities in some large cities globally, fall out of the purview of local authorities in Islamabad.

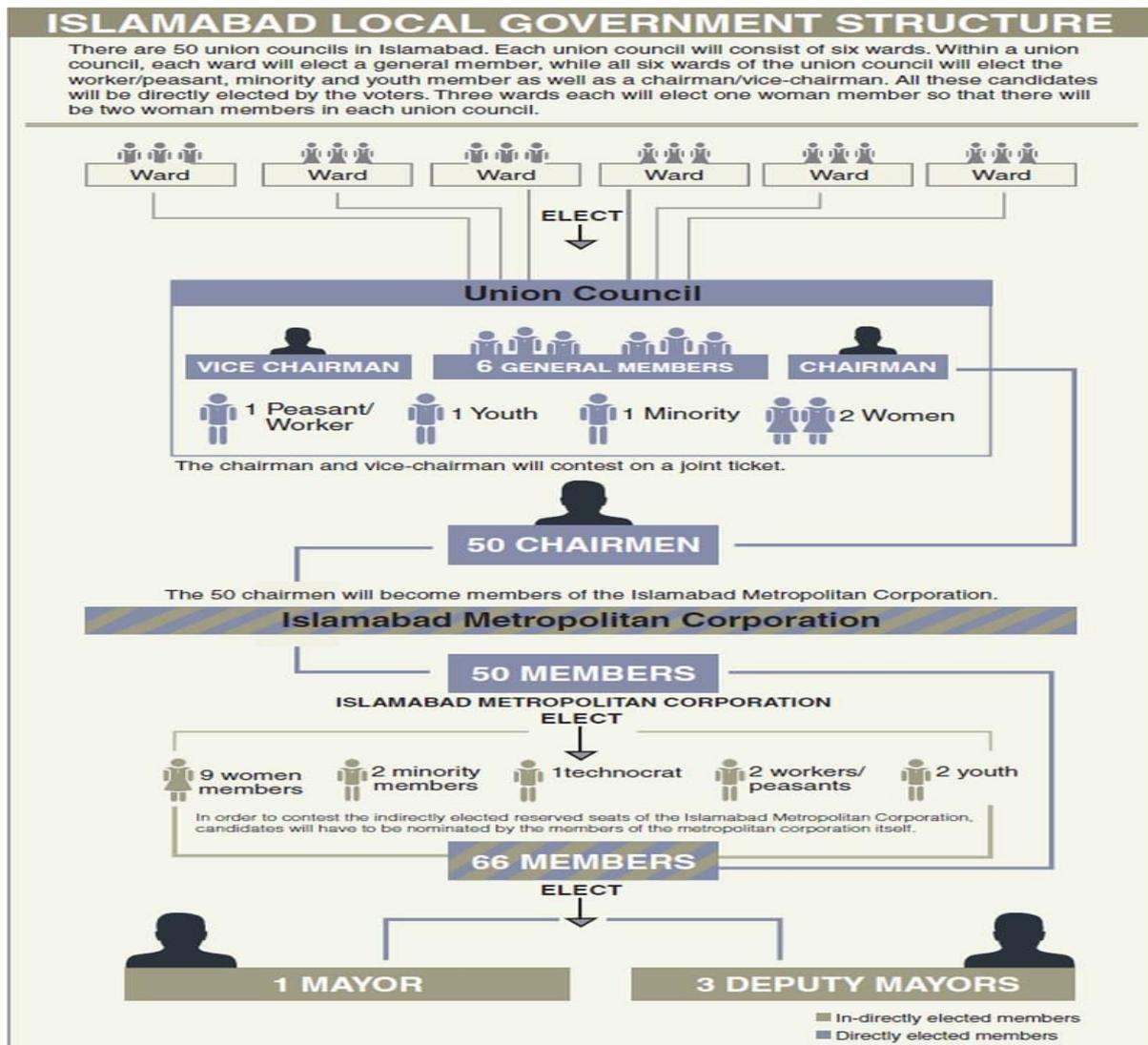
## **ISLAMABAD CAPITAL TERRITORY LOCAL GOVERNMENT ACT (ICTLGA) 2015**

The ICTLGA 2015 provides an LG system for the first time which covers the whole of Islamabad. It provides for LG elections in all rural and urban areas of Islamabad under the Metropolitan Corporation of Islamabad (MCI) which is the highest forum under the new Act.

### **POLITICAL DEVOLUTION**

Unlike the 1979 LG system where LGs only existed at the UC level in the rural areas, the ICTLGA 2015 provides for a two-tiered system that consists of UCs and a unified Islamabad district. The number of UCs is not mentioned in the legislation though the federal government has been given the powers to administratively and unilaterally fix and change the number of UCs. Overall, the whole of Islamabad has currently been divided into fifty UCs as the basic units of the LG system (Junaidi, 2015). This includes 18 urban and 32 rural UCs (approximately one-third vs. two-thirds). It is not clear on what basis the total number of UCs and their division between urban and rural areas has been fixed. Area-wise, rural areas constitute double the size of urban areas, excluding Islamabad Park. But population-wise, urban areas in the last census constituted almost double the population of rural areas. So, it is not clear whether the UC rural-urban ratio has been calculated on the basis of area or population or a combination of both. The PTI opposition has accused the government of reducing the number of UCs in the urban areas since it claims it has more support there. In the 2015 elections, PML-N won the chairperson positions in 21 (mostly rural), PTI in 16 (mostly urban) and others in 13 UCs (Ghumman 2015).

