City Development Strategy
Peshawar

Peshawar City District

in collaboration with

the Cities Alliance
U.N. Center for Human Settlements &
the World Bank
City Development Strategy
Peshawar

Peshawar City District Government
in collaboration with
UNCHS
Cities Alliance
Cities Without Slums
World Bank
A large number of individuals have contributed to this CDS, through their active support, valuable contributions, and consistent guidance during its formulation process. These include officials from the provincial and local governments; elected representatives of the LGs; members of private sector organizations; professionals; academicians; and representatives of NGOs/CBOs. The contribution of each one of them is gratefully acknowledged.

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Introduction
1. Introduction

The City Development Strategy (CDS) Peshawar is about institutional development and improved governance. It focuses on the creation of an enabling environment, and on making better use of the existing resources and institutions; a policy choice that would require immediate and the highest level of attention in the post-devolution period. Contrary to popular expectations, the strategy does not directly address brick and mortar developments. Nor does it call for an ambitious agenda that will rely on large donor assistance or federal and provincial grants for implementation. It is a pragmatic response to the City District's needs and priorities that can be largely implemented within the mandate and current capacities of the City district. As an outcome, it offers significant potential for sustainable benefits to the over 2.5 million residents of the City district.

Unfortunately, much of the development debate within the newly formed Local Governments (LGs) has revolved around traditional resource constraints, and increasingly (but legitimately) about lacking authorities to meet the urgent needs of an under-serviced and a highly demanding electorate. The term “development” is largely viewed in the context of brick and mortar initiatives or “asset creation” for which there is clearly a very high demand. There is limited appreciation that policy and systemic changes or rationalization of service delivery could also result in improved efficiencies, expanded services, and a variety of other benefits that would equally qualify as “significant developments”. This way of thinking is critical, particularly for the Peshawar City District (PCD) government, which is faced with serious financial issues and limited choices. However, rationalizing development along these lines would require vision and continuing support, for steering a difficult agenda that is neither typical nor politically appealing for most LGs. Fortunately, the current PCD leadership has extended its full support and cooperation to the CDS processes, as well as the next steps for its implementation. In order for the Peshawar CDS to stay on course, future PCD as well as the provincial governments will need to demonstrate a similar level of commitment.

It is important to highlight that the Peshawar CDS was initiated at a turning point in the history of local governance in Pakistan. Introduced in August 2001, the devolution and decentralization process brought unprecedented changes. There are few reported parallels for the scale and pace of such reforms in the entire region, as indeed at a global level. The process has transformed the entire system of governance and has shaken an administrative machinery that saw little changes since the days of the British Raj. However, the transition is far from over and it will take many more years before the federal, provincial and the local governments adjust to new ground realities.

The devolution of powers has transferred significant responsibilities to the district and sub-district levels, for which the LGs are yet to be fully equipped. There are a number of areas for which the City district has limited or no institutional capacity. The detailed Institutional Assessments (IAs) undertaken by the CDS Team have helped the PCD government in identifying many root causes for the poor state of affairs. A large part of the City district problems are
rooted in lacking or unclear policies and institutional mandates, inadequate structures, lack of planning and coordination, inefficient systems and procedures as well as insufficient resources for effective operations. The situation is further compounded by continuing problems over LG authorities, provincial controls over key LG resources, weak systems of accountability, low awareness about local roles and responsibilities, and a poor law and order situation.

The outcomes include a severely constrained ability of the LGs to meet local needs, which is in turn leading to serious questions about the efficacy of the entire LG system, and a growing disillusionment among the elected representatives. Many had anticipated that the ambitious mandates of the Local Government Ordinance (LGO) 2001 would offer an opportunity for rapid improvements in service delivery. At the close of two years of the implementation of the new LG system, this expectation is far from being fulfilled. On the other hand, with the massive restructuring of the public sector agencies, administrative and financial authorities have been revised, and systems are still evolving. These changes have restricted the ability of the public functionaries to provide timely or effective support to the LGs. Indeed, many in the civil service are yet to fully understand or come to terms with the new authorities; while an even larger number lack the capacities to fulfill the new roles and responsibilities.

The series of stakeholder consultations held during the CDS formulation process, have also highlighted Institutional and Governance issues as the most pressing concern in the City district. This focus was further validated by the first City-wide Consultation Workshop (in March 2001), which concluded that the City district must strategize its limited resources through a deliberate focus on selected areas. Among other areas, Local Governance and Institutional Development emerged as the most significant area of concern. There was near unanimity among the key stakeholders of the city including elected representatives and appointed officials, that no sensible developments can take place in Peshawar unless the government first addresses the core institutional issues of the City district. These issues underlie the major problems that directly impact on a wide range of services and the living environment of the City district. The direction to the CDS team was clear; that although long-range planning was useful, the CDS must focus on the immediate needs of the district government. These factors, led to a consensus that the Peshawar CDS would target Governance and Institutional Development as a priority concern. Through its recommendations (outlined in Chapter 6) the CDS offers a broad direction and strategic choices that will in turn allow the PCD government to better manage its mandate of local governance and service delivery.

There are many opportunities as well as challenges in the way of this vision. Recent elections in Pakistan (October 2002) have brought new and important players in the provincial government with high expectations, and even higher stakes in the success of their government. Many believe that this success will mainly come from the goodwill generated at the grass roots. However, the grass roots are no longer the domain of the provincial government, which is now mainly responsible for legislation and broad oversight. This is a significant departure from the traditional role of the successive provincial governments that have historically controlled virtually all policy, developmental, and operational functions down to the lowest levels. Adjusting to this new role is likely to be a testing exercise for a government that has expressed serious reservations about the devolution of powers to LGs in its pre-election campaign. Although a
formal debate is yet to be initiated in the provincial legislature, questions have already been raised by the new government over the mandates and potential authorities that the LGs may or may not enjoy. Varying in their intensity, a similar set of concerns is also being reported from governments in other provinces of Pakistan.

This overarching concern impacts all LG institutions in the country and therefore is not unique to the PCD. The constitutional mandate currently rests with the provincial governments who have to eventually decide on the extent of LG autonomy, areas of responsibility, and associated authorities that the higher levels of government are willing to share. In order for the LGO 2001 to become a law, the respective provincial governments will need to debate and legislate it through a formal Act of the Parliament to demonstrate their ownership and commitment. Till this happens, the debate on Institutional Development and Governance within PCD (as indeed other districts in the country) will have to contend with a difficult environment and an uncertain political future.
CDS Background
2. CDS Background

The 21st century will witness massive and rapid urbanization, with two billion new residents in cities of the developing world in the next 25 years. This process, though stimulated by economic development, has also led to sharp divisions in growth between cities and among people. The urban transition that will produce 50 million-sized cities in the next 25 years is not merely a matter of numerical change. It is also a historical shift in political and social relationships between cities and nations. The rich diversity in cultural and economic assets of nations is often concentrated in cities, and the power to act on these resources is gradually being transferred to cities, either by deliberate institutional shifts through decentralization policies or by political and economic reality. This century will also witness increased urbanization of poverty. Nearly one billion urban residents in the cities of the developing world are likely to be poor if the current trends continue. The challenge for the cities is to improve equity, efficiency, productivity, and governance in order to provide sustainable livelihoods, safe and secure living environments, and a better quality of life for the poor and the marginalized.

Urbanization has been occurring at unprecedented rates (between 4-10%) in several Asian countries. This trend is expected to continue for the foreseeable future. It is expected that by the year 2015, 19 out of 33 mega-cities of the world will be located in Asia. Trends also show that many secondary cities are now growing faster than the mega-cities. Pakistan is no exception to this trend. In the past decade, the country urbanized at an annual rate of over 4.3%, reaching an urbanization level of 37% in 2000. Between 1990 and 2000, Pakistan’s urban population increased by over 20 million people. Within the next 10 years (2000-2010) another 28 million will be added, thus making it one of the most urbanized nations in South Asia (43%). The implications of the growth are many: large cities like Karachi and Lahore will continue to grow but at a slower speed. The major growth will occur in secondary cities - in particular provincial capitals like Peshawar, that are also the center of socio-political and economic activities of the provinces.

The social, economic, and environmental impacts of this urban growth have been enormous. Cities in Pakistan are struggling to respond to the challenges their rapid growth is posing in all fronts, but without much success. While the federal government is in the process of decentralizing and devolving more power to the local level, municipalities themselves are not in a position to absorb and utilize the delegated or devolved authorities. Another important implication of this urban growth is increasing poverty. Poverty in Pakistan, as elsewhere, is becoming more of an urban phenomenon. Combined with a weak management capacity, municipalities are finding it increasingly difficult to understand and manage the complex process of change that urbanization represents. As a result, urban productivity has either remained stagnant or suffered, in the process reinforcing the human tragedy inherent in being poor.

2.1 A New Approach to Cities in an Urbanizing World

In order to address these challenges, the Cities Alliance was created to foster new tools, practical approaches, and knowledge sharing to promote local economic development and
attack poverty. Cities Alliance is a global alliance of cities and their development partners, committed to improve the living conditions of the urban poor. The World Bank, the United Nations Center for Human Settlements (Habitat), and several other donors and institutions have joined forces with the Cities Alliance to forge a new approach to urban development. The CDS is one tool, which is being sponsored by the Cities Alliance. Employing participatory techniques, it aims at sustainable urban development by building civic capacity for collective vision and action.

City Development Strategies are being financed in nearly a 100 cities, with potential effects on 200 million residents and a 100 million poor over the next five years. The effort will have impact far beyond numerical totals, and is intended to set new standards and develop new tools of participatory decision-making at the city level, to enable cities and nations to reach a self-sustaining capacity.

Improved urban governance is a key to success in making cities work, not only to address the challenge of urban poverty, but also to harness the opportunities that globalization provides. With decentralization, the task of marshalling civic capacity to prepare development strategies falls increasingly on city governments. Much work will be needed to put the enabling conditions and norms of good governance into place, so that cities can respond to the challenges before them. The norms of good urban governance characterized by sustainability, equity, efficiency, transparency and accountability, civic engagement and citizenship, and security are mutually reinforcing. The participation of all the key stakeholders is essential for this process. Participatory governance is the only sure means of achieving an authentic vision of the future, and the only sure way to achieve improvements in economic and social status for all citizens. The CDS promoted by the Cities Alliance is specifically designed to provide such a framework of participatory governance.

With improved governance and strategic planning, cities will attain new levels of efficiency and productivity. Huge investments will be needed in cities to improve service levels for the present populations, especially the poor, as well as to accommodate the urban dwellers of the future. Past experience has shown that only a fraction of these investment needs is likely to come from donor resources. Cities will have to improve their financial resource base, operation and maintenance of existing infrastructure, and credit-worthiness for accessing domestic and international resources.

Cities that are governed and managed well can expect to improve the efficiency with which their scarce resources are allocated. Moreover, cities that plan their future strategic moves can expect to waste fewer resources on “catching up” with rapid growth. Many cities have shown that well-managed growth can extend services to low income populations in a way which allows graduation to higher standards of service in accordance with public and private capacity to pay. Another area of value addition is in expanded productivity, for both the organized and informal private sector, as well as the public arena. Cities that understand their competitive position, and move wisely and quickly to capitalize on their comparative advantage, can expect worthwhile economic returns.
2.2 The Underlying Principles of CDS

The CDS approach is based on the three important principles: good governance, enablement, and capacity building. These principles embody not only the philosophical tenets of the CDS approach, but also highlight the intended outcomes.

(a) **Good Urban Governance** is characterized by the following key aspects, all of which are interdependent and mutually reinforcing:

- **Sustainability** in all dimensions of urban development implies that Cities must balance the social, economic, and environmental needs of present and future generations. Leaders must have a long-term, strategic vision of sustainable human development, and the ability to reconcile divergent interests for the common good.

- **Decentralization** of authority and resources implies that responsibility for service provision is allocated on the basis of the principle of subsidiarity, that is, at the lowest appropriate level consistent with efficient and cost-effective delivery of services. This will maximize the potential for inclusion of the citizenry in the process of urban governance. Decentralization and local democracy should improve the responsiveness of policies and initiatives to the priorities and needs of citizens. Cities should be empowered with sufficient resources and autonomy to meet their responsibilities.

- **Equity** requires access to decision-making processes, and the basic necessities of urban life. Women and men must be equally represented, and their needs and priorities equally addressed in all urban decision-making and resource allocation processes. Inclusive cities provide everyone with equal access to appropriate standards of basic services, regardless of gender, status, or power.

- **Efficiency** means cities are financially sound and cost-effective in management of revenue sources and expenditures, the administration and delivery of services, and in enablement, based on comparative advantage, of government, the private sector and communities to contribute, formally or informally to local economic development. A key element in achieving efficiency is to recognize and enable the specific contribution of women to the urban economy.

- **Transparency and Accountability** are essential in allowing stakeholders to have insight into LG operations, and to assess which sectors of society are benefiting from decisions and actions. Universal access to, and the free flow of, information are fundamental to transparent and accountable governance. Laws and public policies are applied in a transparent and predictable manner, and public officials adhere to high standards of professional and personal integrity.
• **Civic Engagement** implies that living together is not a passive exercise in cities; people must actively contribute to the common good. People are the principal wealth of cities; they are both the object and the means of sustainable human development. Citizens, especially women, must be empowered to participate effectively in decision-making processes, and the civic capital of the poor must be recognized and supported.

• **Security of Individuals and Their Living Environment:** Every individual has the inalienable right to life, liberty, and the security of person. Insecurity has a disproportionate impact in further marginalizing poor communities. Cities must strive to avoid human conflicts and natural disasters by involving all stakeholders in crime and conflict prevention and disaster preparedness. Security also implies freedom from persecution and forced evictions, and provides for secure tenure. Cities should also work with social mediation and conflict reduction agencies, and encourage the cooperation between enforcement agencies and other social service providers.

(b) **Enablement** implies that local authorities are empowered with enabling legal and institutional frameworks to reduce poverty, improve city productivity, and enhance the quality of life of its residents.

(c) **Capacity Building:** Achieving good governance requires building capacity of city government institutions as well as civil society organizations. The CDS process is a means to do so for participatory governance. The strategic planning framework adopted in the CDS exercise also ensures development of new tools for use by all stakeholders. Capacity building for LGs is usually associated with human resource development, organizational improvements and institutional and legal framework strengthening. But in the context of the CDS, it also implies the need to ensure that diverse social groups are able to get needed information and participate in the making of public policy. It includes the need for development of vibrant markets and a confident private sector that contribute energetically and creatively to a partnership with LGs. This nostrum applies to the formal as well as the informal sector.
Peshawar City District
3. Peshawar City District

Peshawar is the provincial Capital of the Northwest Frontier Province (NWFP) and the largest city in the Province. It enjoys tremendous historical, military, economic, and political importance. It is bound by a narrow belt of the Federally Administered Tribal Agencies in the West, which border Afghanistan. To the Northeast and East, lie the two settled districts ofCharsadda and Nowshera. The Afghan border is approximately 40kms to the West. Pushtu is the predominant language followed by Hindko and the national language Urdu. Peshawar’s current population is 2.242 million,¹ which excludes the Afghan refugee population of about 0.4 million.² The City district is spread over an area of 1,257 sq. kms.

Peshawar derives its name from a Sanskrit word “Pushpapura,” meaning the city of flowers. The flowers of Peshawar are also mentioned in Mughal Emperor Babar’s memoirs. Unfortunately, little remains of the old gardens in the year 2002. The Kushan Kings of Gandhara founded Peshawar over 2,000 years ago. The Mughal emperor Babar came to Peshawar in 1530 A.D. His grandson, Akbar, formally gave the name Peshawar that means “The Place at the Frontier”. During that period, Peshawar saw significant improvements in its bazaars and fortifications. During the reign of Sher Shah Suri, it witnessed another boom with the construction of the Delhi-to-Kabul Shahi Road, which ran through the Khyber Pass. Over the centuries, Peshawar has been the entry point of invaders and conquerors such as Alexander the Great, the Mughal kings and Mehmood Ghanznavi - all of whom traveled through the famous Khyber Pass that traverses the Afghan border.

The Peshawar District has undergone significant transformations in the past ten years. Originally encompassing the adjoining districts ofCharsadda and Nowshera, the district gradually shrunk in size after both sub-divisions acquired a district status of their own in the mid-nineties. As the provincial capital, Peshawar enjoys a special status. It houses the provincial parliament, the headquarters of all provincial public sector agencies, major banks, Development Finance Institutions (DFIs), academic institutions, NGOs, industrial establishments as well as the various trade and private sector institutions.

The city’s social and economic infrastructure has not only attracted a heavy migration of people from other parts of the province, but has also drawn the largest influx of Afghan refugees since 1979. Although official estimates suggest a total refugee population of four hundred thousand, another two to three hundred thousand are believed to also reside in the city and its surrounding suburbs. Most are fairly well integrated in the city’s fabric, although a number of refugee camps still exist on the city’s outskirts. The resulting situation has not only altered the demographic character of the entire city, but has also heavily impacted on an already stretched social and economic infrastructure, the environment, as well as the law and order situation of the City district.

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¹ This population figure is based on 1998 census with an annual growth rate of 3.56%.
² Commissionerate of Afghan Refugees. Figures for unregistered refugees are not available, although these are reported to be in several hundred thousands.
³ Intikhab-i-Alam, Peshawar by Pervez Amjad 1999.
Despite a relatively better developed infrastructure, over two million people co-exist in an environment that is marked by a high incidence of poverty, unemployment, poor access to quality social services, alarming levels of air and water pollution, and a worsening law and order situation. The aggregate effects of these vital indicators has not only made Peshawar a less desirable city from the perspective of common citizenry, but more importantly, from the perspective of the local and international investors, that is critical to its long-term growth and prosperity.

3.1 The Legal Framework for Local Governance

The 1973 constitution provides for a three-tiered system of governance, under which the federal, provincial, and local governments have defined jurisdictions. Unfortunately, successive federal and provincial governments have gradually taken over many areas of responsibilities that legitimately belonged to the lower tiers. As a result, despite clearly defined mandates and rules of engagement, the LG institutions have remained weak. The provincial governments have traditionally viewed them as entities that might weaken or undermine their own authorities. Successive provincial governments have typically side-lined and/or undermined the LG institutions by suspending elections to the respective Councils, reverting municipal authorities to provincially controlled managers, or assigning LG functions to provincially created departments and special programs. These factors have combined to inhibit the growth of the local institutions, and many are now seriously handicapped to effectively plan or manage the municipal functions of a large metropolis.

Until August 2001, the 1979 NWFP LGO served as the basis for defining various tiers and mandates of the LG institutions in NWFP. As one of the largest urban and rural constituency in the province, district Peshawar had a Municipal Corporation as well as a District Council. The former served the urban constituencies, while the latter was responsible for managing civic services and basic infrastructure of its rural areas. A number of provincial and federal service providers also operated within the district, but had little or no coordination with the LG institutions.

3.2 The New Paradigm: Devolution and Decentralization 2001

The Institutional landscape of the North West Frontier province has undergone a dramatic transformation as a result of the LGO 2001. Over fifty years of centralized control is giving way to radically decentralized systems for policy formulation, development planning, resource allocation, implementation, and above all, people’s participation in decision-making. Although yet to be clearly understood or internalized within the PCD government, the changes are likely to usher in a new era of governance, that until recently was largely reflective of the systems established during the Colonial rule.

Aiming at people’s empowerment, the devolution plan calls for a fundamental re-distribution of powers to the grass roots institutions. Mandates that were previously the exclusive domain of the provincial government, or centralized over time by them, have been transferred to the newly elected bodies established at the District, Town and Union levels. Of equal significance is
the major reform initiative that has led to the administrative decentralization of virtually the entire provincial government. All developmental functions in areas of Planning and Development, Social Services, Infrastructure, Natural Resource Management and several others have been decentralized, and in some areas fully devolved to the new District (and City) governments. The provincial government is in the process of redefining its own mandate, and is now expected to mainly focus on legislation, policy formulation, macro planning/budgeting, inter-district co-ordination, broad oversight, and core functions in relation to the federal government.

These changes have led to the re-structuring of several provincial institutions. Some have been merged and consolidated, while others have been right-sized to conform to the new requirements. In addition, the changes have also necessitated the creation of several new institutions at the City district and provincial levels.

3.3 The Peshawar CDS; Pre- and Post-Devolution Periods

The CDS process in Peshawar was initiated in May 2001 by the Peshawar Municipal Corporation (PMC). In August 2001, the federal government announced its devolution of powers plan, which changed the entire system of development planning and administration. All key agencies for service provision were decentralized, and re-structured at the provincial and district levels. Some were disbanded, while others were merged and/or rationalized. The Peshawar Municipal Corporation was abolished, and replaced by four autonomous Town Municipal Administrations (TMAs) representing each of the four Towns in the PCD. The Peshawar Development Authority (PDA) was abolished, and a new body called the City Municipal and Development Department (CMDD) was created for management of the macro-municipal functions at the District level. The CMDD was identified as the new institutional home for the CDS, and served as its counterpart until May 2002.

Another equally significant development was the expansion of the CDS scope. This came about as a direct consequence of the LGO 2001, which did away with the Rural and Urban divide. With the introduction of the new LG system, the geographic boundaries of Peshawar under the previous Municipal Corporation were re-defined to include the entire district under the new Peshawar City District government. Thus from a geographical area of 245 sq. kms. its jurisdiction increased to 1257 sq. kms (a five-fold increase). Similarly, the population of the City District increased from 9,83,648 to 2,242,000, or from 44 to 92 UCs.

In the meantime, the stakeholder consultations (refer Chapter-4) identified a large number of sectoral and cross-sectoral concerns that ranged from social services, agriculture, and municipal services, to environment, poverty, and gender issues. A very large number of the City stakeholders also highlighted law and order, governance, institutional capacities, accountability, and transparency as major concerns in the City district. Faced with political pressures and high expectations from the rural constituencies (representing 50% of the City district), the district government recommended that the geographic and sectoral scope of the CDS be expanded, to move beyond the initial focus on urban development and municipal service provision. The
change in CDS scope also dictated a larger and more direct involvement of the District Coordination Office (DCO) and the key line agency heads (the Executive District Officers; EDOs) in the formulation of the CDS, who therefore became the de-facto counterparts for the CDS beyond May 2002.

These developments presented significant challenges for the CDS process, in terms of: (a) containing and prioritizing the scope of work; as well as (b) sustaining the CDS process, for which ownership and full support in the district and the provincial governments was critical. Despite best intentions, the radical changes brought about by the devolution process adversely impacted on the stakeholders' ability to fully support the CDS process, due to their pre-occupation with a variety of transition issues. Institutional responsibilities were largely unclear, while the Rules of Business (RoB) that would have facilitated local governance were still evolving. Moreover, the CDS process in itself represented a radical departure from the planning norms prevalent in NWFP/Pakistan.

The situation was further compounded by the events of 11 September 2001, which practically brought the CDS process to a halt for several months. Due to its historical, cultural, and physical proximity with Afghanistan, Peshawar became a front-line. Virtually all donor-funded programs and projects were adversely affected, and staff travel was severely restrained. The CDS team was also advised to maintain a low profile as the district and the provincial governments grappled with almost daily street protests, which became a regular feature in the aftermath of the Afghan war. The state of confusion and insecurity that prevailed during the remainder of 2001 created high uncertainty about the future of Peshawar CDS, and forced the CDS team to work in a very difficult political environment.

These events have deeply impacted and shaped the Peshawar CDS, both in terms of the process as well as the priority concerns that it opted to address. However, despite the challenging circumstances, the CDS team steered a course that eventually benefited from the tremendous energies of the grassroots, unleashed by the devolution and decentralization of powers. What was lacking in way of public sector or formal institutional support, was more than compensated by the enthusiasm and energy of the large number of elected LG representatives, civil society organizations, the private sector, and many others, who have actively supported and guided the CDS process. The end product is as much a fulfillment of their aspirations and vision, as it is of the PCD government and its key institutions, who saw the CDS as an opportunity and a potential response to the urgent needs of the City district.

3.4 Institutions for Local Governance

3.4.1 The Provincial Oversight

With transfer of authorities to the elected LGs at the district and sub-district levels, the provincial Local Government and Rural Development Department (LG&RDD) - a line department and formerly the controller of all LGs in the province - has been reduced to a skeletal organization. The agency is headed by a Secretary, who is the representative of the provincial government. His responsibilities include provincial policy-making, the Federally
Administered Tribal Areas (FATA), and overall LG coordination on behalf of the provincial government. Surprisingly, the current RoBs require the Secretary LG&RDD to also maintain administrative authorities over the elected district Nazims; although these authorities are not being exercised and appear unenforceable. The LGO also calls for the creation of a new provincial body called the Local Government Commission (LGC). The LGC has been mandated to conduct annual checks/inspections of LGs, hold enquiries and special audits, review administrative actions relating to premature transfers of senior provincial government functionaries by LGs, resolve inter-district disputes and/or address disputes among the provincially decentralized departments and the LGs. However, despite an urgent need, the LGC is yet to be fully operationalized.

3.4.2 The Elected LG Councils

The LGO 2001 has introduced a three-tiered LG system. At the highest level is the District Assembly, followed by the Town, and then the Union Councils (UCs) that typically represent a cluster of several villages or neighborhoods. An elected Nazim (mayor) heads the district government, while the elected District Assembly ensures checks and balances over the Executive. It also debates and formulates district level policies for local planning & development, and enacts byelaws and regulations in areas falling under its jurisdiction. The district Naib Nazim is the convener of the District Assembly. The Town and Union Councils are patterned along similar lines, albeit with distinct lower order jurisdictions.

Major functions of these LG councils include the approval of byelaws and taxation, approval of short and long-term development plans, preparation of annual budgetary proposals, as well as checks and balances over the district government. The latter include the establishment of Monitoring Committees (MCs) comprised of the elected LG representatives, who are expected to maintain a non-intrusive oversight over virtually all sectoral line agencies of the district government. In areas of law/order and justice, the respective councils (District/Town/Union) are also required to provide support to several new mechanisms for ensuring grassroot justice introduced under the LGO 2001, and the new Police Ordinance (PO) 2002. To maintain accountability and transparency, the LGO also calls for the election of house committees for maintaining a code of conduct as well as oversight over LG Accounts.

Key functions of the District Assembly include the review and approval of the district government proposals for changes in the number of official posts and employees of the decentralized offices of the district Administration and the TMAs; review of the performance and audit reports of the district government; and approving honorariums for the district, town and union Nazims and Naib Nazims. Among key functions of the City District Assembly is approval of master plans, zoning and land use plans; measures for environmental control; and systems for macro municipal infrastructure impacting on the entire City district.

