

IUCN Pakistan Programme

**Northern Areas Strategy for
Sustainable Development**

Background Paper

Governance

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TABLE OF CONTENTS

List of Acronyms	v
Foreword	vii
<hr/>	
1. Introduction	1
1.1. Governance, Themes and Attributes	1
1.2. Situation Analysis	2
1.2.1. NA Institutional Regime	2
<hr/>	
2. Issues and Trends	5
2.1. NAGovernance Issues (from literature reviews and key informant interviews)	5
2.1.1. Lack of Sufficient Participation in National Decision-Making	5
2.1.2. Weak Capacity of the State Apparatus	6
2.1.3. Limits on the Mandate of the Northern Areas Legislative Council	7
2.1.4. Transparency and Accountability	7
2.1.5. Participation	8
2.2. Trends Globally and in Pakistan	8
<hr/>	
3. Governance Reform in the Northern Areas	11
3.1. Legal Status	11
3.2. Institutional and Structural Reform (including intergovernmental interface)	11
3.3. Formation and Evolution of NAIstitutions	12
3.4. Civil Service Reform	12
3.5. Decentralisation	12
3.6. Capacity Development	13
3.6.1. Institutional Development	13
3.6.2. Skills Development for the Personnel	13
3.7. Development of Systems for Decision Making that Produce Effective Results	13
3.7.1. Data and Information for Decision-Making	14
3.7.2. Mechanisms for Sharing of Information	14
3.8. Participation and Political Development	14
3.9. Natural Resource Management	15
3.10. Taxation and Revenue Mobilisation	15
3.11. Transparency and Accountability	15
<hr/>	
4. Impediments and Opportunities	17
4.1. Impediments	17
4.2. Opportunities	17

5.	The Way Ahead	19
5.1.	Developing Reform Options	19
5.2	Recommendations	19

LIST OF ACRONYMS

AKDN	Aga Khan Development Network
AKRSP	Aga Khan Rural Support Programme
CCI	Council of Common Interests
ECNEC	Executive Committee of National Economic Council
EPA	Environmental Protection Agency
FANA	Federally Administered Northern Areas
FATA	Federally Administered Tribal Areas
GoP	Government of Pakistan
IG	Interest Group
LB&RDD	Local Bodies and Rural Development Department
MoKANA	Ministry of Kashmir Affairs and Northern Areas
NA	Northern Areas
NAA	Northern Areas Administration
NACS	Northern Areas Conservation Strategy Support Project
NEC	National Economic Council
NFC	National Finance Commission
NGO	Non-Government Organization
P&DD	Planning and Development Department
PML	Pakistan Muslim League
PPP	Pakistan Peoples Party
TJP	Tehrik Jafria Pakistan



FOREWORD

The Northern Areas have a unique and critical role to play in the sustainable development of Pakistan. Although they span a relatively small geographical area, the Northern Areas serve as a vital catchment for the Indus River, upon which a majority of Pakistan's irrigated agriculture and hydroelectricity depends. The Northern Areas also contain the nation's most important natural forests, extensive mineral reserves, and a wealth of biodiversity. Dramatic scenery, some of the world's highest mountains, and a rich cultural and archaeological heritage make the Northern Areas one of the most visited tourist destinations in the country.

Over the last several decades, however, many of the Northern Areas' natural resources have come under increasing pressure, as a result of a growing human population and the opening of the Karakoram Highway. At the same time, it has become increasingly recognised that the isolated nature of many of the region's communities, coupled with the Northern Areas' high-altitude and fragile environment, poses special constraints and challenges to development. Perhaps more so than in any other part of Pakistan, there is a need in the Northern Areas to ensure that social and environmental considerations are fully integrated into the development process.

In response to these concerns, the Northern Areas Administration began the preparation of a Northern Areas Strategy for Sustainable Development in 1999, with the financial assistance of the Swiss Agency for Development and Cooperation, and the Norwegian Agency for Development Cooperation; technical support has been provided by IUCN–The World Conservation Union. The Strategy addresses a broad range of social, economic and environmental issues, and seeks to provide a comprehensive policy framework for the sustainable development of the region. It responds directly to the provisions and recommendations of the National Conservation Strategy, adopted by the Government of Pakistan in 1992.

In parallel, *The State of the Environment and Development in the Northern Areas* summarises in a single volume the key information gathered during the preparation of the NASSD. It is the first report of its kind to be produced for the Northern Areas, which provides a succinct, up-to-date and readily accessible analysis of the status of the most important environment and development sectors in the Northern Areas, including information on major trends and issues, the responses taken by both government and civil society to date, and strategic options for the future. It also provides a baseline against which future change can be measured and establishes the context and foundations for the Northern Areas Strategy for Sustainable Development.

During early consultations at the tehsil level, and with key governmental and non-governmental organizations 16 areas of intervention were identified as being critical for the NASSD. These include sectors like: water; agriculture; forestry; biodiversity; rangelands and livestock; the private sector; energy; urban

environment; and cultural heritage and sustainable tourism. In addition, some crosscutting themes were identified as crucial to each sector, including population, poverty and environment; communication for sustainable development; environmental education; NGOs; gender, environment and development; environmental health; and governance.

To address the needs of each of these areas, basic information was gathered through consultations and literature reviews. This data was analysed through background papers commissioned on each of the sectors and themes identified. The draft of each paper was shared with the larger community of stakeholders of the NASSD as well as experts in the relevant field of knowledge.

The papers follow a similar format: analysis of the current situation; issues; past and present initiatives in the sectors and thematic areas along with the lessons learnt; stakeholders; and recommended policy and action measures. The authors have also addressed cross-sectoral linkages and environmental concerns for the sake of more integration in planning for sustainable development.

There were constraints to developing these Background Papers and in some cases these hurdles were only partially overcome. These included the fragmented and scattered nature of information, the prevalent culture of not sharing information, contradictory and unreliable data, lack of thinking on cross-sectoral linkages and integrated planning, and lack of expertise in developing linkages with the environment.

Parts of the information of the papers were then incorporated into the State of the Environment and Development (SoED) and the main strategy, i.e., NASSD. However, since the Papers contain a wealth of extremely useful information, a decision was taken to produce a series of NASSD Background Papers.

Considering the need and importance of timely sharing information with the stakeholders, these papers are being produced without extensive editing. The authors have sole responsibility for the views expressed and data presented.

1. INTRODUCTION

1.1. Governance, Themes and Attributes

Governance can be argued to be the state of the relationship between the state and citizens in a polity. This ranges from the nature of the organisational set ups orchestrated in the state to the manner in which they function in the society. For not only the organisations and their systems but the practice of rules and principles determines the outcomes of the state's activity for the people. From another perspective the citizens have individual, group and societal interests and these need to be addresses for any organised existence. Within the systems and organisational structures they need to have avenues for interest articulation and resolution. Through them opposed as well as similar interest are highlighted in different manners. The extent to which they allow citizens to participate in their functioning and thus satisfactorily articulate them they delineate the relevance of governance for citizens. The second part of this aspect would be the mechanisms, comprising of rules and principles whose interplay provides the framework for their resolution. Providing the best desired might not always be possible in every situation when there are conflicting interests but the legitimacy of the framework itself ensures the acceptance of the outcomes of the process and it also contributes to the continued legitimacy of the framework.

At a less surreal level, it is the organisations of the state, its forums for political interaction, the laws defining processes for decision-making and establishment of rights which provide citizens the avenues for interest articulation and resolution. Political parties, elections and legislatures are the means for interest articulation. The constitutions, laws, procedural rules describe the framework for resolution. At another level the design of the administrative part of the government, mostly comprising of the departments, their procedures and institutional processes determine avenues for the people to interact for gaining decisions in favour of their perceived interests and also enunciate the framework through whose application the claims for interests will be resolved. Allocation of resources, approval of projects, sanction of positions and service delivery are all the outcomes of these structural arrangements and their process. Therefore, for the purposes of assessing the state of governance and chartering a course of action for its improvement an examination of the institutional arrangements, legal structures and processes will be important. Not only can these be observed in a static form but the forms of their application are also germane to such an analysis. The study of both the aspects in the Northern Areas (NA) has been a focus of this assignment. The paper presents the results together with recommendations.

A framework of governance can be assessed on the basis of these attributes: legitimacy, participation, responsiveness, transparency, accountability, competence and decentralisation.

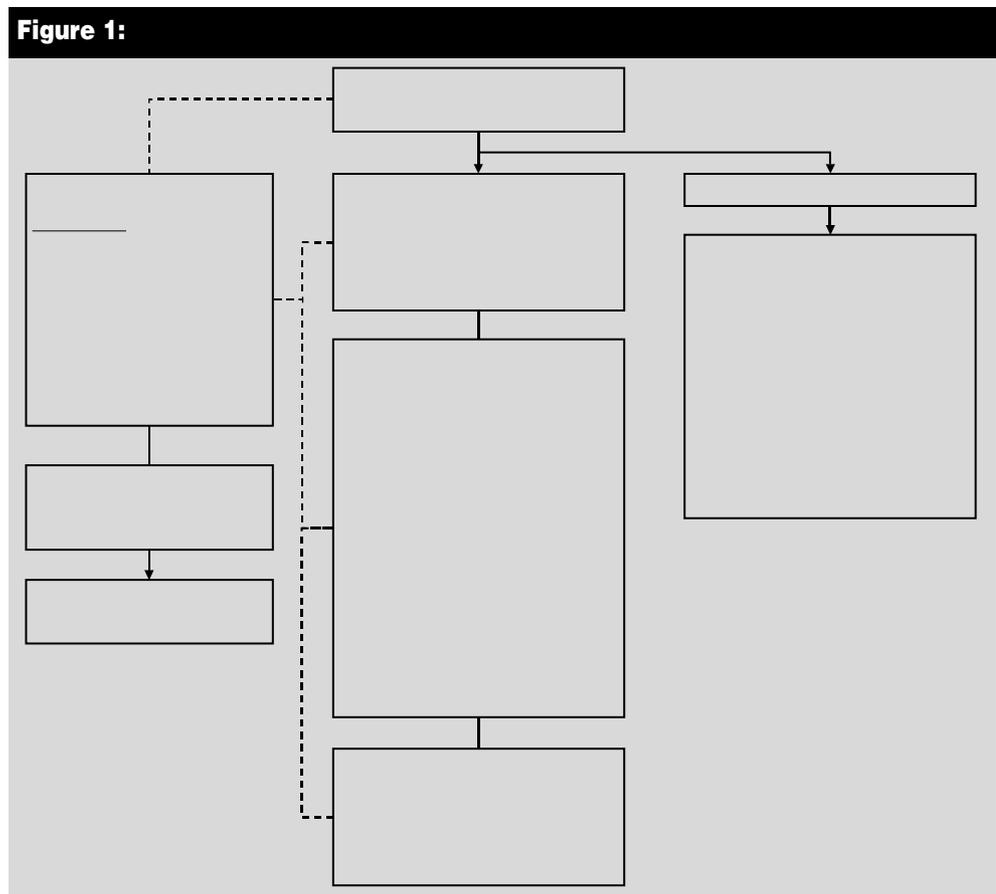
1.2. Situation Analysis

1.2.1. NA Institutional Regime

The Northern Areas have the status of a Federally Administered Area. This means that the chief executive authority for the Northern Areas is vested in the Federal Minister for Kashmir Affairs, Northern Areas, States and Frontier Regions. Assisting him is a Deputy Chief Executive who is appointed by the Chief Executive from amongst the members of the Northern Areas Legislative Council, who shall be elected by majority vote by the members of the Council. The Deputy Chief Executive enjoys the status of a Minister of State. Advisors, who are appointed by the Chief Executive, in consultation with the Deputy Chief Executive, from amongst the members of the Northern Areas Legislative Council, assist the Deputy Chief Executive. The Advisors are entitled to the status of a Provincial Minister.

The principal civil servant in the Northern Areas is the Chief Secretary, and Secretaries head the departments. "Government" is defined by the Northern Areas Rules of Business, 1994 as meaning the Chief Executive, the Deputy Chief Executive and the Chief Secretary, Northern Areas (see Figure 1).

Figure 1:



The Northern Areas Legislative Council is an elected body, having the following representation; six each from the three districts of Gilgit, Diamir and Baltistan, and three each from the two districts of Ghizar and Ghanche. There are five reserved seats for women, one from each district. The 24 directly elected representatives in

the Council will elect the women members on these seats. The Federal Minister for Kashmir Affairs is a member of the Council. The Council elects from amongst its members a Speaker, who enjoys the status of a Provincial Minister. Schedule II to the Northern Areas Council Legal Framework Order, 1994 lists the matters with respect to which the Council may make laws. The Chief Executive's assent to the bill is required after passage in Council, without which assent it cannot become law. The Government of Pakistan may also by order make laws with respect to matters not enumerated in Schedule II.

The annual budget allocated to the Northern Areas is presented before the Council in the form of a statement.

Each district has a court of District and Sessions Judge. There are ten civil judges also exercising the powers of judicial magistrates. There is a Chief Court, comprising of one Chairman and two members, which acts the court of appeal from the decisions of the District and Sessions Judge. The Northern Areas Council Legal Framework Order, 1994 provides for the Court of Appeals as the apex court of the Northern Areas, and provides for its establishment as soon as possible. Such a Court of Appeals has so far not been set up, and therefore the decision of the Chief Court is final.

There are other important institutions for the functioning of the institutional arrangements of the governments in the Northern Areas. There is no public service commission. This leaves an important discrepancy in the emergence of a professional civil service of the Northern Areas.

Similarly, in order provide for a professional and independent functioning of the civil service, and the government agencies in turn, an independent services tribunal is required. This body can adjudicate on cases pertaining to grievances of the civil servants especially against abuse of power. It means that it provides an important piece to the framework to ensure that the civil servants carry out their functions appropriately and with an independent application of mind. No services tribunal exists in the Northern Areas.

The Northern Areas Legislative Council has certain other weaknesses in its conception also. For instance, there is no provision for vote of no confidence. This weakens the democratic operation of the house and in turn even the limited authority of the elected executive is not ultimately accountable to the legislature. Since the local executive (not the Chief Executive) comes out of the Council and is not directly elected its accountability to the electorate is also weakened. There is no provision for the leader of the opposition. This keeps the system in a stage prior to evolution of a democratic system where the house would prepare its members for executive roles and the accountability of the executive to the legislature is also strengthened due to an organised opposition.

Chief Court exercises writ jurisdiction to provide avenues of redress to citizens.



2. ISSUES AND TRENDS

2.1. NA Governance Issues (from literature reviews and key informant interviews)

The Northern Areas administrative and governance systems have not stood still with the passage of time. The evolutionary aspect is apparent, and the transformation over the years and decades is quite apparent to even a cursory examination. From the original institution of the Resident, through to the Political Agent and then on to the Administrator, culminating in the office of the Chief Secretary, as it exists today, the system continues to evolve. The participative aspect is also apparent, in the sense that starting with a total absence of the beneficiary/citizen participation at the time of the Resident, the Northern Areas are now at a stage that the Northern Areas Legislative Council not only consists of members elected on the basis of adult franchise, but also it has been empowered to make laws on a number of subjects. Similarly, a vibrant local government framework exists and functions across the geographic expanse of the Northern Areas.

However, whereas governmental evolution is apparent, it has neither been at the ideal pace nor in the framework of optimal design. Important contradictions exist and need resolution, while keeping the principles of participatory government and public administration fully in view.

Important issues in the governance of Northern Areas are:

2.1.1. Lack of Sufficient Participation in National Decision-Making

The Northern Areas are not represented in the central political forums; they do not have membership in the National Assembly or the Senate. This weakens their interest articulation at the national level. To whatever extent it is carried out is through an indirect manner. The Chief Executive (Minister for Kashmir Affairs & Northern Areas) for the Northern Areas is the only representation at the national level/federal government. The Minister is selected from Parliament, and is therefore answerable to the Parliament. In the absence of NA representation in Parliament, his responsiveness to NA issues would be bound to be weak. Since the Ministers accountability does not involve the people or the institutions in the Northern Areas, the basic accountability issue stands highlighted.

At the same time because of this absence of representation their participation in the mainstream political parties remains minimal. The electoral politics obviously does not accord them any significance and they do not become a focus of the political parties. Political parties although do exist in the NA; current membership of the Northern Areas legislative Council includes six seats each for the TJP, PPP and PML.

Some serious impediments can potentially result from this situation in the pursuit of well being of the people. Budgeting is the major way of resource allocation in the public sector. With NA lacking representation in the decision-making forums chances of their getting an adequate share remain incidental. Federal resource allocation to the provinces is made on the basis of population, with some weightage for the under-developed or backward areas. This principle is not applicable to budgetary allocations to the Northern Areas. In effect, the Northern Areas fight for budgetary allocations as an attached department of the Ministry. Since the NA allocations operate outside the NFC Award system, the Priorities Committee of the Federal Government treats it as a lump sum allocation for the NA. In view of the allocation, the NA administration does a rationalization exercise and it is the Chief Executive (Minister) who decides further allocation of funds. The Northern Areas Rules of Business, 1994 provide in Rule 5(c) that the Chief Executive shall exercise powers of the Federal Ministry of Finance in relation the approved budget for the Northern Areas as specified in Schedule III [(d) says that he shall exercise administrative powers of the Establishment Division in relation to employees of Northern Areas as specified in Schedule IV.] The concept of the representatives of the people approving appropriations does not therefore exist.

At the same time most of the taxation laws are not applicable to the NA. Therefore, the principle of participation in resource allocation itself remains weak and without such participation in national taxation it can not gain strength.

2.1.2. Weak Capacity of the State Apparatus

From the competence point of view the organisations lack adequate capacity for performing the roles of the state in the NA. Although the civil service is imbued with zest and zeal the technical capacity is short chained due to lack of appropriate skills, systems and technology. This is directly manifested in the form of weak service delivery. Regulation also remains weak resulting in loss of natural resources and degradation of commons. The weak capacity at the public representative level is so far a result of the framework under which they are operating. Once an adequate framework is in place, there is still no telling that this situation will not persist at least in the short term unless some appropriate programmatic interventions are planned and implemented.

The Deputy Chief Executive is the senior-most elected office holder in the executive, and yet he can exercise no authority except that delegated by the Chief Executive. The Advisors are responsible for monitoring the functioning of the departments assigned to them (Legal Framework Order, 1994), but have no real authority. Thus the cabinet system is there, answerable to an assembly of representatives of the people, but real executive authority is not vested in them.. To this extent this is an issue that requires institutional development involving a constitutional and legal reform.

The bureaucracy also suffers from the same problem; in effect it is operating through the Secretaries, onto the Chief Secretary, onto the Chief Executive; there is no systemic reason for them to be systemically responsive to the public representatives or to local issues unless of course there are certain issues that are a priority for the Federal Ministry. The Federal Ministry will look at overall figures; education and health statistics, for example; not teacher absenteeism or lack of availability of

medicines. And therefore there is a perfect argument for devolution and local government. Regulation of natural resources also suffers because of this reason.

Beyond lack of institutional capacity there is the question of what has been referred to above as lack of systems, skills and technology. For example; there is no law college in the NA, no system for in-house training of judges, and no proposal even for using federal government facilities for such a purpose; for support staff, there is no local training facility, and it is the Federal Secretariat Training Institute that sends a team every year to conduct short courses; Such courses lack in having a serious intent nor are they tailor made to suit the needs of the civil servants in the NA. For the police, there is the Police Training Centre for constables; no other training is imparted locally; for all other purposes, the training institutes/establishments of other police forces are utilized. The Local Government Department has no attached department, no cadre of personnel, no service rules or structure, and no training facility. No training institute is available in the field of natural resources like forest and wildlife and fisheries. The intake is generally qualified from universities and colleges from outside the NA except for fisheries for which no truly qualified staff is available.

2.1.3. Limits on the Mandate of the Northern Areas

Legislative Council

The NALegislative Council is a directly elected forum. This can be a harbour of the aspirations of the people. Public representatives reach this body through a genuine political process. However, the limits on the mandate of the Council prevents it from providing the lead for development and societal growth. The head of the Council is the Federal Minister for Northern Areas. This again debilitates the character of the Council. The Council set development priorities; this changed in 1999, and the Chief Executive exercises this power now. An argument can be made that this is a sub-optimal manner of determining priorities because allocation of resources should be through the public representatives of the NA. Only this can ensure that they correspond to the needs of the people.

The Chief Executive of the Northern Areas is not answerable to the Northern Areas Legislative Council. The Council cannot make laws since the Chief Executive has to give his assent to the bill, and if he does not do so there is no way to by-pass him. The Council cannot remove the Deputy Chief Executive who is elected from amongst themselves; there is no provision of voting on a no confidence motion. The Council has no powers concerning approval of the budgetary allocations. It cannot act as a check on the executive of the Northern Areas.

2.1.4. Transparency and Accountability

Citizens do not have adequate access to information. The data on forests, their regeneration and degradation is seldom made available, for instance. No special efforts are made to enable the citizens to access information nor do mechanisms exist for ensuring that the agencies share information proactively. Most of the decision-making remains shrouded in mystery. Low literacy is another impediment in the way of the people accessing information. Due to these causes there is sub-optimal transparency in decision-making and as a result accountability to the electoral becomes perfunctory.

Due to the weak mandate of the NA Legislative Council the accountability of the executive to the elected representatives and then through them to the people is sub-optimal. This is an area which should be addressed by reforms.

2.1.5. Participation

Citizen participation is practised widely in the Northern Areas. This has been built on the cultural ethos of the people. In modern times it tangibly began in the AKRSP efforts in the 1980s. Various rural uplift programmes have been implemented with the AKRSP and communities' partnerships.

Community participation as a result has also been adopted in public sector programmes. Since 2000 it has been used for implementation of the Khushhal Pakistan Programme. Dehi Councils were recognised as the community bodies for local planning and project identification. The government provided them the funds for implementation of these projects and again they had a role in implementation.

Despite these successes participation has remained limited in other possible areas which arguably remain as important. Resource allocation among districts and villages is carried out through a techno-centric approach. For example, development funds to districts are distributed on the basis of a simplistic formula involving the distribution of 50% of the funds equally amongst the five districts, and the remaining 50% are distributed on the basis of population. The formula itself has not been adopted as a result of a political debate or process. Due to lack of development of political structures and processes avenues for participation at this level have not been fully utilised. Similarly accountability of the agencies for the outcomes is not practised. No system enables the people to hold the agencies accountable for the low indicators of education and health. Despite years of investment in community mobilisation efforts in political education have remained limited if any.

2.2. Trends Globally and in Pakistan

Governance has been recognised as the central issue in development and enhancing the well being of the people. This has placed it high on the agenda of public policy debates in Pakistan as well as the developing countries. It has been recognised that the structures of the state and its processes determine the outcomes more than policies, programmes and projects can alone influence them. In response to this understanding reforms have been undertaken. The most recent phase in Pakistan has created a new local government system in Pakistan. The local governments have received a large mandate and political representation of the people has been given importance. Local councils have been created at three tiers of Union, Tehsil and District which have the mandate to allocate resources according to the needs of the people articulated through the political process. Institutions like District Ombudsman are envisaged which will provide avenues for administrative justice to the people at the local level and hold government agencies accountable. In order to enhance participation of people in decision making 33% seats have been reserved for women while other special seats have been provided for to bring in weaker and marginalized sections of the society. Important subjects have been decentralised to the local government. These span from service delivery to regulation. Instruments for environmental regulation have also been devolved. In case of Punjab, which had

district level Environment Protection Agency (EPA) offices environmental regulation has been largely passed on to the local governments where the EPA Offices have become part of the District Governments.

Relationship between the Federal Government and the Provinces is also being reviewed and decentralisation of some federal mandates is envisaged. This will include a more favourable sharing of resources for the Provinces and local governments. Where this reform will be a welcome initiative leading to better outcomes for the people of the country generally it is important to study its impact on the NA. Less Federal resources may for entail constraints on spending in the NA. Similarly, where favourable resource transfers for the local governments get translated into improved service delivery for the people generally an absence of a vibrant local government system and no improved resource transfers in the NA may mean a stagnating service delivery.



3. GOVERNANCE REFORM IN THE NORTHERN AREAS

3.1. Legal Status

The NA is recognised as an entity according to Article 1 of the Constitution. The Constitution provides for a federal system and defines the status, rights and relationships among the federating units. Entities and areas which are not the federating units do not enjoy the same status within the governance framework of the country. They do not have their legislatures with constitutional allocation of subjects for exclusive and shared mandates. The executive is responsible to the regional (provincial) legislatures. Administratively they have considerable autonomy to appoint civil servants and create management structures and systems. In the fiscal arena they have their own taxation and revenue generation powers as well as shares in federal revenues. They also have membership in important forums like Senate, Council of Common Interests (CCI), and National Economic Council (NEC) etc.

Stakeholders in the governance of the Northern Areas are agreed that the current constitutional provisions are inadequate to cater for the further evolution of the administrative and governmental mechanisms for this region. Feedback to this paper stressed that it is a provincial status for this region that will be the single most important reform, contributing the maximum to the effort of good governance. It was also stressed that the issue of the status of the Northern Areas is part and parcel of the issue of the Indian-occupied Kashmir and the United Nations Resolutions on the latter. Therefore, the two federal ministries of Foreign Affairs and Law have important roles to play if any headway is to be made in improved governance in the Northern Areas. It would be important under these parameters to still find improved status for the Northern Areas in terms of transparent and accountable governmental systems without compromising on the future of Kashmir. Some have suggested an interim status similar to that of the Azad Government of Jammu and Kashmir.

3.2. Institutional and Structural Reform (including intergovernmental interface)

A meaningful reform will need to include, inter alia, the following areas:

- m Creation of political forum with the status of a provincial assembly for the NA; this may occur through phases where the NA Legislative Council becomes a fully functional legislature with authority for budgetary appropriations.
- m Representation of the NA in the National Assembly and the Senate may be provided. It may initially be on the pattern of the Federally Administered Tribal Areas but ultimately may be in accordance with population and other principles as applicable.
- m At an advanced stage of reform membership in the NFC, NEC, ECNEC, CCI will also become relevant.

3.3. Formation and Evolution of NA Institutions

The following institutions need to be created and developed to provide a well developed governance framework for the NA:

- m NA High Court when established can affect the outcomes positively for governance of the area. This can evolve from the Chief Court with the gradual implementation of reforms. The provision for a Court of Appeals exists in the governmental framework for the Northern Areas as it stands. It is important to make this Court functional because in its absence there is no recourse to an appeal from the Chief Court. Connected to any future reform in the status of the Northern Areas, the option of extending Supreme Court jurisdiction in terms of the court of final appeal needs to be considered also, especially in the scenario where the northern Areas may have the status of a province.
- m NA Public Service Commission. The stakeholders expressed the requirement that until the establishment of a Northern Areas Public Service Commission, a case for which has been taken up with the federal government, it was important to be affiliated to one of the provincial Public Service Commissions (e.g., the North-West Frontier Province).
- m NA Roundtable for stakeholder participation outside an elected legislature especially for natural resource management. Many a times the elected legislatures do not provide adequate voice mechanisms to all interest groups. This is especially true for the weak and marginalized communities. Other interest groups which vouch for long term causes, like the rights of the future generations, may also remain underrepresented.

3.4. Civil Service Reform

There are numerous issues for civil reform. A reforms programme will need to focus on the following:

- m Strengthening of professional cadres: this can be achieved through improvements in recruitment policies with flexibility for short to medium term procurement of expertise from the private sector. This will involve creation of provisions as well as development of systems.
- m In addition there will be orientation towards performance, performance evaluation to be rationalised, incentives for performance, operationalisation of administrative accountability mechanisms like Efficiency & Discipline Rules

3.5. Decentralisation

Extension of the decentralisation reform to the NAs is an imperative. It will allow the NA to devolve service delivery closer to people. Implementation of a decentralisation reform will mean creation of vibrant local government system for the NA. It will bring in the known gains of responsiveness, accountability, transparency, efficiency and effectiveness in local service delivery.

Creation of vibrant local governments with a mandate to plan and implement service delivery programmes will ensure that a potential for improvement in service delivery is created. However, it will be important to realise that it will not automatically result in achievement of such gains. It will require institutional

development and capacity building of local governments. Much of this can come from a sustained reform effort only.

Initially for the NA the reform may retain public order and regulation with the NA administration. This will allow that no large scale disruption is created because of lack of capacity in the local governments. The status of these functions can be reviewed once the local governments become established.

One perspective that exists in the Northern Areas is that this region has so far avoided problems and difficulties in the new local government system introduced in the rest of Pakistan, in the sense that the older system continues functioning in an uninterrupted manner. This older system is very limited in scope, and the new system operating in the rest of Pakistan is much more empowering for the citizens in terms of participation, transparency, and accountability. The Northern Areas Administration was clear in the benefit of adopting the new system once the problems that it was facing in its initial operational stages in the rest of the country had been ironed out.

3.6. Capacity Development

Capacity development is undeniably a major component for governance reform in the NA. Its argument flows from the attribute of competence for governance framework. Without adequate competence the state organisations cannot undertake their roles for the citizens. Capacity development will comprise of the following subsets:

3.6.1. Institutional Development

Important institutions can be short listed for development of their systems. Much of this will need to come from a legal reform which provides appropriate mandates and legal wherewithal to the institutions for carrying out their functions. In addition, internal processes and procedures will be another areas on which the efforts can focus. It will be through development of mandates and processes that the institutions will acquire adequate competence for delivery of their responsibilities.

3.6.2. Skills Development for the Personnel

The personnel in the civil service require adequate skills for carrying out their roles in accordance with their job descriptions. When civil service reform envisages performance orientations and linking of incentives with performance evaluation a necessary precondition will be to have skills development programmes. Only through such a human resource development the second ingredient of competence can be engendered in the state organisations.

3.7. Development of Systems for Decision Making that Produce Effective Results

There is a great need for development of systems, which can enable informed and responsive decision-making. For this purpose a review of the existing systems will

be required to identify the weak, inappropriate and non-existing systems. On the basis of such a review then a systems' development activity can be undertaken. This will equip the departments with the modes of functioning through the use of which they can implement programmes in the public sector effectively. This will ensure the financing is utilised in the most efficient manner. Systems can also create information, which can become an evidence for the implementation of the programmes. This enables the citizens' accountability of the departments. The systems can also be designed from the perspective of affording participation to the people in decision-making. For instance institution of public consultation to determine the environmental impact of certain categories of projects will be a component of such a systems' development.

3.7.1. Data and Information for Decision-Making

Data are needed for decision-making, monitoring the implementation of programmes, assessment of their impact and for accountability. Reforms will need to focus on creation of indicators and a continual updating with newer data. For this purpose indicators can be developed for various sectors including education, health, natural resource management, bio-diversity, poverty and income distribution, roads, drinking water and sanitation. This will be followed by development of databases.

3.7.2. Mechanisms for Sharing of Information

As an integral part of development of indicators and databases mechanisms for access to this information will be needed. Agencies and offices in the government will be one category of users of the information. Legislators and public representatives will be another. The most important user will be the people. Access will need to be ensured to all. In case of the latter the mechanisms should ensure that the access is enabled.

3.8. Participation and Political Development

Participation and political development are two sides of a coin. In order to ensure that citizens can participate in decision making all relevant avenues will need to be developed. The foremost in these will be the grassroots organisation of political parties. It is through this avenue that the people can participate in political processes, articulate their interests and ensure that the programmes and policies are in accordance with their needs. Reforms will need to include support for development of political parties with avenues for participation of all, especially marginalized communities and groups in them.

Political education for citizen participation in political processes will be another ingredient. This will be needed to stabilise the local government system also.

Creation of forums and mechanisms for participation in decision-making; especially public consultations for projects of environmental significance will be addressing the issue of participation of the people in governance.

Performance evaluation has mostly remained a highly technical area. Where it has the strength to ensure that activities, programmes and policies are evaluated

comprehensively it has weaknesses if too narrowly applied that citizens voice is not included. As the end of all development their voice is the most important input in performance evaluation. For this purpose the systems will need to embrace social audit as part of performance evaluation. This can be institutionalised through creation of special purpose mechanisms for a periodic evaluation of programmes and departmental performance by the citizens. It will achieve the objective of guiding the decision makers towards making the right choices.

Access to information for citizens (discussed in the earlier section) is important to ensure citizens' participation in political processes. One of the reasons for low participation in and lack of legitimacy of political processes is the lack of information with the citizens. Veils of secrecy breed rumours and disenchantment. When they persist over a long time and the citizens do not have any avenues for influencing the outcomes it leads to low participation in political processes. For optimal outcomes it is an imperative that not only participation of citizens is secured in the processes but also adequate information is afforded leading to the best choices.

3.9. Natural Resource Management

Natural resource management is one of the major responsibilities of the NA administration. The well being of the people is intricately intertwined with natural resource management. It is through a sustainable management of natural resources that poverty can be addressed and ends of equity can be met. Following are the main ingredient of this component of reform:

- m Capacity building for resource management
- m Indicator & Database development
- m Systems for stakeholder participation
- m Institutions of Joint Natural Resource management
- m Periodic reporting on the state of natural resources by multi-stakeholder forums to ensure transparency

3.10. Taxation and Revenue Mobilisation

Institution of local taxation will be required sooner or later. The local governments will need to raise some proportion of their revenues through local sources. This does not mean that taxation will need to ignore poverty in the area. It may be initially levied under heads which do not affect the poor.

User charges can be another source of revenue. These also can be instituted to ensure financial sustainability of the service delivery facilities.

3.11. Transparency and Accountability

Transparency and accountability are important attributes of governance. They ensure that the outcomes remain responsive to the people's needs. Mechanisms for providing access to information will need to be made part of the departmental systems (discussed earlier also). In some cases these can be in the form of mandatory obligation of publishing periodic reports. These will include reports on

service delivery, natural resources and activities of the departments. Reports on important decisions and contracts will be other kinds of publications which will enhance transparency.

4. IMPEDIMENTS AND OPPORTUNITIES

In the path of governance reform there are certain impediments as well as opportunities. It will be important to identify both so that the design of reforms can address them. Some of them are:

4.1. Impediments

- m Low tax base and revenue potential of local governments to undertake decentralised functions
- m Lack of political experience at the local level
- m Constitutional issues are complex and will require painstaking work to arrive at workable solutions
- m Low capacity of government agencies to undertake processes which can be assessed to be the most appropriate for governance of NA.

4.2. Opportunities

- m Experience of ongoing devolution reform in the country and in FATA
- m NA Legislative Council, which can serve as a primordial institution for a NA Legislature
- m Experience of grassroots participatory development and natural resource management.



5. THE WAY AHEAD

5.1. Developing Reform Options

Governance reforms have been on the anvil in the NA. From political leaders to citizens all exhibit keen interest in the subject. However no consensus has emerged so far on the nature, contents and pace of such reforms. Proposed solutions have ranged from a provincial status for NA to continuation of the present arrangement. Where it can be argued that the continuation of the present arrangement does not promise solution to the issues in governance a grant of provincial status may not automatically provide solution to all matters. The earlier discussion bring out that solutions will need to include intricate matters like capacity building of the civil service, development of institutions, political development and decentralisation of service delivery to a vibrant local government system. Therefore, reforms will need to be wide ranging and implementation with a sustained thrust. The following sections is a pointer towards such reforms, which obviously in some areas will need debate before they can be finalised.

Recently announced reforms (Dawn newspaper, Thursday, October 24th, 2002, "New Power Sharing Formula: Northern Areas, Kashmir Divisions De-linked") have important ramifications for the status of governance in the Northern Areas. The administrative bifurcation of the federal division of the Government of Pakistan dealing with Northern Areas and Kashmir Affairs will mean that a top civil servant in the federal government will be charged, to the exclusion of other responsibilities, with the policy making and administration of the Northern Areas. This will be of obvious advantage, even within the present constricting legal status of the Northern Areas.

It has been stated that except for the subjects of Law, Home, and Prisons, all other matters will be dealt with Northern Areas Legislative Council Advisors, who will be heading the relevant departments. This will be a contribution to the development of a cabinet system in the governance mechanisms of the Northern Areas. This has also entailed the empowerment of the office of the Deputy Chief Executive in terms of exercising the authority of postings and transfers of civil servants below the BS-18 level. At the same time, the authority of the Chief Secretary has been enhanced to that of a provincial chief secretary.

It is also expected that the President of Pakistan will shortly make a policy announcement concerning the legal/constitutional status of the Northern Areas.

5.2. Recommendations

Based on the discussion in earlier sections following recommendations are being made for instituting governance reforms in the NA; they can be undertaken in the short term as well:

1. A review of the constitutional and legal milieu of governance framework be carried out; this should focus at strengthening accountability of the executive to the local electorate and ensuring larger political participation of the people in development, natural resource management and legislative decision making of the Northern Areas
2. Institutional development and capacity building of the NA Legislative Council should be carried out; this will include creation of databases for assessment of service delivery and natural resource management, creation of reporting obligations from the departments to the Council and skills development of the members
3. Institution building should focus on creation and development of important institutions like the High Court, Public Service Commission and multi-stakeholder forums
4. Participation of citizens should be viewed from a comprehensive perspective, which includes participation at grassroots level but also at other levels. The latter will include participation in the political processes, decisions making and performance evaluation of government agencies especially those engaged in service delivery and natural resource management.
5. At the same time participation will need to be enhanced through institution of social audit mechanisms; for this purpose formal provisions should be made for evaluation of service delivery and regulation of natural resources
6. Creation and development of grassroots political organisations of political parties. Unlike the discouraging experience of rest of Pakistan these entities will become harbingers of a new political culture, which is participatory as opposed to elite dominated. The measure will gain support from the practice of participatory approach in the Northern Areas
7. Creation of a vibrant local government system. Decentralisation of service delivery to local governments while public order and regulation may be retained by the Northern Areas administration for the time being
8. Development of indicators and creation of databases for monitoring and evaluation of public sector programmes. These will also focus on the state of natural resource management as well as other developmental indicators.
9. Mechanisms for access of information for citizens. All decision-making should be made transparent. Especially important are the decisions relating to use of natural resources and award of large contracts
10. Political education of citizens for participation in political processes, consultations and M&E mechanisms
11. Civil service reform aiming at creating competence in the departments. In case of natural resource management agencies it should also include at creation of incentives for the officials for better performance. Civil service reform will need to include changes in performance evaluation and linking of performance with incentives
12. For higher technical skills professionals should be hired on contract and flexible arrangements instituted for this purpose. This will open up the civil services and allow them to procure expertise on short to medium term. They may also offer better packages in these cases which might not be possible for the long term positions
13. Creation of a Roundtable for affording participation to interest groups and communities allied with natural resource management. This will require a formal legal basis for the body to act as a forum for policy debates and interest articulation. Linking the Roundtable with natural resource management M&E

and resource allocation monitoring will enable the interest groups to seek adequate allocations for natural resource management

14. Institutions of periodic reporting on the state of natural resources and development of NA. The reporting will need to be under the independent forum of the Roundtable to ensure that it retains credibility. For this purpose a list of indicators will need to be prepared.
15. Creation of a resource unit for preparation and steering of governance reforms. This unit will provide research based options for reform, support for implementation in the form of technical expertise as well as mobilise resources for capacity building

For creation of a more optimal governance milieu in the Northern Areas these reforms will need to be consolidated and followed by other actions.

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