However, the total number of elected members in each UC is fixed to be 13. Each UC is divided into six wards. The UCs are headed by the Chairpersons and Vice Chairpersons (VC), who are directly elected as joint candidates. Apart from them, each UC consists of six general members (one for each ward), two women members, one peasant (for rural areas) or worker (for urban areas), one youth member and one minorities' member. But a recent comprehensive review by Patten Development Organization found that a large number of affluent people have captured the seats reserved for peasants or laborers in the 2015 elections. The election papers of 41 councilors belonging to both the PML-N and PTI on such seats show that 35% are businesspersons, 15% are property dealers, 8% are professionals and only 11% meet, that too partially, the requirements given for such seats in the ICTLGA.



(Ghumman and Abbasi 2015)

The MCI (Municipal Corporation of Islamabad), is the highest forum of the LG system, which is headed by the Mayor of Islamabad who is assisted by three deputy mayors. The composition of MCI and the electoral college for Mayoral election is complicated. All the chairpersons of the fifty UCs become ex-officio members of MCI and the Electoral College for the election of reserved seats in MCI. According to the ICTLGA 2015 article 12(2), the reserved seats for “women should not be less than 33 per cent, peasants/workers not less than 5 per cent, non-Muslims not less than 5 per cent, youth not less 5 per cent each and technocrat not less than 2 per cent”. For the November 2015 elections, the Election Commission of Pakistan (ECP),

computed seventeen reserved seats for women, three reserved seats each for peasants/workers, youth, and non-Muslims, and one reserved seat for a technocrat (Afsar, 2016). This seventy seven-member MCI (currently) then elects the mayor and three deputy mayors of Islamabad on a joint ticket (Hussain, 2015). Following the lead from LG elections in the four provinces, in Islamabad as well for the first time candidates of the political parties were allowed to contest the LG polls with their party symbols. Moreover, the term of office for LGs was also increased from four to five years.

The weakest link in ICTLGA 2015 is its “dissolution of local government” clauses in article 99. According to this article, the Federal Government could dissolve the LGs even before the end of their term of five years in case the general elections for National Assembly are announced. Moreover, in that case, the LGB would appoint the Administrators who would enjoy all the powers and functions of LGs until the elected LGs “assume” their offices and that “the funds and properties” of LGs shall vest with the Federal Government during that period. So, the overall future of this act is equally uncertain like all the previous LG systems in Pakistan. Once again, it is simply an act of parliament and not a constitutional amendment, which means that future Federal Governments can altogether do away with this act with a simple majority in the parliament. Moreover, like all previous LG systems, this law was unilaterally framed by the sitting government without achieving the much needed consensus while framing this act. Therefore, there is a possibility that this act may also be discarded, once the PML(N) is voted out. Finally, unlike the Musharraf era legislation’s inclusion of community-level boards and committees, the 2015 Islamabad legislation does not mandate structures below UCs. But UCs normally do not represent natural communities given their large populations and geographical spread. However, in Pakistani culture, the local community is the hub of social and political networks. Thus, it is important that community-level structures must also be facilitated which can mobilize communities to identify needs and solutions together and apply upward accountability pressures on the UC and MCI LG structures.

## **ADMINISTRATIVE DEVOLUTION**

For the transfer of executive powers to LGs in Islamabad, a highly centralised structure and a top-down approach has been adopted. According to the ICTLGA 2015, in principle all powers belong to the federal government which could devolve one or more of its functions to MCI by a notification and then MCI may similarly devolve some of its functions to the UCs. Thus, the MCI and UCs are bound by the directions of the federal government and MCI respectively for the performance of their delegated powers. Moreover, under article 73(1), the MCI can perform all its functions mentioned in the Third Schedule “subject to the provisions of the Capital Development Authority Ordinance 1960 and Islamabad Capital Territory Zoning Regulations 1992”. Furthermore, to keep a close watch on local bodies, under article 63 (5-8) a special post of ‘Chief Officer’ (unelected federal bureaucrat) has been created which will monitor whether all the laws, policies and oversight framework of the federal government is adhered properly by the Metropolitan Corporation or not.

There is a separate chapter on relations between LGs and the Federal Government in ICTLGA 2015. Under article 92(2) of this chapter the Federal Government can advise and give guidelines to LGs for “promoting economic, social and environmental security of the Capital Territory”. Article 93 (1) further makes it binding for the LGs to follow the “directions” given by the Federal Government. The article 93 (2) clarifies that if the LGs fail to implement such directions and “the situation demands” then the Federal Government can authorise any officer to perform the same action as required by the situation. In other words, if there is clash between

the LG and the Federal Government then the latter can get its directives implemented without the consent of the former.

To keep a check on LGs and to control them from the centre, under article 95 of ICTLGA 2015, a Local Government Commission (LGC) has been constituted which is responsible to the Federal Government and whose chairperson shall be a retired civil servant appointed by the Federal Government. The members of LGC would include two federal legislators (one each from government and opposition), two technocrats nominated by the government, representative of the Chief Commissioner Islamabad and the director, Development & Finance, Islamabad Capital Territory (D& FICT). The director D&FICT would work as ex-officio secretary of the commission. The LGC is empowered to conduct annual and surprise inspections of LGs, or an inquiry or an audit on their own or through any other agency on any matter concerning LGs and submit an annual report about the over-all performance of LGs. Moreover, LGC would also be responsible for disputes resolution between the Divisions/Offices/Departments of the federal Government and an LG institution. Apart from the one member nominated by the opposition leader in National Assembly, all officials and members of LGC will be nominated by the government which will increase the chances that the LGC will control LGs according to the wishes and likes of the Federal Government. To make LGs even weaker and powerless a Local Government Board (LGB) would be constituted under article 98 of the ICTLGA 2015. The board shall consist of three to five members appointed by the Federal government and the Chief Commissioner Islamabad would be its ex-officio Chairperson. The LGB is given the task of making all the appointments, orders and transfers of the local government service sector. Hence, like TCTLGO 1979, the LGs will have no power to appoint or dismiss even a peon in the LG sector. While the federal government does have the right to and must monitor and control LGs in Islamabad, the authority to do so in this legislation seems too broad and over-arching. There is a need to circumscribe the federal authority so as to strike the right balance between federal supervision and LG autonomy.