3.4.3 The District Coordination Office

A new DCO has been created as a pivotal set-up at the district level. The DCO provides support to the District Nazim and the Assembly. On behalf of the provincial government, the
DCO provides policy guidelines, ensures coordination, and serves as an overall administrator for the provincial agencies decentralized to the district level. Although there is no precedent for such a body in the pre-devolution period, the nearest equivalent was the colonial establishment of the Deputy Commissioner (DC), which has now been abolished. In the pre-devolution period, the development planning and implementation functions were more directly managed by the provincial hierarchy and its extensions in the districts; although the DC also enjoyed certain powers of coordination as well as significant judicial and executive authorities. These authorities have now been re-distributed among various organs of the district, including the elected Nazim, the police, judiciary, as well as the DCO. Hierarchically, the DCO is the highest-level government functionary in the district, and is typically a career civil service employee of the federal or the provincial government. The DCO also serves as the principal accounting officer on behalf of the district government.

The DCO’s institutional mandate includes three broad areas of responsibilities covering District Coordination, Human Resource Development (HRD), and responsibilities in relation to Civil Defense. The DCO’s coordination and supervision responsibilities extend to all decentralized agencies headed by the respective Executive District Officers (EDOs), who are in turn responsible for the respective organizations. Coordination among these agencies is ensured through monthly meetings of the EDOs chaired by the DCO. The first year witnessed few such meetings due to several transition related difficulties as well as dual responsibilities of the DCO, Peshawar, who was concurrently serving as the Secretary to the Governor, NWFP.

As the Vice Chairman of the District Coordination Committee (DCC), the DCO also interacts with the agency heads in the DCC forums regularly called for purposes of scheme approvals. Other coordination mechanisms include needs-based meetings and interactions, necessitated by the new administrative and financial rules for sanctions of development and non-development expenditures above certain thresholds, as well as performance evaluation of EDOs and the DOs by the DCO. Closely working with the District Nazim, the DCO is responsible for administrative and financial discipline and maintaining efficiency in the discharge of the functions assigned to the district administration.

The responsibilities for HRD extend to the management of Service Rules and their interpretation at the district level, other than those falling under the purview of provincial or federal governments. The DCO is also responsible for organizing training in organizational methods, preparation of manuals, extending support for career development of district government employees; holding departmental examination in respect of district government employees, as well as in-service/pre-service training of ministerial employees of the district government. The broad responsibilities for Civil Defense include training/monitoring programs, and the implementation of civil defense schemes in the district.

Other important responsibilities involve assisting the Zila Nazim in preparing reports on the implementation of development plans of the district government. In addition the DCO is responsible for follow-up actions on the District Assembly resolutions, and questions raised during its monthly sessions. In matters of policy and important decisions, the DCO is required to obtain the approval of the District Nazim before communicating matters or decisions to the
provincial government. On behalf of the provincial government, the annual performance evaluation of the DCO rests with the Chief Secretary, who together with the Chief Executive of the Province, is required to assess and certify his annual performance reports. The District Nazim is also responsible for the performance review of the DCO, and may advise the provincial government to prematurely transfer the officer in case of non-performance.

3.4.4 The District Level Service Providers

Under the new regime, the old system of provincial and local institutions concurrently providing services in a certain jurisdiction has been rationalized. Municipal functions have been decentralized to the sub-district (Tehsil) level in the Common districts and to the sub-city (Town) level in the City districts. An equally significant development is the abolition of the urban and rural divide, resulting in the merger of the urban and rural UCs under one service delivery structure.

The new district structure shows a new grouping of public sector organizations that previously operated under the direct control of the provincial government. These include the newly created Planning & Finance (P&F) department; the Agriculture department comprising of eight sub-departments; a new department for Works and Services, (the successor to two provincial departments; the C&W and PHE); the newly created agency for macro municipal services (CMDD), as well as other agencies that have been re-organized and decentralized to the district levels. Among the decentralized provincial agencies, the district institutions for Health and Education are the largest, and together represent over 70% of the entire public sector staff based in PCD.

Several federal government agencies such as PESCO, SNGPL and certain others also operate in the City district. These agencies are solely responsible for such areas as the supply of power, gas, railways, and telephones etc. However, the devolution plan does not provide for specific mechanisms to ensure their co-ordination and integrated planning with the PCD institutions. Likewise several un-devolved provincial agencies such as the Provincial Irrigation and Drainage Authority (PIDA) and the newly created Frontier Highway Authority (FHA) also maintain a large presence in the PCD, but their rules of engagement with the PCD are yet unclear, and continue to follow adhoc arrangements.

Other important portfolios including general law enforcement, environment, and telecommunications also remain under provincial or federal control. A recent federal Ordinance has brought major changes to the area of law enforcement, under which the district governments and other stakeholders will have an enhanced role in police oversight. Despite the gravity of environmental problems, the environment portfolio remains very weak in terms of the institutional framework as well as enforcement of the environmental regulations. The GoNWFP has now prepared a plan for zonal, as opposed to a district, based environmental management and regulatory control. The PCD will be managed through one of the four zonal departments being organized on a province wide basis. The new organizations will ensure enforcement of the Pakistan Environment Protection Act (1997), which until now remains ineffectual due to lack of political commitment, resources, and absence of implementation procedures.
3.4.5 The Sub-District Institutions

In order to improve management of municipal services, the PCD has been divided into four towns (Town 1, 2, 3 and 4), representing approximately equal population. Each Town has an elected Council comprising of 21 members with 33% representation of women, and one member each from the minorities and workers/peasants. The Town Council elects a pair of Town Nazim and Naib Nazim. The former heads the TMA, which is responsible for municipal service delivery while the latter serves as the Convener of the Town Council, much like the Naib Nazim at the district level.

The TMA is a body corporate responsible for: (a) spatial planning; (b) development facilitation/control; and (c) the provision of municipal services (water supply, sewerage, drainage, sanitation, roads, streets, traffic engineering, street lights, fire fighting, graveyards, abattoirs, parks & open spaces). To enable it to meet its responsibilities, the TMA has been authorized to raise revenues through a number of own-source taxes including Immovable Property Tax (IPT) and user charges, as well as it is to be the recipient of the 2.5% GST transfers in lieu of the abolished Octroi and Zila Taxes (OZT). It is expected to closely work with UCs, the yet to be created Village/Neighborhood Councils (V/NCs), and other civil society and private sector organizations.

The TMA draws its human and material resources from the defunct Town and District Councils, Town and Municipal Committees, and Municipal Corporations that existed pre-devolution, and certain provincial agencies that have been rationalized and merged into the TMA. These include: (a) the LG&RDD; (b) the Public Health Engineering Department (PHED); and (c) the Housing and Physical Planning Department (H&PP) whose selected staff has been assigned to the TMA.

Below the Town level, the LGO has led to the creation of elected UCs (92 in Peshawar), and their attached Union Administrations (UAs) for an average population cluster of 25,000 people. The UA is headed by the Union Nazim and comprises of a skeletal establishment with two junior functionaries including one peon, but no technical staff. The next level of LG institutions include the proposed NCs, whose elections have been deferred due to intense disagreements of the district government on further expanding (and deepening) the current base of the LG.

3.4.6 The Civil Society and Private Sector Organizations

As the provincial capital, the PCD has maintained a healthy tradition and physical presence of civil society organizations that range between active NGOs; Bar Associations, the Sarhad Chamber of Commerce and Industry (SCCI), several academic associations, human rights groups, a vibrant press and electronic media, and a modest number of Community Based Organizations (CBOs) that engage in welfare (and increasingly development) activities at the village or neighborhood level. Through several donor-funded programs, the provincial government has also facilitated the creation of self-help village level institutions that support a variety of programs in areas of economic growth, infrastructure development, and improved
service delivery. These include the widely acknowledged Parent Teachers Associations (PTAs) for improvement of primary education, the Farmer Organizations for planning and management of irrigation infrastructure and services, the self-managed Farmer's Service centers, recently established to facilitate and promote Agriculture inputs and services, the men and women micro-finance and credit groups supported through local MFIs, and several community-led integrated development models.4

The LGO 2001 identifies yet another grass root institution called the Citizens Community Boards (CCBs). Designed as voluntary bodies, these are viewed as important grass root vehicles for identifying, organizing, and implementing local initiatives. The CCBs are expected to operate like the large number of CBOs and NGOs currently working in various parts of NWFP. However, these are yet to take off due to a rigid application of regulatory laws regarding their constitution. To encourage CCB-led development, the LGO 2001 contains significant provisions, including the requirement for all LGs to set aside fifty percent of their annual development budgets for community-led initiatives identified and prioritized by the CCBs.5

Although under-emphasized, the private sector plays a major role in several key sectors of the local economy, and the provision of social services in Peshawar. Among other areas, quality health care and education is the almost exclusive domain of the private sector. The weak standards of public sector facilities has led to a mushrooming of private schooling and a rising number of health care centers, where regulatory controls of the PCD remain weak to non-existent, and access for the poor and lower income families a major challenge. Likewise the agriculture sector is almost entirely serviced by large private sector companies and entrepreneurs. However, the sector is poorly regulated with significant implications. The private sector also caters to the entire transportation needs of the city district. Private entrepreneurs manage thousands of buses, mini vans, and other forms of public transport that ply on the roads of the City district. However, there is inadequate public sector capacity to plan and regulate the rising traffic and environmental problems in the city district.

Though yet to be clearly articulated, new LG policies also appear to be encouraging the role of the private sector in mobilizing financial resources for public/commercial ventures as well as service provision. Even before the devolution of powers took effect, the PCD municipal institutions successfully demonstrated public-private partnerships for several key projects including the construction of underpasses, the beautification of major roads, as well as outsourcing models for revenue collection and M&R. These clearly represent positive trends that will need to be encouraged.

In the financial sector (Banks, DFIs, leasing companies and others), the past decade witnessed almost a complete shift to private sector control and management. Most major banks and financial institutions are now denationalized, and largely free from state influence in their

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4 Community-led village level development has a long history in NWFP. Starting with the Daudzai project implemented in the outskirts of Peshawar in the 60s and 70s (the precursor to AKRSP in Northern Pakistan) the concept has evolved over time. The Rural Support programs (including the SRSP, head-quartered in NWFP) as well as several other NGOs now employ it as an accepted approach.

5 The requirement to set aside 50% development funds for community led initiatives has been revised to 25% as a result of LGO revisions made in July 2002.
commercial operations. More recently, several new banks have been set-up that exclusively cater to the micro-finance and credit needs of the poor, the women, as well as the small and medium entrepreneurs. These include Khushali Bank, First Women's Bank, and the SME Bank. For the City district, as indeed the province, these are all positive developments, which have not only improved efficiencies and accountability of the financial sector, but have also promoted equity through improved access for the poor and the marginalized.

K R.N SCANNER Dr. PS

PESHAWAR CITY DISTRICT

Legend

Peshawar City
Peshawar Cantonment
Early 20th century Expansion Area
Road/Network Expansion
Road Area of Town 2 
University Campus
University Town
Hyderabad
Anjuman Agency

Area Legend

Total area of Peshawar District = 207 sq.km

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The Process Adopted
4. The Process Adopted

The CDS formulation process has been a unique learning experience in participatory development for the City of Peshawar. Planning in the country has historically been a top-down process of decision-making with no voice of the stakeholders or potential beneficiaries incorporated; and has generally been piecemeal and ad hoc. This has led to scarce public sector development resources being poorly used on non-priority needs, absence of integrated multi-year plans, and non-optimal use of the available potentials of the locale. This CDS has not only helped the PCD formulate a vision and strategy for its development, but has also introduced the processes of participatory planning and decision-making to the management and key stakeholders of the city.

The CDS process has been carried out in four phases:

4.1 Phase I: Preparation and Stakeholder Mobilization

A critical condition for the success of the CDS process is local ownership and commitment to the underlying principles of inclusion; consensus building through meaningful consultations; and implementation of agreed strategies and actions through partnerships, use of local resources, and existing implementation instruments. Engagement of key stakeholders involves sensitizing the primary players, and understanding their perceptions, expectations, and anxieties.

In Peshawar, after initial start-up delays, the process commenced with preliminary discussions between the GoNWFP/PMC and World Bank/UNCHS staff on modalities of formulating the CDS. A Technical Assistance (TA) team was hired in the later half of 2001 to assist the PMC team in undertaking the initiative. It commenced work by preparing an Inception Report, and a Participation Strategy and Plan. The aim of the latter was to ensure that the CDS is the voice of the people of Peshawar, and its objectives were: (a) develop awareness and understanding among the stakeholders about CDS; (b) develop ownership and support for CDS; (c) identify key issues of the city that the CDS might address; and (d) engage the stakeholders in its formulation processes. Concurrently, key stakeholder groups in the district were identified and listed, ensuring that the vulnerable and marginalized segments also got duly represented.

A key to successful CDS formulation and subsequent implementation is the level of participation and ownership of the institutions of local governance in the city during the CDS process. While a number of existing institutions were brought on board, three additional mechanisms were also established under the CDS initiative. One of these, the Interdepartmental Task Team, got transformed into a permanent mechanism post-devolution, since its composition and mandate were similar to what was prescribed in the LGO 2001 for the EDO Committee. The mechanisms included:

(a) A Steering Committee (SC) that was formed and notified. It was chaired by the Additional Chief Secretary (development), with Secretaries of Finance and LG
Departments, the district Nazim, DCO, and some civil society representatives as its members. Its mandate included:

- support to the CDS, when needed; and
- guidance and advise on provincial policies effecting LGs in general, and the PCD in particular.

(b) An Interdepartmental Task Team (ITT) was established to help support and internalize the CDS process within the government. It was chaired by the DCO, with the DG CMDD as its Secretary, and all Executive District Officers as its members. It closely mirrored the EDO Committee outlined subsequently in the LGO 2001. Specific responsibilities were to:

- validate the participatory processes undertaken towards formulating the CDS for Peshawar, and its key outputs;
- make recommendations to the CDS Steering Committee for approval;
- designate sectoral working groups and focal points to facilitate the CDS process;
- provide data on PCD and various sectoral issues;
- provide technical support during the Strategy development process;
- facilitate consultations and ensure departmental participation in stakeholder meetings;
- hold bi-weekly meetings to review and steer the CDS process; and
- disseminate information on the CDS objectives, process, and its outputs.

(c) A CDS Planning Team was mobilized, which comprised of government counterparts to work on a day-to-day basis with the TA-team for strategy formulation, and help internalize the process. It was a multi-stakeholder review forum consisting of representatives of civil society as well as the district governments elected LG representatives and appointed staff. Its mandate was to:

- facilitate and coordinate the process of data collection for formulating the city profile;
- organize consultations with stakeholder groups with support from the CDS TA-team;
- maintain close liaison with the ITT;
- facilitate the CDS team in preparation of CDS and CAP, through regular interaction; and
- review and validate CDS process from time to time.

The LGO 2001 requires each district to form a District Mushawarti Committee (DMC). It is to be chaired by the district Nazim, with the district Naib Nazim and all four town Nazims as its members, and the DCO as its Secretary. Its prescribed mandate is to: (a) crystallize a vision for integrated development of the district; (b) prioritize and co-ordinate inter-tehsil development plans; (c) resolve intra-district disputes; (d) muster resources for crisis management; and (e) set directions for realizing the economic potential of the district. The CDS Team was instrumental
in operationalizing the DMC for the PCD, which in turn fully endorsed the CDS process, and undertook to ensure implementation of the CDS recommendations.

The ITT and the TA-team immediately commenced on preparing the City District Profile (refer Annex-1). The purpose of the Profile was to establish a baseline for analyzing the problems faced by the PCD, and provide a concise backdrop of sectoral facts for issues that the soon-to-commence stakeholder consultations were likely to identify.

4.2 Phase II: Consultations

The ITT, with assistance from the TA-team, organized a series of consultations with the range of PCD stakeholders identified earlier, including officials from the provincial and local governments; elected representatives from the LGs; private sector representatives; professionals; academicians; and representatives of NGOs/CBOs. These consultations were of varying types: nearly half were individual meetings, whereas the rest were group meetings or multi-stakeholder workshops. Each event was a progression of the previous one in terms of widening the range of issues, and grouping them into common sets based on the intensity of linkages among them. Moreover, an E-discussion group was initiated; and a press announcement seeking citizen’s inputs published in leading dailies to elicit broader participation and ensure inclusiveness. The objective was to identify from the perspective of the citizens of Peshawar, the existing strengths, opportunities, weaknesses, and issues faced, and seek options and recommendations for the development of the district.

Meanwhile, the military action on neighboring Afghanistan in October 2001 had deep adverse effects on NWFP and Peshawar. It resulted in a large influx of Afghan refugees into the NWFP in general and Peshawar in particular. There were protests, at times violent, throughout the NWFP condemning the military action. As a result, working conditions deteriorated seriously, stress levels were extremely high, security situation became mercurial, and future events remained unforeseeable. The CDS formulation process also received a serious setback at a time when it was beginning to gain momentum. The City government, as well as the citizens, remained preoccupied with security concerns, and unable to focus on a strategy for the future in a deeply volatile environment. The process was resumed again in early-2002.

The first City-wide Consultation Workshop (CWC) was held, after successive delays, in mid-March 2002 with the aim to bring together the key stakeholders of the PCD to: (a) review the findings of the process completed to date and evolve a medium-term consensus vision for Peshawar’s development; (b) review and prioritize issues facing the city to achieve this vision; (c) discuss and agree on the development objectives for the priority areas identified; and (d) seek guidance and participation for the remainder of the CDS process. The Workshop was highly successful in achieving its objectives, as well as in eliciting active participation from a broad spectrum of the key stakeholders of Peshawar. The consensus vision evolved for Peshawar was of “A City of Peace and Prosperity”; and priority sectors were identified which could become vehicles for the City to achieve this vision.

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6 All key consultations are documented in a Report available in the files. It contains the list of participants, the process adopted, issues raised, and conclusions reached of each event.

7 A complete first CWC workshop report is available in the files.
4.3 Phase III: Issue Prioritization and Identification of the Strategic Focus

The feedback gathered through various means from the key stakeholders of the City, including from the first CWC, was consolidated and an in-depth review undertaken of priority issues identified during these consultations. It revealed that while many of the problems identified could be superficially categorized as Sectoral; their deeper analysis evolved the fundamental issues to be actually related to the service providing Institutions and to Governance, underlying nearly 80% of the problems. This focus was further validated by the first CWC workshop, which concluded that the City district must strategize its limited resources and capacities through its focus on selected areas. As a result, the priority sectors were narrowed down to: (a) Municipal Services; (b) Agriculture; (c) Health; (d) Education; and (e) Local Revenue Generation, with Governance and Institutional Development as the overarching theme.

Further analyses indicated that the implementation of the devolution plan had allowed little time to the institutions involved to prepare for the massive changes that it entailed. It therefore resulted in serious information gaps available at the district level, on the concepts underlying the structure, staffing, and functions of the various LG agencies created within the PCD. Many institutions were rationalized, and the district and provincial cadres significantly reorganized. The sheer pace of reform has resulted in ambiguities and/or overlaps in organizational mandates and less than adequate structures, with many already in need of urgent review.

The devolution plan authorizes the respective District/City governments to make appropriate adjustments in local institutions. However, the PCD government has been unable to invoke these provisions as the provincial government gradually retracted or restricted the use of several key authorities approved under the LGO 2001. Several senior officials have argued that the change still represents a radical departure from the past. The provincial government had declared the first two post-devolution years as a transition phase, aimed at allowing the district governments to test the new system, and make adjustments where required. However, assessments undertaken during the CDS process reveal that a longer transition period may be necessary, as the City district struggles with a wide array of issues. Although all key institutions are now in place, many are faced with serious constraints including lack of policy direction, low capacities, lack of resources, and weak systems and procedures. The elected representatives are also gradually coming to grips with the new system, although awareness levels are generally very low in terms of the new responsibilities.

An initial rapid assessment of selected district institutions led to an improved understanding of the root causes behind the priority problems of the City district. Many of these related to the institutional weaknesses inherent in the City district, and provincial structures that existed prior to the devolution of powers. These problems have compounded due to a variety of governance issues, stemming from the unprecedented scope and pace of devolution and decentralization. Local Governance therefore emerged as the most significant area of concern. In the period immediately following August 14, 2001, major problems had begun to emerge in areas of coordination, development planning, administration, service provision, and maintenance of law and order. In addition, a variety of procedural issues severely constrained the overall functioning of the LG councils. A combination of these issues began to reflect on the day-to-day
governance, and many people started raising legitimate questions about the very wisdom of the new system.

The inability of LGs to address immediate concerns also led to a growing disillusionment among the elected representatives. Many had believed that the ambitious mandates of the LGO 2001 would offer an opportunity for rapid improvements in service delivery and local governance with the massive re-structuring of public sector agencies. Since the entire bureaucracy also underwent a fundamental transformation, it restricted the ability of the public sector functionaries to provide effective support to the newly elected councils. Indeed, many in the civil service have still not fully understood or come to terms with the new authorities and systems of local governance; an even larger number lack the capacities to manage the new roles and responsibilities.

During the subsequent sector specific meetings as well as the rapid assessments of key service delivery institutions, there was near unanimity among the elected representatives and appointed officials that no sensible development can take place in the district, unless the core institutional issues of the City district are addressed. There was also recognition that the large on-going (and pipeline) sectoral initiatives of the federal and provincial government are better positioned to address the long-term sectoral issues. As extensions of the provincial government, the respective district agencies would be responsible to implement these programs, which would in turn also benefit the sector-specific concerns of the City district. However, these interventions offer little support to the service delivery structures themselves. Despite a priority need, the LG institutions have received minimal attention to effectively discharge their new and unprecedented responsibilities.

Given the past experience with ambitious development strategies, the City district leadership emphasized the need to consider a homegrown and practical strategy that could be implemented within the mandate and resource capacities of the City district itself. The direction to the CDS team was clear: that although long-range planning was useful, the CDS must focus on the immediate and short-term needs of the PCD government. These factors led to a consensus that the CDS would use the following as the guiding framework for formulating the Peshawar CDS:

- focus on Institutional Development and Governance issues, which have the potential for maximum returns with minimal financial investments;
- largely rely on the mandates available to the City District under LGO 2001, to ensure that all key recommendations are directly implementable by the LGs themselves;
- primarily focus on the City district's mandate and potential capacity for resource generation, and where possible, identify on-going or pipeline grant-funded initiatives to support CDS implementation;
- focus on the immediate and medium-term needs of the City district (0-5 years); and
- ensure consistency with the broad provincial and national policy frameworks.

The post-first CWC period thus focused on conducting detailed assessments of selected institutions of the City district. These covered the District Assembly, the DCO establishment,
selected institutions responsible for Law, Order, and Justice, key sector agencies responsible for Municipal Services, Agriculture, Health, Education, and Local Resource Generation, as well as selected town and union councils. Given the city-wide concerns in areas of gender, poverty, and environment, it was agreed that these crosscutting concerns would be treated as an integral part of each IA, and the options and recommendations evolved would also address these concerns.

The primary focus of the IAs was to conduct a situation analysis and review the: (a) institutional mandates, structures, staffing, systems, business processes and procedures, assets, and liabilities of the selected agencies in light of the recently devolved responsibilities and authorities; (b) identify gaps between the institutional roles and responsibilities mandated under the LGO 2001 and the situation on the ground; and (c) formulate linkages between the issues identified through the consultative processes and the constraints identified through the IAs. Institutions selected were the service providers in sectors of key concern, as well as those with the mandate for ensuring good governance in the PCD. An assessment was also undertaken to investigate and project the revenue generation potential of PCD through the own-source avenues provided to LGs in the LGO 2001. The detailed assessments led to evolution of options for effective strengthening of the institutions assessed, and mitigation of governance issues. The key officials of each institution studied were then invited to half-day workshops in which the relevant findings of the IAs and options evolved were presented, reviewed, and discussed threadbare, and feedback received subsequently incorporated back into the recommendations proposed.

4.4 Phase-IV: Strategy Formulation

The preliminary strategy recommendations were presented in the Second CWC workshop, held in end-September, 2002. The purpose of the workshop was to: (a) inform the city stakeholders of the findings of the consultative process to-date, and review the recommendations evolved in priority sectoral and the cross-sectoral areas; (b) ensure political ownership and obtain commitments from the provincial and PCD governments for implementation of the recommendations; and (c) agree on the next steps.

The Workshop was highly successful in achieving its objectives, as well as in eliciting active participation from a broad spectrum of the key stakeholders of Peshawar. The turnout was excellent; participants included officials from the provincial and local governments; elected representatives from the LGs; private sector representatives; professionals; academicians; and representatives of NGOs/CBOs. The overall CDS initiative for Peshawar, the deeply participatory process adopted for it, issues highlighted through the detailed assessments of selected institutions, and the recommendation/options suggested were strongly endorsed and appreciated.

This led to the preparation of the CDS and an outline CAP for Peshawar, consisting of short-term high priority recommendations to yield quick tangible results, and medium-term programs.

