



No. PPSO/ WG 2(2)/ 2007  
**Government of Sindh**  
**Provincial Program Support Office**  
**Decentralization Support Program**  
**Finance Department**  
Dated: 25<sup>th</sup> January, 2007



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|---|---|
| 1. Chief Economist<br>Planning & Development Department, GoS.             | 2. Additional Secretary (LF/PFC),<br>Finance Department, GoS. |
| 3. Additional Secretary (Dev),<br>Health Department, GoS.                 | 4. Additional Secretary (PDF),<br>Education Department, GoS.  |
| 5. Deputy Director (Accounts),<br>Sindh Local Government Commission, GoS. | ✓ Project Director,<br>SDSSP, Finance Department, GoS.        |

PO/ID  
  
27/1

**SUBJECT: MINUTES OF THE MEETING OF WORKING GROUP(WG-II)**

Please find attached herewith the minutes of 1<sup>st</sup> meeting of Working Group (WG-II) held under the chairmanship of Member (Tech-I) SLGC on 17<sup>th</sup> February 2007 at DSP-PPSO office.

As decided by WG-II, following actions are to be taken by the members as mentioned against each progress report will be presented and discussed by the forum during its next meeting:

Action	By
The financial powers of CDGK may be enhanced upto Rs 50 million. Whereas, for all other districts of Sindh, the financial powers should be up to Rs. 20 Million. P&D to firm up their views in consultation of L.G, Deptt. with regard to existing policy and proposals and present in the next meeting.	Chief Economist, P&D
One EDO (F&P) of any district would be co-opted as member of WG-II. PDs, SDSSP and DSP, to share two three names and member to be co-opted after seeking approval of the Chairperson.	PD, SDSSP and PD, DSP ✓
DG, Civil Services Academy Tando Jam would be invited to attend the next meeting of WG-II. In order to seek his views on strengthening of the Academy and establishing a permanent seat for capacity building initiatives of the GoS.	PD, SDSSP ✓
LG Deptt. would be approached by P&D Department to seek their views and advise this forum regarding the composition of Taluka/ Town Development Committee (TDC) during the next meeting.	P&D Department ✓
Audit & Accounts training institutes would be approached by SDSSP to provide budget trainings to the concerned in Districts. Published copies of New Chart of Accounts would be distributed by DSP	PD, SDSSP and PD, DSP
BDC is headed by the Nazim with district departmental heads which decides the development schemes before carrying them to the council for approval in the shape of the budget. DDC is the forum that reviews the process for the execution of development schemes and issues the administrative approval.	Chief Economist, P&D to examine the issue in consultation with LG and present his views before the forum in its next meeting
DG, Bureau of Statistics would be invited in next meeting to brief about the current situation.	P.D, DSP ✓
OZT / GST share may be increased in proportion to incremental receipts from Federal Government.	AS (LF) to brief the forum in the next meeting

File No. 6119  
70/19/78  
Inward Pass  
Finance Department, Govt. of Sindh

Excise & Taxation Department would be approached to give details of present system of recovery and appellate authority with regard to property tax. An officer of the E&T Deptt. to be invited at the next meeting of the Group.	P.D, DSP 210
Letter to be written to the ACS, LG, Deptt. and the concerned District Government for nomination of the co-opted members.	P.D, DSP

  
(FAISAL AHSAN PIRZADA)  
Assistant Director (Admn)

No. PPSO/ WG 2(2)/ 2007

Dated: 24<sup>th</sup> January, 2007

CC for information to:

1. Mr. Anzar Hussain Zaidi, Member, (Technical-I), SLGC, Karachi.
2. DS staff to CS, GoS, Karachi.
3. P.S to ACS, Local Govt. Deptt.
4. P.S to ACS, P&D Deptt.
5. RO to Secretary Finance, GoS, Karachi.
6. PS to SFS (Dev/SR), Finance Department, GoS, Karachi.

  
(FAISAL AHSAN PIRZADA)  
Assistant Director (Admn)



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**PROVINCIAL LOCAL GOVERNMENT COMMISSION**  
**Inspection, Monitoring & Evaluation Cell**  
**Government Of Sindh**

**Minutes of the Working Group-II Meeting held on 17<sup>th</sup> January 2007.**

The first meeting of the Working Group II (WG-II) of Monitoring & Evaluation committee (M&E) was held in the committee room of DSP-PPSO on 17<sup>th</sup> January 2007 under the Chairmanship of Mr. Anzar Hussain Zaidi, Chairman of the Working Group/ Member (Technical), Local Government Commission. The meeting started with recitation of the Holy Quran.

2. Program Director, Decentralization Support Program (PD, DSP)/ Member/Secretary of the Working Group II welcomed the participants and briefed the participants on the agenda of the meeting. The Chair took serious notice of absence of the members of the group and their representation by the proxies, who were not well conversant with the issues at hand. It was decided that all concerned were to be intimated that the members of the WG should attend the meetings personally and only in cases of unavoidable engagements they could send their deputies, who should be well aware of the problems to be discussed at the meeting.
3. A suggestion was made that Program Director, Devolved Social Services Program (PD, DSSP), who was Member/Secretary of the WG-I, dealing with administrative reforms, should be co-opted as member, WG-II, dealing with fiscal decentralization issues, as both administrative and fiscal issues were closely interlinked. The Chair agreed to the suggestion and decided to co-opt PD, DSSP in WG-II to make working of both the groups more coordinated and effective.
4. It was also suggested that in order to incorporate the view point of the District Governments and gauge the ground realities, at least one EDO (F&P) from one of the districts may be co-opted as member of the WGs-II. PDs, DSP and DSSP would share two three names of EDOs F&P, keeping in view their experience and commitment, and invite one of these officers to the next meeting of the Working Group, after seeking approval of the Chairperson.
5. It was further suggested that the Local Government, Department, being the focal point of all local governments' issues, must be represented at the Working Group. The concerned Additional Secretary of the L.G Department may be co-opted with the Working Group-II. ACS, Local Government Department would be requested to nominate the officer not below the rank of an Additional Secretary as co-opted member of the Group.
6. PD, DSSP briefed the participants on objectives of constituting the two WGs and on the work done by the WG-I, so far. It was decided that following issues would be discussed in the meeting:
  - i. Review of the Terms of References of the Working Group.
  - ii. Review of the Delegation Plan approved by the Chief Secretary Sindh.
  - iii. Review the recommendations of majority of District Governments on delegation of Financial and technical powers.

Threadbare discussion on the issues ensued. Gist of the discussion and the suggestions agreed upon by the Group are given as under:

## 7. Review of the Terms of References (ToRs) of the Working Group:

The ToRs of the WG II were discussed and found appropriate. After detailed deliberations, it was decided that Provincial Local Government & Civil Services Academy, Tando Jam may be strengthened and upgraded in order to make it a focal point for all capacity building initiatives. A research seat for the purpose of continued academic support in strengthening the local governments and capacity building of public representative and the officials may be established at the Academy with the support of the DSP and/or DSSP. It was decided that the DG, Civil Services Academy Tando Jam would be invited to attend the next meeting of WG II. An observation to the effect that the capacity building initiatives should not be limited to training workshops alone but should be incorporated in a comprehensive Human Resource Management Policy by the Government of Sindh.

## 8. Review Delegation Plan and Status of Implementation by District Governments:

The Group reviewed the financial and technical part of the delegation plan and the district implementation reports with reference to following three basic principles, laid down in the monitoring framework:

- Efficacy of devolved powers whether a correct balance has been struck between the powers to be retained at the provincial level and those that need to be devolved
- Adequacy of financial powers already devolved
- Problems in implementation and exercise of the devolved powers

9. It was decided that the participants would go through the M&E framework as well as the delegation plan, provided to them during the meeting, and consolidate their views on the issues relating to efficacy of financial delegation which **will be discussed thread bare in the next meeting of WG2.**

10. The Group discussed the District Governments response and their recommendations on devolved financial powers and gave recommendations as under:

S. No:	Planned delegation	DGs' Recommendation	Action to be taken
1	Budgeting powers transferred to DGs/TMAs	<p>City District Government Karachi having larger fiscal base and assigned to greater responsibilities and with higher number of Departments as compared to other Districts may be treated differently while deciding the financial powers relating to current as well as development expenditure</p> <p>Financial powers for approval of development schemes should be increased from existing 20 million of District Governments to Rs 40 million</p> <p>The financial powers for provinces were increased from 200 million to 5</p>	<p>It was recommended by the WG 2 that considering the scope of development in the Mega City of Karachi, its fiscal base and the needs for development, <b>the financial powers of CDGK may be enhanced upto Rs 50 million. Whereas, for all other districts of Sindh, the financial powers should be up to Rs. 20 Million. P&amp;D to firm up their views with regard to existing policy and proposals and present in the</b></p>

		<p>billion in year 2004-05. In the first instance, the province has increased the powers of PLDs upto Rs. 40 million and the districts continue at current powers of Rs. 20 million.</p> <p>The districts are exercising these powers accordingly. Where the schemes exceed the ceiling these are approved by the PDWP having representation from concerned DG and PLD.</p>	<p><b>next meeting.</b></p>
I(b)	Approval Forum for Town/Taluka Development Schemes.	<p>There are approval forums for the provincial and district government, however in absence of such forums at TMA level has created problems in approval of TMA development schemes it was therefore recommended that there should be Town/Taluka Development Committee for approval of Development Project up to Rs. 5.0 million.</p>	<p>SLGO allows TMAs to prepare and execute the schemes from their own resources but the TMAs lack the forum where such schemes are technically evaluated. Therefore, it was recommended that the Taluka Development Committee (TDC) may be created at Taluka/ Town level for technical evaluation of the Taluka/ TMA schemes. <b>It was decided that LG Deptt. would be approached by P&amp;D Department to seek their views and advise this forum regarding the composition of TDC.</b></p>
I(c)	Audit and Accounts Functions under the NAM.	<p>Since the new Chart of Accounts has been notified by the Auditor General Pakistan therefore proper heads/sub-heads of accounts should be maintained (Account IV of DGs)</p>	<p>It was discussed that even after one-line transfer from the Finance Department, the districts are still not able to prepare their budgets on the New Chart of Accounts. It was recommended that <b>the Audit &amp; Accounts training institutes would be approached by DSSP to provide budget trainings to the concerned in Districts. Published copies of New Chart of Accounts should be distributed by DSP. DSP's budget trainings to be held shortly would also enhance the capacity of districts.</b></p>
2	Delegation of Drawing & Disbursing Powers for TMAs	<p>1. Confusion in TORs of BDC &amp; DDC should be removed BDC is headed by the Nazim with district departmental heads which decides the development schemes before carrying them to the council for</p>	<p>After elaborate discussion, it was recommended that the present arrangement should be maintained on this issue as both the forums are necessary</p>

		approval in the shape of the budget. DDC is the forum that reviews the process for the execution of development schemes and issues the administrative approval.	for transparent working. <b>P&amp;D Department may, however, examine the issue further in consultation with the Local Government Department and brief the House in the next meeting.</b>
2 ( b)		Bureau of Statistics role and linkages may streamline and strengthened	It was discussed that after devolution of the offices of Bureau of Statistics, its efficacy has deteriorated. It was observed that there should be a central office at provincial capital, which must coordinate with the devolved offices and compile a centralized data. <b>DG, Bureau of Statistics would be called in next meeting to brief about the current situation. ( DSP)</b>
3	Transfer of 2.5% GST share received from Federal Government in lieu of the erstwhile OZT is distributed among LGs on historic collection basis.	OZT / GST share may be increased in proportion to incremental receipts from Federal Government.	It was decided that the <b>comments of Local Finance Wing of the Finance Department would be sought on the issue.</b>
4	Property tax and Entertainment Duty transferred to TMAs	EDO Revenue should be the first appellate authority in respect of property Tax in place of Director Excise	It was decided that the <b>Excise &amp; Taxation Department would be approached to give details of present system of recovery and appellate authority with regard to property tax. (DSP)</b>

11. The Chair decided that the WG-II would discuss the technical issues in the next meeting, which would be held in the 2nd week of February.

12. The meeting ended with a vote of thanks to and from the chair.

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**LIST OF PARTICIPANTS**

Mr. Anzar Hussain Zaidi  
Member (Technical-1), SLGC

In Chair

Mr. Abdul Kabir Kazi  
PD-SDSSP  
Finance Department  
Sindh

Mr. Farasat Iqbal  
PD, DSP  
Finance Department  
Sindh

Member / Secretary

Mr. Syedain Raza Zaidi  
Deputy Secretary (PFC)  
Finance Department

Mr. Ashique Hussain Shaikh  
Deputy Director (Dev)  
Health Department

Mr. Aijaz Ahmed Mahesar  
Deputy Director (Prog)  
DSP, Finance Department

Syed Ahmed Shah  
Deputy Director (Accounts)  
SLGC

Mr. Aftab Ahmed Memon  
Program Officer, SDSSP

Mr. Altaf Ahmed Soomro  
SO (LF)  
Finance Department

Mr. Mehtab-ul-Haque  
Chief (Industries/ EPR)  
P&D Department

Mr. Faisal Ahsan Pirzada  
AD (TA Loan)  
DSP