The division of functions and authorities between the MCI and UCs also needs further clarification. The functions of Union Councils currently are as follows:

- improve and maintain public ways, public streets and public open spaces;
- arrange lighting of public ways, public streets and public places;
- mobilize the community for maintenance, landscaping and prevention of encroachments
- maintain rural water supply schemes and public sources of drinking water
- establish cattle pounds and manage grazing areas and other common property;
- hold fairs and recreational activities;
- provide conservancy services in the Union Council;
- arrange for registration of births, deaths, marriages and divorces
- support a public sector agency to establish public facilitation centre in the Union Council
- support relief measures in the event of any natural calamity
- promote local sports;
- provide for libraries and reading rooms;
- take other measures likely to promote the welfare, health, safety, comfort or convenience of the inhabitants of the Union Council;
- identify deficiencies in delivery of services and making recommendations for improvement of services to the Metropolitan Corporation;
- execute development works in the prescribed manner; and
- maintain such statistics and data on matters of public interest.

The functions of the Metropolitan Corporation currently are as follows:

- implement rules and bye-laws governing public utilities;
- approve development schemes for beautification of urban areas;
- enforce all municipal laws, rules and bye-laws governing its functioning;
- develop integrated system of water reservoirs, water sources, treatment plants, drainage, liquid and solid waste disposal, sanitation and other municipal services;
- assist in provision of relief in the event of any fire, flood, hailstorm, earthquake, epidemic or other natural calamity and assist relevant authorities in relief activities;
- execute and manage development plans;
- provide relief for widows, orphans, poor, persons in distress and persons with disabilities;
- promote technological parks, cottage, small and medium size enterprises;
- prevent and remove encroachments;
- regulate affixing of sign-boards and advertisements except where this function is being performed by the Capital Development Authority;
- provide, manage, operate, maintain and improve the municipal infrastructure and services, including water, sewage, drainage, sanitation, roads and streets, street lighting, playgrounds, open spaces, graveyards, arboriculture and slaughter houses;
- develop and maintain museums, art galleries, libraries, community and cultural centres
- conserve historical and cultural assets
- undertake landscape, monuments and municipal ornamentation;
- maintain regional markets and commercial centres
- maintain a comprehensive data base and information systems
- regulate dangerous and offensive articles and trades
- collect approved taxes, fees, rates, rents, tolls, charges, fines and penalties
- organize sports, cultural, recreational events, fairs and shows, cattle fairs and cattle markets and regulate sale of animals
- manage properties, assets and funds vested in the local government;
- develop and manage schemes;
- authorize an officer or officers to issue notice to a person committing any municipal offence and initiate legal proceedings for continuance of commission of such offence or for failure to comply with the directions contained in such notice;
- prosecute, sue and follow up criminal, civil and recovery proceedings against violators of municipal laws in the courts of competent jurisdiction in Islamabad Capital Territory;
- maintain municipal records and archives; and
- perform such other functions as may be prescribed

Comparing these functions with the Musharraf era, one finds less clear mention of key municipal functions like policing, education, transport and economic development issues in the Islamabad legislation. There is also some overlap among the functions assigned to UCs and the MCI though the former will likely play a subordinate role to the latter in such cases. However, the rights and responsibilities of UCs must be clarified further. Furthermore, UCs must also have their own administrative structures and staff dealing with UC-specific functions e.g., guards, sanitation staff and gardeners, must be transferred from the MCI, CDA and ICTA to UCs administrative structures.

Another issue is the overlap of functions and authorities of LGs with the ICTA, CDA and CADD. As suggested earlier, the relationship between CDA and LGs may be tricky, as so far the CDA had been enjoying all the powers singlehandedly, especially in the urban areas of

Islamabad. But now it will have to share some of its powers and offices with LGs. To maintain the supremacy of CDA over LGs, the ICTLGA 2015 article 3 clearly states, “no action by any authority, body or corporation shall be initiated in violation of the Capital Development Authority Ordinance, 1960”. Article 4 adds to this by stipulating that “wherever there is a clash between the existing law and provisions of this Act, the existing law (CDA) shall prevail unless clearly specified or repealed”. Despite these provisions establishing CDA’s supremacy, it took the federal interior ministry almost six months after the LG elections in November 2015 to issue the notification for the implementation of ICTLGA because of the reluctance of CDA in transferring powers to LGs (Niaz, 2016). Then on June 23, 2016 an order was issued where twenty-three directorates of CDA were fully transferred (shown above in Table 4), while partial control over twenty-six others was also given to the MCI (Mohal, 2016b). Planning and development-related functions were kept with the CDA even though even such functions normally come under LGs. Nearly 9,000 out of CDA’s more than 13,000 staff have been transferred officially to the MCI. While this is a correct step, CDA’s unionized staff has filed a case in the courts since they feel that the labor rights and entitlements that they had gradually won over the years from the CDA management have not been protected in the Islamabad LG legislation. It is important that such rights be protected through appropriate legislation.