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9 A complete second CWC workshop report is available in the files.
addressing strategic issues. These were presented to the DMC in end-December 2002, to seek its endorsement and commitment for implementation support. Sustainability of the CDS in 2003 and beyond would require that its recommendations are implemented by the PCD government while developing its future plans and budgets, and the participatory processes introduced through the CDS exercise are nurtured and replicated to become an integral part of its routine business practices. To ensure an effective follow-up of a complex and inclusive process such as the CDS, a permanent institutional home for it will be necessary; a requirement that the PCD government has committed to fulfill.
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<td>E-Group Feedback</td>
<td>Lack of coordination between private sector and police</td>
<td>Lack of grass-root planning</td>
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<td>Multi Stakeholder</td>
<td>- Unplanned growth</td>
<td>- Poor law and order</td>
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<td>- Littering of drains (hawkers)</td>
<td>- Inappropriate design of services for the community</td>
<td>- Improper solid waste disposal</td>
<td>- Lack of support and guidance for establishing Small and Medium Enterprises</td>
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<td>- Poor or no traffic signs and signage</td>
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<td>- Improper solid waste disposal</td>
<td>- Lack of support and guidance for establishing Small and Medium Enterprises</td>
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<td><strong>Poverty and Gender Issues</strong></td>
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<td>Planning Team</td>
<td>Kidnapping</td>
<td>Lack of staff for Nazims</td>
<td>- Lack of coordination among institutions working for capacity building</td>
<td>- Lack of coordination amongst departments</td>
<td>- Waste water treatment</td>
<td>- Gender insensitive system</td>
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<td>Multi Stakeholder</td>
<td>- Lack of authorities for checking law and order</td>
<td>- Lack of clarity on rules of Business</td>
<td>- Lack of sewerage treatment</td>
<td>- Poor drainage particularly in the old walled city</td>
<td>- Lack of empowerment of women</td>
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<td>Group Meeting</td>
<td>- Refugee pressure causing security issues</td>
<td>- Lack of PCD policies</td>
<td>- Drainage, sewerage, and air pollution</td>
<td>- Inadequate street lights</td>
<td>- Lack of recognition of role of women</td>
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<td>- Spread of PCD offices in distant locations</td>
<td>- Lack of coordination among PCD and provincial government departments</td>
<td>- Inadequate water supply</td>
<td>- Non payment of Zakat to poor</td>
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<td>- Lack of clarity on rules of Business</td>
<td>- Staff absenteeism</td>
<td>- Ineffective sanitation and sewerage</td>
<td>- Unequal distribution of wealth</td>
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<td>- Lack of sewerage treatment</td>
<td>- Unclear staff transfer authorities</td>
<td>- Traffic problems</td>
<td>- Unemployment</td>
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<td></td>
<td>- Lack of coordination among PCD and provincial government departments</td>
<td>- Inappropriate staffing in TMAs</td>
<td>- Ineffective - Inadequate - Lack of resources and capacity of government departments</td>
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<td>- Lacking of experience and staff transfer authorities</td>
<td>- Inadequate financial resources for effective devolution</td>
<td>- Coordination amongst departments</td>
<td>- Lack of education awareness</td>
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<td>- Cumbersome and Unclear financial procedures</td>
<td>- Lack of financial resources for devolution</td>
<td>- Coordination amongst departments</td>
<td>- Inadequate enforcement of law and rules</td>
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<td>- Lack of coordination among institutions working for capacity building</td>
<td>- Ineffective role of media on awareness</td>
<td>- Coordination amongst departments</td>
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<td>Institutional</td>
<td>- Lack of public funds for education sector</td>
<td>- Tyrannical behavior of teachers</td>
<td>- Poor drainage particularly in the old walled city</td>
<td>- Waste water treatment</td>
<td>- Lack of empowerment of women</td>
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<td>Strengthening Group</td>
<td>- Lack of training and planning</td>
<td>- Multiple systems of education</td>
<td>- Tyrannical behavior of teachers</td>
<td>- Waste water treatment</td>
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<td>Multi Stakeholder</td>
<td>- No needs-based curricula</td>
<td>- Poor quality</td>
<td>- Tyrannical behavior of teachers</td>
<td>- Waste water treatment</td>
<td>- Non payment of Zakat to poor</td>
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<td>- Lack of staff</td>
<td>- Lack of technical education</td>
<td>- Tyrannical behavior of teachers</td>
<td>- Waste water treatment</td>
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<td>Meeting/Workshop</td>
<td>- Difficulties in admissions</td>
<td>- Lack of experienced and subject specialist teachers</td>
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<td>Executive District</td>
<td>- Lack of resources and poor planning</td>
<td>- Lack of coordination amongst departments</td>
<td>- Environmental problems</td>
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<td>Officers (EDOs)</td>
<td>- Inefficiency</td>
<td>- Lack of forum for coordination</td>
<td>- Ugandan women</td>
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<td>Group Meeting/Workshop</td>
<td>- Political/Bureaucratic pressures</td>
<td>- Low access to media/TV</td>
<td>- Ineffective role of media on awareness</td>
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<td>- Low confidence on governance sector</td>
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<td>- Ineffective role of media on awareness building</td>
<td>- Environmental problems</td>
<td>- Low awareness on Business Development Services; usage less than 4%</td>
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<td>- Ineffective role of media on awareness building</td>
<td>- Ineffective role of media on awareness building</td>
<td>- Ineffective role of media on awareness building</td>
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<td>- Drainage, sewage, and air pollution</td>
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<td>- Inadequate /HRD</td>
<td>- Lack of data</td>
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<td>- Lack of sewerage treatment facility</td>
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<td>- Non-enforcement of EIA regulations</td>
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<td>8</td>
<td>Development Projects Staff II Group Meeting/Workshop</td>
<td>Lack of girls schools</td>
<td>Low</td>
<td>Lack of ownership and institutionalization of SPCs as well as lack of resources for implementation</td>
<td>Lack of awareness of services by public</td>
<td>- Public sector not market oriented</td>
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<td>Badaber U/C Elected Officials Group Meeting</td>
<td>- Lack of teachers and facilities in existing colleges</td>
<td>- Land disputes</td>
<td>- Lack of facilities and resources</td>
<td>- Lack of street drainage</td>
<td>- Irrigation inefficiencies</td>
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<td>Town I Nazims and Naib Nazims Group Meeting</td>
<td>- Inadequate health services</td>
<td>- Insecurity</td>
<td>- Corruption and inefficiency</td>
<td>- Poor drainage and sanitation</td>
<td>- Unemployment</td>
<td>- Poverty - Lack of girls schools</td>
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<td>District Mushawarti Committee Group Meeting/Workshop</td>
<td>- UC are not organized properly to perform maintenance functions</td>
<td>- Inadequate facilities in existing facilities</td>
<td>- Unavailability of medicines in existing facilities</td>
<td>- Poor quality of teachers</td>
<td>- Corruption and inefficiency - Poor drainage and sanitation - Lack of facilities and resources - Refuge pressure negatively impacting basic services</td>
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<td>Katcha Abadi Representatives Group Meeting/Workshop</td>
<td>- Inadequate facilities</td>
<td>- General insecurity</td>
<td>- Poor Sanitation - Unpaved streets - Poor solid waste management - Lack of clean drinking water</td>
<td>- Lack of Irrigation water - Unemployment</td>
<td>- Lack of Irrigation water - Unemployment - Lack of girls school</td>
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<td>Academia Group Meeting/Workshop</td>
<td>- Low literacy</td>
<td>- Low literacy</td>
<td>- System breakdown due to lack of political stability/ Non Implementation of laws</td>
<td>- Low literacy levels among young boys and girls - Female illiteracy</td>
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**Goverance**
- Lack of ownership and institutionalization of SPCs as well as lack of resources for implementation
- Lack of continuity in government institutions due to rapid turnover of staff
- Low involvement of counterparts in development projects
- Absence of Thale Talees

**Municipal Services**
- Lack of ownership and institutionalization of SPCs as well as lack of resources for implementation
- Lack of facilities and resources
- Low awareness of services by public
- Public sector not market oriented

**Local Economy**
- Lack of Irrigation water
- Unemployment
- Poverty

**Environment**
- Lack of Irrigation water
- Unemployment
- Lack of Irrigation water

**Poverty and Gender Issues**
- Lack of Irrigation water
- Unemployment
- Lack of Irrigation water
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<th>Environment</th>
<th>Poverty and Gender Issues</th>
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<td>Drinking Water, Sanitation, Transport, etc.</td>
<td>Agriculture, Trade &amp; Industry, and Employment</td>
<td>Institute Issues</td>
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<td>17</td>
<td>Gharghabad Slum</td>
<td>- Prevalence of water borne disease</td>
<td>- Lack of coordination with municipal staff</td>
<td>- Poor drainage of rainwater</td>
<td>- Unemployment</td>
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<td>Group Meeting/ Workshop</td>
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<td>- Lack of solid waste disposal system</td>
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<td>18</td>
<td>Youth Representatives</td>
<td>- Lack of good doctors</td>
<td>- Education is a money-making instead of character building</td>
<td>- Traffic problems</td>
<td>- Unemployment is a big problem</td>
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<td>- Inadequate health facilities</td>
<td>- Bad quality of education</td>
<td>- Small roads with low capacity</td>
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<td>- Lack of good quality teachers</td>
<td>- Lack of institutional support to women</td>
<td>- Lack of recreational facilities, particularly for women</td>
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<td>Khuly Katchary</td>
<td>- Poor condition of schools, particularly for girls</td>
<td>- Poor financial management</td>
<td>- Scarcity of drinking water</td>
<td>- Cutting of trees</td>
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<td>- Lack of teachers</td>
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<td>- Bad conditions of roads, lack of maintenance</td>
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<td>Daily Wagers</td>
<td>- Poor condition of schools, particularly for girls</td>
<td>- Poor financial management</td>
<td>- Scarcity of drinking water</td>
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<td>- Lack of teachers</td>
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<td>- Bad conditions of roads, lack of maintenance</td>
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<td>NGOs Workshop</td>
<td>- Civil society exclusion from mainstream development</td>
<td>- Mistrust and suspicion by government regarding NGOs</td>
<td>- Mistrust by NGOs regarding government's development strategies</td>
<td>- Air and water pollution</td>
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<tr>
<td>Group Meeting/ Workshop</td>
<td>- Mistrust by NGOs regarding government's development strategies</td>
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<td></td>
<td>- Lack of recreational facilities</td>
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<td>22</td>
<td>Woman</td>
<td>- Lack of awareness</td>
<td>- Lack of institutional support to women</td>
<td>- Lack of agricultural opportunities</td>
<td>- Lack of business culture</td>
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<td>Group Meeting</td>
<td>- High costs</td>
<td>- Lack of access to higher education</td>
<td>- Lack of institutional support to women</td>
<td>- Lack of institutional support to women</td>
<td>- Lack of recognition of women as economic actors</td>
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<td>23</td>
<td>Women District</td>
<td>- Lack of awareness of women's legal rights</td>
<td>- Low budget allocation for social services</td>
<td>- Lack of agricultural opportunities</td>
<td>- Lack of business culture</td>
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<tr>
<td>Councillors</td>
<td>- Poor standards of religious education</td>
<td>- Low budget allocation for social services</td>
<td>- Lack of institutional support to women</td>
<td>- Lack of agricultural opportunities</td>
<td>- Lack of recognition of women as economic actors</td>
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<td>Group Meeting</td>
<td>- Lack of staff of primary schools</td>
<td>- Low budget allocation for social services</td>
<td>- Lack of institutional support to women</td>
<td>- Lack of agricultural opportunities</td>
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<td>24</td>
<td>Women Town I Councilors</td>
<td>Inadequate facilities</td>
<td>Low quality of teachers</td>
<td>General problem of insecurity</td>
<td>Non availability of drinking water</td>
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<td>Group Meeting</td>
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<td>25</td>
<td>Women Town III Councilors</td>
<td>False medicines</td>
<td>Double standards of public and private education</td>
<td>Corruption in education system and lack of transparency</td>
<td>Low awareness of LGO</td>
<td>Inadequate access to services</td>
<td>Non availability of drinking water</td>
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<td>26</td>
<td>Sarhad Chamber of Commerce and Industry</td>
<td>Poor Hospital services</td>
<td>Poor quality as against increasing numbers of schools</td>
<td>Lack of coordination amongst utility providers</td>
<td>Sewerage system inadequate</td>
<td>Economic slow down due to September 11</td>
<td>Noise and Air Pollution</td>
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<td>27</td>
<td>Traders</td>
<td>Pressure on hospitals and lack of facilities in the peripheries</td>
<td>Poor quality as against increasing numbers of schools in different systems e.g. private vs public</td>
<td>Lack of coordination amongst utility providers</td>
<td>Sewerage system inadequate</td>
<td>Economic slow down due to September 11</td>
<td>Erosion of cultural heritage</td>
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<td>28</td>
<td>Transporters</td>
<td>Inefficient system and non implementation of policies</td>
<td>Lack of transparency</td>
<td>- No Rickshaw stops</td>
<td>- No proper parking in city</td>
<td>- Centralized policy making</td>
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<td>29</td>
<td>DCO/ACO/EDO</td>
<td>Lack of resources</td>
<td>Lack of transparency</td>
<td>不符合各政策间的配合</td>
<td>- No Rickshaw stops</td>
<td>- No proper parking in city</td>
<td>- Centralized policy making</td>
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<td>30</td>
<td>Town Ill Nazim, Naib Nazim, Town Officer</td>
<td>Conflicting mandates between LGs</td>
<td>- Lack of resources of TMA's</td>
<td>Poor municipal services</td>
<td>- Noise pollution</td>
<td>- Labor organizations</td>
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<td></td>
<td>Group Meeting</td>
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<td>31</td>
<td>Response to announcement in local press</td>
<td>- Lack of Parks</td>
<td>- No Zoos</td>
<td>Lack of green belts</td>
<td>- Labor organizations</td>
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<td>32</td>
<td>Private Schools Representatives Group Meeting</td>
<td>- Non-professionals running educational institutions&lt;br&gt;- Lack of teacher training&lt;br&gt;- Inadequate curricula&lt;br&gt;- Non-standardization of curricula&lt;br&gt;- Low status of teachers&lt;br&gt;- Non-practical and out-dated curricula&lt;br&gt;- Lack of professionalism in teachers&lt;br&gt;- Lack of public libraries&lt;br&gt;- No cooperation in public and private sector&lt;br&gt;- No coordination within private school sector&lt;br&gt;- Education not a priority&lt;br&gt;- Lack of coordination for setting school calendars&lt;br&gt;- In-equitable distribution of private schools</td>
<td>- Lack of regulatory policies for private Educational Institutions&lt;br&gt;- Lack of monitoring and appraisal systems&lt;br&gt;- Unequal taxation</td>
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<td></td>
<td>Lack of awareness about female education</td>
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<td>33</td>
<td>First City-wide Consultation Workshop Multi Stakeholder Group Meeting</td>
<td>- Water contamination&lt;br&gt;- Lack of family planning awareness&lt;br&gt;- Lack of children hospitals&lt;br&gt;- Education should include information on primary health care&lt;br&gt;- 26% of children aged 10-14 years and 37% of 5-9 years have never gone to school&lt;br&gt;- Unregulated private sector&lt;br&gt;- Inadequate curricula&lt;br&gt;- No education in Mother tongue</td>
<td>- Negative attitude of police towards elected officials&lt;br&gt;- Inability to spend existing budgets by local governments&lt;br&gt;- Inadequate or problematic building control regulations&lt;br&gt;- Un-sustainable subsidised service delivery&lt;br&gt;- Lack of participation in government initiatives particularly the elected representatives</td>
<td>- Presence of illegal slaughter houses and low capacity of existing slaughter house&lt;br&gt;- Rehabilitation of roads&lt;br&gt;- Lack of proper solid waste management system&lt;br&gt;- Poor drainage&lt;br&gt;- Traffic jams</td>
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<td>Non involvement of private sector&lt;br&gt;- Pollution&lt;br&gt;- Sexual harassment in work places&lt;br&gt;- Difficulties faced by women in use of public transport</td>
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<tr>
<td>34</td>
<td>Habib Bank Ltd. Individual Meeting</td>
<td>- In consistent fiscal policies and incentives&lt;br&gt;- Lack of reliable data</td>
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<td>35</td>
<td>Leasing Company Individual Meeting</td>
<td>- Projects fail to create ownership since they do not build on existing models&lt;br&gt;- Government fails to learn from experience because of its inflexibility</td>
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<td>36</td>
<td>Programme Officer Swiss Agency for Development &amp; Cooperation Individual Meeting</td>
<td>- Lack of staff&lt;br&gt;- Lack of facilitation&lt;br&gt;- High crime rate due to vicinity of Tribal Areas</td>
<td>- No need of neighborhood councils&lt;br&gt;- Inappropriate staffing&lt;br&gt;- No available development budgets&lt;br&gt;- Lack of data&lt;br&gt;- Lack of awareness about roles and responsibilities of female councilors</td>
<td>- Scarcity of water&lt;br&gt;- Few tubewells&lt;br&gt;- Lack of O&amp;M</td>
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<td>37</td>
<td>Additional Secretary Agriculture Individual Meeting</td>
<td>- Lack of staff&lt;br&gt;- Lack of facilities&lt;br&gt;- Poor facilities</td>
<td></td>
<td>- Ad hoc decisions&lt;br&gt;- Lack of metering system&lt;br&gt;- Inadequate staff for revenue collection&lt;br&gt;- Overlapping mandate with TMAs&lt;br&gt;- Unclear rules of business&lt;br&gt;- No judicial powers to cut illegal connections&lt;br&gt;- No funds for M&amp;R&lt;br&gt;- Lack of ownership of government schemes&lt;br&gt;- Lack of planning in provision of water services</td>
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<td>38</td>
<td>Deputy District Officer W&amp;S Individual Meeting</td>
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**Additional Notes:**
- **Private Schools Representatives Group Meeting:**
  - Non-professionals running educational institutions
  - Lack of teacher training
  - Inadequate curricula
  - Non-standardization of curricula
  - Low status of teachers
  - Non-practical and out-dated curricula
  - Lack of professionalism in teachers
  - Lack of public libraries
  - No cooperation in public and private sector
  - No coordination within private school sector
  - Education not a priority
  - Lack of coordination for setting school calendars
  - In-equitable distribution of private schools

- **First City-wide Consultation Workshop Multi Stakeholder Group Meeting:**
  - Water contamination
  - Lack of family planning awareness
  - Lack of children hospitals
  - Education should include information on primary health care
  - 26% of children aged 10-14 years and 37% of 5-9 years have never gone to school
  - Unregulated private sector
  - Inadequate curricula
  - No education in Mother tongue

- **Habib Bank Ltd. Individual Meeting:**
  - In consistent fiscal policies and incentives
  - Lack of reliable data

- **Leasing Company Individual Meeting:**
  - Projects fail to create ownership since they do not build on existing models
  - Government fails to learn from experience because of its inflexibility

- **Additional Secretary Agriculture Individual Meeting:**
  - Lack of staff
  - Lack of facilitation
  - High crime rate due to vicinity of Tribal Areas

- **Deputy District Officer W&S Individual Meeting:**
  - Ad hoc decisions
  - Lack of metering system
  - Inadequate staff for revenue collection
  - Overlapping mandate with TMAs
  - Unclear rules of business
  - No judicial powers to cut illegal connections
  - No funds for M&R
  - Lack of ownership of government schemes
  - Lack of planning in provision of water services

**Consultation & Type:**
- **Private Schools Representatives Group Meeting**
- **First City-wide Consultation Workshop Multi Stakeholder Group Meeting**
- **Habib Bank Ltd. Individual Meeting**
- **Leasing Company Individual Meeting**
- **Additional Secretary Agriculture Individual Meeting**
- **Deputy District Officer W&S Individual Meeting**
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<td>39</td>
<td>AIG Traffic</td>
<td>Health</td>
<td>Education</td>
<td>- Lack of traffic警察 due to lack of staff and facilities</td>
<td>- Lack of coordination between vehicle registering and transport license authorities</td>
<td>- Lack of traffic engineering</td>
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<td>Individual Meeting</td>
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<td>- Low awareness about traffic rules and regulations</td>
<td>- Lack of coordination between vehicle registering and transport license authorities</td>
<td>- Lack of traffic engineering</td>
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<td>- Kidnapping for ransom and robbery due to adjoining areas</td>
<td>- No coordination with Police</td>
<td>- Lack of traffic engineering</td>
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<td></td>
<td>- Police does not coordinate and crime goes unreported due to lack of capacities and resources</td>
<td>- Lack of support and cooperation with adjacent tribal area administration</td>
<td>- Lack of traffic engineering</td>
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<td>- Camps around Peshawar 90% empty whereas camps in Peshawar still full</td>
<td>- Licenses not being issued after proper screening</td>
<td>- Lack of traffic engineering</td>
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<td>40</td>
<td>Director, Bureau of Statistics</td>
<td>Individual Meeting</td>
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<td>- Bureau of Statistics lacks staff and financial capacity to conduct surveys on its own</td>
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<td>41</td>
<td>Deputy Chief Planning Education Department</td>
<td>Individual Meeting</td>
<td></td>
<td>- Ad hoc decisions on restructuring of Education Department</td>
<td>- Ad hoc decisions on restructuring of Education Department</td>
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<td>42</td>
<td>Minister LGRD</td>
<td>Individual Meeting</td>
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<td>- Low priority to Development Planning</td>
<td>- Low priority to Development Planning</td>
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<td>43</td>
<td>Provincial Urban Development Board</td>
<td>Individual Meeting</td>
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<td>- Confusion over the status of PMC, PDA and their linkages with TMAs</td>
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<td>Assistant Coordination Officer</td>
<td>Individual Meeting</td>
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<td>- Lack of staffing and resources for DCO office</td>
<td>- Lack of staffing and resources for DCO office</td>
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<td>- Inappropriate organizational structures</td>
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<td>- Confusion about LGO provisions and departmental mandates</td>
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<td>- Problems of overlapping mandate of W&amp;S with TMAs</td>
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<td>Executive District Officer Planning &amp; Finance</td>
<td>Individual Meeting</td>
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<td>- Lack of clarity on P&amp;D functions</td>
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| 48   | Executive District Officer Agriculture | Individual Meeting | - Disposal of sub-departments  
- Lack of resources and staff  
- Confusion over LGO provisions (transfer of staff by province)  
- No coordination between PIDA and Agriculture Department (No change after devolution)  
- Dispersal of sub-departments  
- Lack of resources and staff  
- Confusion over LGO provisions (transfer of staff by province)  
- No coordination between PIDA and Agriculture Department (No change after devolution)  
- Fragmentation of land  
- Expensive Agricultural inputs and no return | - Institutions Issues  
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- Large pending liabilities under Abiana (Rs. 70 million)  
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- Issues of Agriculture Tax recovery  
- Large pending liabilities under Abiana (Rs. 70 million)  
- Issues of Agriculture Tax recovery  
- Large pending liabilities under Abiana (Rs. 70 million) | - Poor access to health facilities for women |
| 49   | District Revenue Collector | Individual Meeting | - Pressure on large hospitals due to weak facilities at peripheries  
- Shortage of staff at BRUs  
- Quacks (unregulated private sector)  
- Unregistered medicines  
- Shortage of medicines | - Illegal medical stores  
- No clear Rules of Business  
- Lack of resources  
- Staff transfers by province  
- Lack of career development  
- Reporting channels unclear on issues related to drug, food and disease control etc.  
- Interference in health dept.  
- No system for planning | - Lack of payment of Irrigation water Tax or Abiana  
- High cost of tubewell system  
- Mixing between canal and tubewell irrigation systems | - Irrigation water quality and quantity affected due to garbage dumping |
| 50   | Deputy District Health Officer + Coordinator Public Health | Individual Meeting | - Provincial Irrigation Development Authority (PIDA) not yet operational  
- Lack of seriousness to carry out institutional reforms (transfer of responsibilities to former organizations)  
- No enforcement of canal water regulation  
- PIDA not connected to LG set-up  
- No linkage between PIDA and Agriculture Department  
- No support for recoveries from political reps  
- No funds for electricity bills for Irrigation infrastructure  
- OFWM not part of PIDA, and no coordination mechanism available | - Provincial Irrigation Development Authority (PIDA) not yet operational  
- Lack of seriousness to carry out institutional reforms (transfer of responsibilities to former organizations)  
- No enforcement of canal water regulation  
- PIDA not connected to LG set-up  
- No linkage between PIDA and Agriculture Department  
- No support for recoveries from political reps  
- No funds for electricity bills for Irrigation infrastructure  
- OFWM not part of PIDA, and no coordination mechanism available | - Lack of coordination and planning with district govt. |
| 51   | Provincial Coordinator Provincial Irrigation Development Authority | Individual Meeting | - Provincial Irrigation Development Authority (PIDA) not yet operational  
- Lack of seriousness to carry out institutional reforms (transfer of responsibilities to former organizations)  
- No enforcement of canal water regulation  
- PIDA not connected to LG set-up  
- No linkage between PIDA and Agriculture Department  
- No support for recoveries from political reps  
- No funds for electricity bills for Irrigation infrastructure  
- OFWM not part of PIDA, and no coordination mechanism available | - Provincial Irrigation Development Authority (PIDA) not yet operational  
- Lack of seriousness to carry out institutional reforms (transfer of responsibilities to former organizations)  
- No enforcement of canal water regulation  
- PIDA not connected to LG set-up  
- No linkage between PIDA and Agriculture Department  
- No support for recoveries from political reps  
- No funds for electricity bills for Irrigation infrastructure  
- OFWM not part of PIDA, and no coordination mechanism available | - Lack of coordination and planning with district govt. |
| 52   | D.S. Railways | Individual Meeting | - Lack of coordination and planning with district govt. | -| -| -|
| 53   | Secretary LG&RD | Individual Meeting | - Lack of resources with PCD and province for development  
- Lack of understanding of strategic planning processes | -| -| -|
| 54   | Secretary Planning, Environment & Development Department | Individual Meeting | - High PCD outstanding liabilities  
- Lack of ownership and coordination for implementation  
- Lack of ownership of LG system  
- Low capacities of district  
- Lack of resources  
- Lack of understanding of strategic planning processes  
- Transition problems caused by Devolution | - High PCD outstanding liabilities  
- Lack of ownership and coordination for implementation  
- Lack of ownership of LG system  
- Low capacities of district  
- Lack of resources  
- Lack of understanding of strategic planning processes  
- Transition problems caused by Devolution | -| -| -|
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Areas of Strategic Focus
5. Areas of Strategic Focus

The following summarize the areas of strategic focus that have emerged. These are based on the detailed IAs that form the Volume II of this Report.

5.1 Issues of Devolution and Decentralization

The original LGO 2001 had outlined an ambitious policy and legal framework within which the LGs could operate with significant authorities for planning and decision-making. The City district government was expected to determine its own priorities, and develop district policies within the broad framework laid down by the provincial government. However, several factors have impacted on this critical function, adversely affecting the PCD government's ability for effective local governance.

During much of the first two years after the implementation of the Devolution Plan, the PCD government has had to contend with mixed signals from the provincial government. The GoNWFP issued a series of administrative orders and amendments to LGO 2001, that have led to the re-centralization of many of the administrative, financial, and legal authorities that were originally transferred to the LGs. This has not only led to a high state of confusion, but also caused considerable frustration within the elected representatives. It has also reduced the ability of the PCD government to effectively manage the multitude of local and decentralized district agencies that have continued to look up to the provincial government for directions and administrative actions. Although the District government and its service delivery institutions are slowly settling down, the transition is far from over. This remains a major impediment to any serious efforts at improved governance and institutional development.

The lacking authorities impact all areas of governance, but more importantly those that restrict the ability of LGs to improve their financial health or service provision. Among the elected representatives, there is widespread consensus that neither the City district government nor the District Assembly has yet been provided any authority for hiring or rationalizing staff, or over the key areas of taxation. Virtually all LG representatives are unanimous in their views that the LGO is yet to be fully operationalized; as the much-needed administrative and financial authorities are still concentrated at the provincial level. These matters have reportedly been discussed at the highest levels of the government but remain unresolved, leading to a serious loss of interest in local governance. The councilors rightly question the utility of the District/Town/Union Councils, where a variety of issues are debated and resolutions passed for adoption, but no actions are taken by the higher levels of government. The convener of the District Assembly indicated that important LG mechanisms for conflict resolution at the district and provincial levels, the DMC and LGC respectively, are either ineffective or are yet to be fully operationalized.

In general, the perspectives of the stakeholders indicate that there are various points of friction between the elected and administrative officials, as well as between one tier of
administration and another. The perspective of district government officials (both elected and administrative) is that the cause of most of the problems is that the provincial government continues to play a significant role in the subjects/agencies decentralized to the district level. Likewise, certain departments have not been devolved to the district level, but their budgets are being charged against the district budgets. Other irritants include the fact that the GoNWFP has withheld or withdrawn the financial and administrative authorities for several critical areas including local taxation in certain important areas, recruitments, as well as postings and transfers. The issue of postings and transfers was highlighted as a significant issue by the Nazim-e-ala, the Town Nazims, as well as the DCO. The provincial government has reportedly placed a ban on the transfer and recruitment of staff, and has also centralized these matters. There is also a continued indecision on the establishment of the Neighborhood Councils and CCBs, whereby the entire concept of bottom-up planning and development, so strongly advocated under the LGO 2001, is yet to be implemented.

Despite major strides over the past two years, not all of the district agencies are fully in place and some are still under-going transformations in the post-devolution period. The more established agencies including Education, Health, Agriculture, Works and Services as well as several Municipal Service providers (TMAs) appear to be faring better (in terms of staff, systems and resources) than others. The PCD government structure does not provide for a legal department, despite its provision in the generic district structure proposed in the LGO 2001. The Sindh and Punjab governments have reportedly established such departments at the level of each district, which are performing very useful functions. In contrast, the PCD is relying on short-term solicitors who are considered to be inadequate to promote the district’s long-term interests and position on various legal issues. Despite a critical need and relevant LGO provisions, the district government also does not have an establishment for Information Technology and E-governance that is being widely promoted by the federal government.

The first post-devolution year also witnessed a rapid turnover through transfers of several senior and mid-level officers (EDOs and DOs) of the City district, many of these reportedly without the due process of first consulting with the District Nazim and the DCO. The authorities for staff induction, even for lower grade staff, remained largely suspended during the first two years, due to a province-wide ban on recruitment. The district government views this as interference in local affairs at the expense of service provision. The question of authorities for posting and transfers of lower order staff (in BPS 1-15) also remained unclear and contentious for much of the first year. However, some clarity has emerged during FY '02-'03, particularly under Health and Education sectors, where intra-district transfers are now taking place through locally formed committees of the Nazim/DCO/EDO concerned.

There are continuing questions about the District government RoB, as well as the authorities and limitations on sanction thresholds for a variety of administrative and technical actions. The current RoB does not adequately cover the issue of provincial reporting, coordination, and administrative authority over the DCOs. As a result, the provincial linkage for policy directions and overall management remains weak, and the DCO’s establishment has had difficulties in soliciting reviews and administrative approvals for various actions falling outside the District’s mandate.
The October 2002 elections have brought new and important players in the provincial government, with high expectations and even higher stakes in the success of their government. Many in the government believe that this success will mainly come from the goodwill generated at the grassroots. However, the grassroots are no longer in the domain of the provincial government, which is now mainly responsible for legislation and broad oversight. Service delivery and development at the grass root level is now the exclusive domain of the LGs. This is a significant departure from the traditional role of the provincial governments that have historically controlled virtually all policy, developmental, and operational functions down to the lowest levels. Adjusting to this new role is likely to be a testing exercise for a government that has expressed serious reservations about devolution of powers to LGs in its pre-election campaign. Although a formal debate is yet to be initiated in the provincial legislature, questions have already been raised by the new government over the mandates and potential authorities that the LGs may or may not enjoy. Varying in their intensity, a similar set of concerns is also being reported from the provincial governments in other provinces of Pakistan.

From the LG perspective, perhaps the most serious “Governance” concern of all is that the constitutional mandate currently rests with the provincial governments, whereby they have to eventually decide on the extent of autonomy, areas of responsibility, and associated authorities that they are willing to share with LGs. In order for the LGO 2001 to become a law, the respective provincial assemblies will need to debate it and legislate it through a formal Act of the Parliament. Until this happens, the debate on institutional development and governance within PCD (as indeed in other districts in the country) will have to contend with a difficult environment, and an uncertain political future.

The LGO 2001 is still widely considered to be a highly progressive law, and will need to be fully owned, supported, and implemented in its letter and spirit for it to succeed. A significant responsibility also rests with the LGs to ensure that the Executive and the Councils work together and in support of each other. This is clearly a question of cultivating a democratic culture at the grass roots, which will take time and continued nurturing. Moreover, provincial governments will need to view and promote the LGs as key partners in development and local governance. The District and sub-district governments can facilitate this process through continuing demonstration of their efficiency and effectiveness, and undertaking measures for advocacy with the provincial legislature and the executive, in collaboration with other LGs across the entire province.

5.2 Lacking or Unclear Policies

The review shows that much of the available resources of the district could be better utilized, provided there is clearer understanding of the district level policies and operational systems within LG institutions. The LGO 2001 has outlined a broad framework that needs to be translated into practice through local policies, operational systems, RoB, as well as byelaws and regulations. Unfortunately, much of this important work is still pending resulting in adhoc planning and decision-making, with adverse consequences for the state of governance and service delivery.
The available rules and regulations are unclear and do not address the immediate needs of the LG bureaucracy. In addition, a large number of the district functionaries are unaware, or have no access to such basic documentation as the LGO 2001 and related rules, that directly impact on the working of LG institutions. The PCD government is yet to debate and formulate policies on such important issues as resource allocation, sectoral growth, equity in distribution of funds for rural and urban development, revenue generation, service standards and service provision, the role of the Private sector and civil society, as well as concerns in the areas of environment, gender and poverty. Likewise, the LGs are yet to develop byelaws and regulations, which are critical for organized growth and development of the City district.

The manner in which the district agencies are structured and organized for service delivery is another important area of concern. The PCD government inherited the current structures from the provincial government. However, it is the strategic vision and policies of the district government that should eventually determine the kind of organization that will best serve the current and future growth of the PCD. The LGO authorizes the LGs to make this determination on their own. However, during the first two years no changes were undertaken due to a provincial ban on re-structuring. This was aimed at allowing the district governments to settle down and improve their understanding of the local needs, before making any major decisions. Effective next fiscal year, this ban is reportedly being lifted which in theory will allow the PCD government to begin working on this much needed area of reform.

In the absence of clear directions, large and important areas of Municipal Service provision, social sectors (Health and Education), Agriculture as well as the key governance institutions (LG Councils and the DCO’s establishment) have been operating in an adhoc and sub-optimal manner. At least three of the sectors targeted under the CDS (Agriculture, Health and Education) are decentralized provincial subjects. The LGs are expected to operate within the broad policy guidelines of the provincial government. However, there is limited awareness on what these policies entail. There is an urgent need for the district leadership to clearly understand the provincial policies for the decentralized sectors, and articulate policy choices for the district within their broad framework. The assessment shows that during the first two years the PCD government is yet to focus on this very important area.

Likewise, despite the relative freedom in setting district level policies for the fully devolved portfolio of Municipal Services, there is little evidence of the district government evolving a clear policy direction of its own. The City managers continue to struggle with top-down, supply-driven approaches that the District and TMAs are unable to sustain. The recent announcement of the Provincial Finance Commission (PFC) Award by the GoNWFP and the LGO 2001 present an unprecedented opportunity for introducing wide ranging reforms in virtually all sectors. There are tremendous prospects for improvements in service delivery through a mere rationalization of the current policies and service delivery structures to which LGs have paid little attention. This is an area of immense potential, but one that will require political will to make tough, but rewarding, decisions.

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9 The PFC Award is based on a transparent mechanism for the distribution of provincial resources among the 24 districts of NWFP.
The role of the PS remains under-emphasized in the City district. There are now significant examples across the country where private sector is playing an important role in delivering quality and cost-effective services, particularly Municipal Services. However, awareness levels about such successful partnerships are fairly low, and elected representatives continue to view the public sector as the mainstay of service provision. More recently, the GoNWFP has announced far-reaching policies for public-private partnerships, particularly in the social-sectors. This includes the government policy of encouraging the first level health care programs in partnership with NGOs, and a greater role of PS in Education. However, there is limited understanding of this policy at the PCD level, and no evidence of any advocacy or formal initiatives launched in support of this policy.

The LGO 2001 also offers unprecedented opportunities to the Civil Society Organizations (CSOs) to come forward and participate in grass root developments. For the first time in the history of Pakistan, the CSOs have formal access to public sector funding under statutory provisions of the LGO 2001. This allows CSOs access to 25% of the district’s development budgets for CSO-led initiatives. This is an important beginning that offers a major window for expanded cooperation between the public sector and civil society. However, several factors, including low awareness of this important provision, rigid interpretation of the LGO provisions for CSOs (requiring existing NGOs and CBOs to re-register as CCBs), and low LG capacities for interacting and managing participatory development, appear to be the key constraints in taking advantage of this important law.

Although the past decade saw visible improvements, the public sector-civil society relationship is also marred by a long drawn culture of mutual distrust. Unofficial views confirm that the public sector and LG representatives are concerned about the CSOs playing on the same turf. There is a perception that they may undermine LG authorities, and adversely impact on their access to the limited resources for local development. The concerns also stem from the limited capacities (and scale) of the CSOs operating in the City district, which are yet to demonstrate that they can become useful and cost-effective partners in meeting the needs of the City district. There is insufficient recognition in the district government that the last fifty years of exclusive public sector control and unfavorable policies towards the CSOs, has also adversely impacted on the growth and capacity building of CSOs.

A large number of the grass root issues also result from the inefficiencies of the federal and provincial service providers (e.g. Wapda, provincial Irrigation Department etc.). However, these agencies are not accountable to the LGs, nor have they and the LGs developed any systems for improved coordination. As a result, the potential of utilizing the LG system’s outreach to address problems associated with the services of these agencies, remains unutilized.

The obvious choices to address many of these problems mainly rest in full implementation of the LGO provisions. In addition, the PCD government will need external support in important areas of policy development, rationalizing the roles and responsibilities of its key institutions (MS,

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10 The threat perception has become more acute since the national election and formation of the national and provincial assemblies in late 2002. Their members view decision-making for the local levels to be their prerogative, and not that of LGs.
Health, Agriculture, Education as well as the key institutions for Governance), improved coordination with federal and provincial service providers, formulation of new byelaws and regulations, as well as new rules of engagement with the CSOs and the private sector who have much to contribute to the developments and growth of the PCD. The City Assistance Plan outlines several key initiatives that the City district can adopt to initiate the reform process.

5.3 Resource Issues (human, material, and financial)

The review shows that virtually all sector agencies of the City district have inadequate resources that directly impact on overall governance and service delivery. Although a legacy of the public sector across the board, they have become particularly acute in the post-devolution period.

The large-scale devolution and decentralization exercise entailed unprecedented mergers and re-organization of public sector agencies over a very short period. The districts were handed over authorities that required new cadres for planning, management, and a whole range of technical functions. The provincial establishment had a limited resource pool, and even fewer material assets to distribute among the twenty-four districts - all of whom urgently needed a variety of resources to begin independent operations post August 14, 2001.

The choices before the GoNWFP were limited. The massive reshuffling of the public sector functionaries that followed, resulted in postings and transfers of a large number of staff available, many of whom were clearly not suited for the assigned positions. Likewise, the transition period also witnessed a rapid distribution of the provincial and LG assets among the various LG agencies. The process followed by the provincial government has been less than optimal, resulting in some districts acquiring better staff and material resources, compared to others. Likewise the distribution of human and material resources among the TMAs and UAs did not adequately assess the ground needs, and has contributed to significant problems.

On the financial front, bulk of the issues relate to the virtual absence of development budgets and/or highly inadequate recurring funds for the day-to-day operations. The latter has a significant bearing on the ability of the City district to address the huge mandate of service delivery. A significant percentage of the provincial transfers and locally generated resources, are consumed in operational costs and maintaining the large district cadre of public employees (over 16,000). Although a significant number of the district-based staff supports the two major social sectors (Education and Health), efficiency, effectiveness, and the quality of service delivery remains a key concern across all sectors.

5.4 Problems of Institutional Capacities

The CDS review shows that the PCD institutions are constrained in several ways due to factors that directly impact on institutional capacities. These include the following:
5.4.1 Low Understanding and Focus on Capacity Building

Across the broad spectrum of LGs, development is largely viewed as brick and mortar initiatives or asset creation for which there is clearly a very high demand. There is inadequate appreciation that systemic changes and rationalization of service delivery could also result in improved service efficiencies, expanded coverage, and a variety of other benefits that would equally qualify as development. This way of thinking is critical, particularly for the PCD government which is faced with serious financial issues and limited choices. Rationalizing development along these lines would require vision, and a PCD leadership that can steer a reform agenda of this nature.

The devolution of powers has transferred significant authorities and responsibilities to district and sub-district levels for which the LGs are not fully equipped. In addition, there are a number of areas where, despite a major need, the City district has no institutional capacity (Environment, IT, Participatory Development, Legal Aid etc.) The outcomes are a severely constrained ability of the LGs to effectively address local needs, and increasing questions about the efficacy of the entire LG system. Virtually all PCD institutions analyzed for policies, mandates, structures, systems, and resources, indicate an urgent need for clarity and support in all areas of operation.

Weak LG capacities encompass human, organizational, institutional, and resource capabilities. Capacity building is needed to enhance the LGs’ ability to evaluate policy choices, development options, and modes of implementation. Capacities are also required to better understand available potentials and applicable constraints, and the district’s ability to translate these into practical choices and actions. Equally important is the need for basic information or data bases on a variety of areas that will help planners and policy-makers to make optimal choices. The LGs also need technical and management capacities to effectively manage the affairs of a large metropolis, that demands unique and urgent solutions.

The CDS review shows that capacity building is currently viewed in the context of HRD or more narrowly training programs, which are seen as the ultimate answer to all capacity issues. However, experience shows that initiatives based on such one-dimensional interpretation have yielded very little. It is now widely recognized that Capacity Building is a holistic phenomenon that draws on multiple factors including systems of governance, social and economic policies, as well as political and cultural norms. At the very least it includes a concurrent focus on skills, systems as well as commensurate institutional resources. Its pay-offs are high: it not only enhances capabilities for planning, policy-making and implementation, but the results (such as well conceived policies) can in turn create the enabling environment for even higher order capacities.

Within the PCD agencies, there is little focus and virtually no resources for capacity building. Institutional responsibilities for HRD are generally not understood, and the assigned staff is clearly inadequate to manage the tasks entrusted to them. The DCO acknowledged this to be a serious constraint, but highlighted that alternative staff is currently not available with the provincial government either, nor do the current rules allow the district to induct people from
the private sector. As a result, the HRD mandate of the DCO remains largely un-implementable.

The CDS assessments have covered selected organizations, and specific capacity issues have been identified. Areas requiring immediate attention include capacity building in planning, appraisal, implementation, monitoring, and financial management. Likewise, while participatory development remains a key focus of the LGO, none of the district agencies demonstrate any institutional capacities to engage in bottom-up planning and development. Environmental management is another significant concern, but the PCD structure shows little institutional capacity to address major environmental concerns.

Most district staff feel that the new system presents a serious constraint to career development. The concerns mainly relate to uncertainty about the formulation of the proposed district cadres, and possibility of vertical movement to the provincial levels. The current levels of pays and allowances, a near obsolete system of performance reviews, adhoc promotions, posting and transfers, and the virtual lack of incentives, are additional major concerns that adversely impact on staff morale and overall governance.

Among the policy choices, deferring capital investments in service delivery and prioritizing capacity building to capitalize on the latent potential of the City district makes good sense. It also makes good sense because the district’s access to new and large financial resources is unlikely to expand in the short-term. In contrast, the capacity building agenda requires minimal investments, and has the potential for delivering large dividends in the short-term. The CAP identifies specific capacity building initiatives that will not only improve governance, but also in turn improve service delivery in the short to medium term.

5.4.2 Inadequate and/or Lacking Systems and Procedures

(a) Planning and Budget Formulation: Planning and budgeting remained a weak area in the first two post-devolution years of the PCD, with planning remaining largely confined to adhoc approvals and appraisal of selected schemes in various sectors. Due to limited capacities, the district government largely relied on external technical assistance for the preparation of the annual development plans/budgets. The TMAs also barely managed to prepare annual plans and budgets within the envelope of resources projected at the level of the PCD. At the UC levels, the budgeting, planning, and development process faced several difficulties due to lacking capacities and the absence of procedures. As a result, virtually all UCs experienced significant delays in the preparation of their annual plans and budgets. The district government transferred the first installment of grants to the UCs well into the fiscal year, but specific modalities for the use of these funds remained unclear. Due to low capacities, the UCs also faced serious constraints in preparation and approval of development schemes, which further delayed implementation and created major difficulties for the UAs. In terms of technical and management oversight, the UCs are currently reliant on the TMAs, which is widely considered to be a less than optimal arrangement.
During the first year post-devolution, resource transfers within and between the LG levels assumed a crisis proportion. A high level of uncertainty on resource availability contributed to rising frustration and several conflicts among the LG tiers. The continuing financial crisis led to a point where many LG offices were operating on a month-to-month basis, and ensuring municipal services became a real challenge. There was virtually no budget for the operations of the district council. As a result, the Naib Nazim could not even meet such basic needs as stationary, photocopying, and other operational support to document and disseminate District Assembly proceedings. Under the new policy decisions, the District Assembly has now been ensured expanded support through new staff and enhanced provisions for operational costs.

The situation was compounded by the absence of a district local fund account, and more significantly the lack of access to the local financial resources. During the period immediately following devolution, the management control of the district assets was transferred to the newly formed agency for macro municipal services, the CMDD as the successor to defunct PDA and MCP. However, due to various difficulties, the agency was unable to develop a financial management system. This resulted in delayed resource availability to the TMAs, and ensuing friction between them and the PCD government. The situation has now been corrected through the transfer of financial control to the office of the DCO, who has setup a special directorate to manage and oversee the distribution of proceeds from the City district assets.

During FY '02-'03, the DCO has also taken additional steps to improve financial discipline. These include a formal system for resource appropriations and the introduction of various budgetary heads for the Nazim-e-ala, the District Assembly, as well as the DCO's establishment. Effective FY '02-'03, the District Assembly appropriates and approves budgets for all expenditure heads under the local fund component. These measures have resulted in significant financial discipline and improved governance of the City district.

The DCO's control of the district local resources/assets is generally viewed as a positive step, considering the organization has a pivotal role in the district affairs and is more closely aligned with the Zila Nazim. The DCO is also considered to be better placed to maintain equity among the Town and Union Administrations with highly diverse needs. It has also enabled the DCO to release the desperately needed operational grants to various TMAs, who until recently were unable to even manage their staff salaries on a monthly basis. An improved management of the City district resources has also allowed the DCO to think ahead and plan for next year's development program, particularly counting on the support and capacities of the TMAs, which were largely ignored during the first two years.

(b) Fiscal Transfers and Local Resource Generation: Most LG representatives' highlighted serious problems in the execution of development activities after budget approval. Funds are not released in time, and most foreign aided or federally funded projects actually received funds in the last quarter of the financial year. As a result, the LGs could neither plan implementation nor utilize the allocations. The un-utilized funds lapse, and despite urgent needs have to be surrendered to the provincial government. Likewise, the systems for audit remain unclear or non-operational, as the current rules are silent on follow-up procedures of various audit reports that are forwarded to the district or provincial Public Accounts Committee.
The delegation of powers under the new Financial Rules, 2001 and powers of re-appropriation rules, lay down certain parameters for conferring financial powers, and limitations on the exercise of these powers, to administrative departments and officers of various categories. Among other changes, key ones include up-gradation of financial/admin categories and financial powers for a number of officers, and financial autonomy to the district heads (DCOs). The Principle Accounting Officer (DCO in the District) has a vital role in terms of monitoring timely reconciliation of accounts and ensuring financial discipline. However, despite devolution of authorities, the provincial government continues to exercise a high degree of influence and control. The control is exercised through specific and supplementary directives issued from time to time, and has constrained the district from using the decentralized system to its advantage. The situation is also influenced by the on-going countrywide accountability drive. Although a positive development in its own right, it has inhibited local initiative in the public functionaries, who are now seen to be maintaining status quo and largely unwilling to take decisions/actions within a changing system.

The PCD government manages two distinct sources of funding. These include resources that are internally generated by the PCD, and a significantly larger chunk received on account of PCD's share in provincial/federal revenues. The city exercises a high degree of autonomy in planning and decision-making with regards to funds generated through its own sources. In contrast, planning and development through the provincial grants require conformity with provincial policies, as well as formal appraisals and implementation through various decentralized agencies of the provincial government. The city government exercises concurrent management of these agencies through the office of the DCO.

The federal transfers to the districts follow an interim policy. Prior to FY '98-'99, each district generated a substantial part of their local resources through the Octroi and Zila Tax (OZT), which were withdrawn in 1999 as a result of the federal government's decision to rationalize the system of taxation. The interim policy calls for federal grants in lieu of the OZT. During FY '01-'02, the federal grant on account of Zila tax was evenly distributed among all 92 UAs with the PCD government retaining 10% of this amount to cover its management costs, while the federal grant in lieu of Octroi was directly transferred to the respective Towns. The number of urban UCs in each town determined the basis for receipt of funds by each town. As a result Town 1 and 3 received bulk of these funds, while Town 2 and 4 (with only 2 urban UCs each) received a small percentage of the total Octroi transfers. The same system for resource distribution is being reportedly followed during FY '02-'03, although the actual budgetary figures are currently not available. During FY '01-'02, the district also received federal grants for developmental activities through the Khushal Pakistan Program (KPP), which provided the bulk of development funds.

Provincial transfers to the districts during FY '01-'02, largely covered the recurring budgets of the provincial decentralized agencies. There was virtually no budgetary support for developmental activities. Over the years, the modest provincial transfers for developmental activities have followed adhoc arrangements, which were typically dictated by political considerations. However, in future, the provincial grants are likely to be transferred through the PFC Award, based on more equitable and transparent developmental criteria. This is aimed at
minimizing political interference and adhoc decision-making. The current PFC Award, which was for an interim one-year period, is based on district population and a variety of development indices to determine the share of each district. A province-wide socio-economic survey (multi-indicator cluster survey, funded by the UNICEF) provides the basis for preparing the development indices. Based on the PFC award, the provincial transfers to districts for development activities are required to be distributed between the district, towns and union levels in a ratio of 60:30:10. However, it is presently unclear how the PFC award will impact on the interim policy for federal transfers. The LGO 2001 also provides for local resource generation at each level of the LG. However, the District and lower tiers are yet to evolve a clear policy on resource generation as well as its distribution among the various tiers.

Despite a clear difference of character between the PCD towns where two are rural and the remaining two urban, there is little variation in their capacities to self generate operational costs. The assessment shows that Towns 1, 3 and 4 are able to self generate an average of 35% of the annual operational costs, while Town 2 shows nearly double the local generation capacity at over 70%. The resource gap for operational costs and developmental activities are met through external transfers.

During FY '01-'02, all UAs primarily relied on federal grants in lieu of the abolished Zila tax, which included an average of Rs. 0.8 million per UA for operational and developmental expenditures. KPP grants also enabled modest development activities at UA level, but were implemented by the District government through its regular line agencies. The prospects for local resource generation exist at each level, although these are yet to be fully identified or tapped due to the weak capacities. The situation is particularly grave at the union level, which has virtually no staff or other resources to manage their mandate.

Despite clear LGO provisions, the provincial government continues to control several important sources of revenues, thus depriving the LGs of much needed resources and the fiscal space. Moreover, OZT receipts are considered to be in-equitable. A legitimate concern is that these have been pegged at the levels determined in 1999, whereas the conversion to the new systems of General Sales Tax (GST) dictates that these should be enhanced on a yearly basis. The TMAs specifically highlight the major issue of immovable property tax, which they are authorized to collect under the LGO 2001. However, the provincial Excise and Taxation Department continues to collect this tax, retaining 15 percent as administrative charges, and adjusting the Town electricity bills and other liabilities at source, before transferring the remaining (if any) amount to the TMAs. This is widely considered to be unjust and contrary to the provisions of law.

(c) Implementation and Coordination: Standard operating procedures for use of the provincial grants have been prepared in the form of P&D guidelines. However, no guidelines are currently available for the use of local funds. The provincial guidelines call for a bottom-up approach. The identification and prioritization of the sectoral initiatives take place at the union level. These are subsequently aggregated, short-listed, and recommended for processing at the level of the DCC headed by the Nazim-e-ala. The selected schemes are subsequently forwarded to the concerned line agencies of PCD for preparation of scheme feasibility.
Following the feasibility or scheme preparation (PC-Is etc.), the district P&F department carries out an appraisal and develops its recommendations for consideration by the DCC. On approval, the sub-projects are implemented by the concerned line agencies of the PCD. The RoB for development planning and implementation are available, but are widely considered to be inadequate.

Within the PCD, a number of formal structures and mechanisms have been operationalised for strategic planning, inter-sectoral co-ordination, conflict resolution, and monitoring. Strategic planning and resolution of inter-Town conflicts is the mandate of the DMC and the district P&F department. The Naib Nazim also identified strategic planning and conflict resolution as two important areas of concern for which the DMC serves as a key instrument. However, during FY '01-'02, the DMC was able to meet only twice, despite the repeated requests by several Town Nazims as well as the DCO. And it was the Peshawar CDS Team that was instrumental in getting even these meetings held. More recently, the DMC meetings have become more regular and have greatly helped in resolving several outstanding issues among the district government and the four TMAs.

Cross-sectoral and inter-agency issues are meant to be discussed at the level of a formal PCD body called the EDO's Committee; while performance monitoring is to be ensured through a system of MCs led by the elected representatives at the Union, Town, and District levels. However, the assessment shows that most MCs remain non-operational for reasons cited in previous sections.

The monthly EDO's meeting is a forum where inter-agency issues and specific problems identified in the District Assembly sessions can be tabled and resolved. However, these meetings remained infrequent during the first year. The frequency of such meetings has reportedly improved and has contributed positively to sectoral coordination and conflict resolution. The devolution plan also heavily relies on the civil society and grassroot organizations in planning and implementation of self-help initiatives. These are expected to receive mandatory financial support from the PCD. However, the present role of civil society organizations in the PCD is fairly limited, and is unlikely to be considered as a viable alternative for large-scale service provision in the short to medium term.

A large number of the City district problems are tied with the federal and provincial agencies that remain outside the district mandate, and no systems currently exist to address them. Coordination among the various agencies of the federal, provincial, and the district levels remain weak. Despite tremendous prospects to address grass root problems and for coordinated planning, these agencies have clearly not been able to capitalize on the full potentials of the devolution plan. Provision of electric power to the district residents (managed by a federal entity, PESCO), and irrigation water to the rural towns (managed by a provincial authority, PIDA) were identified as two of the biggest concerns in the City district. However, both sectors are outside the jurisdiction of the LGs. Another federal agency, the Zakat/Ushr department is also beyond the purview of the district government, even though poverty and the need for an effective social welfare system are important concerns of the City district. The organization is now undergoing a re-organization and is proposed for merger with the district level social
welfare and women development department. Likewise common problems associated with getting a passport, an official identity card, a driving license, or tapping information on taxation and services rendered by the numerous provincial and federal agencies, have not changed in the post devolution period.

