



A Case of Centralised Control

Local Governance in ICT –
Islamabad Capital Territory



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Local Governance Profile – Islamabad Capital Territory

This chapter analyzes the unique case of local governance in the Islamabad Capital Territory (ICT). As a federally administered territory, it possesses a unique legal status. This analysis examines the institutional conflict between the promise of devolution embodied by the Metropolitan Corporation Islamabad (MCI) and the reality of centralized control historically wielded by the Capital Development Authority (CDA), a dynamic now at a critical juncture due to recent judicial interventions. [10][11]

1. ICT Context and Political Landscape

Islamabad Capital Territory (ICT) occupies a unique constitutional position, functioning directly under federal administration. Unlike the provinces, its local government system does not fall directly under the protective ambit of Article 140-A of the Constitution. While this creates a specific legal vulnerability, the resulting disempowerment of its local government follows a familiar national pattern, demonstrating that the core problem is a lack of political will, not just the absence of a legal clause. The governance structure is not merely dominated by federal institutions; it is a fragmented and overlapping system designed for centralized control. Currently, three competing governance models are in place: the Capital Development Authority (CDA), the Islamabad Capital Territory (ICT) administration, and a non-functional Metropolitan Corporation Islamabad (MCI), with key sectors like health and education regulated directly by federal ministries. This chaotic structure ensures no single local entity has clear authority, perpetuating federal dominance.. [1,2, 12]

The most fundamental expression of this lack of political will is the failure to ensure democratic continuity. Although the first-ever local government elections were held in 2015, the term of the resulting council expired in 2021. Since then, subsequent elections have been repeatedly postponed through political and administrative maneuvering, leaving the nation's capital without an elected local government for over four years [2]. This prolonged democratic vacuum has allowed for the complete consolidation of power by the federal bureaucracy. A pivotal Islamabad High Court (IHC) judgment in June 2025 sought to empower the local government by ordering the transfer of powers from the CDA to the MCI, but this directive's implementation is uncertain as it has been appealed by the CDA—a move that exemplifies the federal bureaucracy's reluctance to cede power to elected institutions [10] [11].

1.1 Timeline of LG Systems and Elections in ICT

The history of local government in ICT is a stark story of a single democratic exercise followed by a prolonged period of institutional dormancy and democratic discontinuity.

- **2015:** The first and only local government elections are held in the history of ICT.[2]
- **2016:** The Metropolitan Corporation Islamabad (MCI) is formed, and the city's first elected mayor takes office.
- **2021:** The five-year term of the elected MCI officially expires in February.
- **2022:** After significant delays, the Election Commission of Pakistan (ECP) schedules elections for December 31. However, the federal government increases the number of union councils just days before the poll, forcing the ECP to postpone the elections indefinitely to conduct a new delimitation. [2]
- **2021-Present:** The capital's municipal affairs remain under the control of unelected administrators. No new election date has been finalized.
- **June 2025:** An IHC judgment orders the transfer of municipal powers from the CDA to the MCI, creating a legal directive to empower an institution that currently lacks an elected body[10].
- **July 2025:** The CDA files an intra-court appeal against the IHC decision, further complicating the legal landscape.[11]

2. LG Law and Institutional Structure

2.1 Legislative Framework and Unfulfilled Mandate

The ICT Local Government Act 2015 is the primary legal framework, but its most fundamental provisions—those concerning regular elections—have been systematically violated. The failure to hold elections since the expiry of the first term in 2021 has rendered the entire legislative framework for an elected local government moot [2]. The core challenge to the Act's implementation is the federal government's exercise of a political will to prevent elections from taking place, a pattern of systematic delays consistent with practices seen in the provinces. The ICT LG Act needs amendments to address such instances of deliberate inaction and create safeguards against them.

The June 2025 IHC judgment, which aims to empower the MCI, now applies to an institution that exists only as a legal entity without any elected representatives. The institutional resistance from the CDA via its appeal is, therefore, a conflict between one arm of the bureaucracy and a judicial vision for an empowered—but currently non-existent—elected body[10][11].

2.2 Administrative and Fiscal Constraints

In the absence of an elected local government since 2021, all administrative and fiscal authority has reverted to the federal bureaucracy by default. The Capital Development Authority (CDA) acts as the uncontested municipal authority. Fiscally, the concept of local autonomy is non-existent. There is no Provincial Finance Commission (PFC)-equivalent mechanism for formula-based transfers, leaving the MCI

as an administrative entity entirely dependent on discretionary federal grants and loans from the CDA, with no independent capacity to generate its own revenue. [5],[6, 13, 14].