This bifurcation of functions between LG and CDA has been resolved for the time being by the federal government’s appointment of the newly elected Islamabad mayor as chairperson of the CDA (Abbasi, 2016). But this arrangement is ad-hoc and person specific. It provides only partial relief to the LGs because legally the federal government can appoint anyone else as new CDA chairperson, e.g., when the elected mayor of Islamabad is from the opposition party. The arrangement is also unsatisfactory since the CDA Chairperson is an appointed position and the Mayor an elected position. Both positions have full-time work-loads and a person holding both positions cannot do justice to either. Moreover, this arrangement could be used to lure the voters in future Islamabad LG polls to vote for the party in power at the centre. Thus, the ideal arrangement would be to have a separate full-time appointed CDA chairperson who reports to the Mayor. Furthermore, the CDA only covers the urban areas of Islamabad. The rural areas are covered only by the overall municipal services provided by the Islamabad Capital Territory (ICT) Administration for the whole city which still falls under the federal government. Finally, there is also overlap with CADD on education and health issues as with the two related federal ministries, as mentioned in detail earlier. Since education and health normally fall under LGs, it may become a four-way fight now among CADD, CDA, the ministries of EPT and NHS, and the LG. There have been media reports about the likely dissolution of CADD soon (Abbasi 2015b). However, there is still no official announcement from the federal government. Furthermore, key transport infrastructure which falls under local authorities in large cities globally falls outside the purview of the Islamabad LG, e.g., the Islamabad Metro Bus Service and airport.

Ideally, LGs should be empowered fully in the implementation of basic municipal functions, with some oversight by the next higher government level to ensure compliance with its laws. Where there are multiple districts under provincial governments, the latter also have to play a crucial coordination role and development of common policy guidelines. With backward districts having limited human resource functions, higher-level governments may have some justification for maintaining greater involvement even in the delivery of some LG functions. However, in the case of Islamabad which is a single federal capital district with the ability to attract high-quality human resources, these rationales for greater involvement by the federal government do not carry much weight. Thus, there is a need to devolve further implementation functions from CADD to the LG, with CADD and other federal ministries restricted mainly to

oversight functions to ensure compliance with federal laws. Also, the subordination of CDA to the LG must be complete and not based on an ad-hoc arrangement.

Since the system came into being only six months back, there is still much confusion among all stakeholders interviewed regarding its various aspects, including the division of labour between the district and UC governments and with the agencies beyond the LGs mentioned above. Local councillors do not have written job descriptions or office space. They have not been given any induction or training on their own role or the different aspects of the LG system. But councillors do report that collaboration with CDA is improving and they are now able to get cooperation from some, though not all, CDA departments, particularly those related to sanitation and parks. Community appraisals conducted as part of this research shows that even communities are not very well aware of the functions and domains of the new LGs.

## **FINANCIAL DEVOLUTION**

Following the model of TCTLGO 1979, a “local fund” has been established which pools the money received through tolls, taxes, fees, fines and penalties levied by the LGs along with the money from investments and sales made by the LGs. Under article 78 (2) the Federal Government would transfer the share of LGs “in the proceeds of taxes of the local government collected by the (Federal) Government”, to the Local Fund on a monthly basis. On the other hand to keep a check on LGs the Auditor-General of Pakistan has been empowered to audit the accounts of LGs and submit the audit report directly to the Public Accounts Committee of the National Assembly.

The UCs are allowed to levy seven kinds of taxes which include: (1) Entertainment tax on dramatical and theatrical shows. (2) Fees for registration and certification of births and marriages. (3) Fee on the services provided by the union council. (4) Rate for the execution or maintenance of any work of public utility like lighting of public places, drainage, conservancy and water supply operated by union council. (5) Community tax for the construction of public work of general utility for the inhabitants of the union. (6) Fee for licensing of professions and vocations as prescribed.

The taxes and other levies by Metropolitan Corporation include: (1) Water rate. (2) Drainage rate. (3) Conservancy rate. (4) Fee for approval of building plans, erection and re-erection of buildings. (5) Fee for change of land use of a land or building as prescribed. (6) Fee for licenses, sanctions and permits. (7) Fee on the slaughter of animals. (8) Tax on professions, trade, callings and employment. (9) Market fees. (10) Tax on sale of animals in cattle markets. (11) Toll tax on roads, bridges and ferries maintained by the Metropolitan Corporation. (12) Fee at fairs and industrial exhibitions. (13) Fee for specific services rendered by the Metropolitan Corporation. (14) Tax for the construction or maintenance of any work of public utility. (15) Parking fee. (16) Water conservancy charge from the owner or occupier of a house or any other building, except an educational institution having a swimming pool with a minimum surface area of 250 square feet. (17) Tax on installation of Base Transceiver Station/Tower. (18) Any other tax or levy authorized by the Government.

Moreover, under article 89 (1-3) MCI would collect the property tax and then it would be distributed amongst the MCI and UCs according to the ratio determined by the Federal Government. However, the Federal Government is empowered to vet the tax proposals of LGs within thirty days from the date of receipt of the proposal. The list of around 25 types of taxes allowed to LGs in the Islamabad LG system is shorter than under Musharraf’s LG system. Some key tax heads missing from the earlier list are education and health taxes. Local

councillors, especially opposition ones, are unclear about budgetary issues, including the overall budget and any specific allocations available for projects in their areas. The MCI still has not been allocated its own budget and is currently borrowing money from CDA to meet its expenses. There has also not been any budgetary or financial projection exercise undertaken to identify the likely levels of annual expenses of the MCI and different UCs and the extent to which they will be financially self-sufficient based on their own revenues. However, MCI officials feel that some UCs, like Rawat, that host major markets may be fully self-sufficient. But it is important to develop financial projections for low-income areas lacking major revenue-generation sources but with higher needs than other areas so as to ensure that such areas, e.g., Kachi Abadis and backward villages, are allocated greater funds from federal sources. There is currently no financial principle for dividing federal funds among and between MCI and UCs.