Although the situation is gradually improving, the City District continues to grapple with a variety of institutional issues. These mainly relate to lack of clarity on the new RoB including questions with regards to authorities for administrative and technical sanctions, posting and transfers of district staff, and inter-district and vertical co-ordination with the higher levels of government. CDS assessments indicate that ambiguities in the new roles and responsibilities and weak co-ordination are some of the major institutional issues confronting virtually all the PCD institutions. These are only preceded by serious resource issues, including the inadequacy of human, material, and financial resources that are widely considered to be the most serious problem.

(d) Working of the LG Councils: Despite clear provisions in the LGO 2001, the PCD Assembly is yet to evolve a code of conduct for its operation. While the monthly District Assembly sessions witness lively debates and numerous queries on the performance of the government functionaries, the assembly is yet to evolve a mechanism to address these concerns. Most councilors are reportedly unaware of the procedures, and seek resolution of their problems in an adhoc manner. In the meantime, the DCO has rightly issued instructions that the line agency officers should not provide response in an adhoc manner, and the process of questions and clarification should be documented and streamlined to avoid potential conflicts.

The Naib Nazim is of the view that the DCO is supposed to facilitate and support the proceedings of the house. However, during the first post devolution year, the DCO had concurrent responsibilities of supporting the Governor's secretariat, and was physically unable to provide full time support to the district. The DCO's absence resulted in the lack of interest among other line agency heads, who preferred to stay away and largely relied on junior staff to participate in the Assembly sessions. This not only impacted on the quality of inputs, but also reportedly wasted considerable time, as junior staff was typically not well informed on matters under discussion.

Among other designated responsibilities, the District Assembly has been unable to make progress on the review and approval of byelaws, taxes, or development plans. The expectation that its various committees will provide support for these critical activities is widely viewed to be unrealistic, due to limited capacities and virtually no support for their operations. The LGO also calls on the Assembly to review the performance reports of the District administration/line agencies, submitted by the District Nazim. However, as of the writing of this report, no such reports were received other than those prepared by the selected MCs themselves.

In the areas of law/order and justice, the District Assembly has elected six members (2 females and 4 male) for the District Public Safety Commission (PSC). However, these members still await the notification of the Commission, pending the formal enforcement of the new Police Ordinance 2002. The various Insaaf (justice) Committees constituted at the level of District,
Town, and Union are yet to engage in serious work, as the modalities of their operations have not yet been worked out. The district government has also expressed a need for an advisory department on legal affairs. If created, this department can be entrusted with responsibilities to review/vet various byelaws, and other provisions of law that impact and/or support the LGs.

A review of the assembly records shows that the councilors have debated numerous issues without a clear understanding of their jurisdiction. This is true for all three tiers of the LG, resulting in loss of valuable time. Many resolutions were not backed by the required homework, while several could not be followed up as they related to provincial and federal subjects, over which the LG had no jurisdiction. The District Assembly has no means to ensure the participation of the provincial or federal representatives, or obtain commitments for improved service delivery. However, most elected representatives agree that the situation can be improved if the federal/provincial government introduces mandatory coordination and some degree of accountability of these agencies at the district level. There is also a strong need to build awareness about the PCD mandate as well as the manner in which the respective houses should be run and managed.

5.4.3 Lacking and/or Unclear Mandates

Institutional capacities are also impacted by lacking clarity in institutional responsibilities. The LGO and the district RoB identify various responsibilities for line agencies that are either ambiguous or incompatible with the defacto responsibilities and capacities. The broad areas of responsibility will need clarity, and in several cases interpretation, to allow the EDOs to plan their functions and annual operations accordingly. This holds true for each of the PCD sector institutions analyzed during the course of CDS assessments.

In certain cases, institutional mandates have changed dramatically such as for the DCO establishment, whose portfolio has witnessed significant additions without a commensurate increase in resources to manage the new functions. In other agencies such as the newly formed CMDD, specific areas of responsibility and their relationship to other institutions is yet to be defined. Likewise, the district RoB for the P&F department show huge responsibilities for the appraisal of development activities in multiple sectors, but very little capacity exists to effectively discharge this important function. In several cases, mandates are also difficult to implement due to lacking or unclear judicial authorities such as in PHED/W&S for checking water theft, and under Health and Agriculture departments entrusted with important mandates of checking adulteration in food and agriculture inputs.

5.5 Issues of Accountability and Transparency

Although the entire LG system is designed with in-built mechanisms for accountability, the LGO 2001 and the PO 2002 identify very specific new measures for improvements in these important areas of concern. The decentralized control of district resources and governance to elected representatives at the District, Town and Union levels represents a major change, and in theory allows for improved accountability, transparency, and the rule of law. Although improvements have taken place, the CDS review shows that much more can be accomplished.
with enhanced support from the district government, and by operationalizing many of the LGO provisions that are currently dormant or ineffective.

Within the elected councils, there are increasing concerns about the marginalization of the councilors in planning and decision-making; a function that is reported to be largely controlled by the district Executive to the exclusion of the elected houses. The much publicized new system of checks and balances that include a large number of MCs (at each level of LGs) has been implemented, but these MCs have virtually no infrastructure, directions, or the authorities to check and address many urgent issues in service delivery. Likewise, a large number of issues continue to be debated in each LG house, leading to passage of resolutions that require the PCD and the higher levels of government to provide responses or offer relief. But in many cases, commensurate actions are pending. This has led to considerable disillusionment among the ranks of the elected representatives, many of whom have started questioning the wisdom of holding assembly/council sessions. Lacking support of the district government has also directly impacted the internal working of the LG houses. Important committees expected to check the conduct of elected representatives (code of conduct committees), are yet to be either formed or operationalized.

The CDS assessment has not attempted to cover the accountability systems of the public sector in any detail. However, there is considerable evidence to conclude that the existing systems of rewards and sanctions are not functional. This applies to virtually all LG institutions and covers the variety of administrative and penal instruments (ACRs, inspections, charge sheets, suspensions etc.), that aim at accountability of the public sector.

On the question of transparency, important LGO provisions that require the PCD government to disseminate information about its progress and achievements on a regular basis, are yet to be followed. Public awareness levels are therefore low on where the district government stands, and what its achievements are in the past two years. There are also increasing concerns that decision-making in important areas has remained non-transparent, and councilors are only informed after the fact.

Internal controls are largely confined to the monthly progress reports from the district line agencies, monthly meetings of the EDO’s committee, as well as adhoc inspection of line agencies and their selected field activities on behalf of the District Nazim. District agencies do not follow a system of annual planning and reporting, thus making the task of their monitoring and evaluation very difficult. The DCO is responsible to review of the EDOs’ annual performance through formal performance evaluation reports. These are also required to be countersigned by the District Nazim. The Nazim may request premature transfer of the DCO as well as the EDOs (and other sub-ordinate staff), if the performance is found to be unsatisfactory.

5.5.1 Monitoring Committees

In the area of accountability or Checks and Balances, the LGO 2001 calls for the formation of several committees (of each LG house) including committees for Finance, Code of Conduct, Insaf (Justice), and Sports/Culture etc., to monitor LG performance. As a result, each LG house
has elected several MCs. However, with the exception of a few, most MCs are dormant or barely functioning. Several heads of the MCs highlighted that the District government does not appreciate the role of the MCs, and is therefore largely unsupportive of their functions. This lack of support has translated into no budget allocations (during the first year) to the MCs, who remained very anxious to start their work. The enthusiasm has gradually dwindled due to lack of such basic facilities as stationary, transport, or other requirements to discharge their responsibilities. The situation is compounded by the lack of awareness about their specific roles and responsibilities, thus creating further confusion, and in some cases even conflicts with the district line agencies.

Most MC heads identified delayed notification of the MCs as another issue that has constrained their working. A timely PCD notification would have allowed the MCs to officially operate, and gain access to the respective public line agencies, which are otherwise reluctant to admit any outside interference. As of the writing of this report, several MC heads stated that they are yet to see the official notification, although the Naib Nazim indicated that the notifications have now been issued, albeit after a lapse of many months.

Despite these constraints, several MCs have still managed to formally submit certain recommendations (quarterly reports) to the District Assembly, which is a significant achievement. The district government although, has not been able to follow up or enforce any of their recommendations. The NRB guidelines on the functioning of the MCs were received only recently, but these are yet to be disseminated to the concerned MCs. Nor has any program provided for the orientation and training of local councilors to begin using these guidelines for improved monitoring. In terms of financial resources, the FY '02-'03 saw a slight improvement as the District Assembly managed to approve a modest sum of Rs. 100,000/- for MCs in all sectors, which is widely seen to be highly inadequate.

Most MCs are headed by the Union Nazims, who already have a fairly heavy workload and are therefore unable to find the time for monitoring activities. Perhaps the situation could be improved by nominating non-Nazims as MC heads (such as the female councilors and the minority and peasant/worker representatives). However, this would require that the UC Nazims (representing nearly 70% of the 132 seats in the District Assembly) also agree and lend support to this idea.

In terms of women's representation, the MCs show varying degrees of presence. Very few or no female councilors participate in the UC MCs, while their presence at the Town and District levels also remains modest at best. Invariably all female members complained of problems associated with lack of support and facilities for monitoring. Several MC heads admitted that the lack of capacities was also an impediment to their work; although many believed that this could be addressed through the support and encouragement of the district government.

The MCs were found to be generally unclear on the district sectoral policies and priorities. Likewise, several representatives (even in the Budget and Accounts Committee) pointed out that they were totally un-informed about the process of budget preparation, and the various
priorities being determined by the district government. The MC members felt that the elected representatives should be formally briefed on the district policies and the planning process, so that they can better support the district government's efforts. There is also a very strong perception that the District Assembly and its MCs have no say in the affairs of the City district. Several MC heads pointed to the fact that members are typically sidelined in important forums and policy meetings, dealing with the very sectors/disciplines for which the MCs have been constituted. Therefore, many councilors identified the need for effective mechanisms that would allow the elected representatives to contribute to the district's governance and service delivery.

5.5.2 Other Factors Impacting on Accountability and Transparency

In his capacity as the convener of the house, the District Naib Nazim is required to maintain checks and balances and to ensure neutrality in matters dealing with the executive, i.e. the Nazim-e-ala who represents the District government. However, this position is compromised due to multiple factors. The conflict is inherent in the nature of the system of elections that calls for electing the two positions (District Nazim/N. Nazim) on a joint electoral ticket. This has created an umbilical relationship between the two, with an expectation that both the Nazim and Naib Nazim will always stay on the same side of the fence, despite distinctly different responsibilities, and the obvious conflict of interest that each position logically entails.

The PCD government is also faced with practical difficulties in managing the affairs of a very large and politically sensitive district. The Nazim has enormous responsibilities, which are difficult to manage, given the lack of capacities and inadequate senior staff to provide assistance for day-to-day administration. As a result, a large number of the responsibilities are shifted to the Naib Nazim, who as the next senior person in the political hierarchy, has little choice but to accept in order to keep the district government running. However, the concurrent responsibility as the District Assembly's convener and the watchdog role over the Executive, present obvious conflicts of interest, and neither function are fully or effectively served. Likewise, at the Town level, the Nazims and Naib Nazims are faced with a similar situation, and thus unable to effectively fulfill their respective roles.

5.6 Issues of Equity

The LGO 2001 is fairly progressive in terms of its deliberate and unprecedented focus on issues that have been largely neglected by successive governments in the past. The statutory requirement for including 33% women in the elected councils at all levels, and 5% other marginalized groups such as peasants, workers, and minorities are a step in the right direction.

The LG system also has an in-built focus on poverty as the development processes entail bottom-up planning, prioritization, and decision-making from the Union level. This ensures that people are consulted at the lowest levels, which is a significant departure from the past whereby development activities were largely conceived by, implemented for, and benefited the elite. There is little doubt that the LGs represent the quickest way to address poverty, although their potential to address this major need is yet to be exploited. To date, the representation of
marginalized groups in the district or sub-district councils does not appear to have contributed to a dialogue or significant actions on this front. The review shows that virtually all LGs continue to lack the required focus on pro-poor policies, and exhibit even lower institutional capacities to address this major city-wide concern. The City managers are largely unaware of the national and provincial strategies on poverty alleviation, and view poverty as a fate accompli or a subject that other federal agencies such as Zakat, Ushr or perhaps private philanthropic institutions should be addressing. Assessment of the poorer groups also indicates limited access to social and financial services, low opportunities for employment and income generation, and a high sense of insecurity tied to lacking or ineffective support from the police, and weak access to systems of justice that many perceive to be mainly catering to the needs of the more privileged.

5.6.1 Gender Issues

There is little evidence that the mere presence of women councilors among male counterparts has led to an enhanced focus on gender issues, or improved opportunities for women development. The situation is particularly difficult at the lower LG levels and the rural constituencies, where cultural and religious factors combine to restrict the ability of the female councilors (and women in general) to contribute in forums for local planning and decision-making. Indeed, the CDS review shows that female presence in all such areas has a token, as opposed to practical value. Among the Town/District levels and urbanized constituencies, female representation is relatively better, although there is a rising sense of frustration among virtually all female councilors at being quite marginalized. In general, the assessment also points to a relatively poor access to education and employment opportunities for women, and a serious concern about the current systems of justice that do not adequately address women-specific needs. The female councilors are unanimous in complaining that they are being neglected, and the men in power could suggest little to engage them more positively. The complaints vary from lack of focus on women-specific programs and required budgets, to lacking office and related facilities for female councilors to carry out their responsibilities.

Another issue relates to the marginalization of the general councilors, which include the female councilors, peasant/workers, and minorities. Although the LGO 2001 does not distinguish between the various categories, there is a strong perception that the general councilors are less equal compared to the Nazisms representing the 92 UCs of the PCD. This perception is fueled by various privileges and facilities such as salaries/telephones etc., and a relatively larger governmental access that the general councilors do not enjoy. As a result, the general councilors, particularly female, openly categorize themselves as category “B” councilors, expressing their frustration at the current discriminating state of affairs. The situation clearly does not help the intention of empowering women and other vulnerable groups, who already feel left out during the very first year of LGO implementation.

Lacking awareness on women’s roles and responsibilities remains a major issue, and most male councilors and certain members of the district government have been advising the female councilors to confine themselves to women-related issues. This not only undermines the spirit of representation, but has also confuses a large number of the female councilors, who are still seeking clarification on their role and responsibilities.
The assessment shows that other than a mandatory 33% representation in the respective LG houses, the district government does not have any policy on increasing women representation in any of its programs. Currently, most district line agencies with the exception of Health and Education have minimal representation of women. Pending a policy debate on the subject, the district government is presently focused on addressing immediate concerns. These relate to finding office accommodations and other facilities for the female councilors, who have virtually no place to sit together and discuss general or women specific issues. Most female councilors are being forced to use the offices of other district functionaries, while several are unable to participate due to lack of space or purdah restrictions. The current situation is clearly inconvenient from a practical and cultural perspective, and prevents free and open discussions.

Among other steps, the district government is also proposing special budgets in support of women centered programs. However, most female councilors have complained that the budgeted provisions are highly inadequate and also difficult to access because of complex procedures. The assessment of budgetary utilization for women focused programs during FY '01-'02 shows virtually no expenditures due to delayed appropriation, lacking procedures, unclear scheme selection criteria and weak implementation capacity.

The female councilors are also seeking a discretionary role to identify and implement high priority programs for women. The department for Social Welfare and Women Development is being viewed as the main implementer of such programs. However, a rapid assessment shows that the agency has a highly modest field level presence in the district. The department has no EDO and very few field workers. In addition the organization is under-going a transformation as a result of the merger between the Social Welfare, Women Development, and the Zakat/Ushr departments.

### 5.6.2 Issues of Rural /Urban Development

In an unprecedented policy shift, the LGO has also done away with the rural-urban divide. In theory, this allows the rural constituencies (nearly 50% population and 80% of the district area) to have similar access to social, municipal and other services that were previously available to the urban areas only. Elected representatives from rural constituencies see this as a significant opportunity to stake a legitimate claim for improved services in their respective areas. However, development trends in the City district continue to be largely urban biased, to the detriment of the rural population who continue to face large disparities in service provision. As a consequence, the urban centers keep attracting large numbers of migrants from the rural areas of the district as well as other districts in the province. In the absence of effective land-use planning, zoning, and other regulatory instruments, the City district has witnessed a very rapid growth of unplanned settlements resulting in unsustainable pressure on its social and economic infrastructure.

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11 Several female councilors observe purdah (use of a veil), even during district assembly sessions and expect a certain degree of privacy at work place.
The assessment highlights increasing concerns of the rural population and the elected representatives that the urban towns are receiving a disproportionately high share of the district resources. The annual PCD budgets of FY '01-'02 and FY '02-'03 and past trends in development appear to confirm these concerns. The district government is yet to debate or evolve a clear policy on this subject. In the meantime, development resources continue to be allocated in an ad hoc manner with a clear bias towards the urban areas.

5.6.3 Issues of Poverty

The assessment of multiple agencies shows a highly inadequate or completely lacking focus on the serious poverty issues confronting the city district. Institutional responsibilities outlined in the RoB do not address poverty, and most agency heads are unclear or unaware of the national and provincial policies on poverty eradication. The District Assembly, Town, and Union Councils are yet to debate or adopt any formal position on the subject. Meanwhile, the concerned public sector agency at the district level, the Social Welfare, Zakat, Ushr, and Women Development department, is undergoing a re-organization and has little capacity to address the huge problems. Although several civil society organizations in the City district are working on issues of rural and urban poverty, compared with the scale of the problem their programs and impact remain highly modest.

Many of these issues call for a deliberate and more detailed review of the district institutions and their mandates vis-a-vis national and provincial policies on poverty, gender, and balanced growth. One part of the problem can be addressed through orientation and sensitization of the PCD government, the elected LG representatives, as well as the new players at the provincial and the national levels. A more important need is for the PCD institutions to internalize existing policies, develop local policies and action plans, and develop Institutional capacities to address these in the medium to long term. The CAP under CDS, identifies some initiatives to address these concerns. However, this is a modest beginning that the City district will have to build on, with the assistance of concerned CSOs, the media, and others in the private sector concerned with issues of equity.

5.7 Issues of Law, Order and Justice

City-wide consultations have identified a high crime rate and weak systems of justice as significant concerns. A wide cross-section of people identified a generally insecure environment for their lives and livelihoods. The city environment is negatively impacted by a high incidence of kidnapping, car snatching, murders, thefts, smuggling, and land disputes. Most people attribute these problems to a high poverty rate, weak social and economic infrastructure, weak systems of accountability, governance issues, and a very large Afghan population with insufficient means to support itself, as well as the City district's proximity to the tribal areas where the standard laws of the land do not apply.

5.7.1 The District Police

The LGO 2001 and the recent promulgation of the Police Ordinance (PO) 2002 have introduced significant changes in the institutions responsible for law and order as well as the
systems for the provision of justice. Until August 2001, the all powerful office of the Deputy Commissioner (DC) together with the district extensions of the Police were the key institutions responsible for the management of law and order in the City district. Although the DC's office stands abolished, the latter continues to operate at the district level, albeit in a re-structured manner. The responsibilities previously held by the DC are now shared among three distinct institutions including the District Nazim, the District Police Officer (DPO), and the judicial magistrates. In addition, certain pre-emptive powers including the powers of expulsion, the powers to restrain entry into the district etc., have been re-assigned to the provincial Home Secretary.

Although a central arm of the City district, the Coordination Office does not get involved with law and order issues. Maintenance of law and order is now the domain of the new establishment called the Capital City Police (CCP), which is essentially a restructured police department that existed prior to devolution. It is headed by the DPO, who reports to the District Nazim as well as the provincial Inspector General of Police. For all operational purposes, the DPO is more closely linked with the provincial Police establishment. However, the LGO requires close coordination between the DPO and the District Nazim on all important matters of law and order, as well as general security.

Discussions with the DPO indicated that the CCP is proving to be a pioneer in the reforms process, and has adopted several key recommendations contained in the PO 2002 prior to its formal promulgation. Under the old system of policing, the police department was engaged in a variety of activities that ranged from polling duties, to providing security to the WIP's, maintenance of law and order, as well as criminal investigations. In addition, the police was frequently called upon by other government agencies (such as WAPDA, SNGPL, Land Collectors etc.) for assistance in cases of large outstanding debts or handling serious cases of disconnections, etc.

The CCP has introduced several structural changes in anticipation of promulgation of the PO 2002. Many old functions are now bi-furcated and responsibilities assigned to distinct units, thus bringing efficiencies without any additional investments. The key area of Investigations was previously combined with the general operations and therefore highly diluted. It is now managed by separate units based in each police station. Likewise, the important area of Traffic has been brought under the DPO, as opposed to a previous hierarchy whereby it was outside the control of the key police officials in the City District (the SSP, Peshawar).

The LGO 2001 and the PO 2002 attempt to strike a balance between the need to maintain coordination between the Nazim and the office of DPO for various critical functions, while ensuring that the DPO is able to perform independently and is not unduly influenced or manipulated by the District government. This is ensured through a system where the DPO is not directly answerable to the Nazim, but does maintain close coordination and provides support for critical functions. This system of matrix management has worked reasonably well, although various elected representatives at lower levels have raised doubts over the system's efficacy in the longer-term.
Although the LGO 2001 or the PO 2002 do not set out formal systems for coordination between the police and the elected LGs, the DPO and lower staff make efforts to engage the elected representatives in routine operations through coordination between the respective tiers. Issues range from managing law and order situations related to WAPDA/PESCO etc., to cutting illegal connections, collections against large liabilities, and other problems leading to law and order situations. The DPO is particularly obliged to provide police force to the Nazim for maintenance of peace.

The DPO acknowledged that the new system had significant advantages, although it was felt that the entire legal system needed more comprehensive reforms. While the administrative system is undergoing changes as a result of the devolution process, many of the old laws under the Criminal Procedures Code (CrPC) were still in place (reportedly 700 laws need changes), while several are in conflict with the new system. In addition, many rules are unclear particularly in areas where the old establishment of DCs and ACs had executive authorities. This has led to several problems in the police operations, but there is also a recognition that it will take time before all laws can be modified.

Among the key changes, the magistracy functions that were previously with the respective DC’s, have been transferred to the District Session Judges. Based on police reports, evidence is already emerging on the falling crime rate due to increased efficiencies in the system. The bifurcation and assignment of dedicated units for investigations are noted as a major contributor to the positive change. However, capacity building of the front line staff (constables etc.) remains a major need. They are currently ill equipped to effectively manage their role/responsibilities. In contrast, the police reform reportedly focuses on qualitative and quantitative changes at the higher levels of police, with insufficient attention to the lower cadres.

Among other urgent needs, the newly created investigative units do not have adequate office spaces, as most of the thanas (police stations) are already fairly crowded and unable to accommodate additional staff. The District police also urgently require more laboratories, DNA testing facilities, as well as logistical support and funds for POL. The lack of funds for POL and logistics is particularly serious as the mobile squads, expected to remain on the roads, are frequently parked and there is little that the police department can do. During emergency operations, the police are typically forced to grab vehicles from the private sector at cheap rates, or increasingly without any payments, as no funds are available for renting vehicles. Policing is also heavily impacted by a poor salary and benefit structure. The lowest cadre in particular, comprising 85% of the 6000 strong police establishment in the City district, has no incentives for improving performance.

The very long tribal boundary is also viewed as a significant problem, and a cause of many crimes. In the tribal areas, the local police have no jurisdiction, and the chain of command for pursuing criminal cases is fairly long and complex. As a result, a very large number of the cases involving tribal jurisdiction remain unresolved. The DPO strongly advocated the need for fencing the tribal boundary, particularly in the most vulnerable reaches. Currently, it cannot be reportedly controlled with a small contingent of police deployed in the area. Current staff strength inhibits any additional deployment of police force on the tribal boundary, as several
large and difficult clusters of the district population and outlying areas need constant attention and patrolling. The police are also responsible for the security of over 120 foreign NGOs operating in the City district, several foreign consulates, and special groups.

The district police is also burdened by the disbandment of the 2000 strong police force funded by the UNHCR, and directly working under the Afghan Commissionerate. There is still a very large Afghan population in the City district (nearly 600,000), but the additional police force is no longer available to address the serious problems associated with the refugee population. Afghans are reportedly involved directly or indirectly in nearly 80% of the heinous crimes in the district. Despite a large need, the city district has one of the lowest per capita police presence at 1:1000 ratio, compared with a recommended police force of 1:450.

Women participation in policing is fairly low and the City district only has a few police stations staffed by women. In most cases, the police stations have to make special requests for female constables, who have to rotate in the City district to address women specific cases.

5.7.2 The Public Safety Commissions

A radical departure from the past are the key provisions of the PO 2002 that require establishment of the PSCs at the National, Provincial and District levels. At the City district level, the PSC would comprise of three elected members of the District Assembly, three from the Provincial Assembly (including members from the treasury benches and opposition), as well as an equal number of independent members recommended by a selection panel headed by the Chief Justice of the High Court. The final list of independent members of the PSC would be approved by the Governor of the province.

Key functions of the PSC include protecting the interests of the general public by ensuring that: (a) First Information Reports (FIRs) are properly registered and no citizen is unjustifiably refused justice; (b) ensure that actions are taken to respond to cases of public grievances against the police and federal agencies such as Railway, Motorway and Highway Police etc.; (c) address issues/questions of possible collusion between the Zila Nazim and the Police; (d) address and take actions against unlawful actions requested by district governments; (e) approve and evaluate Annual Policing Plan covering proposed expenditures and performance targets; (f) review Annual Police reports on the district law and order situation; and (g) enhance police–public cooperation12. By the time of this assessment, the District PSC was yet to be established; but there is a widespread feeling that its creation will vastly improve the quality as well as accountability of the police in the entire country.

5.7.3 The Insaf Committees and Musalhati Jirgas
Institutions for Grassroot Justice

The LGO 2001 provides for several new mechanisms to improve the provision of justice at the grassroot levels. These include the formation of the very important Insaf (Justice)

Committees at the District, Town, and Union levels. The Insaf Committee at the UC level is charged with the responsibility of selecting a panel of Conciliators (or a Musalhati Jirga) for out-of-court settlement of disputes. The detailed procedure and criteria for the selection of conciliators is outlined in LGO 2001. Likewise the Insaf Committees at District and Town levels are expected to facilitate access of the people to the Inspection Team of the High Court for redressing their grievances.

At the Union level, the Union Nazim, members of the Insaf Committee, and Musleheen (Conciliators) are expected to use their offices to achieve amicable settlement of disputes. This is proposed through mediation, conciliation, and arbitration, regardless of whether any proceedings have been instituted in a Court of law in respect of such disputes of civil or criminal nature. Procedurally, any court of competent jurisdiction may, if it deems appropriate, refer a matter to the Musalhati Jirga through the Union Nazim for settlement. The court may also lay down the procedure for summoning parties, and the terms of reference for the Jirga, including the timeframe for settlement and the manner in which the Jirga should report on the resolution process and its outcomes. The LGO states that the ruling of the Musalhati Jirgas will be treated as a ruling of the Court. However, certain qualifications apply to the nature of cases that can be taken up by them. These relate to cases falling under the Hudood Ordinance, cases against the federal and provincial governments, various statutory bodies operating under their control, as well as against persons under legal disabilities.

The field assessment shows that the proposed roles and responsibilities of the Insaf Committees and the Musalhati Jirgas are yet to be clearly understood by the elected representatives, as well as the Police and members of the judiciary. While the Insaf Committees have been reportedly established, many are yet to start functioning due to lacking systems, including a total lack of coordination between the LG, the police, and the judicial establishment on the LGO provisions dealing with operationalizing these grass-root institutions.

Among other mechanisms for improved access to justice, the LGO also calls for the establishment of the office of Zila Muhtasib (Ombudsman), who shall be responsible for redressing citizen’s complaints against mal-administration of the holders of public offices. The LGO 2001 provides considerable details on the procedures for the appointment of the Ombudsman, his jurisdiction, powers, and functions, as well as the District government’s obligations to enable implementation of its mandate. Till the writing of this report, the office of the district Muhtasib had not been established. The district government acknowledged this provision as a very important instrument for improving the district’s governance.

The LGO 2001 also provides for the creation of a separate legal department at the district level for assistance in legal matters, drafting of byelaws, and technical assistance for a variety of regulatory work. However, the PCD government currently does not show such a department. Some other provinces, particularly Sindh, are reported to have created such a body, and the elected representatives strongly feel that the PCD should follow this lead.
5.7.4 The District Judiciary

The City district’s judicial hierarchy includes the Trial courts, which are managed by the civil judges who are in turn headed by a Senior Civil Judge. The civil judges are also called Judicial Magistrates (JMs). The next level is that of the Appellate courts, which include the Sessions court headed by an Additional Session Judge. The higher echelons include the High Court and the Supreme Court, at the provincial and the federal levels respectively. The judicial system is bifurcated between Civil and Criminal sections. The former are managed by civil judges, while the later are handled by judicial magistrates. Prior to devolution, there was also an additional cadre known as the Executive Magistrates (EMs) who had extensive powers and were working under the now defunct ACs and DCs (also known as District Magistrates).

Before August 14, 2001 the PCD had 14 EMs and 4 JMs. This number has now been reduced to a total of 6 JMs in the entire district. This drastic reduction in staff means that each JM has to manage cases falling in the jurisdiction of about 10 police stations. This is considered to be a major workload, particularly in view of additional responsibilities that were previously looked after by the EMs concerned. These include cases involving breach of peace, traffic violations, and the management of various cases falling under Section 107. As a result, the law and order situation has worsened, and the systems of justice severely stretched.

In the post devolution period, the district courts are also required to handle additional responsibilities in relation to Bail Bonds, Attestations, Suppression of Terrorist activities, management of the Arms Ordinance as well as cases of Remands, Custody and Confessional statements etc. These were previously the responsibility of the Session courts, but are now routed to the Trial courts, thus adding to the work-load to be managed by a reduced number of staff. The Trial courts are also severely short of the District Foot Constables (DFCs), who are required for the important function of communicating summons. As a result, the concerned people cannot be reached in time, thus further delaying the process of securing justice.

PCD is a melting pot with a multiplicity of people from all over the region, including Afghans, Arabs and a number other nationalities. The City district has a large population, one of the highest crime rates, and a variety of social and economic problems—all forcing a very large number of cases coming to district courts. However, the reduced staffing has clearly had negative consequences, causing severe processing delays. Currently, more than 1300 cases are pending in the district Trial courts, and more are being constantly added. Based on the recommendations of the Law Reforms committee, the total number of pending cases should not exceed 500 at any one time. However, under the current circumstances, this benchmark is virtually impossible to meet. As a result, people end up spending several days in the judicial lock-ups for minor offences such as traffic accidents, and encroachments etc. The district judges have raised the issue of providing additional staff strength with the High Court as well as with the provincial government, but no action has been taken so far.

The new institution of Musalhati Jirgas at the grassroots is acknowledged as a very useful instrument that can drastically reduce the burden of the judiciary. However, the judicial

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1 Information based on interviews with Civil judge/Sr. Civil judge, Judicial Complex, Peshawar
representatives were unclear on their operationalization and enforcement of decisions. None of UC Nazims had yet approached the Courts to seek guidance and/or establish any systems of coordination on the subject. Indeed, several members of the district judiciary felt that the still applicable CrPC 1908, does not provide for Musalhati Jirgas, thus raising concerns on how the new law would be applied. Likewise the concept of Insaf Committees (at the District and Towns level) was acknowledged to be potentially useful, but the Courts had still not received any directions or operating procedures on how these will work, and what could be done to facilitate their operations.

The physical infrastructure available for discharge of judicial functions is in a fairly poor shape. The courtrooms are inadequate in terms of their capacity as well as facilities. Most waiting areas have no fans, water coolers or seating arrangements, particularly for women who have to per force be accommodated inside the courtrooms. The lack of proper waiting areas and facilities have also contributed to increasing incidence of violence and insecurity within the court premises. The judicial lockups are in make shift garages with inhuman conditions. These have no fans, no toilets, and no drinking water facilities. Yet these are frequently used to temporarily hold people, while hearing is still pending. Given the number of cases that have to be processed, the temporary wait can run into several days thus creating major problems for inmates.

The Asian Development Bank is currently assisting the federal government and all four provinces with a US $ 350 million project primarily focused on judicial and police reforms. Starting in 2001, the High Courts as well as district level courts are receiving technical assistance for improved governance. A key focus is on reducing the number of pending cases, and streamlining the judicial process. The strategy includes preparing inventory of old cases, development of new timelines, improved Case Management, and pro-active support. In addition, guidelines are being developed to expedite the processes and avoid haphazard work. As a result, the pilot court in District Peshawar has already achieved significant results, and very old cases have been reportedly finalized in a relatively short period. A steering committee of the High Court is coordinating the project which meets every three months to review performance.

5.7.5 Local Initiatives for Improving Security

Over the past few years, the district administration and local police have also experimented with a variety of local initiatives, that have brought several improvements in security and related services. These include the promotion of private security agencies who are now responsible for watch and ward in selected localities of the Peshawar City District. Most residents pay for these services, and the trend is rising as more communities are opting for such services.

Within the satellite town of Hayatabad, the PDA (now the CMDD) in association with the local police, started another innovative service called the “999”. The initiative combines security services with support for emergency, social, and municipal needs, and aims at ensuring a rapid response to them. The services are reasonably good and range from evacuations in cases of serious sicknesses, to emergency support in the event of major break down of utilities, and immediate assistance for security breaches.
Yet another initiative of the local Police department includes the innovative Safe Home Project, launched with the assistance of the private sector. Although modest in terms of its scale, it addresses the concerns of a large number of security conscious households. It is based on an increasing realization that the district Police does not have the means to ensure security to an over 2 million population. Under the project, the Police provide subsidized support (primarily logistics) to a private sector agency, which installs electronic surveillance equipment in interested households for a monthly fee. The service entails regular monitoring and emergency assistance for security breaches. The results are reportedly good, and the service is gradually expanding to an increasing number of households in the University Town, Cantonment, Hayatabad, as well as selected parts of the inner City.

Among other measures, the district police has also encouraged the introduction of new systems for managing and charging vehicular parking, which has not only started generating revenues for the municipal bodies, but has also radically reduced incidence of car and motorcycle thefts in the City district.

5.8 Low Awareness of New Roles and Responsibilities

The assessment shows that awareness levels are very low among the elected representatives as well as the appointed officials, particularly on LG jurisdiction, procedures for managing the respective houses, the district RoB, the roles and responsibilities of MCs, as well as various critical provisions of the LGO 2001. Awareness levels are particularly low among the female councilors, who appear to be in need of priority support. Despite efforts by NRB and the provincial government at dissemination of LG related information through press and electronic media, the required information has either not reached the LGs, or is yet to be understood.

A key requirement is to widely disseminate the updated versions of LGO 2001 (in Urdu and English), as well as circulate of the Provincial, District, Tehsil, and Union RoBs. An equally important requirement is for the sector line agencies to build awareness among the PCD citizens on various services, as well as grass root responsibilities for support and participation in service delivery.
The Way Forward
6. The Way Forward

6.1 The Development Strategy

As strategic choices, the CDS has focused on eight broad areas of concern that impact on a wide range of LG institutions, and in turn a large majority of the district residents. The process has led to several generic, and in some cases specific, recommendations that apply to a wide range of institutions and service providers. The following sections address the important question of how to mitigate these concerns through an outline of strategic actions. The local government and sector agencies will need to adopt and further build on these recommendations to address the institutional and governance concerns specific to their areas of operation.

An effort has been made to ensure that a majority of the CDS interventions: (a) are implementable within the LG mandates provided through the LGO 2001; (b) can be feasibly implemented within the resource generation capacity of the City district; (c) correspond to the immediate and medium-term needs of the City district (0-5 years); and (d) are consistent with the National and Provincial policy frameworks. This reality check is important for the current LG managers, who have time and again emphasized to the CDS Team, the need for a practical and readily implementable strategy.

In general, the CDS draws on the framework of local governance outlined by the LGO 2001. It recognizes that an adequate legal framework exists to address virtually all of the key issues identified under the Peshawar CDS. However, the PCD government has been largely restrained from taking full benefit of this important law. The preceding sections outline specific factors that have constrained the district’s ability to tackle important issues of local governance and service delivery. However, several measures can be taken to mitigate the current situation in the short and the medium-term. And this is where the key opportunities lie for immediate and far-reaching reform in the City district. To capitalize on this opportunity, the CDS calls for support from multiple players in the City district.

The following sections outline the strategic thrust under the eight broad areas of concern. The proposed actions to transform these recommendations into practice are covered in the CAP, presented in the next section.

(a) Addressing Issues of Devolution and Decentralization: Despite a variety of problems, the LGO 2001 is still widely considered to be a highly progressive law, that will need to be fully owned, supported, and implemented in letter and spirit for it to succeed. A significant responsibility rests with the current and the future provincial governments, who will need to view and promote the LGs as key partners in development and local governance. In the immediate term, this will require a parliamentary debate on the NWFP LGO 2001, and its adoption as a formal Act of the Provincial Assembly. A significant responsibility also rests with the district government, which will have to allow and support the district, town, and union councils to operate as envisioned by the LGO 2001. Much of the LG mandate can only move forward when the Executive and the LG Councils work together, and in support of each other.
Since the provincial government has the constitutional authority over the LGs, the PCD government (as indeed other LGs in the province), will need to consider creative mechanisms to seek support for improvements to the current state of devolution and decentralization. As a key intervention, the CDS recommends widespread awareness raising on the impacts of devolution and decentralization, as an important instrument to solicit provincial support. The awareness raising will need to highlight the governance and service delivery improvements, and also outline the specific constraints that have prevented further progress. The provincial and federal legislature, policy makers in the GoNWFP, and various stakeholders in the civil society and the private sector will be important audience in this process.

Among other instruments, the CDS recommends Networking and Advocacy through an innovative association of LGs in the province. An LG association (of the 24 districts in NWFP) will not only provide a broader platform for awareness raising, but also serve as an effective lobby to win support for: (a) full transfer of administrative and financial authorities already agreed under the LGO 2001; and (b) eventual enactment of the LGO 2001. Due to its comparative advantage, the CDS recommends that the PCD government take the lead role in organizing such an association, to begin the important work of advocacy with the provincial government and other stakeholders.

Meanwhile, the LGs will need to demonstrate continued relevance (and utility) through high standards of governance and service delivery at all levels. The adoption of the broad recommendations given in the following sections will allow the PCD government to demonstrate rapid improvements in various areas. This will in turn create the enabling environment for more productive engagement with the provincial government. The team feels that this may serve as the strongest means to ensure continued support from the grassroot constituencies, as well as the higher levels of government.

(b) Addressing Policy Issues: The CDS review shows that the available resources could be far better utilized, provided the PCD government: (a) adapts and internalizes existing provincial policies in various areas; and (b) formulates, approves, and implements district level policies for areas that are fully devolved to LGs. The LGO 2001 has presented a broad framework that will need to be translated into practice through local policies, RoBs, byelaws, and regulations. In the absence of clear directions, key institutions responsible for Municipal Services, Social Sectors, Agriculture, as well as Governance, have been operating in an adhoc and sub-optimal manner.

Several key sectors targeted under the CDS are decentralized provincial subjects for which provincial policies exist. Likewise, federal and provincial policies exist in areas of poverty reduction, women development etc. The LGs are expected to operate within the broad framework of these policies. However, there is limited awareness on what these policies entail. In general, the broad thrust of the policy recommendations call for PCD government to review, clarify, and disseminate GoNWFP sectoral and cross-sectoral policies within local stakeholders, service providers, and the general public. This will be particularly important under Agriculture, Health, as well as Education sectors, where current provincial policies are yet to be fully reviewed and internalized in the City district. The district leadership will then need to clearly articulate policy choices in each of these areas for PCD.
In order to fully capitalize on the LGO 2001, the PCD government will need to go beyond mere adoption of the provincial policies. The recent announcement of the PFC Award, together with the available authorities under LGO, allow the LGs to undertake far-reaching reforms at the district level. The current authorities could be used to approve local policies and guidelines for rationalizing sectoral allocations, institutional responsibilities and structures, reducing public sector role in service delivery, and a range of other areas covered in the CAP (refer Chapter-7) in detail. Likewise for areas fully devolved to the LGs, the PCD government will need to debate and evolve district level policies to better manage a variety of services, in particular the large Municipal Service sector, that directly impacts on the day-to-day lives of the City dwellers.

The review also points to a weak technical capacity to undertake this important function. However, the capacity gap for policy development could be plugged through various means. One approach would be to establish district and tehsil level Think Tanks in multiple sectors. Based on an agreed criterion, the PCD government could identify potential local resources, including serving and retired government functionaries, members of the civil society, and the private sector, to provide support in a number of areas. Led by the LG councils, this mechanism could be tried through voluntary and/or on hired basis, although a final decision will be subject to local response to such an initiative. Other mechanisms could include improved networking and support from district-based institutions of higher learning, that may be tapped in several areas. This is a huge comparative advantage for the PCD, given its central position in the province, and the presence of a large number of technical institutions with relatively easy access.

(c) Addressing Resource Issues (human, material, and financial resources): The CDS review shows that there may be several ways of addressing the resource issues. The more immediate concerns could be handled through a simple rationalization or re-distribution of the available human and material resources within the City district. The LGO allows a City district government to manage this without resorting to the provincial government. Building capacity, particularly in areas of regulation and more efficient systems for revenue collections, will also offer immediate support and create the fiscal space for further improvements. The LGs may also consider a variety of cost-cutting measures, including concepts of pooling (human and material) resources across district agencies, TMAs and UAs. This would be the most efficient approach to address resource issues in the short-term.

In the medium-term, resource issues could be addressed by defining the broad policy directions in each sector, clarifying and/or re-defining institutional responsibilities, followed by an objective assessment of the range of human and material resources required to meet these responsibilities. In order for the City district to grow on a sound footing, this process should begin in earnest now. In the longer-term, the proposed shift from service provision to service facilitation in selected sectors (MS, Agriculture etc.), increasing reliance on CSOs (CCBs/CBOs and NGOs) and the private sector, as well as new performance-based delivery systems would reduce the need to maintain a large public sector staff and related resources.

The newly announced PFC Award and the LGO 2001 allow the PCD government to rationalize sectoral allocations in line with local policies and priorities. A rationalization of the non-salary budgets alone could make a significant contribution to the institutional efficiencies,
and also relieve much of the pressure faced by various levels of LGs. This is a critical process that the PCD must begin on immediately. Among national examples, at least two districts in Punjab (Multan and Faisalabad) have already demonstrated successful transition towards the concept of performance-based budgeting. The PCD government could also review and replicate such a model in the City district.

Significant authorities are also available to the PCD government to generate local revenues. The LGs will need to demonstrate greater creativity and the political resolve to tap the full potential of local resource generation available in the City district. The CDS assessment points to a significant additional potential over a relatively short term. However, the review also shows that there is virtually no information and no disaggregated data to objectively assess the revenue potential at various levels. Based on conservative assumptions, sizeable revenues can be generated over a relatively short timeframe of five years (for details refer Section-6, Volume-II). This potential is well within the current capacity of the PCD government, and would merely require policy and administrative actions. These and other actions will be urgently needed to generate additional funds for local development and improved service delivery.

An even larger potential exists for new capital investments by the private sector. The City district and other LGs around the country have already demonstrated successful partnerships in the municipal service sector, health, education, transportation etc. There is no reason why the PCD cannot replicate many of these examples, particularly at a time when access to public resources is low, and the City’s infrastructure and services in a dire need of additional investments.

The PCD government needs to influence the provincial government to allow LGs to exercise the legal and rightful control over important sources of revenues that are yet to be devolved. Presently, the provincial government’s control over the potentially buyout UIPT, has deprived the LGs of much-needed revenues and fiscal space. The federal transfers in lieu of OZT taxes are also considered to be in- equitable. A legitimate concern is that these have been pegged at the levels determined in 1999, whereas the conversion to the new system of GST transfers dictates that these should be enhanced on a yearly basis. The PCD government (jointly with other LGs) will need to strongly advocate the reversal of such anomalies with the GoNWFP.

In terms of external financial assistance, the City district has access to several funding windows. Multi-lateral and bi-lateral donors including the WB, ADB, UNDP, DFID, NORAD, JICA, SDC, CIDA and others have on-going or new province-wide programs that support several sectors including health, education, urban development, law/order, judicial reforms as well as substantial cross-cutting support for institutional development. These projects and programs present another significant opportunity to tap financial resources and/or technical assistance to address the critical needs of the City district.

(d) Addressing Capacity Issues: Devolution and decentralization has placed huge responsibilities on local institutions, and their weak capacities to deliver on the new mandates is a key concern of the City district government. Recognizing this need, the CDS targets capacity

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14 Refer Annex-2 for donor-assisted projects in the Governance and Institutional Development sectors.
building as a core thrust, and seeks to strengthen LG institutions for improved governance and service delivery.

Within the broad range of capacity building needs, enhanced focus and resource allocations for HRD, SOPs for out-sourcing service delivery to private sector; planning, budgeting and oversight; databases for planning and decision-making; skills for bottom-up planning and management; improved systems for internal and external controls; fiscal transfers and budget preparation; accounting and audits; new RoBs, byelaws and regulations; capacities for environmental management; and new systems for institutional and individual incentives are important areas for consideration.

The CDS also underscores the need for institutional linkages with the federal and provincial service providers, improved coordination among the LGs and with the private sector, CSOs, as well as other players. Closer ties among LGs (within and outside the province) may also enable resource sharing as well as exchange of useful ideas and experiences. All of these will create the enabling environment and local capacities to better deal with the City district problems.

Fortunately, the GoNWFP is currently supported by several donor-assisted projects. Many of these focus on capacity building and institutional reforms. Given that the priority needs of the City district are now identified, these could be an important source of assistance, which the Peshawar City district can quickly tap.

(e) Addressing Issues of Accountability and Transparency: The responsibilities for local governance also demand new and more effective systems for accountability. Although important LGO mechanisms exist for internal and external controls and ensuring transparency in public sector, most of these remain non-operational or are ineffective for a variety of reasons. The LGO provisions for internal and external controls work at multiple levels; the most important being the mechanism of LG house resolutions, the house code of conduct and monitoring committees, systems for inspections and audits, as well as specific provisions for maintaining transparency in public sector finance, planning and decision-making. The review also points to the need for establishing and strengthening the important district level institution of Ombudsman, and ensuring the inclusion of civil society, elected LG representatives, and other stakeholders in important decision-making.

The CDS recommendations essentially call for the operationalization of these very useful mechanisms through development of SOPs, capacity building, and the provision of required resources.

(f) Addressing Issues of Equity: CDS has primarily focused on three broad areas of equity. These include issues of: (a) poverty; (b) women empowerment/development; and (c) rural-urban disparities. The thrust of CDS recommendations relate to review, adoption, and dissemination of national and provincial policies in these important areas of concern, and building the required institutional capacities to implement them.
The CDS also proposes improved LG coordination and support from the related provincial/federal agencies, and the wide range of philanthropic and private sector institutions currently operating in the City district. Countrywide statistics confirm that philanthropic organizations now constitute a major source of support to the poor and the under-privileged. Other recommendations relate to enhanced resource allocations; approval of local policies for subsidies in LG services; improved access to health and education services; and employment opportunities for the poor and the marginalized.

For improved focus on rural towns, the CDS recommends the development of structure, land-use, and investment plans, that can ensure the required infrastructure and services to over half the population of the City district. Any new investments must ensure a more balanced approach to urban and rural development, without compromising priority needs. However, this will only become possible through new and innovative policies that allow the PCD government to tap the hidden potentials of the City district.

**Improving Law, Order, and Justice:** The CDS analysis points to several areas where significant improvements can be made within the current mandates of the City district. The broad thrust of CDS recommendations essentially call for full operationalization of the LGO provisions aimed at the creation of new institutions for grassroot justice. These relate to the operationalization of the district, town, and union level Insaaf Committees; UC-based Musalhati Jirgas, and the new institutions of District Public Safety Commission and the District Ombudsman.

The CDS review points to the need for awareness building on relevant provisions of LGO and the PO 2002; amending and updating various laws that constrain LGO application; development of SOPs for improved coordination among the key players in the city district (Nazim, DPO, judiciary, Public Safety Commission and various LG committees for justice); capacity building of the LG representatives involved in Insaaf Committees/Musalhati Jirgas, and resource provision for their working.

The CDS recommendations also call on the GoNWFP to enhance budgets for provision of law-enforcement staff, operational expenditures, and required infrastructure to deal with the large and complex needs of the provincial metropolis. The strategy recognizes the important contributions of public-private partnerships in supplementing and strengthening the role of the DPO in extending security services to the city residents. The CDS recommends expanded cooperation and replication of the existing models to other areas of the City district.

The variety of public/private partnerships have demonstrated considerable success in improving the security environment of the City district. Enhanced LG and provincial government support, and expansion of such services to presently un-serviced areas of the district should be another area of focus for the district government.

**Addressing Issues of Low Awareness:** The CDS assessment highlights low awareness levels about the roles and responsibilities of provincial and local governments, civil society, and
the citizens as an important area of concern. Despite the passage of over two years since the implementation of the devolution plan, awareness levels are low among the LG representatives, appointed district, town, and union officials, and particularly among the female councilors. Key concerns relate to low awareness on LG jurisdiction, procedures for managing the respective houses, the RoBs for the district, town and union levels, the roles and responsibilities of Monitoring Committees, as well as various other critical provisions of the LGO 2001. Likewise, awareness levels are also very low on the roles and responsibilities of the provincial government in relation to LGs.

The CDS proposes the preparation of a PCD-wide Action Plan aimed at awareness building of the stakeholders at multiple levels. This could be more effectively achieved in association with other LGs, as proposed in earlier recommendations. However, key aspects of the Action Plan would include workshops and seminars, debates, special meetings, and the use of print and electronic media. The target group will include local, provincial, and federal elected representatives, appointed officials as well as members of the civil society and the private sector.

The CDS also points to the urgent need for awareness building among the PCD citizens on grass root responsibilities for support and participation in service delivery. This could be best achieved by using all stakeholders of the City district including the civil society, the private sector, and most importantly the local clergy. This will be an important requirement to expand and sustain improved levels of service delivery in the City district.
### 6.2 City Assistance Plan

#### Issues of Devolution and Decentralization

<table>
<thead>
<tr>
<th>Issue</th>
<th>Recommendations and Actions for Implementation</th>
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<tbody>
<tr>
<td>1. Constraints to Devolution and Decentralization</td>
<td>1. PCD government to:</td>
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<td></td>
<td>(a) identify specific constraints to the operationalization of LGO 2001, and</td>
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<td>(b) document the impacts of such constraints on local governance and service delivery, and</td>
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<td>disseminate among elected LG representatives in province and country.</td>
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<td>Selected Examples:</td>
<td>2. PCD government to take lead role in networking to establish provincial Association of LGs</td>
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<td>(a) Devolved administrative authorities for hiring, firing and/or rationalization of staff in PCD agencies remain suspended.</td>
<td>aimed at advocacy for provincial support to devolution, decentralization, and continued reform through:</td>
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<td></td>
<td>(a) awareness building on respective LG and provincial authorities/jurisdictions and responsibilities through seminars, workshops, and use of print/electronic media on amended LGO 2001;</td>
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<td>(b) advocacy with the NWFP legislature for a parliamentary debate on LGO 2001, and the passage of a formal Act to adopt it;</td>
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<td>(c) advocacy with GoNWFP to ensure that the PCD government is fully empowered to exercise the required Administrative, Financial and Legal authorities provided for under LGO 2001, and that:</td>
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<td>• all decentralized agencies are fully empowered and staffed, and the RoB on posting/transfers, appointments, and local decision-making are fully implemented;</td>
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<td>• administrative control for all local revenue generation sources identified under LGO 2001 is transferred to LGs;</td>
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<td>• key LG oversight institutions including the Local Government Commission, and a permanent Provincial Finance Commission are established and fully operationalized;</td>
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<td>• provincial transfers to LGs are released in a timely manner; and</td>
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<td>(d) advocacy, improved coordination, and confidence building with the elected provincial and national representatives, to solicit support for effective implementation of LGO 2001.</td>
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<td>(b) LGO 2001 Taxation authorities under key areas such as UIPT remain under provincial control.</td>
<td>3. Meanwhile, PCD government to demonstrate good governance by optimizing already</td>
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<td>(c) Large liabilities owed under pre-devolution systems/structures transferred to weak LGs.</td>
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**Lacking or Unclear Policies**

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<tr>
<th>Issue</th>
<th>Recommendations and Actions for Implementation</th>
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</table>
| 1. **Lacking or Unclear Policies impacting on service delivery** | 1. PCD government to review and disseminate among LG representatives and appointed officials, existing national and provincial policies on:  
(a) Poverty Alleviation;  
(b) gender issues;  
(c) environmental management; and  
(d) decentralized sectors. |
| **Selected Examples:**  
(a) Lack of PCD policies for Municipal Service (MS) provision.  
(b) Lack of clear policies on Agriculture development.  
(c) Lack of awareness of provincial policies for decentralized sectors.  
(d) Absence of clear policies for Private Sector involvement in service provision and management. | 2. PCD government to formulate and implement policies in identified areas through creation of a PCD Task Force to:  
(a) conduct Policy debates in district and town councils to identify district level priorities;  
(b) notify and establish Think Tanks for technical support at district, town and union levels, to evolve policies, byelaws, and strategic plans; and  
(c) debate and adopt formal resolutions on agreed PCD policies and Action Plans. |
| 3. **Policy formulation to be undertaken in the following key areas:**  
(a) resource allocations to various sectors, including rationalizing development and non-development budgetary provisions, and prioritizing provision of adequate O&M funding before committing to new investments;  
(b) enhanced local revenue generation at district, town and union levels within the provisions of LGO 2001, and its distribution among the LG levels;  
(c) improved expenditure controls;  
(d) large LG liabilities owed to WAPDA, donors (ADB) and staff (over Rs.1.5 billion against pensions); |
Lacking or Unclear Policies

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<tr>
<th>Issue</th>
<th>Recommendations and Actions for Implementation</th>
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<tbody>
<tr>
<td>I. Lacking or Unclear Policies impacting on service delivery</td>
<td>1. PCD government to review and disseminate among LG representatives and appointed officials, existing national and provincial policies on:</td>
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<td>Selected Examples:</td>
<td>(a) Poverty Alleviation; (b) gender issues; (c) environmental management; and (d) decentralized sectors.</td>
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<tr>
<td>(a) Lack of PCD policies for Municipal Service (MS) provision.</td>
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<td>(b) Lack of clear policies on Agriculture development.</td>
<td>(a) conduct Policy debates in district and town councils to identify district level priorities;</td>
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<td>(c) Lack of awareness of provincial policies for decentralized sectors.</td>
<td>(b) notify and establish Think Tanks for technical support at district, town and union levels, to evolve policies, byelaws, and strategic plans; and</td>
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<tr>
<td>(d) Absence of clear policies for Private Sector involvement in service provision and management.</td>
<td>(c) debate and adopt formal resolutions on agreed PCD policies and Action Plans.</td>
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Available authorities and resources through:
(a) dissemination of LGO 2001 and RoBs among key LG stakeholders to build awareness and solicit support for required actions; and
(b) demonstration of continued relevance of LGs by maintaining high standards of governance and service provision.
(e) equitable growth and development of Rural/Urban towns;
(f) rationalization of future LG role in service facilitation/regulation vs. service provision, and enhancing Private Sector participation in service delivery and management;
(g) performance-based incentives for public sector staff working under PCD government;
(h) Poverty Alleviation (adopting and tailoring national/provincial policies for PCD); and
(i) Women Development (adopting and tailoring national/provincial policies for PCD).