2.3 Evolution of Local Government Laws in ICT

The legal landscape of ICT's local governance is defined by a single, unimplemented attempt at creating a sustainable democratic institution.

Law / Action	Key Features	Commentary on Legal Framework
ICT LG Act 2015	Established the MCI and mandated local elections.	Its core provision for regular elections has not been implemented since 2021, rendering the Act functionally ineffective.[2]
Postponement of Elections	The federal government changed the number of UCs days before the scheduled polls in December 2022 (already delayed by approximately 18 months), forcing a postponement. No elections are scheduled since then.	A clear example of political maneuvering to subvert the electoral process and prevent the formation of a new elected local government.[2]
IHC Judgment & Appeal (2025)	IHC mandated transfer of power from CDA to MCI. CDA filed an intra-court appeal challenging the decision, resultantly status quo is maintained.	A legal push to empower an institution that currently has no elected representatives, highlighting a profound disconnect between judicial intent and the democratic reality on the ground. [10][11]

3. Fiscal Transfers and Development Allocations

The financial architecture in ICT provides the clearest evidence of centralized control and the structural disempowerment of local government. The system is characterized by a complete absence of fiscal devolution, with all funding controlled and executed by federal entities.[4][6][7]

3.1 Annual Development Programme Allocations

With no elected body to receive funds, all development funding for ICT is channeled top-down through the federal Public Sector Development Programme (PSDP). For FY 2025-26, the government proposed a development budget of PKR 12.91 billion for the Interior Division, which includes funds for Islamabad's infrastructure. Within this, a specific allocation of PKR 2 billion was made for 13 projects in Islamabad, covering both rural and urban areas. These projects are identified, approved, and executed by federal ministries and the CDA, with no institutional input from any local representative body[4][7]. This direct control is the most extreme example of the systems seen in provinces where discretionary programs bypass even existing local governments.

3.2 Absence of a Provincial Finance Commission (PFC) Equivalent

Unlike the provinces, which receive fiscal transfers through the National Finance Commission (NFC) award, the ICT lacks any statutory mechanism for predictable, formula-based fiscal transfers. This is not a mere technical gap but a political choice to maintain absolute fiscal control. The ICT Local Government Act is silent on the matter, ensuring that any financial support to the MCI (when it was functional)—such as the loans it required from the CDA to pay staff salaries—was entirely discretionary and routed through federal channels. [5,6, 13]. This guarantees the financial subservience of the local tier.

3.3 CDA's Control Over Own-Source Revenues

The MCI's potential for financial self-sufficiency has been systematically blocked by the CDA's control over all major municipal revenue streams. Key sources of local income that would typically fall under a metropolitan corporation—including property tax and water charges—are retained and collected by the CDA. A June 2025 Islamabad High Court judgment affirmed that after the passage of the ICT Local Government Act 2015, all municipal functions, especially taxation, lie “exclusively with the elected MCI” and the CDA has “no jurisdiction or authority” to collect them. Despite this ruling, the CDA continues to collect these revenues, even launching a new digital payment system for them in August 2025..[3,8,9, 10] This arrangement has created a deeply distorted and dependent financial relationship, which directly contravenes the core principle of financial subsidiarity, where functions and the finances to support them should be devolved to the lowest appropriate level of government.

4. Institutional and Political Realities

4.1 Bureaucratic Oversight and Administrative Control

The primary institutional reality in ICT is the absolute dominance of the federal bureaucracy. With the MCI existing without an elected council since 2021, the CDA's control over municipal services, planning, and regulation is total and unchallenged by any democratic body. Critically, even under proposed new governance models, the federal government intends to retain control over the most powerful strategic functions. Leaked details of the new plan show that core areas such as “home, police and master planning” will remain part of the federal government, not the new local body. By retaining control over the city's master plan, the federal bureaucracy ensures it will continue to dictate all significant long-term development, leaving any future local government with responsibility for minor services but no real strategic authority. [3,8, 12]. The conflict is not between a weak MCI and a strong CDA, but between the idea of an elected local government and the entrenched power of the federal bureaucracy that has prevented its existence.