## **LOCAL GOVERNANCE IN FEDERAL CAPITALS GLOBALLY**

This section compares the degree of devolution provided in the Islamabad LG 2015 Act with that given to two other capital cities: Delhi and London. There are historical reasons behind the choice of Delhi and London for the comparison. Delhi long remained the capital for the region which now constitutes Pakistan and India and Pakistan share many economic, social and political characteristics with India. Moreover, as India and Pakistan owe much of their constitutional, legal, political and governmental structures to the British colonial legacy, a comparison of the troika of London-Islamabad-Delhi makes sense. But it must be recognized that both these cities are much larger than Islamabad.

Delhi was initially made a ‘union territory’ which was directly governed by the central government, much like Islamabad till recently. However, in 1991, Delhi was granted a special status somewhat similar to Indian states by giving it a directly elected Legislative Assembly and a Council of Ministers responsible to the Assembly. Then in January 1992, a state-level representative government called the Government of the National Capital Territory of Delhi (GNCTD) was established. Like other state governments in India, GNCTD manages transport, industrial development, revenue administration, power generation, food and civil supplies and health and family welfare; but unlike other states has no control over police, public order and land (housing) which still remain under the control of the central government (Centre for Policy Research, 2015). This is why it is termed as ‘partial statehood’. Since its victory in state elections in 2015, the Aam Aadmy Party (AAP) has been pushing for ‘full statehood’ for Delhi. Nonetheless, currently, GNCTD is controlled by the central government via the Lieutenant-Governor of Delhi who is appointed by the President of India. This control of the centre over Delhi is confirmed by a recent judgement of the Delhi High court declaring certain orders of the Chief Minister of Delhi, Mr. Arvind Kejriwal, as “illegal” because they were issued “without seeking the concurrence” of the Lt Governor. Moreover, the court wrote in its judgement that Delhi “continues to be a Union Territory” under the administrative control of the Lt Governor and has not acquired the status of a State (Mathur, 2016).

Apart from GNCTD, which looks after the overall administrative structure of Delhi, the 11 districts of Delhi are divided into five urban local government bodies. For the areas of New Delhi which house the parliament, embassies and central government offices, the New Delhi Municipal Council (NDMC) was established through the NDMC Act, 1994. The chairperson

and members of NDMC are nominated by the Ministry of Home Affairs of the Government of India and are only accountable to it. Similarly, for cantonment areas, the Delhi Cantonment Board (DCB) has existed since 1914. It has eight elected members, and manages municipal functions. But its executive head is appointed by the Ministry of Defence and the DCB is responsible to the Ministry of Defence only. For the remaining roughly 95% area of Delhi, there are now three municipal corporations, named the East, the North and the South Delhi Municipal Corporations (DMCs), after the division of the Municipal Corporation of Delhi (MCD) in 2011. The municipal councillors for all three DMCs are elected from their respective municipal wards in direct local body elections but the Ministry of Home Affairs (MHA) appoints a commissioner to head each DMC. Moreover, all three DMC are directly accountable to the Central government of India (Centre for Policy Research, 2015). Thus, as with Islamabad, the powers of MCD are circumscribed by the federal government in many areas.

MCD services include sanitation, storm water drainage and flood control, solid waste management, street lighting, planning, poverty alleviation programmes, primary health, public conveniences and building plan approval. It also manages roads and bridges in collaboration with the Public Works Department and education with support from the GNCTD) and the Government of India. Other agencies providing local services in Delhi include the Delhi Jal Board (water supply and sewerage), the Delhi Urban Shelter Improvement Board (slum development), Delhi Fire Services and Delhi Transport Corporation (Bandyopadhyay, 2015). Thus, like Islamabad, the MCD faces the challenge of overlapping mandates with several departments managed by other government levels. But Delhi does have a specific agency dealing with slum issues, unlike Islamabad.

The MCD can levy ‘obligatory’ and ‘discretionary’ taxes. The former includes property tax, corporation tax, tax on vehicles and animals, theatre tax, tax on advertisements, milk tax, dog tax and tax on building applications. The discretionary taxes include taxes on consumption, sale and supply of electricity, toll tax, education tax, land revenues tax, professions tax, betterment tax and tax on boats. MCD levies all the ‘obligatory’ ones but only two ‘discretionary’ taxes, i.e., toll and electricity taxes. It also receives transfers from higher governments which have contributed around one-third of its revenues in recent years. Overall, MCD has faced serious fiscal challenges in recent years and is dependent on federal transfers, like Islamabad (Bandyopadhyay, 2015).

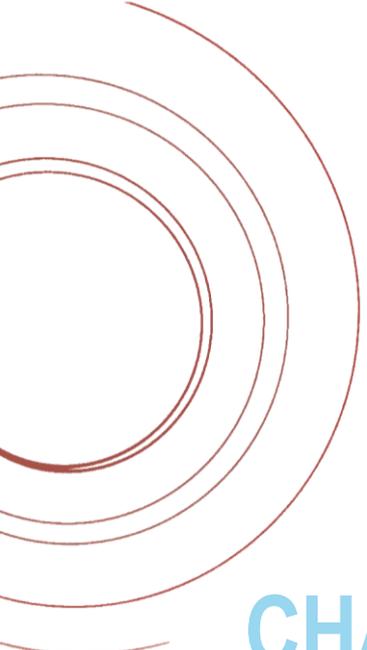
London is an ancient historic city like Delhi and its LG system is at least 150 years old. From the 1855 Metropolis Local Management Act to the Greater London Authority Act 1999 and the Greater London Authority Act 2007, the LG system in London has evolved immensely in trying to meet the challenges of modern times (Davis, 2008). Currently, there are two tiers of local government in London. At the lower tier lie thirty-two boroughs, and the City of London. Every London borough council is further divided into wards and each ward usually elects three councillors for the term of four years. In most of the borough councils, councillors then elect their ‘leaders’, who then decide on their deputy leaders, and appoints their cabinet members. However in Hackney, Lewisham, Newham and Tower Hamlets, a mayor is directly elected, who then chooses his/her cabinet of no more than 10 councillors. The part of London which houses the parliament, the governmental offices of UK and the commercial and business hub of London has its own directly elected corporation named as ‘the City of London Corporation’ which governs the "square mile" of the City of London. The corporation is headed by an apolitical ‘Lord Mayor of London’ who is elected every year at the Common Hall. Since 1839 the city of London maintains its own police force, named as the City of London Police.

