

Project Code:

(To be allocated by Planning Commission)

**GOVERNMENT OF PUNJAB
Planning Commission
Ministry of Planning, Development & Reform**



PC-II

**PROFORMA FOR PREPARATION OF PROPOSAL FOR
CONDUCTING FEASIBILITY STUDY/SURVEY**

- **Name of the proposed Study/Survey:**

**CAPACITY BUILDING OF LOCAL GOVERNMENTS TO TRANSIT TO
THE NEW LOCAL GOVERNMENTS SYSTEM**

- **Date of Preparation of PC-II:**
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PC-II

Sector: Local

Government

1) Title: Capacity Building of Local Governments to Transit to the New Local Governments System.

2) Authorities responsible for:

- i. Sponsoring: LG&CD Department
- ii. Execution: LG&CD Department through a Consultant

3) Implementation Period (in months): 03 Months

- i. Commencement Date: 1st Feb, 2020
- ii. Completion Date: 30th April, 2020

4) Objectives of the Study/Survey:

Government of the Punjab has introduced two legislations after repealing the Punjab Local Government Act, 2013. These are (i) Punjab Local Government Act 2019 for establishing various tiers of the local governments and; (ii) The Punjab Village Panchayat & Neighbourhood Councils Act, 2019. However, Village Panchayat and Urban Neighbourhoods have not been established as a separate local government tier. Under the new Act, local governments shall be established on the basis of population. The types of governments will include; (i) Metropolitan corporation for each metropolitan area; (ii) Municipal corporation for each municipal area; (iii) municipal and town committees for medium and small cities and; (iv) tehsil council for each revenue tehsil of the province. The provincial government shall be issuing policy guidelines, directions and regulations for LGs.

LG&CD Department is entrusted with the responsibility to lead the transition to this new system. It is therefore important to evaluate the capacity of the Administrative Department as well as the new local governments and also, the Village Panchayats and Neighbourhood Councils to ensure that these are able to discharge functions and responsibilities assigned under the PLGA 2019. The capacity gaps identified through this study will help the department to prepare PC-I for the scheme titled "Capacity building of local government to transit to the new local government system" reflected at GSR 2789 in ADP 2019-20.

Foregoing in view, the objective of this study is:

1. To assess the capacity of LG&CD Department with a view to identify gaps and shortcomings in its readiness at the provincial and district levels to steer the transition of new local government system in accordance with 'Punjab Local Government Act 2019' and 'Punjab Village Panchayats and Neighbourhood Councils (PVP&NCs) Act, 2019'.
2. To propose all missing resources and systems including, but not limited to; human, physical, financial, budgetary, technical, MIS, citizen engagement, reporting and accountability etc. that are required to be secured, as a way of new hiring /procurement or transfer from another government entity or another mechanism, to transit to and run the new LG system smoothly and efficiently.

5) Scope and justification of Study/Survey (in terms of quantifiable items):

The scope of this study will extend to the whole of Punjab, where new local government systems will be established and run under the legislations mentioned at 4(1) above. This will include the 455 Local Governments notified by LG&CD Department as well as a representative sample of Village Panchayat and Neighbourhood Councils (VP&NCs), whose findings can be extrapolated to the remaining VP&NCs.

The study is essential in order to lend credence to the formulation of a PC1 through which essential / missing resources will be provided to the new local government tiers / systems and their monitoring capacity at the provincial level. Understandably, after the promulgation of the two legislations, the workload of LG&CDD will increase manifold. To address this need, a review of the capacity of the department at both provincial and local level is required in order to formulate recommendations about the nature and quantum of resources that are to be provided to LG&CDD or any other government entities through a PC1 for FY 2020-21.

6) Cost Estimates along with source:

(Million PKR)

S.No	Source	Local	FEC	Total
i	Federal PSDP			
ii	Provincial ADP	6.63		6.63
iii	Foreign Loan*			
iv	Foreign Grant*			
v	Others			
	Total:	6.63		6.63

**In case of foreign loan or grant name of donor agency, Terms & Conditions and EAD's confirmation be attached.*

7) Item-wise summary of cost along with year-wise phasing:

(in PKR.)