4.2 Political Influence and Dual Governance Channels

In the absence of elected local councillors and a mayor, the political space is occupied entirely by MNAs from Islamabad, who act as the sole informal representatives for local development priorities. This creates a system where development is influenced by partisan federal politics rather than by a structured, grassroots democratic process. The first and only elected MCI was systematically disempowered from the outset; due to the overlapping authority of the CDA and ICT administration, coupled with a near-total lack

of patronage from the federal government, it could not perform its functions. The elected body struggled for its entire five-year term, and was not even provided with basics like office space or an approved honorarium for its members, ensuring its failure. This creates a system where development is influenced by partisan federal politics rather than by a structured, grassroots democratic process.

This pattern of subverting local democracy appears set to continue under proposed reforms. A high-profile committee, led by Planning Minister Ahsan Iqbal, is reportedly considering two new governance models to be presented to the federal cabinet. One of these models, an "Islamabad Capital Territory Assembly (ICTA)," reveals the intent to maintain federal control under the guise of devolution. The proposed 31-member assembly would include 12 nominees from the federal government—nearly 40% of the body—representing sectors like education, health, and commerce. Such a structure would institutionalize federal influence, dilute the power of directly elected members, and ensure that any future local legislative body remains beholden to the priorities of the central government, not its local constituents. [12]

5. ICT Scorecard

The following scorecard presents a civil society evaluation based on the evidence and framework outlined in this paper. It reflects a local government system that is not just constrained, but currently democratically non-existent.

Dimension	Indicator	Status/Rating*	Remarks
Legal Framework	Status of LG Law (ICT LG Act 2015)	Low	Law's core provision for regular elections has been violated since 2021; the framework is non-functional.[2]
	Tier Structure (MCI and Union Councils)	Low	The structure exists legally but is empty, with no elected representatives occupying any tier since 2021.
	Election Timeline	Low	Only one election ever held (2015); no polls since term expired in 2021 due to repeated postponements.[2]
Fiscal Autonomy	Operational PFC Mechanism	Low	No PFC-equivalent exists; a political choice to maintain central fiscal control.[5][6]
Administrative Control	Staffing Autonomy	Low	The MCI has no elected leadership to direct staff; all municipal functions run by federal bureaucracy.[3]
Political Will	Ruling Party's Manifesto Implementation	Low	No federal government has fulfilled the legal obligation to hold regular LG elections in ICT.

*Legend: High = enabling/good practice; Medium = mixed or transitional; Low = constrained/deficient

Note: Only select indicators are shown to highlight key assessment points.

6. Recommendations

To address the complete absence of democratic local governance in the nation's capital, the following urgent recommendations are proposed:

1. *Immediately Hold Overdue Elections*

The Election Commission of Pakistan must, without further delay, announce a firm and final schedule for local government elections in the ICT to end the four-year democratic vacuum[2]. The federal government must be barred from making any further changes to the number of union councils or other administrative boundaries that could be used as a pretext for new delays.

2. *Implement the Spirit of the IHC Judgment for the Newly Elected Council*

A time-bound plan must be developed to implement the transfer of municipal functions, assets, and revenue streams from the CDA to the MCI, to be executed as soon as the new council is elected and sworn in. [10] This would ensure that the newly elected body is empowered from day one.

3. *Close the Constitutional Loophole and Ensure Stability*

Initiate a constitutional amendment to extend the principles of Article 140-A to the ICT. This is a necessary long-term step to provide legal protection against arbitrary federal actions.

Amend the ICT Local Government Act 2015 to create iron-clad guarantees, including automatic, non-negotiable provisions that prevent a recurrence of the deliberate inaction seen after the 2016–2021 council's term expired, and ensure a fixed, uninterrupted five-year tenure.

4. *Establish a Formal and Transparent Fiscal Architecture*

A statutory "Federal Finance Award," equivalent to a PFC, and drawing on the principles of the NFC, must be created for the ICT. This mechanism should have a transparent, formula-based system for allocating a predictable share of federal revenues directly to the newly elected MCI [6, 13]

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Annex Ai: Development Allocations for ICT (Block Allocation)

Fiscal Year	Allocation	Executing Authority	Source Document & Page
FY 2024–25	PKR 6.0 billion	Ministry of Interior / CDA	PSDP 2024–25, Planning Commission (pp. 13–14) [7]
FY 2025–26	PKR 6.0 billion	Ministry of Interior / CDA	Federal Budget 2025–26, Budget in Brief (pp. 22–23) [9]

Note: No segregated disaggregated ADP allocations is made. Development funding is routed as block schemes via federal institutions