To create coordination between boroughs and to give London a unified voice, the Greater London Authority (GLA) was created in 2000 under the Greater London Authority Act 1999. The GLA consists of two institutions--the Mayor and the Assembly. The Mayor of London is elected directly by Londoners for four years (Peach, 2010). On the other hand, twenty five elected members from all across London constitute the London Assembly which keeps a check on the Mayor. The Assembly can directly question the policies of the mayor and can veto his/her budget plans with two-third majority but cannot remove him/her from office. Hence, there is separation of powers and a mechanism of checks and balances following the USA model where the Mayor has the executive role while the Assembly members are the scrutinizers (Travers, 2008). There is no provision for the national government to fire local government officials or assemblies or to interfere in local government matters, unlike in Delhi or Islamabad.

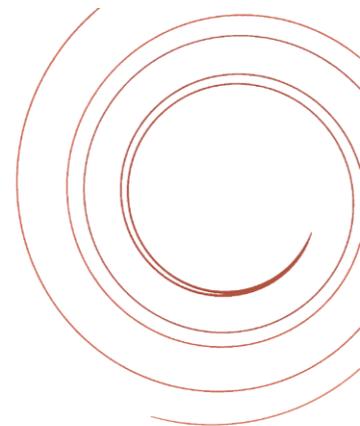
Housing, schools, libraries, social services, local roads, refuse collection, licensing for local businesses, etc. fall under the domain of the wards and boroughs. They also deliver environmental services, including consumer protection, and many arts and leisure services. The GLA is responsible for strategic planning, policing, the fire service, most aspects of transport and economic development. But health services in London are still managed by the UK government. Police is managed locally. Thus, the domain of functions covered by LGs in London is much broader than in Delhi or Islamabad. Local councils are funded through central government grants, Council Tax (a local property tax), Business Rates, and fees and charges from certain services. Thus, even London is not able to achieve full financial autonomy and does depend on transfers from the national government.

This comparative review of the three capitals-Islamabad, Delhi and London-shows clearly that local governance in capitals is comparatively more complex than LG systems in other parts of the country. The presence of central governments and the embassies of the international community make it difficult to govern capitals in the same way as other cities. However, the LG system in London clearly shows how a capital should be governed following the true spirit of democracy while keeping certain areas above politics. The central governments have genuine concerns regarding maintaining law and order and sanctity of important buildings and offices and embassies in the capital but on this pretext they must not deny the people of Islamabad and Delhi of their basic right of self-governance. Like the “square mile” of the city of London, Islamabad and Delhi can also specify certain area like ‘New Delhi’ in Delhi and ‘red zone’ in Islamabad which can be kept apolitical and for which separate police and security systems can be created while giving full authorities to the rest of the cities.

As currently designed, the Islamabad LG system requires many changes to achieve both the technocratic goals of efficiency and effectiveness and the political economy goals of equity and egalitarianism.



# CHAPTER 4 CONCLUSIONS AND RECOMMENDATIONS



## CHAPTER 4

# CONCLUSIONS AND RECOMMENDATIONS

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Global experiences confirm the crucial role of well-designed local government systems in enhancing the quality of governance and service delivery for the general population. But such experiences also emphasize the importance of sufficient and proportionate political, administrative and financial devolution to LGs. Failing this, LGs can impose higher costs without providing proportionate advantages. They then also fail in achieving the political economy goal of the restructuring of the state in favour weaker classes.

Given these facts, the Islamabad LG system introduced in 2015 must be considered as an important step towards enhancing the quality of local service delivery in Islamabad. A review of the system immediately helps in identifying a number of strong points of this new legislation. This is the first time in Pakistan's history that LGs have been introduced in Islamabad and throughout the rest of Pakistan under elected governments. This obviously increases the ownership of major political parties in local governance systems and leads to a continuum of elected structures from the federal to the local levels. This is also the first time in Islamabad's history that the whole city-both urban and rural areas-has been granted local governments. Furthermore, the tenure of the LGs has been increased from four to five years. The elections were held on party basis which is generally recognized as a good practice. Finally, many of the grounds based on which higher authorities could dissolve LGs or fire elected officials do not exist in this legislation.

However, the review also highlights a number of areas where decentralization of power to the local governments still needs to be increased further in the areas of political, administrative and financial devolution to achieve both the technocratic and political economy goals of devolution. Ideally, LGs should be empowered fully to fulfil municipal functions, with some oversight by higher authorities to ensure compliance with its laws. Since there are multiple districts under provincial governments, they must play a crucial coordination role. Backward districts have limited human resource functions. Thus, higher-level governments have some justification for maintaining greater involvement in the delivery of LG functions. However, in the case of Islamabad which is a single federal capital district with the ability to attract high-quality human resources, these rationales for greater involvement by the federal government do not apply. Thus, greater devolution makes sense.