Item/category	Amount / Number	Unit cost	Month-1 (20 days)	Month-2 (20 days)	Month-3 (20 days)	Total Cost
i. Principal Consultant (50% time x 60 days)	1	16000/ day	160,000	160,000	160,000	480,000
ii. Research Associates (Full Time)	3	150,000 / Month	450,000	450,000	450,000	1,350,000
iii. M&E Expert (50% time x 60 days)	1	45,000/ day	450,000	450,000	450,000	1,350,000
1. Salary Cost	5		1,060,000	1,060,000	1,060,000	3,180,000
2. Field Visits for data collection, Interviews & Focus Groups	20	60,000	600,000 (10 visits)	600,000 (10 visits)	600,000 (10 visits)	1,200,000
3. Assessment of existing Training facilities such as the one at Lalamusa	1	150,000	150,000	150,000	150,000	450,000
4. Workshops	2	500,000	500,000	500,000	500,000	1,500,000
5. Analytical / Accounting Support	1	50,000	50,000	50,000	50,000	150,000
6. Report Writing & Printing		50,000	50,000	50,000	50,000	150,000
TOTAL:						6,630,000

(Item wise detailed specification be annexed and also indicate basis of costs estimate)

8) Indicate studies/surveys already undertaken on the subject. In case studies have already been undertaken it may be certified that present study/survey is necessary to add or validate/update the existing study/survey available with the sponsoring or other departments

No study / survey of similar nature has been conducted or commissioned by the Local Government and Community Development Department or its allied entities after the enactment of the two legislations in 2019. Similarly, no study or survey on the aspect of capacity assessment and future needs have been undertaken by other relevant provincial departments / agencies such as P&DD, Punjab Economic Research institute (PERI), Bureau of Statistics (BOS) etc. The available literature on the subject including the recent studies, is conceptual and theoretical in nature. In a 2019 study entitled 'The New Local Government System in Punjab - Summary and Assessment', the authors Rainer Rohdewold and Moazzam Janjua have assessed the salient features of the two recent legislations from a comparative perspective with the previous system. PILDAT also prepared a Briefing Paper called 'Comparative Analysis of Local Government Laws in Pakistan' in 2019 to provide information on the legal remit of local governments in the context of forthcoming reforms in local governments system in all four provinces. Background information on the evolution and disruptions in local government system can be traced through studies such as a recently published one in Journal of International Politics, entitled 'The History of Local Governance in Pakistan: What

Lessons to Learn' (2019). However, none of these studies deals with identifying the capacity gaps and means to resolve them. Similar studies dealing with broader areas of local government in the context of Punjab or Pakistan are as follows:

Ahmed, M. (2015). The Political Economy of Decentralisation and Access to Pro-poor Social Services Delivery in Pakistan. *The Pakistan Development Review*, 54(4), 471-484.

Durr-e-Nayab. (2006). First Meeting of the PIDE Committee on Devolution Reforms in Pakistan Lahore, June 1, 2006. *The Pakistan Development Review*, 45(1), 157-161.

Cheema, A., Khwaja, A. I., & Qadir, A. (2006). Local government reforms in Pakistan: context, content and causes. KSG Working Paper No. RWP05-034. Available at <http://dx.doi.org/10.2139/ssrn.739712>

Gazdar, H. (2008). Moment of Truth for Pakistan's Elected Government. *Economic and Political Weekly*, 43(49), 8-9. Retrieved from www.jstor.org/stable/40278254

Ghaus-Pasha, A., Pasha, H., & Khan, A. (2000). Devolution and Fiscal Decentralisation [with Comments]. *The Pakistan Development Review*, 39(4), 981-1011.

Guess, G. (2005). Comparative Decentralization Lessons from Pakistan, Indonesia, and the Philippines. *Public Administration Review*, 65(2), 217-230.