(j) Municipal Services (MS): District/Town Municipal Sector policy and Action Plan (0-5 year), with a specific focus on:
- shifting PCD focus from service provision to service facilitation/regulation, and enhancing the role of the private sector and civil society in service provision and management through performance-based contracts;
- operationalization of CCB/CBO-led initiatives as identified in LGO 2001;
- adequacy of resource allocations for required M&R of existing/new MS infrastructure and services;
- formulation of PCD Structure, Land-use and Zoning plans for both urban and rural towns;
- establishment of appropriate MS service standards, and policies for improved cost recoveries;
- improved MS coverage in Rural towns, including resolution of issues regarding merger of PHED with TMAs;
- enhanced quality of MS in Urban towns; and
- improved environmental management through capacity building and enforcement of PEPA '97 regulations.

(k) Agriculture: District Agriculture policy and Action Plan (0-5 year), with a specific focus on:
- shifting from a supply driven service delivery to demand-led approaches particularly for Agriculture Extension (AE), and Livestock and Dairy Development (LS&DD);
- integrated planning and service delivery at the District level (AE, LS&DD, soil conservation, OFWM etc.);
- improved regulatory control and capacity building to enforce existing Agriculture Act/regulations;
Resource Issues

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<tr>
<th>Issue</th>
<th>Recommendations and Actions for Implementation</th>
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| 1. Lacking or inadequate human, material and financial resources for local governance and service delivery | 1. PCD government to rationalize existing resources among PCD agencies. Suggested actions are:  
(a) re-organize and/or re-assign human and material resources within PCD agencies, TMAs and UAs in light of CDS Institutional Assessments (IAs) and broad recommendations (detailed assessments may be required for sectors/institutions not covered by CDS);  
(b) re-structure and provide additional resources to UAs for:  
• effective coordination with higher levels of LG and provincial/federal agencies; and  
• improved capacity for addressing grass-root issues of service delivery, justice and conflict resolution.  
2. Optimize use of available resources through: |

- developing partnerships with existing research institutions for enhanced technical capacity; and
- making existing Farm Service Center (FSC) effective through review of experience to date, and establishing additional ones.

(i) **Health:** District Health policy and Action Plan (0-5 year), within the broad framework of the Provincial Reform Program, with a specific focus on promotion of Public-Private partnerships in Health service delivery (BHUs/RHC’s etc.) through:
- development of Terms of Partnerships for potential partners; and
- design and implementation of a Communication Strategy for advocacy and engagement of potential private sector and civil society partners under the above policy.

(m) **Education:** District Education policy and Action Plan (0-5 year), within the broad framework of the Provincial Reform Program and federal Education Sector Reform (ESR) program, with a specific focus on promotion of Public-Private partnerships in Education service delivery (primary, middle and secondary levels) through:
- development of clear Terms of Partnerships (ToPs) for potential partners; and
- dissemination and advocacy of ToPs among NGOs/Private Sector.
(a) improved systems of financial transfers from district to lower LG tiers;
(b) rationalization of sectoral allocations post-PFC Award;
(c) improved planning and monitoring systems;
(d) cost cutting and expenditure controls;
(e) enhanced allocations for non-salary budgets and priority O&M;
(f) new policies for improved incentives and accountability;
(g) resource pooling across and within district line agencies, TMAs and UAs; and
(h) formation of LG alliances across the province, to permit sharing of technical and material resources in deficient areas/sectors.

3. Improve local revenue generation across the three LG tiers through:
(a) improvements in collection efficiencies by;
   • conducting an IEC campaign educating citizens on their responsibility to pay user charges;
   • involving elected representatives for advocacy with users; and
   • disconnecting illegal connections and for non-payment of dues;
(b) rationalizing rates/fees;
(c) advocacy with GoNWFP on full transfer of LGO-provided taxation authorities; and
(d) tapping additional avenues provided for in LGO 2001.

4. Outsource service delivery and management through Public-Private partnerships.

### Problems of Institutional Capacities

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<tr>
<th>Issue</th>
<th>Recommendations and Actions for Implementation</th>
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</table>
| I. Weak capacities for local governance and service delivery | 1. Review and rationalize institutional responsibilities for all district, town, and union agencies.  
2. Review and strengthen the capacity building (HRD) mandate of DCO, and introduce capacity building mandates for EDO and TMA establishments.  
3. Provide enhanced financial allocations for capacity building within PCD agencies.  
4. Introduce regular in-service HRD programs, and cross visits (to progressive LGs and other provinces) for all sector line agencies at each LG level.  
5. Deepen assessment for all PCD agencies in light of institutional responsibilities, and rationalize |

**Selected Examples:**

**Weak Institutional capacities**
particularly for:

a. Planning;
b. Financial management;
c. Monitoring and regulation;
d. Managing participatory development;
f. Environmental management and other areas.

| current structures and resources (staff and material), with particular focus on strengthening: |
| (i) District and Town Council secretariats; |
| (ii) DCO and P&F establishments; and |
| (iii) TMAs/PHED and UAs. |

6. Plug remaining capacity gaps through induction from the private sector on short-term performance contracts, by preparing guidelines and approval of authorities at line agency level (DCO, EDO, and TMO), to contract technical services including training and system development.

7. Develop partnerships with training institutions for sustainable HRD.

8. Outsource service delivery and management through Public-Private partnerships by:
   (a) identification of commercially viable services;
   (b) provision of an enabling environment for private sector participation; and
   (c) outsourcing delivery and management of identified services while retaining oversight.

9. Review and strengthen regulatory mandates for MS (CMDD, TMA/PHED etc.) Agriculture, Health, and Education agencies.

10. Develop systems and skills in MS, Agriculture, Health, Education and the PCD Governance institutions, with particular focus on formulating, updating and up-grading:
    (a) institutional mandates and individual job descriptions;
    (b) RoBs;
    (c) byelaws and regulations;
    (d) standard operating procedures;
    (e) systems for planning, monitoring and financial management;
    (f) authorities for administrative and technical sanctions;
    (g) systems for LG audit; and
    (h) systems for transfers (and forecasting) of provincial and LG funds to lower tiers.

11. Strengthen presence and capacity of field staff for improved service provision (AE, LS&DD), and supervision/oversight through:
    (a) orientation/training;
    (b) requisite (out-put based) incentives; and
II. Lack of planning within City District agencies, TMAs and UAs

Selected Examples:

None of the District, Town or Union agencies have systems or established processes for annual operational planning under any sector.

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II. Introduce mandatory requirement for short and medium-term planning through District, Town and Union level resolutions requiring the respective administrations to prepare short and medium term development plans for sectors/areas of jurisdiction.

2. Develop sectoral databases at District, Town and Union levels for improved planning and decision-making.

3. Optimally utilize existing systems for planning and monitoring like HMIS, EMIS

4. Establish a system of Annual Operational Planning within all district line agencies, TMAs and UAs.

5. Upgrade planning capacity of key staff and elected representatives.

6. Introduce policy for institutional incentives to line agencies, TMAs and UAs that meet agreed performance benchmarks.

III. Lacking capacity for Planning, Monitoring, and Regulation

Selected examples:

1. Establish systems for Monitoring and Evaluation of annual operational plans.

2. Ensure availability of required resources for assigned responsibilities.

3. Ensure provision of requisite authority to undertake stringent measures against violations for effective regulation.

4. Upgrade monitoring and regulation capacity of key staff, elected representatives, and of existing mechanisms like PTAs etc.
(a) Agriculture portfolio has eight sub-sectors; all practically operate in isolation.

(b) Regulatory controls under Agriculture, Health, and Education remain very weak e.g. regulation of seeds, pesticides, fertilizer adulteration, private educational institutions; food and drug adulteration.

(c) A very large number of illegal water connections in the rural/urban towns cannot be dealt with due to weak regulatory control/authorities of the TMNPHED.

### IV. Inadequate/Ineffective Systems of Coordination

<table>
<thead>
<tr>
<th>Selected Examples:</th>
<th>1. Convene district level debate on appropriate mechanisms for improved coordination between and across the three LG tiers, and between elected representatives and appointed staff.</th>
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</table>
| a. Current systems of UC Nazim/N. Nazim representation in District and Town councils respectively has not ensured operational coordination. | 2. Hold round tables on improved systems of coordination between:  
| | a) province wide LGs and the GoNWFP; and  
| | b) LGs and the provincial/federal service providers. |
| | 3. Formalize agreements between LGs and GoNWFP/Federal governments on new systems for improved accountability of service providers at grass root level (e.g. PIDA, WAPDA etc.). |
| | 4. Ensure greater frequency of and Standard Operating Procedures (SOPs) for meetings and follow-up actions of existing PCD level coordination mechanism (EDO Committee). |
| | 5. Ensure implementation of District Mushawarti Committee (DMC) decisions by evolving SOPs |
Several provincial and federal service providers operate at grassroots with virtually no linkages with LGs and little accountability to beneficiaries.

Overlapping mandates of service providers are causing service delivery gaps due to lacking coordination between agencies.

**Issues of Accountability and Transparency**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Recommendations and Actions for Implementation</th>
</tr>
</thead>
</table>
| I. Weak Accountability and Transparency | 1. Assess needs of Monitoring Committees (MCs) in terms of the required human, material and financial resources at each LG level.  
2. Seek district, town and union council resolutions to approve provision of required resources.  
3. Build capacity of MCs through provision of guidelines, training, and required resources.  
4. Ensure inclusion of members of MCs and key house committees in policy debates and important decision-making.  
5. Ensure effectiveness of the District Mushawarti (Consultative) Committee (DMC) meetings by adopting clear procedures for implementing DMC recommendations/directions.  
6. Adopt procedures for enforcement of MC recommendations and Local Council resolutions.  
7. Operationalize LGO provision for internal controls through inspections and supervision.  
8. Operationalize the LGO institution of District Ombudsman for conflict resolution.  
9. Implement LGO provisions for expanded role of CSOs in ensuring accountability and transparency.  
10. Introduce mandatory systems for operational planning with built-in requirements of performance benchmarks and incentives.  
11. Advocacy with federal government to review and revise the LGO system of elections for... |
II. Lacking public access to information

<table>
<thead>
<tr>
<th>Issue</th>
<th>Recommendations and Actions for Implementation</th>
</tr>
</thead>
</table>
| I. Issues of equity | 1. Operationalize LGO provisions for ensuring transparency in public sector operations at district level.  
2. Develop and implement a district strategy for improved citizen’s access to information and services through:  
   (a) E-Governance;  
   (b) use of Public bulletin boards;  
   (c) Citizen’s Report cards;  
   (d) use of print and electronic media; and  
   (e) seminars/workshops.  
3. Improve access to services and information on:  
   (a) ID cards, passports; utility companies; jobs; municipal, social, and emergency services etc.  
   (b) District resources and developments plans;  
   (c) District, Town and Union budgets, expenditures, and performances; and  
   (d) Key socio-economic indicators of the district.  

Issues of Equity

<table>
<thead>
<tr>
<th>Selected Examples:</th>
<th></th>
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<tbody>
<tr>
<td>(a) Highly inadequate focus and lacking policies on women development, as confirmed by the review of LG institutions in the PCD.</td>
<td></td>
</tr>
<tr>
<td>(b) Highly inadequate focus and lacking policies to address</td>
<td></td>
</tr>
</tbody>
</table>

III. Operationalize LGO provisions for ensuring transparency in public sector operations at district level.

1. Develop and implement a district strategy for improved citizen’s access to information and services through:
   (a) E-Governance;
   (b) use of Public bulletin boards;
   (c) Citizen’s Report cards;
   (d) use of print and electronic media; and
   (e) seminars/workshops.

3. Improve access to services and information on:
   (a) ID cards, passports; utility companies; jobs; municipal, social, and emergency services etc.
   (b) District resources and developments plans;
   (c) District, Town and Union budgets, expenditures, and performances; and
   (d) Key socio-economic indicators of the district.

Recommendations and Actions for Implementation

1. Implement awareness building programs aimed at highlighting issues of equity, and the existing national/provincial policies on them.
2. Develop a PCD strategy to address issues of equity.
3. Convene debates in district/town councils and adopt formal resolutions for a local strategy to address equity issues.
4. Streamline institutional structures/procedures for improved services to women and the poor.
5. Enhance budgetary allocations to address issues of women and the poor.
6. Ensure female representation and voice in all policy debates and house monitoring committees.
7. Ensure required infrastructure and facilities for women councilors and staff, like appropriate office space and facilities.
8. Ensure equitable service provision for women, particularly in agriculture/livestock sectors.
9. Ensure the development of a PCD-wide Structure plan that promotes balanced growth of the City district across urban and rural towns.


11. Enhance resource allocations for poorer target groups through:
   (a) improved safety nets (Zakat/Ushr etc.);
   (b) higher subsidies; and
   (c) enhanced access through quotas in LG employment, and health and education services.

12. Ensure closer networking between PCD government and key national social welfare organizations including Edhi Welfare Trust, SKMTH, Ansar Burney WT, and other philanthropic organizations.

13. Undertake advocacy with relevant institutions for better access to and streamlined procedures for micro-credit and micro-enterprise to the poor.

14. Commence advocacy and incentive programs targeted at large Private Sector companies and corporations to mobilize support for PCD’s poverty reduction strategy.

### Issues of Law, Order and Justice

<table>
<thead>
<tr>
<th>Issue</th>
<th>Proposed Actions for Implementation</th>
</tr>
</thead>
</table>
| I. Weak Law, Order and Justice | 1. Review legal provisions and identify amendments needed (in related laws), if any, to operationalise LG grassroots justice mechanisms.  
2. Operationalize systems for Law/Order and Justice as contained in LGO 2001 and PO 2002 through:  
   (a) awareness building on the new systems through district, town and union level workshops;  
   (b) strengthening of LG Insaaf (Justice) Committees, and supporting them through the police and judiciary;  
   (c) empowerment of Musalhati Jirgas;  
   (d) formation and empowerment of District Public Safety Commission;  
   (e) establishment and strengthening of the office of District Ombudsman;  
   (f) provision of required resources to the District Police; and |

(c) Continued developmental focus on Urban (Towns 1 and 3) vs. Rural (Towns 2 and 4) towns of Peshawar has led to a deep sense of deprivation and disillusionment among the inhabitants and elected representatives of the rural towns.
(g) preparation of a formal summary to the GoNWFP for enhanced budgetary provisions for Police and Judiciary.

3. Influence GoNWFP for improved security on the tribal boundaries through:
   (a) additional staff, infrastructure, and communication equipment;
   (b) improved coordination between the GoNWFP, LGs, Police and the tribal administration; and
   (c) new systems for ensuring swift arrest and prosecution of criminals seeking refuge in the tribal areas.

4. Undertake advocacy with federal government and donors to re-activate the disbanded police force established for management of law and order issues related to the Afghan refugees.

5. Develop requisite database to assist law enforcement personnel.

6. Enhance strength of women constables and facilities to address women-related crimes.

7. Enhance Public/Private collaboration on law/order and security management through:
   (a) formal policy approval;
   (b) awareness building on the experience of models already implemented;
   (c) expansion of current partnerships with Private Sector; and
   (d) attracting new partners for coverage of the entire City district by offering incentives.

Low Awareness of New Roles and Responsibilities

<table>
<thead>
<tr>
<th>Issue</th>
<th>Recommendations and Actions for Implementation</th>
</tr>
</thead>
</table>
| 1. Low Awareness of LGO 2001 (and its revisions), ROB, and related Systems and Procedures | 1. Raise awareness on LGO (and its revisions), LG responsibilities/authorities, RoB and related systems and procedures among:
(a) elected representatives and bureaucracy at provincial and federal levels;
(b) elected representatives and appointed officials at the district, town and union levels;
(c) general public, civil society, and private sector through:
• conducting workshops and seminars;
• organizing debates and special meetings on selected aspects of the LGO 2001 in the Provincial Assembly, and within the district, town and union councils;
• disseminating updated LGO 2001 among the key stakeholders in the City District. |
| II. Low awareness on new provincial responsibilities among elected and appointed LG officials. | (elected representatives, appointed officials, civil society representatives etc.):  
- disseminating provincial, district, town, and union RoBs and related materials among provincial and LG elected and appointed officials (English and Urdu versions); and  
- use of print and electronic media. |
|---|---|
| III. Low Awareness among general public on their responsibilities | 1. Awareness raising of LG, provincial, and federal elected representatives and bureaucracy, civil society and private sector on new provincial responsibilities through:  
(a) conducting workshops and seminars;  
(b) organizing debates and special meetings on provincial vs. local government responsibilities in district, town, and union councils; and  
(c) disseminating information on provincial responsibilities and RoBs among the key stakeholders in PCD. |
| | 1. Design and implement awareness building campaigns for general public on household and individual responsibilities for local actions impacting on/facilitating service provision within PCD, through the use of:  
(a) all public sector line agencies/functionaries;  
(b) PCD educational institutions;  
(c) PCD health institutions;  
(d) LG Councils (district, town and union);  
(e) mosques;  
(f) community centers;  
(g) civil society organizations; and  
(h) print and electronic media. |
6.3. **CDS Implementation**

The CDS represents the aspirations of the key city stakeholders and its leadership. It identifies a set of concerns and initiatives that are a priority for the PCD government, and presents a major opportunity for the future growth and development in the City district. The very nature of the Peshawar CDS, with its focus on ID and Governance, calls for the PCD and the sub-district governments to take the lead role in its implementation. However, implementation must be preceded by a better understanding and ownership of what the CDS truly entails. The CDS team has attempted to ensure ownership through a highly participatory and interactive strategy formulation process. But its implementation will require continuing dialogue between the government and other stakeholders. The strategy implementation process will also need to be flexible, and open to new opportunities as well as challenges. Course corrections and appropriate adjustments may be necessary in response to external factors, but perhaps also as a result of continuing review and assessments that should be an integral part of the PCD implementation strategy.

The CDS calls for wide ranging programs in capacity building, institutional changes, policy development, and improved governance. These are not usual themes for most LG representatives and local institutions, who are more familiar and comfortable with operational plans and quantifiable inputs. Implementation of the CDS will therefore require the willingness to make changes, and effective leadership for change management. The past year has shown that the PCD government is highly conscious of its tremendous responsibilities, and the institutional constraints that have prevented progress towards fulfilling them. It is therefore anxious to make a beginning in the right direction.

Although significant consultations have taken place during the course of CDS formulation, the City district may wish to further debate the CDS findings and recommendations at the level of the District, Town, and Union Councils. The PCD government may also wish to consult other development partners in the civil society and the private sector. The key to success will entirely rest on the extent of CDS's ownership among the City district stakeholders. The PCD government will in turn need to adopt and internalize the CDS recommendations into strategic and operational plans; The CAP currently identifies the need for LG-specific (District, Town, Union) as well as Sector-specific “Action Plans” that the PCD and lower tiers of LGs need to develop. These will outline the specific actions, timelines, and responsibilities in light of CDS recommendations, and will help translate the CDS into a practical reality.

The multi-sectoral nature of the CDS will also require that multiple players of the PCD government get involved with its implementation. At the highest levels the DMC represented by the District Nazim, District Naib Nazim, four Town Nazims, and the DCO will assume the lead role for steering the CDS forward. The DMC has also played an instrumental role in guiding the CDS process during formulation, and therefore is an eminently suitable forum for its implementation. Fortunately, this function also fits the statutory role of the DMC, whereby it is entrusted with the development of a strategic vision and planning function for the overall developments of the City district. The DMC may wish to constitute a multi-stakeholder Steering Committee, supported by PCD or external (private sector) resources, to assist in the implementation of the CDS. Fortunately,
several donor-funded projects are currently being implemented in the province, that can also be quickly tapped to provide the necessary support.

Among other players, the district and/or sub-district agencies will play a central role in the implementation of the proposed Action Plans. The responsibilities for operational planning, management and implementation would ideally be undertaken by the EDO Committee, which also includes representation from all TMAs for concerns of the Municipal Service sector. This forum has also provided valuable technical assistance and reality checks to the strategy formulation process, through its various phases.

The inclusion of the civil society and private sector partners throughout the CDS preparation was a valuable support. This was ensured through the institutional mechanism of the CDS Planning Team, which was subsequently merged with the EDO Committee. The CSOs brought new and refreshing perspectives to the CDS planning process, and would be important partners in CDS implementation as well. Currently no forums exist for LG interactions with CSOs, and the CDS process was a unique experience for most district functionaries. LG responses indicate that there is receptivity towards continued engagement of CSOs in matters of policy, planning, as well as implementation. The CDS therefore strongly recommends an inclusive focus that brings all stakeholders together for enhanced ownership, as well as continued support for further development, review, and implementation of the CDS.

External assistance through grant-funded donor projects and GoNWFP/federal sources is available in NWFP, that the PCD can tap in support of CDS implementation. The PCD government must commence on preparing a portfolio of specific initiatives and budgeted proposals, in light of the CDS recommendations. This will need to be closely followed by strong advocacy with concerned donors and decision-makers in the provincial and federal government.

Among the possible choices for a CDS institutional home, the office of the DCO or the District Planning and Finance appear to be the recommended options. Although the latter is seriously limited in its capacity, one part of its current mandate calls for support to strategic planning processes in the City district. The PCD government may consider immediate strengthening of the P&F department through re-organization, attachments of technical staff from other line agencies, temporary induction of technical assistance, and provision of the required resources/budgets to build the minimal planning capacities critically needed in the long-term.

6.4 Potential Local and External Resources

There is significant interest among donors for developing the Governance and Democracy sectors in the country, including institution building at the grassroots level. This is reflected by the fact that there are at least 20 on-going or in the pipeline donor initiatives, with investment outlays of over $726 million. This is in addition to federal and provincial government initiatives in this area. Several donor-funded projects specifically focus on NWFP. In addition, there is scope for the PCD government to seek funding and technical assistance from projects that have countrywide relevance. The lack of resources is therefore not an issue. The point of relevance for the City government is developing bankable proposals under Good Governance and Institutional Development that can be implemented with the assistance of the provincial and federal government.
Annexes
7. Annexes

7.1 Peshawar City District Profile

Peshawar is the Capital of the NWFP and the largest city in the Province. The City district enjoys tremendous historical, military, economic, and political importance.

The FATAs adjoining Peshawar are the Khyber agency, which lies to its West, Mohmand agency to its North and Northwest, and the Frontier Regions of Kohat and Peshawar to its South. The two settled districts of Charsadda and Nowshera are situated to its East and Northeast, whereas the Afghan border is approximately 40kms to the West.

Pushtu is the predominant language followed by Hindko and the national language Urdu. The current population is 2.242 million (excluding Afghan population which is approximately 0.4 million). The City district is spread over an area of 1,257 sq kms.

1. History

Peshawar derives its name from a Sanskrit word "Pushpapura", meaning the city of flowers. Peshawar's flowers were even mentioned in Mughal Emperor Babar's memoirs. The Kushan Kings of Gandhara founded Peshawar over 2,000 years ago. The Mughal emperor Babar came to Peshawar in 1530 A.D. His grandson, Akbar, formally gave the name Peshawar that means "The Place at the Frontier". In that period, Peshawar saw significant improvements in its bazaars and fortifications. During the reign of Sher Shah Suri, Peshawar witnessed another boom with the construction of the Delhi-to-Kabul Shahi Road, which ran through the Khyber Pass. Over the centuries, Peshawar has been the entry point of invaders and conquerors such as Alexander the Great, the Mughal kings, and Mehmood Ghaznawi - all of whom traveled through the famous Khyber Pass on the Afghan border.

It is said that when Marco Polo visited Peshawar in 1275, he found that "The people have a peculiar language, they worship idols and have an evil disposition". These days Pushtun hospitality is legendary, and since conversion to Islam, idol worshipping has ceased.

2. City Characteristics

Over the years, Peshawar has drastically changed due to a population explosion, unplanned growth, low investments, and the influx of Afghan refugees who now equal nearly 18% of the local population. Of the total NWFP in-migrants from other parts of the country, 46.62% reside in Peshawar. Traffic congestion is commonplace and 45% of the entire vehicular stock of NWFP is registered in the PCD. A combination of these and other factors has adversely impacted the City's economy, its social and municipal services, the overall environment, as well as governance.

The historical growth of the city has defined its urban form, and gives it the distinctive characteristics that are peculiar to each locale. Major settlements include:

a. The Walled City comprising of settlements falling inside the historic wall constructed during 1840 A.D. This area is also known as the inner city or the old city. Highly dense settlements with narrow streets and lanes characterize this area, with a virtual absence of parks and open spaces, poor water supply and sanitation,

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16 Commissionerate of Afghan refugees. Exact figures for unregistered refugees are not available, although these are reported to be in several hundred thousand.
19 As above.
and major problems of access due to encroachments and uncontrolled growth. Tehsil Gorghatri, the famous mosque of Mahabat Khan, the legendary Qisa Khwani bazaar, and the Balahisar fort represent some of the endangered landmarks in and around the walled city.

b. Established during the British rule, the Peshawar Cantonment houses the military establishments, low-density residential areas, government enclosures, and the Saddar bazaar area. It is managed by a Cantonment Board (under the federal Defence Ministry), and shows relatively well-maintained infrastructure and services including tree-lined roads and streets, several parks, well-planned residential and commercial areas, as well as better quality of municipal services unavailable to most other parts of the city.

c. The early 20th century expansion around the Walled City comprises of areas that were originally planned to meet the needs of their times. These are now much less livable due to uncontrolled growth, increasing congestion, lack of open spaces, and poor municipal services.

d. Accommodating nearly 50%20 of the district population, the rural areas of Towns 2 and 4 account for over 80% of the total PCD area. Virtually all of these settlements fall outside the previous city limits. However, with the elimination of the rural and urban divide (under LGO 2001), these areas now fall within the jurisdiction of the larger PCD. The state of infrastructure and municipal services in these towns is generally poor to non-existent.

e. The University Campus is a purpose-built area that houses all major institutions of higher learning in NWFP, and residential areas for their staff and students.

f. The University Town close to the Campus is a low-density residential area, which was originally planned in the 1960s.

Infrastructure and municipal services in the area are generally good.

g. The relatively new Hayatabad Township (Phases 1 to 7) was initiated in the mid-70s. For all practical purposes, the area represents a satellite town of the PCD, and offers many of the modern amenities that are not available to rest of the city. It also has the best coverage and quality of municipal services.

h. The Afghan refugee camps at Hasan Garhi, Nasir Bagh, and Kacha Garhi house a large number of the Afghan refugees, although a much larger number are scattered throughout the City district. The settlements in these camps are largely mud houses with very low levels of municipal services.

3. Demographic Profile

3.1 Area

Peshawar is spread over 1,257 sq. kms, which represents 1.69% of the total area of NWFP. Based on the post-devolution demarcation, the City district has been divided into four towns. Tentative areas of its subdivisions show that Town-4 occupies nearly 45% of the total land area, followed by Town-2 (34%), Town-3 (14%), Town-1 (2%), and the autonomous Cantonment, representing approximately 1% of the PCD land area.

3.2 Population and Density

According to the 1998 census, the total population of Peshawar is 2.242 million, i.e. 11.38% of the population of NWFP resides in Peshawar. The population of its four towns varies from 430,000 for Town-4, to just over 500,000 for Town-1. Since the covered areas of these towns vary immensely, it results in intra-town variations in population densities with a high of 20,320 person/sq. km in Town-1, to as low as 700 persons/sq. km in Town-4.

Out of the total population, 46.62% of the people are migrants from other parts of NWFP, and other provinces of Pakistan. Over

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46% of the total population in the district is less than 15 years of age. There are also approximately 0.4 million Afghan refugees in the City district.

Other demographic statistics include:

Population:
- Urban: 48.68% (983,000 persons)
- Rural: 51.32% (10,36,000 persons)

Male/Female ratio: 1.1:1
Average annual growth rate: 3.56%

The population of Peshawar has doubled in 20 years from 1.1 million in 1981 to 2.242 million in 2002.

4. Geographic Profile

Peshawar District covers a large area extending over 50kms from north to south, and over 30kms from east to west. It is situated at an altitude of 347m (1138ft) above sea level.

The Peshawar valley is nearly circular, extending from the Indus to the Khyber Hills. It is bound on the North and Northeast by hills, which separate it from the Valley of Swat. In the Northwest are the rugged mountains of Khyber, and to the south is the continuation of a spur which branches off from Safed Koh (the famous white mountain on the Afghan border) and runs to the Indus. The lower portion of this branch separates the districts of Peshawar and Kohat.

4.1 Land Use

Total Area: 127,000 Ha
Cultivated Area: 75,000 Ha (59%)

A break down of the total cultivated area shows:

- Irrigated: 76%
- Un-irrigated: 24%

4.2 Geology

Peshawar valley is covered with consolidated deposits of silt, sand, and gravel of recent geological times.

The flood plains/zones are the areas between Kabul River and Budni Nala. The meandering flood plain extends from Warsak in the Northwest towards Southeast in the upper northern half of the district. The Kabul River enters the district in the Northwest. On entering the Peshawar Plain, the Kabul River is divided into several channels. Its two main channels are the Adizai in the north and the Naguman in the south. The Adizai River flows eastward along the boundary with Charsadda District. Another channel branching from the right bank of the Naguman River is the Shahalam, which again merges with Naguman River further in the east.

In general, the sub-soil strata is composed of gravels, boulders, and sands overlain by silts and clays. Sand, gravel, and boulders are important aquifers for public water supplies. This water bearing aquifer extends to a depth of about 200ft. A further confined water bearing aquifer occurs at depths greater than 400ft.

4.3 Drainage Pattern

The topography of the area indicates that most of the drainage from Peshawar has its outfall into Budni Nala, and eventually into the Kabul River. The Bara River also enters the District at South of the Jamrud Fort and flows in the Northeasterly direction to the Nowshera District, eventually joining the Kabul River. Due to its higher elevation, very limited areas drain through gravity into Bara River.

4.4 Climate

Winter in Peshawar starts from mid-November to the end of March. Summer months are May to September. The mean maximum temperature in summer is over 40°C, and the mean minimum temperature is

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23 EDO Agriculture PCD
25°C. The mean maximum temperature during winter is 4°C and maximum is 18°C.

4.5 Rainfall

Rainfall is received both in winter and in the summer. The winter rainfall due to western disturbances shows a higher record during the months of February and April. The highest winter rainfall has been recorded in March, while the highest summer rainfall in the month of August. Based on a 30-year record, the average annual precipitation has been recorded as 400mm.

4.6 Winds and Humidity

Wind speeds vary during the year from 5 knots in December, to 24 knots in June. The relative humidity varies from 46% in June to 76% in August.

5. Environmental Profile

Peshawar’s environment has suffered tremendously due to an ever increasing population, Afghan refugee influx, unplanned growth, and a poor regulatory framework. Air and noise pollution is a significant issue in several parts of the city and the water quality, once considered to be exceptionally good, is also fast deteriorating.

5.1 Air

Air Pollution is attributed to many sources, the most prominent being vehicular pollution, dust particles, and emissions from the large number of small-scale brick kilns and stone crushers. Selected sampling (in the congested parts of the city), and comparisons with accepted air quality standards show results that are 2 to 7 times higher than the 1987 WHO guidelines. Motor vehicles are a major contributor to air pollution, followed by brick kilns. Contributions by other sources, such as industries, solid waste burning, etc., are relatively minor at present.

5.2 Noise

Peshawar has become an increasingly noisy city. Public vehicles show poor maintenance of silencers, and the use of high-pressure horns is commonplace. The driver with the loudest horn has the right of way. Measurements from different parts of the city indicate that average noise levels are 92 dB compared to the prescribed level of 85 dB by WHO. However, many parts of the City have much higher noise pollution.

5.3 Water

a. Groundwater: The main source of drinking water in Peshawar is the groundwater. Groundwater quality throughout Peshawar valley is considered to be good. However, aquifer contamination has been reported, particularly in the North East of the City including Dalazak and Khalsa areas. In addition, contamination is also reported in the distribution systems.

b. Surface Water: Surface water resources are highly vulnerable to pollution. A Kabul river study completed in the early nineties indicates that the entire stretch of the Kabul River is heavily polluted with sewerage. This is also true for the other major surface water source, the Bara River.

The uncontrolled application of agrochemicals and their negative effects on ground and surface water is also an emerging concern.

6. PCD Economy

Peshawar can be characterized as a service, trading and retail center. A majority of businesses are small scale. Very few intermediate and capital goods industries exist within Peshawar. However, in relative terms, Peshawar's large-scale industry can be characterized by the engineering, wood, and marble sectors.
A substantial part of its economy is based on illegal trade, and the city is flooded with smuggled foreign goods. The large Bara market located on the western edge of the city has an estimated 5000 retail and trading units, which serve the entire country with smuggled goods of various origins. An equally sizeable network of outlets dealing in smuggled goods operates throughout the City district, and is indicative of the thriving illegal economy. The informal industrial sector has not yet been measured, and is largely operating out of residential areas. The home-based small industries are contributing to a host of municipal problems.

The total number of industrial units in NWFP is 666, out of which 213 are closed. Over 50% of the industrial units in the province (or 375) are located in the PCD, of which 266 are operational and 109 are closed. The pace of industrialization is still very slow due to unstable policy environment, high cost of inputs, low skill levels, and a relatively small market. A variety of agencies monitor and regulate the sector, including the Customs, LGs, provincial industries, and Excise and Taxation departments.

Peshawar has two Industrial Estates. The Jamrud Road Industrial Estate mainly houses larger units, while the Small Industrial Estate houses the smaller ones. Industrial employment is 6,377 persons.

Industry in NWFP is dependent on other more industrialized parts of the country for raw material and intermediary products. A weak industrial sector has increased the burden on the city center. Industrialization saw a sharp increase of 7.47% in 1997-1998 and again 8.02% in 1998-1999. However, in 1999-2000 this percentage dropped to 1.49%. Trade is a major economic activity in PCD, for which reliable statistics are currently unavailable.

Transport and Construction are major sub-sectors of the economy, and are predominantly managed by the private sector. The construction sector employs the highest number of people. Other main employment sectors are Community, Social and Personal services accounting for 42% of the total people employed. Agriculture accounts for 16%, Construction 16%, Wholesale and Retail trade, restaurants and hotels 8.09%. About 12.1% of the workforce is engaged in industrial groups, and 6.1% in activities not adequately defined.

Labor force participation rate as percentage of total labor force (10 years and above) is 28.6% (male 50.03%, female 4.55%). Off the total population, 34% of the male population is economically active compared to only 3% of female population.

Unemployment rate (as a percentage of the total labor force) in rural areas is 25%, and in urban areas it is 9.1%. The unemployed labor force as reported by the government has shown a constant increase of 3.56% each year from 1995-1996 to 1999-2000.

The major exports from PCD are Matchboxes, Furniture, Gems and Jewelry, Handicrafts, Handmade Carpets and Rugs, Leather and Leather Products, Dried Fruit and Honey. The volume of export in 1998 amounted to US$ 80 million.

Agriculture is the mainstay of the economy in the rural towns (Towns 2 & 4), which constitute 50% of the PCD population and nearly 80% of the land area. Total reported area under agriculture is 75,000 Ha, which constitutes 59% of total area of PCD. Irrigation is both from the government canal system as well as, in a very small amount, by dug wells and tube wells. Out of the total area under agriculture, 76% is irrigated.

The main crops are Sugarcane, Wheat, and Vegetables, which account for 13.37%, 7.68%, and 7.64% respectively of the total production of NWFP. In addition Maize, Sugar Beet, and Fodder represent the other significant produce of the area.

The large fodder production ensures a healthy livestock population with over 220,000 large ruminants (cattle/buffaloes) and nearly 140,000 small ruminants (sheep/goat) across the PCD. The LS&D department has also reported a significant poultry population of nearly 1.3 million.32

32 Livestock Census - 1996.
7. Social Profile

7.1 Housing

Provision of housing has not kept pace with population growth. Resultantly, the standard of living is abysmally low in both rural as well as the urban areas. The total housing units in PCD are 234,434 out of which 119,000 are in urban areas. Nearly 50% of the urban households have reinforced concrete/brick roofing, compared with barely 10% in the rural areas. 40% of the urban and 80% of the rural households have wooden and/or bamboo roofing, while the remaining fall in other categories.

Excluding the Afghan refugees, nearly 15% of the city district population is immigrants from other parts of the province or the country. Measured as a percentage of the total in-migrants into NWFP, the PCD accounts for nearly 46% of the total in-migrants. Their majority resides in the urban areas (85.2%) compared to only 14.8% in the rural areas.

According to the 1998 Household census, the number of persons per house is 8.5 and the number of rooms per housing units is 2.6. Over 69.23% of the houses are self-owned (80% rural and 58% urban), and over 68% of the housing units are more than 10 years old. 95% of the houses have electricity; with 49% having access to television (61% urban and 37% rural), and 23.2% to radio. Barely 20% households get newspapers.

7.2 Health

There are a total of 165 public sector Health units/facilities in the PCD. There is a large private sector involvement in Health service delivery, which is concentrated on the peripheries of the Cantonment (Dabgari Gardens), and other selected areas of the PCD. These private clinics and hospitals are mostly unaffordable for the common man, and are generally run by doctors employed in the government sector.

Tertiary care is provided mainly through three major hospitals of the PCD including the Lady Reading and Khyber Teaching hospitals, and the newly constructed Hayatabad Medical Complex. These hospitals also serve the entire province as well as the Afghan refugees. A recent survey shows that Afghan refugees occupy approximately 65% of the beds in these hospitals. There is therefore a great pressure on all health facilities due to the large influx of Afghan refugees. Access to quality health services is even lower in the rural towns.

A break down of Health institutions in the PCD shows 23 Hospitals, 87 Dispensaries, 4 TB Clinics, 4 Regional Health Centers, 47 BHUs, 19 Mother and Child Health Centers and 1 Leprosy Clinic. The population per Health Institution is 13048 persons; and the total Hospital and Dispensary beds are 4435, giving a ratio of 485 persons/bed available.

The public health system has 1314 Doctors whereas the total numbers of private medical practitioners in 1998-99 were estimated at 1288. A large number of the doctors in the public sector are also concurrently engaged in private practice.

7.3 Education

Private schools are mostly located in the urban areas, whereas government schools are spread all over the district. Within the public sector schooling, there is a shortage of girls’ schools and teachers, while the overall quality of teachers is also a major issue. The entire system of public sector schooling is constrained by a weak policy framework, low incentives, inadequate curriculum, poor regulation, and a general lack of basic facilities and resources.

Private schools are largely unaffordable for the common man. They are mostly located in

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34 NWFP Development Statistics and data provided by Health Department, 1999-2000.
35 Survey conducted by Khyber Teaching Hospital.
(3) DEO Education, PCD.
residential areas, with a large concentration on the Northern edge of the city along Warsak road as well as in residential areas of the inner City, Cantonment, University Town, and the Hayatabad Township.

In recent years, various education projects have tried to improve the sector performance through innovative mechanisms. The Directorate of Primary Education has also established over 900 PTAs with the assistance from NGOs to review, monitor, and assist the government primary schools.

### 7.3.1 Schools in PCD

A break down of the educational facilities in the PCD shows the following numbers for Private and Government Schools:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>691</td>
<td>408</td>
</tr>
<tr>
<td>Middle</td>
<td>86</td>
<td>54</td>
</tr>
<tr>
<td>High</td>
<td>65</td>
<td>25</td>
</tr>
<tr>
<td>HSS</td>
<td>13</td>
<td>07</td>
</tr>
</tbody>
</table>

### 7.3.2 Literacy rate

Literacy rate in the PCD is 51.9%. Off the literate population, 55.97% are males and 25.85% are females. A break-up of the literacy rates in the rural and urban areas shows a large variation with a 29.19% literacy rate in rural areas compared with 54.09% in the urban areas. In the urban areas, male literacy rate is 65.2% compared to 46.14% in the rural areas, and female literacy rate is 41.11% compared to 10.74% in the rural areas.

### 7.3.3 Enrolment

**Primary (Public)**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>184,999</td>
<td></td>
</tr>
</tbody>
</table>

**Secondary (Public)**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>184,999</td>
<td></td>
</tr>
</tbody>
</table>

In addition, there are a large number of private educational institutions with a significant enrolment. However, authentic data on enrollment figures is currently unavailable.

### 7.3.4 Facilities

<table>
<thead>
<tr>
<th>Schools without water:</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>143</td>
<td>136</td>
</tr>
<tr>
<td>Middle</td>
<td>37</td>
<td>12</td>
</tr>
<tr>
<td>High</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Schools without electricity:</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>143</td>
<td>126</td>
</tr>
<tr>
<td>Middle</td>
<td>31</td>
<td>14</td>
</tr>
<tr>
<td>High</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>HSS</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Schools without toilets:</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>178</td>
<td>59</td>
</tr>
<tr>
<td>Middle</td>
<td>51</td>
<td>18</td>
</tr>
<tr>
<td>High</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>HSS</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

### 8. City Infrastructure

#### 8.1 Electricity

The transmission of power in the PCD is the responsibility of the Peshawar Electric Supply Corporation (PESCO). Based on 1998 District Census report, approximately 95% of the PCD households have access to electricity.

Total connections include 261,000 domestic/commercial, 5,156 industrial, and 1440 connections for tube wells. Total consumption is 23.07% of NWFP. PESCO has little additional capacity for further electrification of the PCD.

#### 8.2 Gas

The SNGPL is currently serving 112,605 residential and 4,712 commercial connections. Approximately 60% of the population does not have access to gas.

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8.3 Telecommunications

PTCL is the sole service provider for landlines in PCD, while a number of service providers cater to the mobile phone business. PTCL is currently serving 76,923 households. The telecommunication network includes 14 telephone exchanges with an installed capacity of 83,330 connections. 35% of the PCD households have access to telephone, based on the assumption that each household has one telephone connection. This does not include the mobile phones for which data is currently unavailable.

8.4 Municipal Services

8.4.1 Water supply coverage in rural areas is 82.5% for households that access drinking water inside the house, while 17.74% have sources that are outside the house. This compares with a relatively higher coverage in the urban areas where access to water inside the households is at 85.74%, while 14.26% of the households tap sources falling outside the households. Ground water aquifers account for over 95% of the water supplies, while a small amount is also drawn from the Bara River. Over 550 tube wells are currently supplying an estimated 90 million gallons of drinking water on a daily basis.

8.4.2 Sanitation coverage is relatively higher in the urban areas (Towns 1 and 3), but a large percentage of this service comprises of very rudimentary systems. Only 7.5% of the District households have access to sewerage connections, while 55% of rural households have toilets.

Open gravity sewers discharge much of the wastewater from the heart of the PCD, while large areas are served by open drains that run parallel to the roadsides carrying sullage and sewage. A significant part of this wastewater is reportedly used untreated for irrigating adjoining lands, posing a major health hazard.

8.4.3 There has been no accurate estimate of the total amounts of Solid Waste generated in the PCD. Nearly 500 tons of solid waste is lifted/disposed off on a daily basis. Around 25% of the amount generated remains un-disposed, and accumulates in the rural and urban areas of the PCD. Many of the disposal sites are now dangerously close to the expanding residential and commercial areas.

8.5 Transport and Traffic

The PCD has a total road length of 440kms, of which 405kms are black topped and another 35kms are shingled tracks. The city is deficient in road infrastructure, and the Peshawar Master Plan has identified several road links, by-passes, interchanges, and improvements of intersections to relieve the current situation. Encroachments and inadequate traffic management are the other main contributors to congestion and frequent traffic jams.

There are over 150,000 vehicles registered in the Peshawar city district. Approximately 50-60% of these vehicles are garaged within the PCD, thus yielding an average vehicle ownership of 23 vehicles per 1000 population.

Peshawar is also served by the Pakistan Railways, which connects Peshawar with other major cities of the country. The City has an international Airport, which offers connections to all major cities of Pakistan, as well as an increasing number of destinations in the Middle East.

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### 7.2 Donor Initiatives for Capacity Building

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Donor</th>
<th>Allocation $ million</th>
<th>Project and Areas of Intervention</th>
<th>Geographic Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ADB</td>
<td>270</td>
<td><strong>Decentralization Support Program (DSP):</strong> devolution, finance, women’s development, audit and account, intergovernmental fiscal, policy, regulation and technical support, political and administrative organs of LGs at district, tehsil and union levels.</td>
<td>Countrywide</td>
</tr>
<tr>
<td>2</td>
<td>ADB</td>
<td>7</td>
<td><strong>Gender and Governance Mainstreaming:</strong> Gender and governance reforms, through (a) regular budgetary provisions under the program loan; (b) capacity building support under technical assistance (TA) loan for LG Performance Enhancement (TA1); and (c) capacity building support under the TA loan for Gender and Governance Mainstreaming (TA2), supported by DSP.</td>
<td>Countrywide</td>
</tr>
<tr>
<td>3</td>
<td>ADB</td>
<td>23</td>
<td><strong>LG Performance Enhancement:</strong> Improved performance in the policy reforms supported by DSP.</td>
<td>Countrywide</td>
</tr>
<tr>
<td>4</td>
<td>ADB</td>
<td>330</td>
<td><strong>Access to Justice Program:</strong> (a) Provide security and ensure equal protection to citizens, in particular the poor; (b) secure and sustain entitlements and thereby reduce the vulnerability of the poor; (c) strengthen the legitimacy of state institutions; and (d) create conditions conducive to pro-poor growth, especially by fostering investor’s confidence. It will also support five inter-related governance objectives: (i) provide a legal basis for judicial, policy, and administrative reforms; (ii) improve efficiency, timeliness, and effectiveness in judicial and police services; (iii) support greater equity and accessibility in justice services for the vulnerable poor; (iv) improve predictability and consistency between fiscal and human resource allocation and the mandates of reformed judicial and police institutions at the federal, provincial and LG levels; and (v) ensuring greater transparency and accountability in the performance of the judiciary, the police and administrative justice institutions.</td>
<td>Countrywide</td>
</tr>
<tr>
<td>5</td>
<td>UNDP</td>
<td>1.89</td>
<td><strong>Support to Good Governance Group:</strong> Supporting NRB in the design and implementation of its national reconstruction agenda, by providing national consultants for policy think tanks in strategic areas, a UNDP/UNOPS international governance experts, and other inputs.</td>
<td>Countrywide</td>
</tr>
<tr>
<td>6</td>
<td>UNDP</td>
<td>1.65</td>
<td><strong>Pakistan Action Research and Development of Governance &amp; Management (PARADIGM):</strong> Promotes a humane governance-enabling environment through four strategic entry points: (a)</td>
<td>Countrywide</td>
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<tr>
<td>7</td>
<td>UNDP</td>
<td>4.7</td>
<td></td>
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<tr>
<td></td>
<td><strong>Supporting Democratic Electoral Process in Pakistan:</strong> (a) contribute to GOP’s strategies for improved governance and sustainable human development; (b) provide linkage between the current policies/strategies/agenda for social development of the civil society and UN efforts of sustainable human development/humane governance.</td>
<td>Countrywide</td>
<td></td>
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<tr>
<td>8</td>
<td>CIDA</td>
<td>4.9</td>
<td></td>
<td></td>
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<td></td>
<td><strong>Pakistan NGO Support Program, Phase II:</strong> Strengthen the capacities of CBOs to be catalysts for sustainable and democratic development of their communities, and develop supportive policies and programs.</td>
<td>Country through NGOs</td>
<td></td>
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<tr>
<td>9</td>
<td>CIDA</td>
<td>10</td>
<td></td>
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<tr>
<td></td>
<td><strong>Social Policy and Development Center Project (SPDC):</strong> Develop the capacity of public and private sector institutions and NGOs to plan, design, finance, and execute social sector programs.</td>
<td>Countrywide</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>CIDA</td>
<td>24.8</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td><strong>Social Institutions Development Project (SIDP):</strong> Strengthen capacity of potentially high impact independent sector organizations and institutions, to maximize social change for basic human needs and encourage Canada-Pakistan linkages in professional and human development.</td>
<td>Northern Areas through NGO (AKF)</td>
<td></td>
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<tr>
<td>11</td>
<td>CIDA</td>
<td>7.1</td>
<td></td>
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<td></td>
<td><strong>Communication for Effective Social Service Delivery (CESSD):</strong> Improve the quality of basic social services in Pakistan, and increase practical access to and use of these services, particularly for women and girls.</td>
<td>Countrywide</td>
<td></td>
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</tr>
<tr>
<td>12</td>
<td>CIDA</td>
<td>2.0 + 2.0</td>
<td></td>
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<tr>
<td></td>
<td><strong>Strategic Technical Assistance and Responsive Transfer Fund (START):</strong> Provide short-term strategic assistance in specific technical areas in support of CIDA programming priorities in Pakistan (social sector, environment, and energy).</td>
<td>Countrywide</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>CIDA</td>
<td>10 to 15</td>
<td></td>
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<tr>
<td></td>
<td><strong>Democratic Governance Program:</strong> Promote democratic local governance through devolution, with focus on the effective participation of women.</td>
<td>Countrywide</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>CIDA</td>
<td>6.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Strengthening Participatory Organizations (SPO):</strong> (a) raise level of participation of the rural poor in community development processes; (b) motivate and strengthen CBOs and female development organizations (FDOs) and other support agents to engage their community members in addressing development needs; and (c) build SPO into a self-sustaining organization.</td>
<td>Country through SPO (NGO) only</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>JICA</td>
<td>NA</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Police Reform and Devolution Support.</strong></td>
<td>Countrywide</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>NORAD</td>
<td>+ 3.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Democracy, Governance, Human Rights, Gender.</strong></td>
<td>Countrywide</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Type</td>
<td>Code</td>
<td>Allocation</td>
<td>Description</td>
</tr>
<tr>
<td>-----</td>
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<td>------</td>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>17</td>
<td>SDC</td>
<td>4.5</td>
<td></td>
<td><strong>Essential Institutional Reforms Operationalization Project (EIROP):</strong> (a) facilitate design and implementation of the decentralization framework at the provincial and district levels; (b) build capacities at the provincial &amp; district levels; and (c) enhance quality and transparency of decision-making by improved information collection and management.</td>
</tr>
<tr>
<td>18</td>
<td>SDC</td>
<td>2.8</td>
<td></td>
<td><strong>Civil Society HID Program (CHIP):</strong> Strengthen self-help efforts of civil society grass-root organizations working for the disadvantaged with focus on local resource mobilization, community participation, networking, social organization, institution building, and addressing gender issues.</td>
</tr>
<tr>
<td>19</td>
<td>SDC/WB</td>
<td>4.9</td>
<td></td>
<td><strong>NWFP-Community Infrastructure Project Institutional Strengthening Program:</strong> Bring about improvements in the basic infrastructure and services for low-income communities by introducing long term sustainable approaches, capacity building of the potential implementers (partner TMAs), and institutionalization of the project processes to allow a phased integration of the CIP model in the devolved LG system.</td>
</tr>
<tr>
<td>20</td>
<td>SDC</td>
<td>1.2</td>
<td></td>
<td><strong>Water &amp; Sanitation Program (WSP):</strong> Capacity Building at institutional and system level, focusing on strengthening TMAs.</td>
</tr>
</tbody>
</table>