It is fully realized that such devolution takes time, especially in a context where LG bodies were suspended throughout the country for so long and have never existed uniformly throughout Islamabad ever. Furthermore, the presence of sensitive buildings and locations in Islamabad also means that security issues for such sensitive locations must also be ensured while devolving power. However, the conclusions and recommendations given below are not

meant as steps that must be taken immediately. Rather, the aim is to provide a comprehensive list of areas where further work must be undertaken in the future to fully empower Islamabad LGs. The most critical and over-arching gap seems to be the absence of a comprehensive analytical framework which clearly defines the type and level of devolution that must occur based on global experiences and the academic literature on local governance. Such a framework can help in identifying all the functions and authorities that are usually granted to LGs in well-designed LG systems but which are still outside the purview of the Islamabad LGs. This can then become the basis for developing a road-map for their eventual transfer to LGs based on mutual consultations.

## **POLITICAL DEVOLUTION**

- Under Article 99, the Federal Government could dissolve the LGs prematurely in case national elections are announced and appoint Administrators who would enjoy all the powers and functions of LGs until the elected LGs “assume” their offices. Furthermore, neither this act nor Pakistan’s constitution mandates immediate re-elections for LGs within a stipulated period, unlike the 90 days mandate laid out in Pakistan’s constitution for provincial and national assemblies. **The Act must be modified to mandate only at most a limited suspension of LGs during national elections and holding of LG elections within 90 days after end of term or early dissolution.**
- The Islamabad LG system 2015 is based simply on an act of parliament and not a constitutional amendment, which means that future Federal Governments can do away with this act with a simple majority. Future governments of course should have the right to make suitable changes. **However, certain critical aspects of LG systems, e.g., immediate re-elections, sufficient political, administrative and financial devolution, and protections against arbitrary interference by higher authorities, must be protected through a clause in the federal constitution not only for Islamabad but all LG bodies throughout Pakistan.**
- The number of UCs is not mentioned in the legislation and the federal government can administratively and unilaterally change the number of UCs. Currently, 18 urban and 32 rural UCs have been formed (one-third vs. two-thirds). Rural areas constitute double the size of urban areas, but urban areas in the last census constituted almost double the population of rural areas. So, it is not clear whether the UC rural-urban ratio has been calculated on the basis of area or population. **A clear basis for forming new UCs and determining the ratio between urban and rural areas must be designed and mentioned clearly in the legislation.**
- The legislation laudably includes reserved seats for peasants and workers. However, a comprehensive review by Pattan of the election papers of the winning candidates for such seats in the 2015 elections shows that a large number of affluent candidates have captured these seats reserved for low-income persons. **The current elections forms must be reviewed and mistakes rectified, if necessary by disqualification. The election application process must be strengthened to ensure that such elite capture of seats reserved for low-income peasants and workers does not occur again.**
- Unlike some previous legislation which included community-level boards and committees, the 2015 Islamabad legislation does not mandate organizations below UCs. But given their large populations and geographies, UCs usually do not represent natural communities. **Thus, it is important that community organizations must also be facilitated which can**

**mobilize communities to identify needs and solutions together. More critically, such community level structures must be equipped with mechanisms, e.g., complaint mechanisms, regular meetings and visits requirements and community social tribunals, to apply strong upward accountability pressures on the UC and MCI LG structures.**

## **ADMINISTRATIVE DEVOLUTION**

- The federal government has been given wide powers to control LGs. In principle all powers belong to the federal government which would devolve one or more of its functions to MCI. Moreover, the MCI must perform all its functions “subject to the provisions of the Capital Development Authority Ordinance 1960 and Islamabad Capital Territory Zoning Regulations 1992”. The Federal Government can advise and give guidelines to LGs for “promoting economic, social and environmental security of the Capital Territory” and makes it binding for the LGs to follow its “directions”. If the LGs fail to implement such directions and “the situation demands” then the Federal Government can authorise any officer to perform its directions. A ‘Chief Officer’ (unelected bureaucrat) will monitor compliance with federal government laws. A Local Government Commission (LGC) has been constituted which is responsible to the Federal Government and whose chairperson shall be a retired civil servant to conduct annual and surprise inspections of LGs, or an inquiry or an audit. Apart from one member given by the opposition leader in National Assembly, all officials and members of LGC will be pro-government. A Local Government Board (LGB) would be constituted to consist of three to five members appointed by the Federal government for making all the appointments, orders and transfers of the local government service sector. **While the federal government does have the right to and must monitor and control LGs in Islamabad, the authority to do so in this legislation seems too broad and over-arching. There is a need to circumscribe the federal authority so as to strike the right balance between federal supervision and LG autonomy.**
- Compared with the 2001 system, one finds less clear mention of key municipal functions like policing, education, transport and economic development issues in the Islamabad legislation. In practice too, one finds that the functions usually performed by local governments are diffused across a number of federal and other authorities, in particular the ICTA, CADD and CDA. The overlap with CDA has been removed by transferring functions and staff to MCI and subsequently appointing the Mayor as the Chairperson of CDA. However, this seems like an ad-hoc arrangement and creates conflicts too since the Mayor is an elected position and Chairperson CDA an appointed one. **A streamlined process must be adopted where all municipal functions are mentioned clearly in the legislation. Furthermore, those local functions currently being performed by other agencies must be identified and gradually transferred to the MCI. There should be separate full-time heads of CDA and ICTA who report to the Mayor.**
- The unique functions of UCs and their extent of autonomy from the MCI are not clearly identified. There is also an absence of an administrative structure at the UC level to undertake routine UC functions. **The unique functions of UCs must be clarified further and they should be provided with an administrative structure and staff as well as supervision of LG, CDA and ICTA staff performing purely UC-level functions, e.g., guards, cleaners and gardeners.**
- Since the system came into being only six months back after a gap of several decades, there is still much confusion among all stakeholders interviewed regarding its various aspects.

