Study of Budget Making Process at District Level in Punjab

2015-2016

Citizens’ Network for Budget Accountability
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2015-16

Citizens’ Network for Budget Accountability (CNBA)

&

Centre for Peace and Development Initiatives (CPDI)

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The task of data compilation and data analysis was performed by Mr. Rahat Baber, Provincial Coordinator of Centre for Peace and Development Initiatives (CPDI).

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Thank You for kind supervision and guidance of Mr. Amer Ejaz (Executive Director) throughout the publication process of report.
Acronyms

ADP   Annual Development Plan
BCL   Budget Call Letter
CNBA  Citizens’ Network for Budget Accountability
CSO   Civil Society Organization
EDO   Executive District Officer
F&B   Finance and Budget
FD    Finance Department
F&P   Finance and Planning
MNA   Member of National Assembly
MPA   Member of Provincial Assembly
PFC   Provincial Finance Commission
RTI   Right to Information (Act)
SNA   System Network Administrator
Executive Summary

The objective of this study is to analyze the processes of budget making at district level and to highlight the status of compliance with the timelines provided in the Budget Rules 2003. Empirical data has been collected from all districts through a network of Civil Society Organizations (CSOs) from all districts to determine this. The purpose of this exercise is to determine the level of public participation in the budget making process and also to help the CSOs in identifying the gaps in the process.

Budget is the most important policy document of the government. In the modern day state all policies are supposed to be formulated through active public participation. The federal and provincial budgets are hotly debated in both provincial and national assemblies and discussed in electronic/print media, however, the district budgets are approved in quiet isolation.

Budget making is a continuous process. The Budget Rules provide a step by step calendar for budget making. The very first step is the issuance of Budget Call Letter which is to be issued in the month of September. It is noted with concern that only one third of the districts issued the BCL on the stipulated time. The next important element is the submission of estimate of expenditures/receipts and the excess/surrender statements. The former makes the basis of next year budget and the later makes the basis of revised budget. It has been observed that only 11 districts were able to complete the exercise of revised budget in time. It is observed that most of the districts did not pass the budget of 2015-16 in time. That is to say that the budget was passed in the month of July (and even later) in these cases.

There has been total ban on CCB schemes, thereby reducing the level of public participation in development planning. Less than half the districts were able to launch ADP schemes while the rest had zero districts ADP. This is largely due to the fact that the PFC shares have not been able to cope with the ever rising current/salary expenditures. Only 14 districts have their own websites while the rest do not have any website. This situation also creates hindrance in sharing of information with the public thus affecting the level of public awareness and facilitation adversely.

The overall lack of public participation at the district level has created alternate modes and forums of public consultation like DCC (District Coordination Committee) wherein the elected parliamentarians play the role of sharing the public voice with the state functionaries. The government is all set to launch the new local government system. The proposed system of local government is a major shift away from the present system. The mandate of the new local bodies has been reduced to merely municipal functions.

In order to plug the gaps in district budget making it is important to enhance the capacity of the budget wing, following the budget calendar, share information with the public through internet and other sources, encourage public participation and discourage political interference in district budgets.
Objective of the Study:

Whereas the Federal and Provincial budgets are widely publicized and debated in the parliament as well as print/electronic media, there is little (or no) talk of the district budgets. The fact that the local elections could not be held after 2005 has further aggravated the situation. The result is that the district budgets are passed in total isolation. Moreover the general public has very little knowledge about the processes involved in the budget making. They are also not aware of the roles and responsibilities of citizens in this process. As such there is very little public participation in the district budget making under the present scenario.

The present study is an attempt to firstly explain to the reader about the processes of budget making and secondly to point out the gaps in the process. These gaps should be seen as areas of vacuum wherein the CSOs need to chip in and fill up the vacuum.

This study shall also serve the purpose of a ‘policy memo’ for the government(s). The areas of weakness have been pointed out with the hope that the government will take notice of these and plug the weakness in the upcoming local governments.

Methodology:

All the material presented and used in preparing this paper is based on empirical evidence collected from all the 36 districts of Punjab. As such reliance has been placed on primary data throughout. A detailed questionnaire was designed to assess the level of adherence to the Budget Rules with special attention towards meeting the timelines set under the Budget Rules. More than 20 CSOs were engaged in the exercise through Citizens’ Network for Budget Accountability (CNBA), who visited the assigned districts multiple times and collected the data about each budget related activity from the offices of the EDO (F&P), DO (F&B) and other offices as and when needed. The data was then compiled and analyzed by a team of experts. The results of this analysis have been used in compiling the present report.
Introduction:

Why to study the budget and the budget making process?