Hasnain, Z. (2010). Devolution, Accountability, and Service Delivery in Pakistan. *The Pakistan Development Review*, 49(2), 129-152.

Kurosaki, T. (2005). Determinants of Collective Action under Devolution Initiatives: The Case of Citizen Community Boards in Pakistan. *The Pakistan Development Review*, 44(3), 253-269.

Kurosaki, T. (2006). Community and Economic Development in Pakistan: The Case of Citizen Community Boards in Hafizabad and a Japanese Perspectives. *The Pakistan Development Review*, 45(4), 575-585.

Malik, N. (2009). The Modern Face of Traditional Agrarian Rule: Local Government in Pakistan. *Development in Practice*, 19(8), 997-1008.

Malik, S., Mahmood-ul-Hassan, & Hussain, S. (2006). Fiscal Decentralisation and Economic Growth in Pakistan. *The Pakistan Development Review*, 45(4), 845-854.

Naeem ur Rehman Khattak, Ahmad, I., & Khan, J. (2010). Fiscal Decentralisation in Pakistan. *The Pakistan Development Review*, 49(4), 419-436.

Pasha, A. (2010). The 7th NFC Award and Economic Implications of the 18th Amendment. *The Pakistan Development Review*, 49(4), 533-535.

S. Akbar Zaidi. (1996). Urban Local Government in Pakistan: Expecting Too Much from Too Little? *Economic and Political Weekly*, 31(44), 2948-2953.

S. Akbar Zaidi. (2003). Musharraf's 'Silent Revolution': Undone by Democracy. *Economic and Political Weekly*, 38(29), 3047-3048.

Shah, S., Khalid, M., & Shah, T. (2006). Convergence Model of Governance: A Case Study of the Local Government System of Pakistan. *The Pakistan Development Review*, 45(4), 855-871.

Besides these local studies conducted mainly with Pakistani local government system in view, there is a rich global literature available on the intent, effect and working of local government system, especially those going through a transition on aspects such as institutional design, Human resources, performance and its appraisal, budgeting, expenditure, local taxes, women participation, e-governance and MIS, service delivery and democratic citizenship etc in order to assess the needs and gaps of capacity to ensure smooth functioning of LGs in all these areas. Accordingly, relevant studies, a limited sample of which is shown below, should be reviewed by the prospective consultant in order to fully comprehend and appreciate the complexity of the work expected from them:

- Ammons, D., & Condrey, S. (1991). Performance Appraisal in Local Government. *Public Productivity & Management Review*, 14(3), 253-266.
- Barrows, R. (1981). Management Information Systems for Local Government: Discussion. *American Journal of Agricultural Economics*, 63(5), 984-985.
- Benton, J. (2013). Local Government Collaboration: Considerations, Issues, and Prospects. *State & Local Government Review*, 45(4), 220-223.
- Cogburn, J., & Hays, S. (2003). Innovations in Local Government Human Resource Systems: Observations from Several Best Practice Locations. *Public Administration Quarterly*, 27(3/4), 433-455.
- Faulk, D., & Grassmuck, G. (2012). City-county Consolidation and Local Government Expenditures. *State & Local Government Review*, 44(3), 196-205.
- Feiock, R., & Jang, H. (2009). Nonprofits as Local Government Service Contractors. *Public Administration Review*, 69(4), 668-680.
- Gabris, G., Grenell, K., & Kaatz, J. (1998). Reinventing Local Government Human Services Management: A Conceptual Analysis. *Public Administration Quarterly*, 22(1), 74-97.
- Gargan, J. (1981). Consideration of Local Government Capacity. *Public Administration Review*, 41(6), 649-658.
- Gargan, J., & Moore, C. (1984). Enhancing Local Government Capacity in Budget Decision Making: The Use of Group Process Techniques. *Public Administration Review*, 44(6), 504-511.
- Gboyega, A. (1991). Protecting Local Governments from Arbitrary State and Federal Interference: What Prospects for the 1990s? *Publius*, 21(4), 45-59.
- Gil Harper. (1995). Editorial: Women in Local Government. *Agenda: Empowering Women for Gender Equity*, (26), 2-3.
- Glaeser, E. (1996). The Incentive Effects of Property Taxes on Local Governments. *Public Choice*, 89(1/2), 93-111.
- Glaser, M., & Hildreth, W. (1999). Service Delivery Satisfaction and Willingness to Pay Taxes: Citizen Recognition of Local Government Performance. *Public Productivity & Management Review*, 23(1), 48-67.
- Holden, S., Norris, D., & Fletcher, P. (2003). Electronic Government at the Local Level: Progress to Date and Future Issues. *Public Performance & Management Review*, 26(4), 325-344.
- Jeffery, C. (2006). Devolution and Local Government. *Publius*, 36 (1), 57-73. Retrieved from www.jstor.org/stable/20184942
- Lacho, K., Stearns, G., & Whelan, R. (1991). Performance Appraisal in Local Government: A Current Update. *Public Productivity & Management Review*, 14(3), 281-296.
- Lesch, A. (1993). Transition to Palestinian Self-Government. *Journal of Palestine Studies*, 22(3), 46-56.
- Liberati, P., & Sacchi, A. (2013). Tax decentralization and local government size. *Public Choice*, 157(1/2), 183-205.
- Maharaj, N., & Maharaj, B. (2004). Engendering local government in post-apartheid South Africa - Experiences of female councillors in Durban (1996-2000). *GeoJournal*, 61(3), 263-272.
- Mead, L. (1979). Institutional Analysis for State and Local Government. *Public Administration Review*, 39(1), 26-30.
- Park, C. (2003). Quality of Local Government and Democratic Citizenship. *Social Indicators Research*, 62/63, 291-319.
- Ramsey, W. (1984). Local Government Microcomputer Information Systems. *Public Administration Review*, 44(1), 68-69.
- Raurich, X. (2003). Government Spending, Local Indeterminacy and Tax Structure. *Economica*, 70(280), 639-653.

Robinson, J. (1995). Act of Omission: Gender and Local Government in the Transition. *Agenda: Empowering Women for Gender Equity*, (26), 7-18. doi:10.2307/4065913

Steen, T., Teles, F., & Torsteinsen, H. (2017). Improving Local Service Delivery: Increasing Performance through Reforms. In Brajnik I., Bleyen P., Bjørnå H., Citroni G., Denters B., Đulabić V., et al. (Authors) & Bouckaert G., Schwab C., & Kuhlmann S. (Eds.), *The Future of Local Government in Europe: Lessons from Research and Practice in 31 Countries* (pp. 53-78). Baden-Baden, Germany

Thomson, N. (1981). The Revenue Raising Capacity of Local Government: The Ratepayers or Their Property? *The Australian Quarterly*, 53(3), 343-351.

Warner, M. (2010). The Future of Local Government: Twenty-First-Century Challenges. *Public Administration Review*, 70, S145-S147.

Weiland, P. (1998). Environmental Regulations and Local Government Institutional Capacity. *Public Administration Quarterly*, 22(2), 176-203.

9) The TORs of the consultant are as follows:

For Objective no 1, the TORs of the consultant will be to:

1. Undertake essential literature review on local government in the context of Pakistan and beyond; ranging from the LG legislation, rules, regulations, manuals and guidelines etc. to the relevant research studies, some of which are mentioned at section 8 above, for conceptual orientation on the nature, structure, mandate and service delivery expectations from the new local government set-up in Punjab.
2. Carry out an in-depth assessment of LG&CD Department and Local Governments' organizational structure in the province as well as local level in the light of Rules of Business (ROB), PLGA 2019 and PVP&NCA, 2019;
3. Evaluate HR of the department, Punjab Local Government Board, Directorate General of LG&CD and assess its capacity to effectively perform functions assigned to the department under ROB, PLGA 2019 and PVP&NCA, 2019;
4. Evaluate efficiency in departmental procedures and workflows at the provincial and local level and make appropriate recommendations to make the departmental system efficient;
5. Undertake an assessment of physical infrastructure and equipment of the LG&CD Department (provincial and local level) and identify gaps;
6. Review public financial management capacity of the LG&CD Department with a view to consolidate fiscal data of LGs and monitor the delivery of services by the LGs as well as Village Panchayats and Neighborhood Councils.
7. Devise an implementable plan to modernize public financial, human resource and procurement management systems in the department