Local councillors do not have written job descriptions and in many cases even offices where they can be approached by communities. They have not been given any induction or training on their own role or the different aspects of the LG system. Even communities are not very well aware of the functions and domains of the new LGs. **Councillors must be given proper job descriptions, offices and training on their roles. A key component of the training must relate to the need to interact with communities regularly, developing strong accountability mechanisms with communities, helping communities identify needs and including proposals for solving them in the annual budget-making process. Awareness-raising must also be undertaken in low-income communities to inform them of the roles, functions and responsibilities of LGs and the importance of developing community-level structures which can liaise with local councillors, especially for women and other vulnerable groups.**

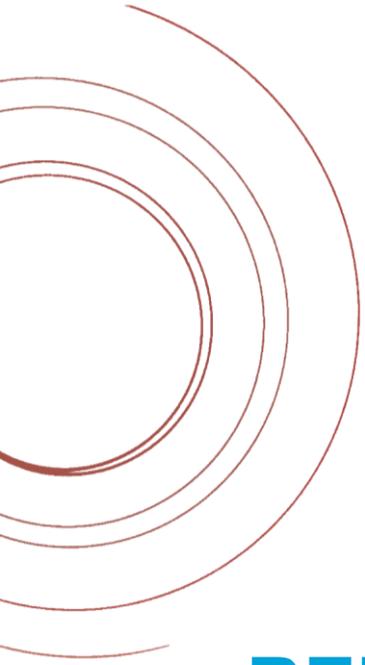
- Nearly 75% of CDA staff has been transferred officially to the MCI. CDA's staff union has filed a court case since the labour rights and entitlements that CDA staff had gradually won over the years from the CDA management have not been protected in the new legislation. **It is important that staff rights be protected through appropriate legislation and CDA and other employees being transferred to LGs does not lose any existing rights.**

## **FINANCIAL DEVOLUTION**

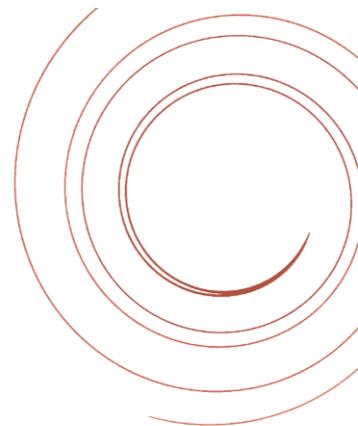
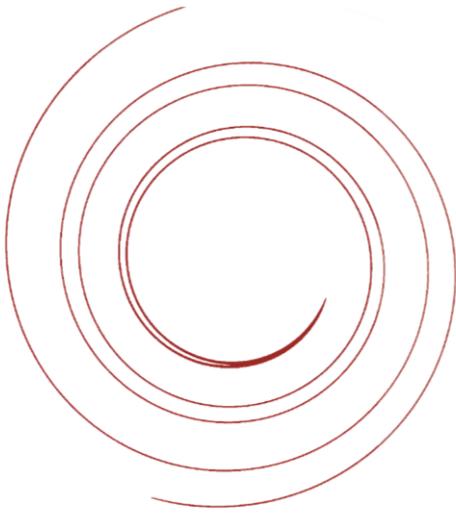
- The list of around 25 types of LG taxes mentioned in the Islamabad LG system is shorter than under the 2001 LG system. Some key taxes that are missing from the 2001 list include education and health taxes. **The list of key taxes allowed to LGs must be reviewed and key taxes usually falling under the purview of LGs must be included to give greater financial autonomy to LGs.**
- No budgetary or financial projection exercise has been undertaken to identify the likely annual expenses of the MCI and different UCs and the extent to which they will be financially self-sufficient based on their own revenues. There is currently no financial principle for dividing federal funds among and between MCI and UCs. **It is important to develop financial projections for all LG authorities as well as an equitable formal mechanism for dividing federal allocations fairly among and between MCI and UCs.**
- Unplanned areas including Kachi Abadis and villages and non-elite sectors in the G and I series likely house the majority of Islamabad's population but currently enjoy much lower levels of municipal services. **It is important that such areas are allocated adequate funds from federal and other sources to meet their needs for good-quality municipal services. Kachi Abadis must not be neglected due to the absence of a regularized status and fresh surveys must be conducted there to identify the number of people living there and their needs for municipal services.**
- Local councillors, especially opposition ones, are unclear about budgetary issues, including the overall budget and any specific allocations available for projects in their areas. The MCI still has not been allocated its own budget and is currently borrowing money from CDA to meet its expenses. **It is critical that local councillors be given the lead in undertaking participatory needs assessments in their areas, especially backward ones, and their budgetary proposals must be given due priority in the annual budget-making processes.**

In summary, the Islamabad Local Government system, despite representing an improvement in some areas over previous LG systems in Pakistan, still needs further changes to fully achieve not just the broader political economy goals of restructuring of the state in favor of weaker classes but even the less ambitious technocratic goals of efficiency and effectiveness.

Since the broader political economy goal is the more important one, efforts should be made to achieve that rather focusing only on achieving the narrower technocratic goals. In fact, achieving the former automatically achieves the latter through the reverse is not true. The fact that these elections were held under the first time under a civilian federal government means that some restructuring has occurred as the military and the bureaucracy's control over the LG system is less visible. However, power has still not passed on the weaker classes but has merely shifted to the industrial, landed and professional elites which formally control the state under democracy, though the military continues to wield considerable power even then informally. In the case of the Islamabad system, this elite capture is made most visible by the capture of even many labor and peasant seats by elites. Furthermore, the absence of intense community mobilization before the elections, community-level organizations and strong accountability mechanisms, the heavy dependence of the LG system on the federal government politically, financially and administratively all undermine the political economy goal of state restructuring in favor of weaker classes. Overcoming these problems will require suitable changes in not only the Islamabad legislation but the federal constitution as well.



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