An economist would define Budget as a statement of incomes and expenditures of the government as estimated over a period of one year (called the financial year) but it more than just a statement.

In modern day of political science and public finance the budget document occupies a pivotal role. This document is seen to present the policy of the government and indicates the areas of priority of the government. Certain decisions made during budget making have very long term impacts. Decisions like funding of constructing motorways, power plants or dams are part and parcel of budget making processes and have far reaching effects on the future of the citizens. Even the short term decision made by the government are quite critical decisions because they also impact the lives of citizens’ like for instance how much to spend on education? How much to spend on health? Small and medium scale projects of national development etc.

Equally important is the process of budget making, particularly the level of engagement of public in in the budget making process. The modern day public management believes in creating public value \(^1\) (Moore 1995) and public engagement is the corner stone of that.

\textit{Public engagement is now a central element in public policy-making}

(DCA 2012)

The public participation in brought about through transparency of the process and involvement of public representatives\(^2\) in budget making. Every year we notice the elected representatives of the national and provincial assemblies actively debate the proposed budget. The government makes special efforts to transmit the budget session over national television and print media. Budget details are also published on print and electronic media.

However, the district budget do not attract any attention what so ever. Over the past few years it has become a routine that people of the district are not even aware that the district budget has been prepared and approved. The study of budget making process at district level in Punjab is an attempt to highlight the steps of the budget making process and at the same time present to the reader an overview of the robustness of the processes (or the lack of it) in district budget making. All the material presented here has been drawn from the Punjab Local Government Ordinance 2001, District Government and Tehsil Municipal Administration Budget Rules 2003 (to be referred as the Budget Rules henceforth in this document) and the offices of District Officer (Finance & Budget) of the districts.

The Budget Cycle/Calendar:

In Pakistan the financial year runs from 1st of July to 30th of June every year. The process of budget making is a continuous process meaning thereby that it continues throughout the financial year. The steps in budget making have been laid down in detail under the Budget Rules. The second schedule of the Budget Rules has laid down the following calendar for the district governments (Government of the Punjab 2006)

\(^1\) The concept of Public Value was introduced by Mark Moore and Sanjeev Khagram in 2004.

\(^2\) MNAs, MPAs or Local Councilors are considered as the duly elected representatives of the people.
Table-1: Budget Calendar

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Activity</th>
<th>Target Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Issue Call Letter and guidelines to concerned offices.</td>
<td>September</td>
</tr>
</tbody>
</table>
| 2.     | i) Submission of Schemes by CCBs (Copy to Evaluation Committee of Council).  
ii) Submission of prioritized list of schemes by concerned offices along with Administrative Approval / Technical sanction for inclusion in ADP. | 1st March |
| 3.     | i) Excess and Surrenders Statement  
ii) Revised Estimates and Supplementary Budget if required.  
iii) Statement of New Expenditure  
iv) Consolidation of draft Budget (current and Development) for next financial year. Finalization by Nazim. | March |
| 4.     | Submission of draft Budget to Council based on initial estimates provided by the Provincial Government | 1st April |
| 5.     | Review of Draft Budget by Council. | April |
| 6.     | Input from Government and Public on the proposals agreed by the Council. | 1st May to 1st June |
| 7.     | Revisions and Changes by Head of Offices and Finalization. | May – June |
| 8.     | Submission of final Budget to Council based on final estimates provided by the Provincial Government. | June |
| 9.     | Approval of Final Budget by Council. | June |
| 10.    | Communications of Current Budget Grants to concerned offices and Accounts Offices. | July |
| 11.    | Final Accounts previous year. | October |

Let us now examine the extent to which the district governments have actually adhered to this schedule. This examination has been carried out on the basis of empirical evidence collected by the CSOs.

Budget Call Letter:

Since the process of budget making is a continuous process therefore it does not have a definite starting or ending point; many activities are running concurrently and simultaneously with each other’s and at times overlapping with each other. However, for the purpose of theory and understanding of the students of public finance, issuance of Budget Call Letter (BCL) has been considered as the starting point of the budget making process. As per Budget Rules 2003 the BCL has to be issued in the month of September each year.

The process of participative decision making is supposed to start with the issuance of BCL. Rule-11 of the Budget Rules entails specific attention of the reader, which states that:

11. Budget Call Letter: - (1) The Budget Call Letter shall be finalized after consultation with the relevant stakeholders.

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3 For instance, at the time of issuance of budget call letter (BCL) for the upcoming year, the budget of the previous year is still in active use. That is to say that the budget cycle of the present financial year is yet to end and the same time we enter into the budget cycle of the next financial year.

4 See Table-1 above.
Explanation: The expression “stakeholders” include Councils, elected representatives, general public, women organization, private sector, Citizen Community Boards, District Mushavirat Committee, Non-Governmental Organizations, Community Based Organizations and other organizations.

The BCL is basically a set of instructions which is sent to the heads of all district offices from the office of District Officer (Budget and Finance). These instructions consist of Performa and tables required for compilation of the budget demands for the next financial year. The empirical evidence collected by CNBA has indicated that only few of the districts of Punjab issued the BCL on time while the rest lagged behind the schedule stipulated in the budget calendar. Following table indicates the situation.

Table-2: Budget Call Letter

<table>
<thead>
<tr>
<th>By due date</th>
<th>Within one month</th>
<th>One month after due date</th>
<th>Information Not Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multan</td>
<td>Mianwali</td>
<td>Lodhran</td>
<td>Nankana Sahib</td>
</tr>
<tr>
<td>Muzaffargarh</td>
<td>Kasur</td>
<td>Vehari</td>
<td>Chakwal</td>
</tr>
<tr>
<td>Bhawalnagar</td>
<td>Bhawalpur</td>
<td>Khanewal</td>
<td>-</td>
</tr>
<tr>
<td>D.G.Khan</td>
<td>Okara</td>
<td>Sahiwal</td>
<td>-</td>
</tr>
<tr>
<td>Pakpattan</td>
<td>Bhakkar</td>
<td>Lahore</td>
<td>-</td>
</tr>
<tr>
<td>Sialkot</td>
<td>Sargodha</td>
<td>Faisalabad</td>
<td>-</td>
</tr>
<tr>
<td>Rajanpur</td>
<td></td>
<td>Khushab</td>
<td>-</td>
</tr>
<tr>
<td>Rahimyar Khan</td>
<td></td>
<td>Toba Tek Singh</td>
<td>-</td>
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<tr>
<td>Chiniot</td>
<td></td>
<td>Jhelum</td>
<td>-</td>
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<tr>
<td>Mandi Bahuddin</td>
<td></td>
<td>Rawalpindi</td>
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<td>-</td>
<td></td>
<td>Jhang</td>
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<td>-</td>
<td></td>
<td>Layyah</td>
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<td>-</td>
<td></td>
<td>Attock</td>
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<tr>
<td>-</td>
<td></td>
<td>Hafizabad</td>
<td>-</td>
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<tr>
<td>-</td>
<td></td>
<td>Gujranwala</td>
<td>-</td>
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<td>-</td>
<td></td>
<td>Gujrat</td>
<td>-</td>
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<tr>
<td>-</td>
<td></td>
<td>Sheikhupura</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td></td>
<td>Narowal</td>
<td>-</td>
</tr>
<tr>
<td><strong>10</strong></td>
<td><strong>6</strong></td>
<td><strong>18</strong></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>
It is observed that less than one third (⅓) of the districts issued the BCL in accordance with the laid down guidelines. How serious a matter is the delay in issuance of BCL? Although delay in issuance of BCL is not a criminal offence on part of the Budget Office yet the delay in this regard indicates the weakness and lack of capacity which exists in the district offices. Furthermore, the greater the delay in BCL the greater the loss of quality budget making. As a matter of fact, some of the districts are impelled to pass their budget AFTER the beginning of the financial year because the process had not been initiated on time.

**Excess and Surrender Statement**

In order to understand the concept of excess and surrender statement the reader first needs to understand the more fundamental concepts of 'Excess' and 'Surrender'. The jargon used in the Budget Rules is quite complicated but these concepts can be explained in quite simple terms. Whenever any department EXCEEDS the budgeted allocation of funds an 'Excess' is said to take place. Quite the converse, when a department SAVES funds from the budgeted allocation ‘Surrender’ is said to occur.

All departments are required to submit a statement of 'Excess and Surrender' to the District Officer (Finance and Budget) by the end of February in respect of the current/ongoing budget in accordance with Rule 71, which states that:

**Statement of Excesses and Surrenders.-** (1) The Statement of Excesses and Surrenders shall be prepared in Form BM-13 by the Head of Offices after 8 months of the financial year.

This statement in turn becomes the basis of the Revised Budget of the current financial year. It should be clear from the language of the Rule that it is mandatory on the heads of the departments to submit statement of excesses and surrenders. Since the excesses and surrenders are a departure from the approved budgetary allocations therefore a Revised Budget has to be prepared and submitted to the council. It therefore becomes incumbent upon the district government to prepare the Revised Budget by end of March. The revised budget (if any) has to be presented to the council on 1st of April as directed in Rule-56 of Budget Rules, which states that:

**56. Supplementary Budget.-** (1) A Supplementary Budget based on the Statement of Excess and Surrenders Revised Estimates shall also be submitted along with the other budget documents if required.

(2) The Supplementary Budget shall be presented in the same form and manner as that of the annual budget.
The purpose behind formulation of revised budget is that the district government should have an accurate picture of the requirement and availability of funds so that it is in a position to meet the demands of the departments as well as initiate new programs after determining the fiscal space. Since the revised budget has to be discussed and passed by the council it creates the opportunity of public debate on the revision of the budget. The council is put in a position of carrying out a pre-mortem of the departments through the lens of revised budget.

CNBA has collected empirical data from all districts of Punjab. The following table presents the situation in various districts in a summary manner.

**Table-3: Statement of Excess and Surrender/Revised Budget**

<table>
<thead>
<tr>
<th>District</th>
<th>Before due date</th>
<th>Within one month</th>
<th>After one month</th>
<th>Not Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Muzaffargarh</td>
<td>Lodhran</td>
<td>Multan</td>
<td>Bhawalnagar</td>
<td></td>
</tr>
<tr>
<td>Mianwali</td>
<td>Sialkot</td>
<td>Vehari</td>
<td>D.G.Khan</td>
<td></td>
</tr>
<tr>
<td>Kasur</td>
<td>Rahimyar Khan</td>
<td>Khanewal</td>
<td>Sahiwal</td>
<td></td>
</tr>
<tr>
<td>Bhawalpur</td>
<td>Sargodha</td>
<td>Pakpattan</td>
<td>Nankana Sahib</td>
<td></td>
</tr>
<tr>
<td>Okara</td>
<td>Chiniot</td>
<td>Bhakkar</td>
<td>Chakwal</td>
<td></td>
</tr>
<tr>
<td>Rajanpur</td>
<td>-</td>
<td>Attock</td>
<td>Faisalabad</td>
<td></td>
</tr>
<tr>
<td>Lahore</td>
<td>-</td>
<td>Mandi Bahuddin</td>
<td>Jhelum</td>
<td></td>
</tr>
<tr>
<td>Khushab</td>
<td>-</td>
<td>Hafizabad</td>
<td>Jhang</td>
<td></td>
</tr>
<tr>
<td>Toba Tek Singh</td>
<td>-</td>
<td>Gujranwala</td>
<td>Narowal</td>
<td></td>
</tr>
<tr>
<td>Rawalpindi</td>
<td>-</td>
<td>Gujrat</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Layyah</td>
<td>-</td>
<td>Sheikhupura</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11</strong></td>
<td><strong>5</strong></td>
<td><strong>11</strong></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>

The table above presents an alarming state of affairs wherein only 11 out of 36 districts have been able to finalize the revised budget by the due date. It has also been observed that some of the districts finalized their revised budgets at the end of financial year. Finalizing the revised budget at such belated stage basically kills the purpose of the exercise, as highlighted in the preceding paragraph.
The Next Year Budget:

The budget of the next financial year has to be prepared and presented before the council for consideration in the month of April. The budget is to be passed by the end of June. Meaning thereby that the law has envisaged a period of 90 days for the deliberation of the council over the budget proposal. The next year budget essentially consists of 3 main parts

a) Estimates of Expenditure
b) Estimates on Receipt
c) Annual Development Plan

Submission of Estimates of Expenditure:

Rules 19 to 29 provided in Part-V and Part-VI of the Budget Rules deal with the submission and preparation of estimates of current expenditures. Current expenditures are fundamentally of two types: Ongoing and New. The Rules require that estimates of (both types of) expenditures should be submitted to the office of District Officer (Finance & Budget) by the end of March. Rule 23 lays down that;

Consolidation of expenditure estimates :- (1) The District Officer (Finance and Budget) shall consolidate the estimates received from each Head of Offices.

(2) The estimates shall be submitted to the Council as part of the budget documents after finalization by the Budget Development Committee.

(3) The current expenditure shall include the new expenditure.

It should be clear from above that the estimates of ongoing and new expenditures should be prepared and consolidated by the end of March in the office of District Officer (F&B). It is needless to state that the heads of the devolved offices are expected to prepare and deliver their estimates well in time before the end of March. It is usual in the districts of Punjab that such estimates are requested to be delivered by end of February. That way the District Officer (F&B) has sufficient time to consolidate.

Submission of Estimates of Receipts:

Estimates of receipts are prepared by only by "Collecting Officers" as defined in Rule 5. Other officers are not concerned with preparation of receipt estimates. Some of the offices which are concerned with the preparation of estimates of receipts are those of Director Excise, District Officer Health, licensing authorities etc. the budget rules require that the estimate of receipts should be communicated to the District Officer (F&B) concurrently with the estimate of expenditures.

The sources of income of district governments have been laid down in the second schedule (Govt of Punjab 2012)\(^5\). A quick look at the list would indicate that there is very little potential of raising revenue at the district level. As a result of this situation the major reliance of the district governments is on the PFC (Provincial Finance Commission) share. This share is indicated by the provincial government after the passing of the budget of the provincial government in the month of June. Consequently the districts governments pay little (or no attention) towards estimation of receipts. Under the circumstances the

\(^5\) The items mentioned in the second schedule have been placed at Attachment-1
matter of receipt estimation has been clubbed with the estimation of expenditure for the purpose of this paper.

Before we delve into the details of the third component of the next year budget (i.e. ADP) it is important to mention here that the survey carried out by CSOs has revealed that in majority of the districts the budget was passed in the month of July (or later), which in itself is a serious matter. The primary reason for this delay is attributed to delay in communicating the PFC share to the district from the Finance Department of the provincial government. The Finance Department released the PFC commitment in mid of July. The district governments were unable to prepare their budgets before receiving intimation from the FD since the major portion of district receipts comes from PFC.

Annual Development Plan (ADP)

Part-VII and Part-VIII of the Rules deal with the formulation of development projects and preparation of Annual Development Plan. Formulation of projects is an ongoing process and it practically continues throughout the year. Heads of the departments keep preparing proposals for development works and communicate them to the Finance Department of the district. However, it is the duty and prerogative of the Finance Department and District Council to prioritize these proposals for the purpose of finalizing the ADP. ADP is finalized in accordance with the fiscal space and overall priority of the district council. The table below spells out the situation of ADP 2015-16 in different districts of Punjab.

**Table-4: District Annual Development Plan 2015-16**

<table>
<thead>
<tr>
<th>List of district with ADP</th>
<th>Date of Approval</th>
<th>List of district with no ADP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehari</td>
<td>13.07.2015</td>
<td>Multan</td>
</tr>
<tr>
<td>Bhawalnagar</td>
<td>30.07.2015</td>
<td>Muzaffargarh</td>
</tr>
<tr>
<td>Lahore</td>
<td>15.07.2015</td>
<td>Mianwali</td>
</tr>
<tr>
<td>Chiniot</td>
<td>25.07.2015</td>
<td>Khanewal</td>
</tr>
<tr>
<td>Toba Tek Singh</td>
<td>11.07.2015</td>
<td>Bhawalpur</td>
</tr>
<tr>
<td>Sahiwal</td>
<td>25.07.2015</td>
<td>Okara</td>
</tr>
<tr>
<td>Nankana Sahib</td>
<td>24.07.2015</td>
<td>Sialkot</td>
</tr>
<tr>
<td>Kasur</td>
<td>16.07.2015</td>
<td>Bhakkar</td>
</tr>
<tr>
<td>D G Khan</td>
<td>20.07.2015</td>
<td>Chakwal</td>
</tr>
<tr>
<td>Pakpattan</td>
<td>27.07.2015</td>
<td>Khushab</td>
</tr>
<tr>
<td>Rajanpur</td>
<td>27.07.2015</td>
<td>Sargodha</td>
</tr>
<tr>
<td>Rahimyar Khan</td>
<td>29.07.2015</td>
<td>Jhelum</td>
</tr>
<tr>
<td>Gujranwala</td>
<td>25.07.2015</td>
<td>Jhang</td>
</tr>
</tbody>
</table>
### Annual Development Plan

<table>
<thead>
<tr>
<th>List of district with ADP</th>
<th>Date of Approval</th>
<th>List of district with no ADP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Narrowal</td>
<td>27.07.2015</td>
<td>Attock</td>
</tr>
<tr>
<td>Sheikhupura</td>
<td>27.07.2015</td>
<td>Mandi Bahuddin</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>Gujrat</td>
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<td>Layyah</td>
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<td>-</td>
<td>Hafizabad</td>
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<td>Faisalabad</td>
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<tr>
<td>-</td>
<td>-</td>
<td>Lodhran</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>Rawalpindi</td>
</tr>
<tr>
<td>15</td>
<td>-</td>
<td>21</td>
</tr>
</tbody>
</table>

It would be interesting for the reader to note that majority of the districts did not have any ADP at all. This is primarily due to the reason that these districts lack fiscal space necessary for development works. The major source of district receipt comes from the transfer of funds under PFC (Provincial Finance Commission) Award. The PFC share of districts has undergone major financial cuts due to austerity measures of the provincial government and loss of revenue due to natural calamities like floods. Conversely the current expenditure of the districts has increased tremendously due continuous increase/enhancement in salaries of the employees as well as fresh recruitment at the district level.

Another important factor which is contributing towards this state of affairs is overall policy of the government to have the development works carried out under the auspices of elected representatives of provincial and national assembly. Most of the development funds are channeled through elected representatives of provincial and national assembly, leaving thereby little or no space for the district governments to initiate their own ADPs.

The impact of this state of affairs is quite obvious: there is no public participation in the development planning at the district level. The district budgets are unable to cope with the public demands simply because they are not reflective of the public desires.

**CCB Schemes:**

Government of the Punjab imposed complete ban on initiating new CCB schemes after 2007-08. As result of that none of the districts have launched CCB schemes. However, the CCB funds are non lapsable. Therefore, the CCB allocation stands frozen at the level of 2007-08 where they last stood.

**Districts with Websites:**

Pakistan is one of those countries where internet communication is available at the cheapest rates. This should ordinarily encourage district governments to have their own website. However it has come to notice that only a few districts have their website as given in table below.
All the districts have been provided with SNA (System Network Administrator) who is an employee of the P&D Department and works under the direct financial and administrative control of the EDO (F&P) of the district. SNAs are highly qualified officers mostly holding master level degrees in computer sciences (or related subjects). Therefore it can be safely stated that lack of capacity is not an issue of district governments. A little motivation and stern directions of the provincial government can ensure that all the districts have their functional URL.

Once the district government has a functional URL sharing of information becomes very easy and quick. The provincial government should be advised to firmly direct the districts to have functional websites of their own. The table below lays down the detail of the district websites.

Table-5: District Websites

<table>
<thead>
<tr>
<th>Districts Websites</th>
<th>Districts with Website</th>
<th>Districts without Website</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.muzaffargarh.gop.pk">www.muzaffargarh.gop.pk</a></td>
<td>Muzaffargarh</td>
<td>Multan</td>
</tr>
<tr>
<td><a href="http://www.lodhran.gop.pk">www.lodhran.gop.pk</a></td>
<td>Lodhran</td>
<td>Mianwali</td>
</tr>
<tr>
<td><a href="http://www.bhawalnagar.gop.pk">www.bhawalnagar.gop.pk</a></td>
<td>Bhawalnagar</td>
<td>Vehari</td>
</tr>
<tr>
<td><a href="http://www.bhawalpur.gop.pk">www.bhawalpur.gop.pk</a></td>
<td>Bhawalpur</td>
<td>Kasur</td>
</tr>
<tr>
<td><a href="http://www.dgkhan.gop.pk">www.dgkhan.gop.pk</a></td>
<td>D.G.Khan</td>
<td>Khanewal</td>
</tr>
<tr>
<td><a href="http://www.rahimyarkhan.gop.pk">www.rahimyarkhan.gop.pk</a></td>
<td>Rahimyar Khan</td>
<td>Pakpattan</td>
</tr>
<tr>
<td><a href="http://www.chakwal.gop.pk">www.chakwal.gop.pk</a></td>
<td>Chakwal</td>
<td>Sahiwal</td>
</tr>
<tr>
<td><a href="http://www.dobudgetfsd.com">www.dobudgetfsd.com</a></td>
<td>Faisalabad</td>
<td>Okara</td>
</tr>
<tr>
<td><a href="http://www.khushab.gop.pk">www.khushab.gop.pk</a></td>
<td>Khushab</td>
<td>Sialkot</td>
</tr>
<tr>
<td><a href="http://www.sargodha.gop.pk">www.sargodha.gop.pk</a></td>
<td>Sargodha</td>
<td>Rajanpur</td>
</tr>
<tr>
<td><a href="http://www.jhelum.gop.pk">www.jhelum.gop.pk</a></td>
<td>Jhelum</td>
<td>Nankana Sahib</td>
</tr>
<tr>
<td><a href="http://www.rawalpindi.gov.pk">www.rawalpindi.gov.pk</a></td>
<td>Rawalpindi</td>
<td>Bhakkar</td>
</tr>
<tr>
<td><a href="http://www.gujranwala.gop.pk">www.gujranwala.gop.pk</a></td>
<td>Gujranwala</td>
<td>Lahore</td>
</tr>
<tr>
<td><a href="http://www.narowal.gov.pk">www.narowal.gov.pk</a></td>
<td>Narowal</td>
<td>Toba Tek Singh</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>Chiniot</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>Jhang</td>
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<tr>
<td>-</td>
<td>-</td>
<td>Layyah</td>
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<tr>
<td>-</td>
<td>-</td>
<td>Attock</td>
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<tr>
<td>-</td>
<td>-</td>
<td>Mandi Bahuddin</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>Hafizabad</td>
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<tr>
<td>-</td>
<td>-</td>
<td>Gujrat</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>Sheikhupura</td>
</tr>
</tbody>
</table>

Citizen participation:

The local government ordinance 2001 envisages the concept of “bottom up planning” for budget making as well as ADP formulation. In this regard the provisions of section 109 of PLGO 2001 need to be reiterated; wherein it has been stated;

Section 109 (5) The development budget shall be prioritized in accordance with the bottom up planning system as laid down in section 119.
Citizen participation is therefore the cornerstone of the budget making process in the district. This citizen participation comes into action through the district council. The fact that local government election could not be held after 2005 has restricted (if not stopped) the citizen participation at the district level. This coupled with the fact that the fiscal space has reduced at the district level has restricted the process of ADP formulation.

However it is pertinent to add here that the process of citizens’ participation has not eliminated completely. Citizens’ consultation has taken other forms; particularly through elected representatives of national and provincial assembly. The provincial government had notified the constitution of DCC (District coordination Committee) vide Cabinet Wing notification No. This committee exists at every district and it is headed by members of national and provincial assembly. In practice the DCC has become the mainstay of consultative process. It has been presumed that the members of national and provincial assembly will address the public concerns through this committee. It remains a matter of great debate whether the policy of engaging the public representatives in the processes of development and budget making at the district level. Theoretically, the MNAs/MPAs are to restrict themselves to policy making and legislation through the parliament(s).

**New local Government System:**

Before concluding this paper it is important to add few lines about the proposed system of local governments being introduced under the Punjab Local Government Act 2013. This Act will essentially do away with the erstwhile concept of district governments thus putting an end to the decentralization of certain offices (like education, health, community development, agriculture etc). All the decentralized offices will revert back to the provincial government. However, the municipal functions like sewerage, water supply, building control etc will be shifted to metropolitan corporations/town committees/zila councils as the case may be. Meaning thereby that these local governments shall be performing limited functions with limited resources. The new local government system is likely to start functioning by the end of this financial year.
Recommendations:

It can now be concluded that the budget making at the district level is far from ideal. There are gross violations of the terms of Budget Rules. Public participation and consultation has dropped to negligible level. Development planning at the district level has been usurped by other players (eg parliamentarians). Following are some suggestions which are easy to implement and helpful in plugging the gaps.

a. **Follow the Budget Calendar.**

All district governments, whether governed by political representatives or bureaucrats, are bound by law to follow the budget calendar laid down in the Rules. It is the duty of the provincial government to ensure that those district governments who are lethargic in following the timelines are reprimanded. The release of PFC share should be contingent upon following the timelines in letter and spirit.

b. **Public Participation.**

Public participation is best brought about by ushering in the local bodies. Unfortunately the local elections could not be held after 2005 due to which a huge gap has been created. Till such time that the local governments take hold the Administrators\(^6\) of the district government need to make special arrangements for soliciting public opinion in the process of budget making. The CSOs can help the Administrators in arranging such consultations.

c. **Functioning of websites and sharing of information.**

Sharing of information about budget processes in a pre-requisite for ensuring public participation in budget making. Use of information technology creates convenience in this process. The government has already established the offices of SNA (Senior Network Administrator) at the level of district. This office is well equipped and fully capable of handling and developing the district websites. All district governments should have functional websites and the details of district budgeting should be shared through the website.

d. **Capacity building.**

The issue of limited capacity of the district budget office has been highlighted a number of times. A large number of vacancies are lying vacant in this office. There is dearth of machinery and equipment there. Most importantly, the man power already employed there is not properly trained in the required areas. There has literally been no capacity building initiative for the last one decade. The short comings in the budget making process cannot be removed until and unless the deficiencies in the budget offices are met with.

e. **New Local Government System.**

Local Government Act 2013 has been promulgated and the new local bodies are likely to take charge by end of January 2016. The provincial government has still not finalized the modalities of the functioning of

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\(^6\) In the absence of local councils the government has appointed bureaucrats to perform the duties of the Nazim/Mayor. Such bureaucrats are called “Administrators” of the District.
district budgets under the new Act. It is advisable that the system of decentralized budget making at the district level should be strengthened and empowered rather than rolling back completely.

f. Role of parliamentarians

The role of parliamentarians in development budgeting should be discouraged. It is an established principle that the fundamental and primary function of elected parliamentarians is to perform the function of legislation and policy formulation at the level of parliament. They should be restricted from interfering with the district budgets.

g. Use of Right to Information laws

The Right to Information Act is a piece of very powerful and empowering legislation. Focal persons under RTI have already been appointed in all districts. Public awareness about budget making will increase if more and more information is made available to them in this regard. RTI should be used by CSOs to effectively and timely fetch the information and share with public.
Bibliography


PART-I
Zila Council.

1. Education tax.
2. Health tax.
3. Any other tax authorized by Government.
4. Local rate on lands assessable to land revenue.
5. Fees in respect of educational and health facilities established or maintained by the District Government.
6. Fees for licenses or permits and penalties or fines for violations.
7. Fees for specific services rendered by a District Government.
8. Collection charges for recovery of tax on behalf of the Government, Tehsil Municipal Administrations and Union Administrations as prescribed.
9. Toll on roads, bridges, ferries maintained by the District Government.
10. Rent for land, buildings, equipment, machinery and vehicles.
11. Fee for major industrial exhibitions and other public events organized by the District Government.
GOVERNMENT OF THE PUNJAB
SERVICES & GENERAL ADMINISTRATION
DEPARTMENT (CABINET WING)

Dated Lahore, the 7th August, 2013

NOTIFICATION

No. SO(CAB-II)-8-2/2013(6). The competent authority has been pleased to constitute a District Coordination Committee (DCC) in every district comprising the following to create synergy in the working at District level:-

I. Elected Public Representative of the District (List attached)
II. District Coordination Officer concerned
III. District Police Officer concerned
IV. Member of Provincial Assembly on reserved seat for women/minorities (if any)
V. Mayor, Corporation/Chairman, Urban Council
VI. Chairman, District Council
VII. Any EDO to be invited as ex-officio member

The Terms of Reference of the DCC will be as follows:-

a) To monitor development programs in the district and to finalize contours of district development packages.

b) To review complaints against provincial government departments and officers/officials posted in the district including Police department.

c) The committee would meet regularly on monthly basis.

d) In case of any difference of opinion in the District Coordination Committee, the matter would be referred to Cabinet Committee to be formed by Chief Minister, Punjab for overseeing working of the District Coordination Committee.

The periodical meetings of the District Coordination Committees will be chaired by the Minister or MNA or MPA in alphabetical order. The District Coordination Committee (DCC) notified by Planning & Development Department vide number: 1(8)PO(Coord-I)-P&D/2012 dated 26.07.2012 shall cease to

JAYAID ASLAM
CHIEF SECRETARY

A copy is forwarded for information and necessary action to:

1. All the Provincial Ministers, Government of the Punjab.
2. The Provincial Police Officer/IGP, Punjab.
3. All the Administrative Secretaries to Government of the Punjab.
4. All the District Coordination Officers in the Punjab.
5. Addl. Secretary (General) / Staff Officer to Chief Secretary, Punjab.
6. P.S to Secretary (I&C), SAGAD.

(M.T. IQIAJU NASOON FAROOKA)
SECTION OFFICER (CABINET-II)
List of CNBA Member

1. Centre for Peace and Development Initiatives (CPDI)
2. Sustainable Social Development Organization (SSDO)
3. Al-Eimman Development Organization
4. Al-Mustafa Development Organization
5. Aman Welfare Organization
6. Citizen Relation Group
7. Citizen Relation Group (CRG)
8. Democratic Action, Research & Education (DARE)
9. Ehsas Welfare Foundation
10. GLAAD
11. Good Thinkers Organization (GTO)
12. HUMAN CARE FOUNDATION
14. Kavish Welfare Society
15. LYALLPUR DEVELOPMENT ORGANIZATION
17. Peace & Development Foundation (PDF)
18. Punjab Lok Sujag
19. Research & Community Development Organization
20. SANGAT Development Foundation (SDF)
21. Sanjh Foundation
22. Sanjh Preet Organization
23. Society for Human Amity Peace and Education (SHAPE Pakistan)
24. Society for the Advancement of Human Rights (SAHR)
25. Sun Community Development Foundation
26. United Social Welfare Society
Centre for Peace and Development Initiatives, (CPDI) is an independent, non-partisan and a not-for-profit civil society organization working on issues of peace and development in Pakistan. It is registered Under Section 42 of the Companies Ordinance, 1984 (XLVII of 1984). It was established in September 2003 by a group of concerned citizens who realized that there was a need to approach the issue of peace and development in a an integrated manner. CPDI is a first initiative of its kind in Pakistan. It seeks to inform and influence public policies and civil society initiatives through research-based advocacy and capacity building in order to promote citizenship, build peace and achieve inclusive and sustainable development. Areas of special sectoral focus include promotion of peace and tolerance, rule of law, transparency and access to information, budget watch, legislative watch and development.