For Objective no 2, the TORs of the consultant will be as follows:

1. To carry out desk review of interim SOE of LGs to understand their existing HR capacities vis-à-vis functions stated in PLGA, 2019 and identify gaps;
2. Review existing financial management systems of LGs and identify gaps in their HR, PFM systems and linkages with service delivery.

3. Design an institutional framework that ensures effective coordination between local governments as a number of their functions – such as water, sanitation, and roads etc – involve inter-jurisdictional externalities;
4. Devise an implementable plan to build capacity for PFM, revenue mobilization and procurements in local governments;
5. On the basis of the assessment of current capacity, propose a plan for the training needs of employees of LGs as well as elected local representatives;
6. Propose how to avoid leakages and corruption in the collection of local revenue and fees;
7. Propose a way forward as to how an effective linkage may be developed between LG&CD Department and thousands of Village Panchayats and Neighborhood Councils which shall soon be established in the government;
8. Ways and means for operational efficiency, financial management and service delivery by Village Panchayats and Neighborhood Councils;
9. Propose new resources, systems and mechanisms etc. to be brought in place in the light of gap identification exercise on all the aforementioned TORs. This should include a list with numbers and costs of all new resources that will be required by the new LG system at provincial and local level including, but not limited to; HR, equipment, durable goods, MIS and other systems, budgetary, financial, monitoring and service delivery arrangements etc. to be provided through the forthcoming Annual Development Plan 2020-21;
10. To identify all resources that need to be transferred from one tier of the government to the other before / during /after the functioning of the new LG system.

Based on all above, the consultant shall provide a draft PC-I to the department for capacity building of LG&CD Department/local governments/VPs & NCs to transit to the new local government system.

10) Management structure and manpower requirements including specialized skills required during implementation:

A team of 06 individuals comprising of a Principal Consultant, supported by four Research Associates and an M&E Expert should be able to complete the task. The skillset required for the expert is:

- i. Minimum of master's degree from an HEC recognized reputable local or foreign university
- ii. At least 15 years of research and allied experience in development policy, governance, public finance, development planning and related fields.
- iii. Evidence of strong understanding of legal, policy and institutional context of local governance in Punjab for fully appreciating the range of capacity challenges at the provincial and district/tehsil/VP/NC levels across the province
- iv. Track record of producing high quality, preferably published work on development issues, policies and procedures in English language

- v. Strong presentation and team skills

The Researchers and M&E Experts must have at least 05 years of post-qualification experience in their relative areas.

11) Expected Outcome:

The identification of gaps in the capacity of Local Government and Community Development Department at the provincial and local level will enable the administrative department to plan for the provision of missing / future resources required to run the new local government system in accordance with 'Punjab Local Government Act 2019' and 'Punjab Village Panchayats and Neighbourhood Councils (PVP&NCs) Act, 2019'.

As a result of this study, the department will be able to not only identify gaps but also estimate the number and costs of resources, systems and mechanisms (e.g. HR, equipment, durable goods, MIS/ICT and other systems, budgetary, financial, monitoring and service delivery arrangements etc.) required to run the new LG system at provincial and local level. These resources shall then be provided to the new LG system through a PCI for the forthcoming Annual Development Plan 2020-21.

Prepared By:

- Signatures:
- Name:
- Designation: Director General, LG&CD
- Phone # and Email:
- Date:

Verified By

- Signatures:
- Name:
- Designation: ADDITIONAL SECRETARY DEVELOPMENT, LG&CDD
- Phone # and Email:
- Date:

Recommended By:

- Signatures:
- Name:
- Designation: SECRETARY, LG&CD DEPARTMENT
- Phone # and Email:
- Date: