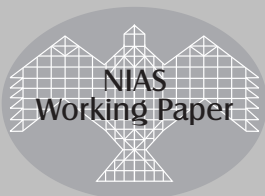


WP3-2012



Dr. S.S. Meenakshisundaram

# NIAS

## DECENTRALIZED LOCAL GOVERNANCE AND CITIZEN PARTICIPATION IN SOUTH ASIA



NATIONAL INSTITUTE OF ADVANCED STUDIES

Bangalore, India



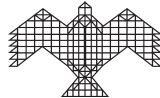
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This paper is based on the key-note address delivered by the author in the Asian Regional Conference on “Effective Local Governance: Accountability, Participation and inclusion” organized by Logo Link South Asia and PRIA Global Partnership at Kathmandu, Nepal during 2-4 June, 2011.



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# DECENTRALIZED LOCAL GOVERNANCE AND CITIZEN PARTICIPATION IN SOUTH ASIA

*T*his paper encompasses two major themes— local governance and citizens’ participation in five neighbouring countries in South Asia, their trials, achievements and failures. Whether their experiences can help the international community in drawing useful conclusions on these two themes is what this paper proposes to explore. Citizen participation is the essence of democracy. An ordinary local citizen should feel that he is not just an inert subject of an arbitrary government far removed from him, but a person whose views must be considered since the government belongs to him and the ruler exists for his benefit and not the other way round. This can be best achieved only through an elected local government, since the people are likely to choose the ones who care for their interests most. The local rulers will also have to be sensitive to the needs of the people, if they wish to get continued support from them. Citizen participation and democratic local

governance are thus closely inter-linked and a discussion on one will necessarily lead to the other.

Local governments are the visible instruments of decentralization. A local government, because of its closeness to a location, can provide certain services far more efficiently than a national government. With its superior local knowledge it can plan for the social, economic and manpower betterment, much better than the central government. It can ensure better accountability of public officials to the citizen, because of its nearness to the people. By virtue of its position, a local government can be an effective communication channel between the centre and the people, thus providing an institutional mechanism for peoples’ participation even in national governance. Since local governments readily provide the channel for participation, the very purpose of establishing a local government will get defeated if the citizens do not participate in it. Hence, in addition

to examining in detail the decentralized local governance patterns in these countries we will, in this paper, look at citizens' participation also primarily through the mirror of local governments. Governance is a dynamic process and the circumstances indicated in this paper might have undergone some changes by now. The conclusions arrived at in this paper cannot therefore be exhaustive or perfect.

The five countries chosen for this study - Bangladesh, India, Nepal, Pakistan and Sri Lanka (in alphabetical order) have several similarities and cultural specificities. In principle they all want to decentralize (or at least that is what their

Governments swear) and the stated purpose of decentralization has been to facilitate citizen participation. Their processes are different and the experiences vary. We need to take a quick look at them before we draw any conclusions or suggest a way forward. The rest of this paper is therefore divided into three parts- first, a summary of the local governance systems that are now in existence in these South Asian countries; the second, a quick assessment and analysis of the systems and the third, attempting to draw some conclusions and suggesting a possible way forward in the context of community participation.



# 1. COUNTRY PROFILES

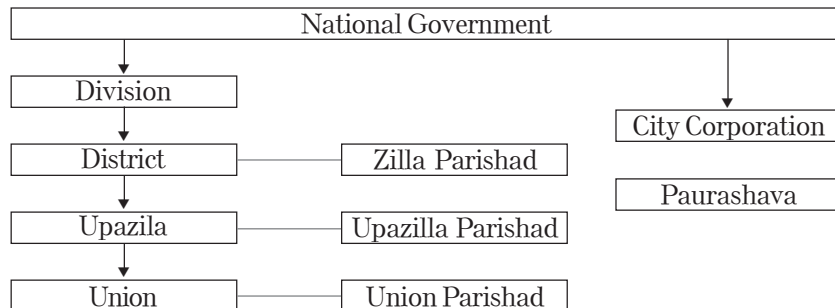
## Bangladesh

Ever since the birth of the nation in 1971 there have been several attempts by successive governments to establish local governments in Bangladesh. The first experiment began in 1972 with Article 59 of the Constitution stating that “Local government in every administrative unit of the republic shall be entrusted to bodies composed of persons elected in accordance with Law.” To ensure that this is translated into action, the Constitution then directed the Parliament to confer necessary powers on the local governments including the power to impose taxes. Though these provisions were subsequently abolished by another Government through an amendment,

they were restored subsequently by a third Government in 1991. Despite all this, there is no clause in the Constitution even now which specifies the number of tiers, division of functions among the central, regional and local levels or the financial arrangements between them.

At present two types of local government institutions are envisaged in Bangladesh – a three-tier system for the rural areas and single-tier for the urban areas. The rural local bodies are the Union Parishad (UP), Upazilla Parishad (UZP) and the Zilla Parishad (ZP). The urban local government bodies are the Paurshavas in cities and small towns and City Corporations for the metropolitan cities. The following Figure 1 shows the administrative units and the local government bodies in Bangladesh.

Figure 1:



The UP consists of 12 members including a chairman, 9 of whom are elected from each of the 9 wards. Three seats are reserved for women. According to the local government UZP Ordinance 2008, UZP consisted of an elected chairperson; two elected Vice-chairpersons (one male and one female), chairpersons of all UPs and mayors of municipalities if any within the Upazilla and nominated women members. According to the Local Government (ZP) Act, 1988, a ZP comprised public representatives such as Members of the Parliament, chairpersons of UZPs and the Paurshavas in the district, nominated women members and a few officials. The ZPs in the hill districts consisted of a specific number of tribal and non-tribal members who are directly elected by the people. These Ordinances/ Acts governing the local governments vest in the national government the authority to determine or modify the size and boundaries of the local units and formulate rules and bye-laws for them. The government decides not only the strength of the Council but also the names and designations of the nominated and official members. It also decides when to hold the elections for the LGIs, with the result that never elections were held on time for any LGI in Bangladesh.

Under the local government ordinance 1983 several functions have been

assigned to the UPs such as civic functions, police and defence functions, revenue and general administrative functions and development functions. Although the Ups are made responsible for 38 functions, most of them remain only in paper. In addition, the UPs are also involved in the implementation of the government and donor assisted programmes. The UZPs are entrusted with an equally impressive list of functions but the most important is the preparation of the Upazilla five year plan on the basis of the plans submitted by the UPs. Several functions are also expected to be transferred to the UZPs from different departments of the national government. Unfortunately, in reality, most of these functions were continued to be performed by the national government as elections to the UZPs could not take place for over 18 years since 1990. The old system of Thana Development Coordination Committee (TDCC) was continued under the supervision of a civil servant appointed by the Government. The main function of TDCC then was the allocation of funds among the UPs for development as and when the TDCC received its annual block of grants for development from the national government. Though the elections to UZPs have been held in 2009, there has been very little progress so far in their

discharging the functions assigned to them under the ordinance.

The ZPs are expected to be responsible for monitoring the activities of the UZPs. Though Zilla Parishads Act 2000 has identified a number of compulsory and optional functions, in reality the ZPs could perform only limited functions in the fields of law and order and coordination of development activities among the local government bodies at the lower levels. Here again, no elections were held at all to elect ZPs in the country expect only once and as on date, just the structures remain, without any elected representatives at the district level.

The Paurashavas / city corporations are empowered to discharge a variety of municipal and civic functions. Since their financial resources are extremely limited these institutions could also perform only minimal functions such as provision of water supply, registration of births, deaths and marriages, maintenance of roads, bridges, culverts, street lights, community centres etc. (On the other hand, the Local Government Engineering Department which was established under the National Government to provide technical support to local bodies got expanded hampering in the bargain capacity development among the LGIs.) Both the urban and rural local governments perform the basic tasks assigned to them through a

committee system dividing the responsibility among their members.

As a country, Bangladesh lacks adequate funds to meet the needs of the people and the same is true for LGIs as well. There is no budgetary formula for allocation of resources among the LGIs. Main sources of their income include taxes, rates, fees and charges levied by them; rents and profits accruing from their properties and sums received through services. Contribution from individuals and institutions, government grants, profits from investments, and loans are the other sources of income. Urban local bodies raise between 55-75 per cent of the revenue from their own sources while the rest comes through government grants. Government supervision and control are very strict regarding the finances of LGIs. Central Acts prescribe in detail the sources of income, scales and limits of taxation, nature of available grants-in-aid and the loans that can be raised. They also specify that the funds of LGIs be kept in a government treasury or a bank transacting business with the treasury.

On the personnel front, the LGIs suffer from a lack of adequate and efficient staff support to carry out their functions. Personnel management is in the hands of the Central Government which has retained the power of appointing key officials either on transfer, recruitment or

on deputation. The government has also retained the powers to quash the proceedings of the local bodies, suspend the execution of any resolution or order made by them and direct the local body to take specific action. In addition, the government officials at different level have also been empowered to take up periodic inspection of the LGIs. The Law also gives the national government the extreme power of dissolving a LGI if deemed fit.

The relationship between the LGIs and the Non-Government Organizations (NGOs) has not been formalized in Bangladesh. Most policy makers view NGOs with suspicion, ambivalence and neglect. The NGOs also do not have any concerted policy to deal with LGIs although some of them on an individual basis have worked out a rapport with selected LGIs. People's participation in local governance appears to be limited to participating in the elections which are also not held at regular intervals.

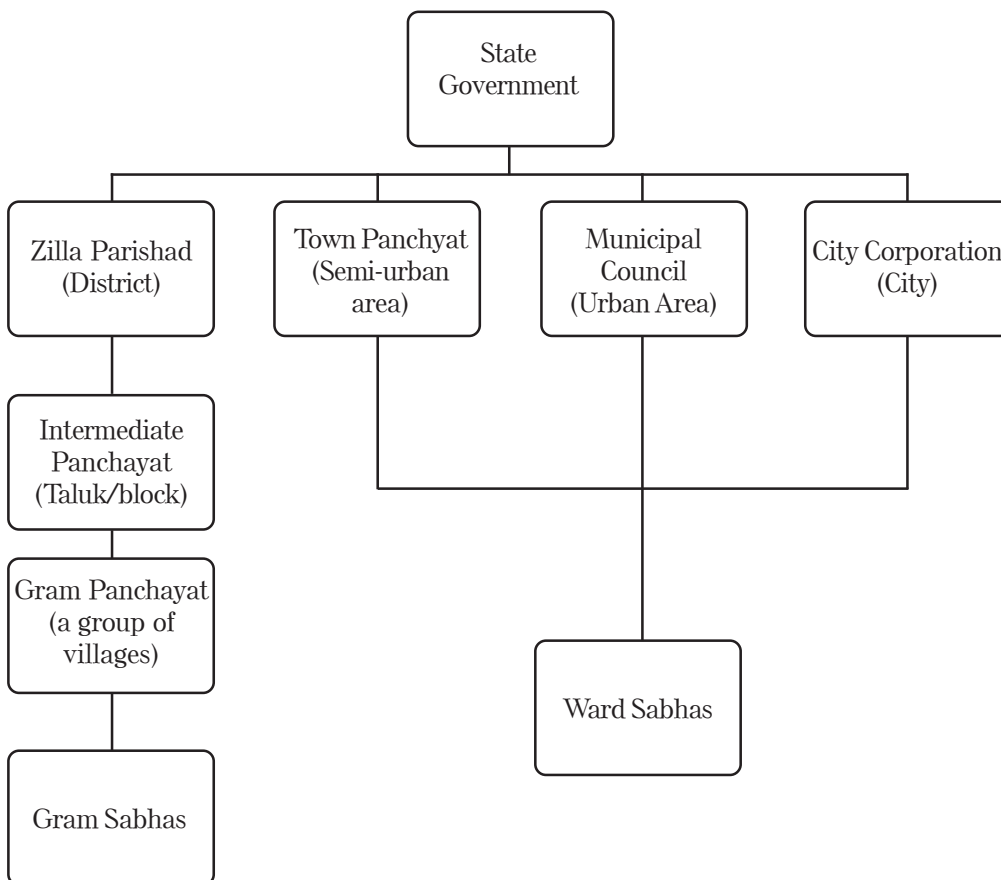
## India

Village communities common to most agrarian economies have been in existence in India for over centuries. They were called "Panchayats"-council of 5 persons, one in every village. The autonomy of the panchayats gradually disappeared owing to the establishment of local civil and

criminal courts, revenue and police organizations, the increase in communication etc. Though an attempt was made to revive the panchayats at the time of enacting the Indian Constitution, it could not materialize. While the Central and State Governments were established by the Constitution in 1950, the local governments could get their Constitutional status only in 1993, through the Constitution 73rd and the 74<sup>th</sup> Amendment Acts, which recognized the panchayats and the Municipalities as units of local self-government.

The Gramsabha (i.e. the Village Council) is the basic unit of the system. It consists of all persons registered as voters (i.e. persons above the age of 18 years) of that village. The Gramsabha exercises general supervision over the gram panchayat (GP) which is the elected body at the lowest level. As per the Constitution, States with a population exceeding two million will have to constitute an elected three-tier system of Panchayatiraj Institutions (PRIs) – at the district (Zilla Panchayat), taluk (Taluk Panchayat) and village (Gram Panchayat) levels. The urban areas will have a single tier viz. Town Panchayats (for areas in transition from rural to urban), Municipal Councils (for small and medium towns) and City Corporations (for cities).

Figure 2: Illustrates the local government structure in India



Reservation of seats has been provided at every level for the recognized weaker sections of the society, usually called Scheduled Castes and Scheduled Tribes (SCs/STs) in proportion to their population in a given Panchayat area and for women to the extent of not less than one-third of the total number of seats. Similarly, offices of the chairpersons in the Panchayats at each level shall be reserved

for women, to the extent of not less than one-third of the total number of offices of chairpersons in the panchayats at each level, and for the SCs and STs in proportion to the population of the SCs/STs in the State as against the total population of the State. In addition, the Legislature of any State can make provision for reservation of seats in any panchayat or office of chairpersons in the

panchayats at any level in favour of the other backward classes of citizens. The term of office of Panchayats at every level shall be for five years and if dissolved earlier, elections must be completed within six months from the date of dissolution. The direction and control of the preparation of electoral rolls and the conduct of all elections in the panchayats shall be vested in the State Election Commission to be constituted by the State concerned.

The district panchayat and the intermediate panchayat do not have any taxation powers in the Indian system. Their internal generation of resources is confined to income earned through management of natural resources such as horticulture gardens, fisheries' tanks etc., user fees and rents. The Gram Panchayats do have taxation sources such as the property tax, land tax, etc., but the income generated through tax collection is largely insignificant. All the panchayats are generally dependent on the Central and State government grants most of which are assigned to specific schemes. Some States do provide an untied grant to the Gram Panchayats only. However, a finance commission is constituted in every State once in five years to go into the principles governing the distribution and devolution of financial resources between the State and the Panchayats at every level

and the measures to improve the financial position of the panchayats. The Central Finance Commission established under the Constitution to allocate resources between the Centre and the States also provides block grants to the States specifically for distribution among the panchayats to meet their local needs.

A key provision of the Constitution (73<sup>rd</sup>) Amendment relates to the assignment of functions and powers to the PRIs. Since this has to be done without disturbing the existing federal structure of the Constitution, the amendment stipulates that the State legislatures may endow the PRIs with such powers and authorities as may be necessary to enable them to function as institutions of self-governance. The States may also provide for devolution of powers and responsibilities for preparation of plans and implementation of schemes for economic development and social justice on 29 subjects listed in the 11th schedule of the Constitution. The devolution of functions and powers to the PRIs hence varies from State to State depending upon the commitments and ideologies of the States concerned. The same is the case with urban local bodies as well. However they all have to prepare plans for economic development and social justice and implement them within their locality. Decentralized planning therefore is the

key function assigned to the LGIs in India.

The official machinery of the LGI is always headed by a civil servant deputed by the State government. The senior staffs of the departments which come under the jurisdiction of the LGI are usually on deputation from the concerned provincial government departments to the LGI. While administratively they are under the LGIs, technical supervision is by their parent departments. Thus, they have a dual loyalty as their career prospects are always with the line departments, even though their salaries for the time being are paid by the LGI they serve.

## Nepal

Nepal is a land locked country with land broken up into tiny pockets separated from one another by mountain barriers. These pockets always maintained some kind of autonomy as the central writ could not be passed on to them without much difficulty. Even though village administration in Nepal is thus as old as the village itself, statutory recognition for decentralization came in only through the Local Self Governance Act, 1999 (LSGA, 1999). This Act created a two-tier system of local governance, one at the district level to be managed by the District Development Committees (DDCs) and the other at a lower level to be managed by

the Village Development Committees (VDCs) for rural areas and Municipalities for urban areas respectively. The Act also envisaged a decentralization monitoring committee at the national level headed by the Prime Minister to monitor the progress in the implementation of the decentralization process. Other key features of this Act were the constitution of local governance finance commission to recommend suitable financial support to the local governments; revenue sharing between the centre and the local bodies; establishment of local service commission to recruit staff; reservation of 20 per cent seats to women and disadvantaged groups at the local level and a mandate for an association of local governments to articulate, represent and defend the interests of local governments.

Under LSGA 1999, VDCs are the lowest units of the local government system in Nepal. Each VDC is divided into 9 wards and each ward has a committee of 5 elected representatives one of whom shall be a women. Each VDC works under a village council which is a deliberative body consisting of the Chairperson and the Deputy Chairperson of the VDC and ward Committee members along with a few other nominated members representing disadvantaged groups. The municipal areas which are governed by the municipalities have also been divided

into wards even though the number of elected council members varies from municipality to municipality. As in the case of VDC, the municipality has also a council and executive committees.

Likewise, the DDC is divided into Ilakhas (areas). It has a council consisting of the Chairperson and the Deputy Chairperson of each of the VDCs within the district, Mayor and Deputy Mayor of each of the Municipalities within the district, the members of the Constituent Assembly/Parliament representing the district and six other persons including one women nominated by the council from among the social workers, socially and economically disadvantaged, ethnic

and indigenous people residing within the district.

The following diagrams (Figures 3 and 4) sum up the composition of VDCs and DDCs as per LSGA, 1999.

The national government provides an assured minimum grant each year to every local body and supplements it with additional grants if necessary. The government also constitutes a finance commission comprising of representatives of the concerned federation of local bodies to study the tax proposals of the local bodies and the revenue to be distributed between the government and the local bodies. As of now, no equalization scheme exists between districts to bring about a

**Figure 3: Composition of Village Development Committee according to LSGA**

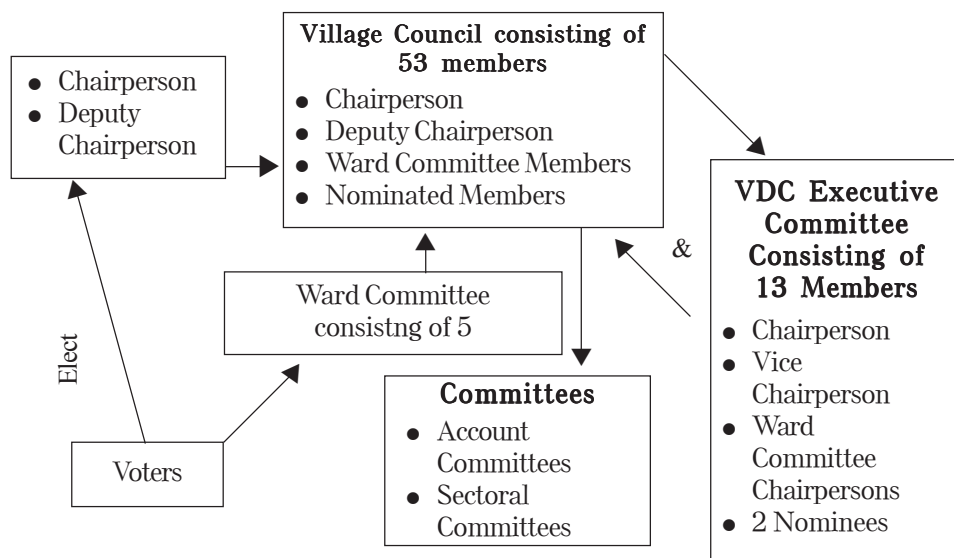
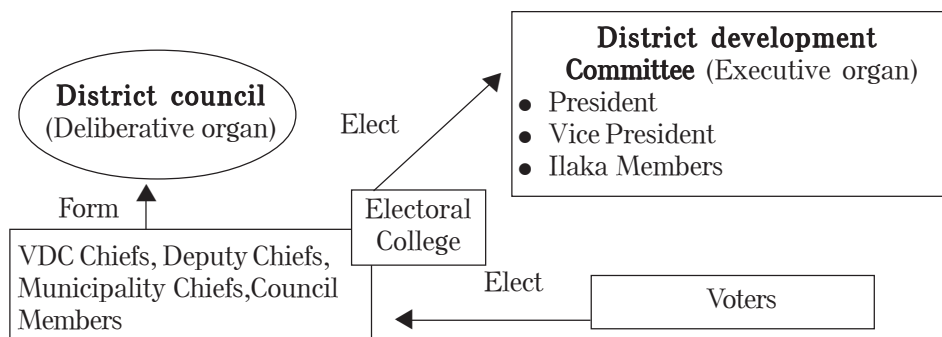




Figure 4: Composition of DDC according to LSGA



balance between the less affluent and more affluent districts. The revenues assigned to the local bodies by the LSGA include house and land tax, vehicle tax, business tax and user fees. While VDCs can levy the natural resource utilization tax, the DDCs can raise tax on the use of roads, bridges and canals constructed or maintained by them. The local bodies, however, have little flexibility in fixing the tax rates. In any case, the tax collection is so nominal as to make the local bodies entirely dependent on the national government for finance.

Though the LSGA has devolved a series of functions to local bodies at the respective levels, the key functions are mainly in the areas of education, agriculture, natural resources management, irrigation and industries. However, roles and functions overlap not only between the national and local

governments but also among local governments themselves. Though the local government institutions (LGIs) are authorized to have their own secretariat staff, in practice the personnel come under two broad categories – higher level staff deputed by the central government and lower staff recruited by the local government. The civil servants appointed by national government are primarily responsible for the national government and the chairperson of the DDC virtually has no official involvement in their performance evaluation or in other service matters. The LSGA, 1999 empowers the government to give directions to the local bodies. In addition, the national government also has the power to suspend, dissolve and extend the tenure of a local government.

Unfortunately the provisions of LSGA 1999 largely remain on paper in view of

the political instability and the conflicts that surfaced at the national level thereafter. In fact, local elections have not been held for almost a decade and the 601 member constituent assembly which is currently in the process of finalizing the national constitution is expected to provide adequate attention to local governance as well.

In the absence of elections, all LGIs are currently run by government staff with a chief executive officer appointed by the national government from among its bureaucracy. Representatives of political parties have been nominated by the central government to the consultative groups constituted to aid and advice the chief executive of the local body concerned.

Though the importance of citizens' participation in governance is recognized under various policy documents, no concrete steps have been taken to formalize these relationships in the local government context. Despite an elaborate procedure prescribed for participatory planning process, the line departments continue to follow their own sectoral planning processes and the LGIs are bypassed both at the stage of planning and in implementation.

As we all know, Nepal is passing through a phase of political dialogue and a new federal constitution is underway. The political parties while contesting the

elections for the constituent assembly have uniformly supported a federal set up for Nepal with a strong local government component even though they have not clearly articulated the shape of the local governments and the relationship between governments at different levels. We can only hope that the incoming Constitution will provide for effective local self-governance at grassroots levels in Nepal.

## **Pakistan**

Peoples' participation in the management of their own affairs is not new to Pakistan. Historically, villages in Pakistan have always been governed by a Punjayati system (Punj is a Punjabi word for digit 5). However, it was Gen. Ayub Khan who formally introduced "a basic democracy plan" in 1959 creating local councils throughout the country as a first step to democratize the nation over a period of time. At the start of the current millennium, the Military regime in Pakistan came out with a reform plan for district governance through Local Government Ordinances (LGOs). The purpose of the reform was purportedly the devolution of political power and decentralized administrative and financial authority to LGIs, institutional arrangement for integrating rural and urban areas, effective delivery of services

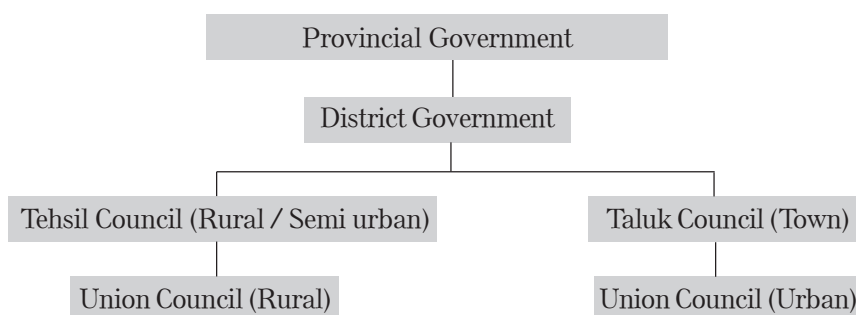
and decision making through participation of the people at the grassroots level. Another feature of these reforms was the reservation of 1/3 of the seats for women and also for the other weaker sections of the population.

The reforms took place with a remarkable speed starting with the abolition of the historical post of the district officer and making the district police chief accountable to an elected district mayor (Nazim). A system of three-tiered LGIs consisting of (i) Union Councils (common for both rural and urban areas); (ii) Tehsil Councils for both rural and small urban areas or Taluka Councils for towns and (iii) District Governments for both rural and urban areas was established with a provision to elect the members of the union council directly on the basis of adult franchise. Each Union Council had 21 directly elected members including the Mayor and the Deputy Mayor (Nazim and naib Nazim) on a joint ticket with a

stipulation that the candidates, at the least, must be matriculates. 19 more persons were to be nominated by the concerned provincial governments providing for peasants and workers and minorities including women. Under this system, the Union Mayor is an ex-officio a member of the district council and the union Deputy Mayor, an ex-officio member of the tehsil/ taluk council. The union councilors elect the district or tehsil (or taluka in urban districts) councilors, who in turn elect the district and tehsil (or taluka) mayor and deputy mayor on a joint ticket, none of whom can be union councilors. The district and tehsil (or taluka) councils are made up of about two-thirds indirectly elected and one-third nominated members. Each tier of local governance has a four year term, with a two-term limit for mayors and deputy mayors at all levels of government.

Figure 5 below depicts the local government structure proposed by the LGOs for Pakistan.

**Figure 5:**



The most significant reform of this decentralized governance introduced by a military government in Pakistan is the abolition of the deputy commissioner (DC) at the district level and distributing his powers to a District Co-ordination Officer (DCO) assisted by a team of Executive District Officers (EDOs), all of whom are directly answerable to the District Mayor. Though this system promises substantial autonomy for elected local officials and places an elected official as the head of the district administration reversing the century old system that subordinated elected politicians to the bureaucrats, in practice the control of the central government over the local governments continued. The national government retained the power to appoint and remove the DCO without consulting the Nazim. The DCOs and EDOs were employees of either federal or provincial governments. They are answerable to their own bosses in the line departments who have control over their transfers and postings. There was no proposal to constitute district cadres to manage the affairs of the LGIs.

The district government no doubt has greater budgeting, planning and development functions, but the devolution plan confined itself to the decentralization of powers and functions from the provinces to the local levels and

did not decentralize any federal powers and functions to the lower levels. The LGOs created a functional separation of delivery functions across different tiers of provincial and local governments, but control over personnel which has important consequences for bureaucratic accountability was retained by the province. Though the district police chief was made responsible to the elected mayor and safety commissions were proposed to monitor police performance and redress public grievances, the police continued to be highly politicized in Pakistan and despite provisions for police autonomy on assignments, they remained centrally or provincially controlled.

Pakistan has a highly centralized fiscal system with the federal government raising around 90 per cent of tax revenues. Provincial governments rely overwhelmingly on federal transfers, which are about 80 per cent of their revenues. Under the proposed Local Government Plan, LGIs would receive revenue through formula-based provincial transfers and the decentralization of specified taxation powers. While the plan remained vague on the exact modalities of fiscal decentralization, it proposed a provincial finance commission for the transfers envisaged to the district and tehsil levels. The process of allocating funds continued to be non-transparent

and inequitable and the fiscal limitations on LGIs persisted. There has not been a significant increase in the devolution of financial powers. Another cause of concern is the continuing inability of the district governments to increase local sources of revenue.

A notable feature of the reforms was the conscious effort to involve local citizens in the process of development. Acknowledging the importance of civil society in development and service delivery, citizen's community boards (CCBs) and village and neighbourhood committees were proposed under the LGO. A CCB is a non elected voluntary organization. At least 25 per cent of the total development budget of each tier of local governance must be earmarked for projects identified by CCBs and each CCB has to make a contribution of 20 per cent in cash to tap these funds for a specific project. The concept is no doubt laudable; but, unfortunately only few CCBs could be formed at the local levels and it is generally alleged that the district mayor and the line department officials consciously avoided the formation of CCBs as they are more interested in utilizing the funds through elected representatives.

Under the LGO, monitoring and accountability are part of the local government system. The District Council

has to monitor district administration through a system of committees. Elected monitoring committees are responsible for reporting administrative malpractice and corruption in LGIs to the district mayor for appropriate action. Unfortunately these committees exist mostly on paper. There are no rules of business or financial provisions for their functioning.

Despite all the shortcomings, the roadmap of local governance reforms suggested in the LGO was bold and path breaking. Its vulnerability however was in the lack of wider public participation in design and implementation. That perhaps explains the decision of the elected government that came to power in Pakistan following her return to democracy, to review the entire system of local governance introduced by the military regime though the elections were due in 2009. The National Government has also directed the Provincial Governments to prepare their own plans for decentralization and only one out of the four Provinces has so far completed this task. As of now, all the LGIs that came into existence through the LGOs remain in position, but without the elected representatives. They are for the time being managed by civil servants, appointed by the higher level governments, who will hopefully give way to elected representatives as and when a final

decision is taken on the local government structure, by the present government.

### **Sri Lanka**

Historically the governance framework in Sri Lanka had only two tiers i.e. National government and the local governments characterized by Municipal, Urban and Town Councils and Gam Sabhas or the Village Councils. At the top of the local government system were the Municipal Councils constituted for cities and large towns, while Urban Councils were created for other urbanized areas. There were similarities between these two types of institutions. Similarly Village Councils were meant to cater to the rural people, while small towns came under the administration of the Town Councils. The constitution, powers and function of these four types of local government institutions were determined by the respective ordinances passed by the State Council.

Elections to the LGIs were based on a simple mechanism. All council areas were divided into a number of wards and representatives from these wards were elected through the first – past – the post system until the system got changed into a proportional representation system after 1978. The functions of the councils included health and sanitation, construction and maintenance of local roads, housing, public markets, parks,

libraries and other utilities. The main powers of the councils were the collection of taxes, issuing licenses for shops and petty businesses and standard setting and regulation of those standards in the functions of the councils.

Ceylon, as Sri Lanka was called at the time of independence in 1948, had a unitary state system. The local governments came directly under the central government (without any provincial or state government in between) although the elections were held independently. A separate local government service (LGS) was created to recruit personnel for local government institutions, which however was directly responsible to the Minister of Local Government in the central government. The discipline and transfer of the personnel came under LGS, which left little power to the LGIs on these matters.

The LGIs particularly in rural areas could not generate much income on their own. Their activities and services were largely dependent on national budget allocations and grants. This had direct consequences on the local government institutions in the North and East, traditionally inhabited by the Tamils and the Muslims. There were over hundred LGIs in these areas and they were the only institutions that the minority communities could directly control to

achieve whatever possible under the circumstances. There was the problem of distances in the first place. While the LGIs had to rely largely on the Ministry in Colombo for financial and administrative matters, communication with or travel to Colombo was extremely frustrating. Then there were the issues of ethnicity and politics. Language was a major issue in communication since the mid 1950s, and a genuine difficulty between the Ministry officials and the visiting local councilors and officers. There were feelings of discrimination, actual and perceived. The control of local councils from Colombo was not only detrimental to the country's ethnic relations but also to good governance in general.

Sri Lanka introduced a presidential system of government in 1977 and a new constitution the year after. With the new constitution, the electoral system was changed into proportional representation which did not make much sense at local levels. Under this system the District secretaries conducted elections in their capacity as Election Officers in the districts. Their duties were limited to the preparation and certification of electoral registers and the conduct of the poll. Under this system, the Commissioner of Elections gazettes the list of candidates and gives all necessary directions to the Election Officers on the conduct of the

poll. The Commissioner of Election also decides the number of seats each party will get based on the votes obtained. The term of office of the members in a LGI is four years. There is no limitation of terms either by law or by any political party regulations.

In another development, all local government elections were postponed after 1977 and no election for any council was held until 1981 when a new system of District Councils was introduced in place of Village Councils and Town Councils to address some of the demands of the Tamil community for greater power/participation in development administration at district level. This however came to be abandoned within six years.

A positive change took place in the form of the Pradeshiya Sabha Act (PSA) of 1987 whereby a new local government system predominantly for rural areas came to be introduced amalgamating in many places the old Village Council areas and the Town Council areas. The major constitutional reform that affected the local government system however came at the end of the same year (1987) with the 13th Amendment to the Constitution which introduced a new layer of governance at the provincial level called the Provincial Councils (PCs). The introduction of PCs was meant to



ameliorate the demands particularly of the Tamil community who sought a separate state or tangible autonomy for the provinces of the North/East of Sri Lanka. The PC which fell far short of federalism nevertheless introduced a semblance of devolution of power. Under this scheme of devolution, the local governments came under the control and supervision of the PCs.

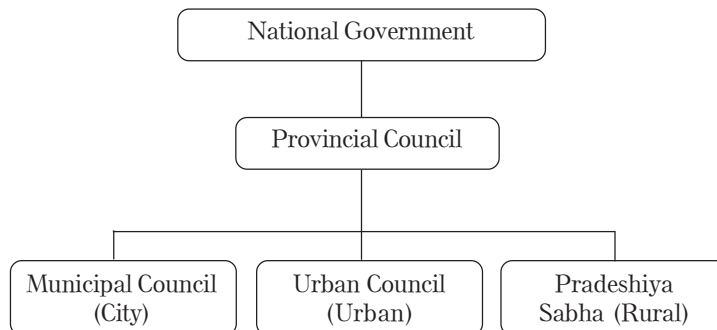
The introduction of the PC system was a sudden change and the people, the councilors or the officials did not understand where they stood under the new system for many years to come. Most affected were the Pradeshiya Sabhas which cater to the vast majority of the population. The PC system also has not been politically stable. It was not a success in the North or the East because of its rejection by the separatist movement. There has always been a speculation that the system might get

abandoned anytime. The lack of financial autonomy or stability of the PCs also had its impact on the system.

Figure 6 below sums up the local government structure now envisaged in Sri Lanka.

While the traditional functions of the local government as recognized in Sri Lanka are those relating to public health, roads and public utility services, Pradeshiya sabhas were given certain additional development functions such as community development projects, women development activities, employment programmes, integrated development schemes of villages, etc. However, these objectives could not be fully realized since the Transfer of Powers (Divisional Secretaries) Act No. 58 of 1992, placed the emphasis once again on administrative agencies rather than on the LGIs. In accordance with the provisions of this Act, the Divisional Secretariat,

Figure 6





rather than the elected Pradeshiya Sabha, became the focal point of administration. It is through the Divisional Secretariat that central government activities are carried out, with provision being made for PCs too to function through this institution.

The local authority legislations in Sri Lanka provide for the creation of a Municipal Fund, a Local Fund and a Pradeshiya Sabha Fund for the respective LGIs. Although the wordings may differ generally the following sources constitute the base of these funds:

- All rates, taxes, duties, fee and other charges levied by the council/sabha
- All fines and penalties
- Stamp duties and fees
- Sums realized by sales, leases or other transactions
- All revenues derived from properties vested in the LGIs or by the administration of any public service and
- All grants and subsidies allocated by the Government

Though the sources indicated are impressive, in actual practice, most of the LGIs depend on government grants for undertaking any development work.

Peoples' participation in local governance was at a high level in Sri Lanka until 1981 when the Village Councils were in existence. With the introduction of District Development Councils in 1981 replacing the Village and Town Councils, the alienation began. The system of proportional representation in LGIs made the elected representatives strangers to their own constituents. With machines taking the place of humans in most development activities, absence of active participation of the people has become a regular feature in Sri Lanka today. There has been no reservation of seats or positions for women or the weaker sections in any of the governance structures in Sri Lanka. Even though substantial number of women are well educated and decently employed, their share in governance remains insignificant.

Though the local government system in Sri Lanka has been well established over a long period of time, the LGIs are to a large extent dependent on and influenced by the PCs and the central government through cadres, finance and legal provisions empowering them to take action against LGIs. Though attempts are of late being made to strengthen local administration, they are yet to bear fruit.

## 2. AN ANALYSIS

To facilitate easy understanding and discussion, let us now set some ground rules. From now on in this paper, the term village panchayat will include the VDCs of Nepal, UPs and UCs of Bangladesh and Pakistan respectively and Pradeshiya Sabhas of Sri Lanka. The term Provincial Government will include

the State Governments in India, the PCs of Sri Lanka and all such Governments established just below the national level in different countries. The terms Central Government and National Government are synonymous. We will now analyze the patterns we saw in these five countries.

### 3. STRUCTURE AND RELATIONSHIPS

Among the five countries we are looking at, four are now in a state of transition as far as local governance is concerned. While Nepal is in the process of framing a new constitution for the nation as a whole, which will determine the future course of local governance as well, Pakistan, following her return to democracy, is reviewing the decentralization set up established by the erstwhile military rulers. In Sri Lanka, the thirty year old armed conflict in the north/east has just ended and the State itself is in the process of reconstruction. Though Bangladesh appears better off, her decentralization structure is in doldrums. While the MPs are opposing the establishment of ZPs tooth and nail as they fear that it would take away their powers and patronage, the elected leaders at Upazilla levels are unhappy with the veto powers given to the MPs under the Act, which has made their advice binding on the UZPs. The only clarity that is available on the horizon in these four countries is that the LGIs at the lowest level – the ones closer

to the people – do not appear to be in danger of extinction. What is not clear, however, is the degree of empowerment – whether they will acquire the necessary powers, finances and the human beings to discharge the functions that legitimately belong to them.

Elected local governments are in position through out India. The structure is well set even though many States have started questioning the need for a three-tier system of elected rural local bodies. While some States like Kerala would like to dispense with the intermediate tier, Tamilnadu would prefer not to have a district tier at all. Some experts also raise a basic question as to why should a multi-tier system be prescribed for rural governance in countries which always have a single tier of governance in urban areas.

The institutional design for decentralization should take into account not only the developmental thrusts built upon the capabilities at the local levels but also the need to ensure local participation in decision-making. The

dynamics of development in our countries necessitates that the technical expertise of a high order be made available at levels below the Province to sustain the momentum of development which, in many cases, has been already administratively decentralized at the district level. The inescapable conclusion, therefore, is that the district should be the first point of decentralization, under popular supervision, below the provincial level.

The problem of striking a balance between technological requirements and possibilities for meaningful participation by the people in development management recurs at levels below the district. Since it is extremely difficult, in many countries, to combine representativeness and viability in one level of local government, this problem is sought to be solved by having two or more tiers in such a way that the smaller-area one is closer to the people while the larger-area one is better financed and technically more powerful.

The question of adequate area for a unit of administration is quite complicated in any given country, owing to unevenness in terms of economic resources, communication facilities, population density, level of social integration, civic commitment, etc. A uniform set of criteria cannot apply, even

within a single country. It would, therefore, seem appropriate to leave the exact pattern of local government below the district level to the Provinces. The Central/Federal Government could at best lay down the general criteria for guidance.

More recently two criteria have been suggested for determining the size of a local government unit. These are access and service. If service is taken as the prime determinant of size, an important consideration has to be the population, because the cost of the service is a function of the population requiring that service, although at some point, when the population reaches a certain level, the unit cost of the service would reduce. It means, therefore, a minimum and a maximum population can be established — a minimum to guarantee that the service is not too expensive and consequently inaccessible to the people and a maximum to ensure quality and promptness in service.

Access to government in terms of influencing public policy decisions and enhancing both responsible and responsive administration is a prime requirement for any democratic government. If access is an important prerequisite of size, then, in addition to population, one has to look at the communication network, level of political awareness, and also the area. While the

service criteria will take care of the economic viability and administrative efficiency, the access criteria should serve the political and democratic needs of the people. Should the application of these criteria lead to divergent views, one has to raise the basic query, whether the functions of local government can be or should be performed for profit.

Insisting on viability for local government and not for other levels of government would amount to an obvious discrimination against local government since the local government provides an instrument for democracy or at least provides an extra avenue for democratic participation. The “access” criteria should, in my view precede the “service” criteria in determining the structure of LGIs in any country.

It must, however, be added that the lowest tier should not be so small in size as to make it insignificant or incapable of discharging its legitimate duties as a local government. For instance, the Village Panchayats in most parts of India, covering a population of about 2,500 cannot perform any functions on their own and hence do not command the respect a local government deserves. The Mandal Praja Parishads in Andhra Pradesh, with a population of about 40,000 and the Gram Panchayats in Kerala with a population of around 30,000, appear to

satisfy both the access and service criteria and have the potential of becoming the growth centres which can discharge the duties of a local government, closer to the people, fairly effectively. If the lowest tier can satisfactorily meet the criteria of access and service, there may not be any need for an intermediate tier at all between the district and the village. If the physical distance between the district head quarters and the panchayat is substantial, establishment of de-concentrated offices of the district government under public supervision at convenient locations can bridge this gap and bring the district government nearer to the people.

There is no alternative to holding direct elections for the lowest tier. While it is desirable to have reservations prescribed for women and weaker sections, some countries in this region have opted for nominations, possibly as an interim measure, to ensure inclusiveness. While India has preferred direct elections to constitute all the tiers, Pakistan and Bangladesh have prescribed indirect elections for the constitution of the higher tiers. Considering the increasing costs of elections and the need to have linkages between different tiers, it may not be a bad idea to prescribe direct elections for the lowest tier and an indirect system for the other tiers, wherever they are located, with appropriate reservations.

Experience in Sri Lanka shows that for direct elections to LGIs the first-past-the post system is desirable as against proportional representation.

Should there be an educational qualification prescribed for election as a Local Government Councilor? He has to be at least a matriculate in Pakistan. Whether such a stipulation would stand the test of law in a democracy whose Constitution guarantees the right of equality among its citizens is doubtful. That apart, whether formal education should be a pre-condition to hold any public elective office is by itself a debatable point. There are a number of instances where totally uneducated Chief Ministers have distinguished themselves as competent administrators in several democracies.

Pakistan has a curious provision restricting the term of office of the Nazim and the Naib Nazim to two (i.e. 8 years). Such a provision is worth emulating to break the possible hold of vested interests in the LGIs as well as to encourage local government councilors taking up higher responsibilities thereafter.

At this stage it is perhaps necessary to look at whether mere constitution of local government institutions at appropriate levels, holding of regular elections and even providing representation to women and weaker

sections would by themselves mean, or at least lead to, effective “participation” by the people. What have we seen in these countries? We saw the concept of “power to the people” degenerating into “power to the powerful” in some of them; elected representatives not bothering to meet their electorate even once during their term of office and still getting re-elected on the strength of their party label and a substantial portion of the constituency not turning up to exercise their franchise out of sheer disgust on the polling day. In these circumstances, how can people’s participation be ensured through LGIs? LGIs are often criticized for helping the dominant caste/group in the society to further consolidate their hold over the non-dominant and minority groups. In a society where control of land leads to control of levers of power (which is largely true in Pakistan and India) will not the LGIs be more accessible to the upper strata of the society? How do we make ‘community participation’ inclusive? How do we ensure accountability of the elected representative to the electorate?

One possible step could be to create appropriate mechanisms that would compel an elected representative to face his constituency periodically and explain to them what he had done and what he proposes to do. It is in this context that the Gram Sabha (or the village council)

assumes importance. It should be made obligatory that the chairman and the members of the Village Panchayat report their work periodically to the council — as is the case in India. The council must consist of the entire electorate in the village (or at least one representative from each household, in case the village is quite big) and shall meet at least twice a year. This council will be the institutional forum for social audit at the lowest level. Problems involving the interests of the village shall be submitted by the Village Panchayat to the council for decision after discussion. It may be of interest to mention here that in some north-eastern States in India, the village council is vested with the power to dismiss members of the Village Panchayat and elect new members in their places. Armed with such a power the village councils can ensure accountability of the elected representative besides making people's participation meaningful.

A closely related question is whether there should be separate urban and rural LGIs as in India or a composite district government as in Pakistan. The rationale for parallel systems of urban and rural local self-governments could be that the character of the two communities being different, the problems to be managed by these LGIs are altogether different. The rural areas depend on primary production

activities whereas the urban areas thrive on secondary and tertiary activities. The land and resource use issues are entirely different and hence it would be desirable to let each system concentrate on issues specific to the character of the communities they serve. Another argument could be that the fusion of these two types of governments might put rural areas to disadvantage. The low level of education, lack of experience in public affairs, inability to control the mass media, the bureaucratic biases, the difficulties in the way of organization and mobilization of public support scattered in thousands of small village communities and the capabilities of urban representatives to push through large projects with an urban bias may work against the interests of the rural sector. Parallel systems would insulate and protect rural interests against urban influences. The urban areas, being the main contributors of resources for public investment, might feel a similar threat of being overwhelmed by resource-hungry poor majorities from rural areas.

The costs of parallel forms of local government are, however, equally heavy. They have produced artificial resource constraints. Even though urban populations' need for water, land, energy and nutrients is increasing, it has not been able to develop these resources for more equitable sharing simply because these

resources are usually located outside their jurisdiction. Nor have the rural areas been able to develop them because of severe financial constraints. Using their control on State power and money power, the urban areas offer attractive prices and facilities for increasing the rate of resource exploitation without incurring the cost of resource replenishment. Over a period of time, the cumulative result of the process of over-exploitation has been the impoverishment of environment from where rural areas could get life supports — free fuel, fodder, fruits, timber, renewal of soil nutrients, unpolluted water, etc. The urban local governments have been reluctant to expand services like water supply, electricity, roads and transport, sewerage, etc., to neighbouring villages because the revenue income from the villages is too small to pay for even a fraction of such services. On the other hand, the land scarcity in urban areas has given rise to the problems of proliferation of slum population in unplanned settlements with severe deficiencies in basic civic amenities, forcing the inhabitants to live in dangerously polluted environments and dilapidated structures.

The administrative costs of a dual form of local government are also high. Municipal revenue of small and medium towns is so pitiable that most of them

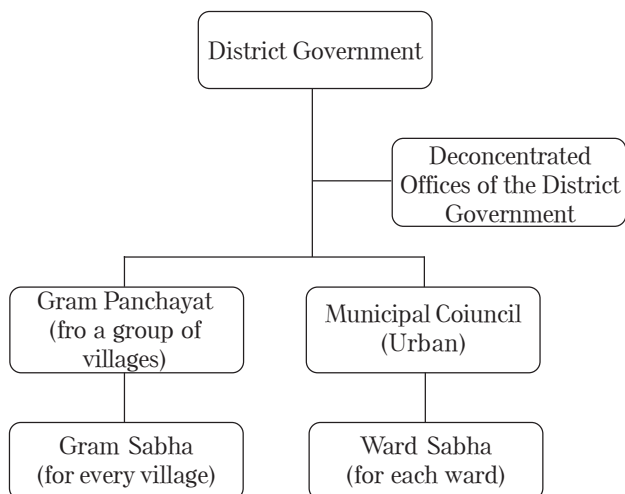
have not been able to meet even the basic needs of their citizens. On the other hand, the existing rural local government has staff resources which, with marginal adjustments, could be used to look after the municipal needs of their headquarters town which can be developed as the growth centre for both the urban and rural communities.

The case for ending the dualism in local government is thus strong. A single local government at the district level can perhaps look after the needs of its urban and rural components with a set of safeguards built into it so as to ensure just development of the entire area. In the South Asian context, a population of one million may be a suitable cut-off; however, exceptions may have to be made in respect of larger-size urban settlements, keeping in view their social and economic settings such as the community identities and the hinterland served by the city. Such a district government can also plan for the entire district obviating the need to have a separate planning body to coordinate action by various implementing agencies at the district level, including the ZPs and city/town municipalities.

Figure 7 illustrates an ideal structure for local governance in South Asian countries.



Figure 7



It is sometimes argued that since the process of decentralization is essentially meant for promoting the welfare of the people through community participation, not only the different tiers of the structure should have specific responsibilities with reference to development but the higher tier should also own the responsibility of ensuring that the lower tiers do function with a sense of responsibility. For instance, if the Village Panchayat passes a resolution which is unjust, unlawful or improper, there has to be a forum for the aggrieved citizen to get justice. Most of the existing Local Governance Acts do give such a power, not to an elected body but to a senior bureaucrat of the Provincial Government, usually the District Collector (called the DC). Whether the power to

suspend the execution of a resolution or order and/or direct the performance of a particular function by the lower tiers in the decentralized set-up be given to any authority in the first place and, if so, should such an authority be vested in the next higher tier or given to an independent judicial/administrative body is a debatable point.

Possibility of misuse cannot be an argument against the provision itself. No doubt suspensions and dissolutions should not be resorted to, unless in a grave emergency. But, the absence of a provision will prevent action even in a genuine case. The possible safeguards one can suggest against any misuse could be: (a) to vest the power of suspension in the next higher tier (and not delegating it to the

chairperson or to a standing committee or to a senior bureaucrat); (b) to insist on a prescribed procedure which can assure natural justice; and (c) to hold elections in respect of the dissolved body within six months from the date of its dissolution, as the people are the ultimate judges whose verdict should be final.

The question whether members of the State Legislature/Provincial Councils/Parliament (MLAs/MLCs/MPs) should be made ex-officio members of the LGIs is often debated not only in India and Bangladesh but also in other countries. Involving MLAs/MLCs/MPs in the district-level local bodies for the time being appears inevitable. Firstly, even though in theory, Parliament, Provincial Assembly and ZP may be independent political entities with a well-defined set of powers and functions, one has to bear in mind the basic fact that all these institutions are to perform complementary roles to each other in the process of development. The question of locating a secondary school or a primary health clinic is a matter of interest not

only to the members of the LGI but also to the members of the higher level organs. In a decentralized system of planning, the lower tier assumes as much importance as the higher ones and they should not obviously work at cross purposes. The presence of MLAs/MLCs/MPs in the LGI would help in the planning process and possibly in better fund allocation. The other argument is political. Admittedly, most of the MLAs/MLCs/MPs who are already in positions of power would not like to part with their clout in favour of a new breed of public men who would be elected to various LGIs. If the nascent local bodies are to survive the onslaught of influential local-level politicians, the best way would be to keep the MLAs/MLCs/MPs inside the system rather than facing them from outside, at least until the system takes root. As an interim measure, perhaps, the MLAs/MLCs/MPs may have to be associated with the highest tier below the Province as full-fledged members, but not with any veto powers, as in Bangladesh.

## 4. POWERS AND FUNCTIONS

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LGIs have been entrusted with a large number of functions relating to civic and community welfare through different laws in each of these countries. But the sad fact is that most of them remain only in paper. There is very little clarity either at the national level or at levels below in these countries as to what functions should be legitimately assigned to the LGIs?

Let us accept that the functions devolved upon the LGIs being highly location specific, exhaustive lists of functions, for any country, will not have much of an operational relevance. Local priorities in all development programmes vary from region to region, even within a country, and it is, therefore, necessary that the individual Provinces have adequate scope for evolving their own list of functional priorities. It is in this context that an irreducible minimum set of functions need to be assigned to the district government and the level(s) below, leaving open any periodic adjustments that may become necessary in the dynamic process of development, to suit the changing requirements.

There can be two ways of identifying such functions. One is the principle adopted by Pakistan in its local government reforms, namely, to locate the functions which require detailed local knowledge for efficient performance; in which success depends on community responsiveness and participation; which are of a personal nature requiring provision, close to where the affected individuals live and in which significant use of discretion or understanding of individuals is needed, provided such services can be efficiently rendered on the scale of a local government area. On this basis, one set of functions can be listed as items which are the exclusive responsibility of the LGIs save in exceptional or temporary circumstances. Alongside this list, another set of functions can also be enumerated as local government responsibilities, although the Provincial Governments and other organizations may also perform part or whole of these functions if the LGIs are not equipped to perform them initially. Prominent among the first list are provision and management of public

conveniences, slaughter houses, grazing grounds, etc., most of which can be grouped under “provisions of local services”, and collection of local taxes. The second list includes the key subjects of health, education, agriculture, water supply, sewerage, etc. The general theme of distribution is to hand over to the LGIs such functions which they need to discharge and leave the rest flexible.

The other method is the Gandhian principle of Swaraj or what is called in modern management jargon “management by exception”. This implies what the village or Village Panchayat can do for itself should not be done by the authority at a higher level. What the ZP can do for its area should not be burdened on the Provincial Government. Likewise, what the State Governments can do, with regard to their constitutional responsibilities, should not be loaded on the Central Government. In this system of rationalization, every unit from the smallest to the largest is made to do the maximum it can, without unnecessary dependence on an outside authority. The question, therefore, is to identify the maximum set of functions which can be suitably and efficiently managed by the LGIs, leave it to them entirely and distribute the resources accordingly. This method would be more in tune with the concept of democratic decentralization as,

in a democracy, the people are sovereign and therefore, distribution of power should be from the base upwards. That is to say, the Village Panchayat should first determine what powers it should keep for itself for the purpose of administration and development of the village and the residuary powers only will be delegated to the other levels. The district and Provincial Governments should also decide likewise.

Though in theory the latter principle should be ideal, in practice it could become extremely difficult to achieve, at least until the local government system takes root and grows into a position of strength from where it can demand its rightful share. Until then, the allocation of functions has to be on the basis of local conditions and mutual negotiations. Anyway there is an agreement, by and large, in most parts of South Asia that proper management of resources like land, water, forests, grazing grounds for the animals, etc., require local-level planning. These will, therefore, have to be brought under the local government set-up. Second important function relates to efficient land use programmes, so that the needs of food, fodder and fuel can be met locally as far as possible. Third function could be the provision of basic minimum needs such as primary education, adult literacy, primary health care including child health

and family planning, drinking water, rural roads and efficient functioning of public distribution system.

One more function relates to the village industry and anti-poverty programmes, both of which need an intimate local knowledge to be successful. Though the local governments in these systems may not themselves take on the task of running village and small industries, they can at least encourage the growth of these industries, by creating the necessary infrastructure and environment. The district government will have to have its own set of regulatory functions also such as maintenance of land records, registration of birth, death and marriages, collection of local taxes, etc., which has an impact on local administration and development.

Since the beginning of this century, all the police commissions/committees set up in this region have accepted the impossibility of carrying on an efficient rural policing system by means of official policemen and have stressed the need to secure the aid of the village community in that endeavour. If that be so, why not make use of the Panchayats which represent the local people? In most of the developed countries, policing is a municipal job and there is no reason why it should not be so in South Asia as well.

In a district government set-up, it will not be possible to compartmentalize “regulatory” and “development” functions, as each has repercussions on the other. For instance, a successful implementation of land reforms would ensure that the LGIs are not dominated by big land owners, as was shown in the Indian State of West Bengal. Sometimes a minor irrigation project may require the acquisition of land from the people and their consequent rehabilitation. It would, therefore, be necessary, to have the regulatory land revenue function very much within the ambit of a local government; so will be the case with the distribution of essential commodities, organization of regulated markets for commodities, etc. However, the emphasis should be on LGIs being meaningful agents of development and they must, therefore, play a key role in the fields of agriculture, rural development and diversification of the rural economy by adopting an effective process of decentralized planning.

Identifying functions that should be assigned to LGIs is one thing and getting them devolved on the LGIs is another. The latter is much more difficult as the politicians at the higher levels of governance and the entrenched bureaucracy will stoutly oppose such a move. Converting democratic

decentralization into a people's programme and generating public demand can only create the necessary environment and political will to get this done.

The process of decentralization cannot be static. Many of the schemes and functions allocated to a particular tier at one point of time may have to be transferred to another tier for better performance at a different point of time. Disputes can arise in the performance of certain functions either within the local

government structure or between the local and Provincial/Central Governments. All the local government reforms commissions set up by different regimes in Bangladesh have in fact recommended the establishment of an independent commission to oversee inter-governmental relationships with particular reference to functions, functionaries and finance. Such safeguards appear necessary, at least during the initial years of any local government experiment.

## 5. FINANCIAL AND HUMAN RESOURCES

Lack of adequate resources has been the bane of LGIs in this region. On the financial side, the LGIs are left with only four types of resources in the form of: (a) local taxes (b) user fees (c) subsidies and grants from higher level governments, and (d) loans. Local taxes are difficult to realize. User fees are negligible. Loans will not be easily available as they may require a Government Guarantee and cannot be repaid in time, as they may not always get linked to a productive asset. Thus most LGIs are dependent on the largesse of the higher level governments. Whatever may be the difficulties in mobilization, local governments have a duty to generate their own local resources, for at least three important reasons. Firstly, it gives them a sense of autonomy and also financial responsibility. Secondly it gives the local people a sense of participation through their own resources in the process of development at the local level. Thirdly, it changes the equation between the local and state governments – from that of a

beneficiary-donor relationship to the level of at least unequal partners in development. However, there is a justification for federal-provincial financial assistance to LGIs. Some taxes involve economies of scale in administration. Such taxes will have to go to the Central or Provincial Government. Others which have only a local base and which require local knowledge for administration come to the local governments. But such taxes tend to yield less revenue than the taxes which have a nation or province-wise reach, thereby a situation would invariably arise where the LGIs are left with inadequate revenues to meet local needs. Consequently, financial transfers from the higher-level governments to LGIs become inevitable in any system of governance.

Constitution of independent Finance Commissions at the Central and Provincial levels to allocate funds between different levels of governments is an accepted policy in India and Nepal. This could be usefully adopted by the other

countries also to ensure financial independence of LGIs in the region. To ensure that the releases are not left entirely to the mercy of the Provincial Government, two safeguards have been provided in the Indian system. Firstly, funds are allocated to the ZPs, on the basis of demands voted by the State Legislature. Each department while presenting its budget before the State Assembly, separately indicates the district schemes which are to be implemented by the ZPs in a link document and gets approval for the release of necessary funds. Secondly, the releases are not made by individual departments to the ZPs but by the State Finance Department once a month, taking into consideration the voted demands and the budgets of the ZPs concerned. The important point, however, is that the allocation of funds from the central and State Government is on the basis of a formula through which the plan funds are allocated and not on the basis of any fixed percentage of the internally generated revenue of the respective government. This perhaps is the best possible method to reduce dependence of the LGIs on the higher level governments for funds.

The pattern of human resources deployment in the LGIs is almost similar in all these countries. While the higher level staffs are generally deputed by the

national and/or provincial governments, the lower staff are usually recruited by the LGIs. This was perhaps inevitable as in all these countries decentralization has been a top-down process initiated long after the establishment of central/provincial governments. Officials belonging to the higher level governments who were looking after the duties that got assigned to the LGIs subsequently could not be discontinued, from the points of view of economy, experience and continuity. The easiest thing the national government could do then was to depute them to the LGI concerned without altering their service conditions, as that would entail unnecessary litigations and labour disputes.

While this can be justified at the time of commencement of the local government system it cannot continue for ever. The most appropriate course would be to stop fresh recruitment for such jobs at the central/provincial level and let the LGIs take up that responsibility as and when the need arises either by retirement or death of incumbent over a period of time. Entrusting the responsibility of recruitment at least for the higher positions in the LGIs to the local government service commissions (LGSCs) is a better option. Instead of letting each LGI have its own cadre and recruitment rules, a common code can be evolved



through consensus for every Province on the basis of which recruitments, transfers, promotions and penalties can be made by the LGSC. Such a move will also

insulate the official machinery from a possible political interference in their day to day management.

## 6. THE WAY FORWARD

To start with, the countries we looked at had faced a dilemma on the issue of decentralization—whether it should be devolution or deconcentration. After an initial hesitation, they all got settled down to deconcentration with creation of parastatals alongside. The simple question before us now is how to reverse this trend and get genuine LGIs established which can promote citizen participation and thereby provide better governance and improved service delivery. In my view, the first step is to improve the image of the local tier of governance. This can be done by stating it clearly in the Constitution of the country. (This took over 40 years in India). A mandatory provision in the Constitution is sacrosanct, whereas an Ordinance/Act may not have quite the same sanctity. This provision must include regular and periodic elections to LGIs; a broad indication of powers and functions and inter-governmental relationships; suitable reservations to make local governance inclusive and safeguards to ensure that

the LGIs do not become victims of high-handedness of the Governments above. Let us hope that the new Constitution of Nepal will provide for these democratic requirements.

This has to be supplemented by a clear activity mapping specifically indicating as to which LGI will do what. This may vary from country to country but a consensus among the governments at different levels is possible. The national/provincial governments will have to provide as much untied grants as possible so that the LGIs can decide their own priorities in the decentralized planning process which will be the key activity of every LGI. Decentralization has to become a peoples' movement in all our countries rather than a supply driven government programme as it is at present. We need to create awareness among the people to realize that power is never given but has to be taken. Building the capacities of elected representatives and reorienting bureaucracy to the changing needs will be necessary to make the process of decentralization effective.

There is also a need to create an environment where local initiative and voluntarism can grow hand-in-hand and to establish linkages which would produce a new partnership between the LGIs and the NGOs for progressive rural development. NGOs can play an effective role as catalysts to educate the people on their rights and duties, organize them to participate in development activities, encourage them to take part in elections as voters and candidates and help them to act as watchdogs to prevent any misuse or corrupt practice. They can also induce or force functionaries to guarantee social justice to the weaker sections.

Many of us have an unflinching commitment to LGIs through whom, we believe, a citizen can effectively participate in governance. How do we translate this into action? As Gandhiji once said the best way to strengthen democracy is to have more democracy. We need to invest in building peoples' Institutions for their own development. Constitutional amendments/Acts have taken the process of democracy from the provinces to the

villages. Can we deepen it further? In my view, the answer lies in our organizing, supporting and strengthening school betterment committees, water and sanitation committees, self help groups, joint forest management committees and the like, which provide an immediate forum for community participation at the local level. No doubt the State and the donors have already attempted this in some of our countries. But the mistake we have committed is that we have allowed them to be parallel bodies, without making any attempt to link them to the LGIs, through the Gram Sabha or Village council, the basic unit of local governance. I visualize a village or a town where groups of citizens look after their specific areas of interest, meet periodically in the Gram Sabha/Ward Sabha, exchange ideas and help the local body or make use of it, to discharge these services efficiently. That appears to be the way if we want both community participation and local governance to succeed. Can we, the civil society organizations, work towards this?

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