

APPENDIX E: SUMMARY OF MR. DANİYAL AZİZ'S SPEECH

1. Relationship of various tiers of Local Government:

Mr. Daniyal Aziz, Chairman NRB, pointed out that in the new Local Government System all the tiers i.e., District, Tehsil and Union have been assigned specific functions and roles. Tehsil Municipal Administration/Town Municipal Administration (TMA) is a new entity. TMA has been assigned very important role of performing municipal functions. The reconstruction of local government took centre-stage in the entire process of national reconstruction, as a large majority of issues of daily concern to the public are encountered at that level. It is at the local level that the State and citizens interact to secure rights and services. The reconstruction initiatives at the local government level have provided for the most appropriate and effective channel to address the largest quantum of problems in the least amount of time.

2. Inter-Governmental Relations:

2.1. Highlighting the significance of inter-governmental relations, Mr. Daniyal Aziz stressed upon the need of devolution of power and authority at the grass roots level. He further said that although we understand the importance of the principle of subsidiarity, decentralisation processes do not receive favourable attention from the governments. Decentralisation receives mere lip service. Subsidiarity requires allowing the levels where a function can be performed to perform that function. The entire local government system introduced on August 14, 2001 is based on this principle.

2.2. The strained relationships among various governments and the local governments are visible even in the highly developed democracies like Britain. In Pakistan, relationships between local governments and the provincial government are well-defined in the law and its practical ramifications are in the evolutionary process. Apparently there is a tension among elected representatives at the provincial and local level. This relationship will get streamlined shortly. The relationships have to be without any friction in the larger interest of the nation. At the same time, duplication of efforts for development in the districts has to be avoided.

2.3. The local government system has been established as an integral component of the plan for establishing genuine and sustainable democracy for durable good governance and irreversible transfer of power to the people of Pakistan. With the installation of patently Pakistan specific local governments in the district, political power stands devolved to the locally elected representatives along with decentralisation of administrative and financial authority to local government functionaries. The entire decentralisation process was guided by the concept of subsidiarity.

3. Administrative and Fiscal Decentralization:

3.1. The local government system in Pakistan has brought about changes in the political, fiscal and administrative set up at the district and sub district level. In the new set up, fiscal

decentralisation has been introduced in the districts for effective resource distribution among various tiers of local governments. Mr. Daniyal Aziz also explained the rationale for elimination of octroi and OZT: the main features of the General Sales Tax and the share for local governments in this tax was also highlighted.

- 3.2. The political relationships among Union, Tehsil and District has been established through membership of the Union *Nazim* in the *Zila* Council and *Naib* Union *Nazim* in the Tehsil Council.
- 3.3. The administrative set ups at all the three levels have been reorganised/created to improve the service delivery under the guidance and vision of the elected political leadership.
- 3.4. Mr. Daniyal Aziz dilated upon the weaknesses of the defunct system of local government and administration and pointed out that in the old system the rural and urban divide created problems for the development of rural areas. Urban areas were developed at the cost of the rural areas. The new system through TMA has created necessary infrastructure in which all the areas of Tehsil will be able to get the municipal services and coherent development. He substantiated his arguments by referring to the 1998 census.

4. Community Participation:

- 4.1 Mr. Daniyal Aziz emphasised the need for community participation in the development of the country. He suggested that community must participate in the decision making process. This participation will also ensure ownership of the development projects by the people of Pakistan. The communities should not be just spectators in the process of development. They must participate. He mentioned that the new system provides ample opportunities for community participation through a system of bottom up planning in which the communities will be able to invest in the development projects.