



# Legislative Motion Without Movement

Local Governance in Punjab



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# Local Governance Profile – PUNJAB

This chapter analyzes the state of local governance in Punjab, Pakistan’s most populous and administratively dominant province. Despite frequent legislative activity and multiple local government laws since 2001, Punjab’s experience has been defined by discontinuity, executive control, and a lack of genuine political will. This analysis examines the paradox of “*Legislative Motion without Movement*”—how repeated legal reforms have failed to translate into meaningful devolution, leaving local governments structurally weak, fiscally dependent, and politically sidelined.

## 1. Provincial Context and Political Landscape

Punjab holds a pivotal position in Pakistan’s democratic and fiscal architecture as the country’s most populous and politically influential province. The Pakistan Muslim League-Nawaz (PML-N) returned to power in Punjab after the 2024 general elections, forming a government with a parliamentary majority. The party’s 2024 election manifesto promised to empower local governments through constitutional and administrative reforms, timely elections, and enhanced fiscal devolution. However, in practice, the post-election governance structure reflects a continuation of centralizing tendencies [1].

While the PML-N introduced the Punjab Local Government Bill 2025 to restructure local governance, civil society and local representatives raised concerns that the proposed system reinforces provincial control, especially via the entrenched role of Deputy Commissioners (DCs) in development planning and fund disbursement. The persistent delay in LG elections and lack of functional Provincial Finance Commission (PFC) awards further deepen the democratic deficit [1].

### 1.1 Timeline of LG Systems and Elections in Punjab

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**2001–2009:** Musharraf-era LG system under LGO 2001

**2009–2015:** No elected LGs; system suspended

**2015–2019:** Elected LGs reinstated under PLGA 2013

**2019–2022:** Punjab dissolved LGs prematurely, declared unconstitutional by Supreme Court [6]

**2022–2024:** Reforms initiated, but no elections held

**2025:** PLG Bill 2025 passed (put in abeyance due to widespread backlash post approval by the Punjab Assembly). Elections still pending as of June 2025 [1].

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## 2. LG Law and Institutional Structure

### 2.1 Legislative Reforms and Political Mandate

The Punjab Local Government Bill 2025 (Bill No. 26 of 2025) represents a renewed attempt to restructure the province’s LG system. It introduces a three-tier system: Metropolitan Corporations, District Councils, and Neighbourhood Councils, alongside directly elected mayors and deputy mayors—an improvement in terms of political accountability. This approach aligns with the PML-N manifesto commitments from the 2024 election campaign, which emphasized the strengthening of democratic decentralization through direct electoral representation [1].

### 2.2 Administrative and Fiscal Constraints

Despite rhetorical commitments, critical evaluation reveals that the bill replicates many features of previous LG laws that hinder functional autonomy. Administrative and financial control remain firmly in the hands of provincial authorities and DCs. While the law articulates LG rights to plan, execute, and manage development schemes, it lacks enforceable mechanisms to safeguard these rights. Staffing powers remain centralized, there is no binding election schedule, and while the bill references fiscal transfers and own-source revenue generation, it fails to institutionalize a Provincial Finance Commission (PFC) with clear functions and timelines. This results in continued reliance on ad hoc transfers from the provincial government [1].

### 2.3 Evolution of Local Government Laws in Punjab

Law	Year	Key Features	Gaps Identified
PLGA 2013	2013	Introduced elected LGs, indirect elections for heads	Lacked financial autonomy, dissolved prematurely
PLGA 2019 (repealed)	2019	Direct mayoral elections, integrated rural-urban LGs	Never implemented, repealed before operationalization
PLG Bill 2025 (pending)	2025	Three-tier system, directly elected mayors	Weak fiscal mandates, continued provincial oversight [1]

This evolution demonstrates that while Punjab’s legal framework has shifted toward more inclusive structures on paper, practical empowerment remains elusive.

## 3. Fiscal Transfers and Development Allocations

### 3.1 Annual Development Programme Allocations

In FY 2025–26, the total ADP was increased to a record PKR 1,240 billion. Of this, PKR 142 billion was allocated to LG&CD sector schemes, while PKR 764.2 billion was channelled to local bodies through PFC transfers and other grants. Additionally, a special block allocation of PKR 95 billion was made under the Chief Minister’s District Development Program, again executed primarily through DC offices [4].

Punjab's ADP for FY 2024–25 was PKR 842 billion, with PKR 61.75 billion allocated to the Local Government and Community Development (LG&CD) sector. A further PKR 80 billion was earmarked for the Chief Minister’s District Development Program, a block allocation implemented via Deputy Commissioners for infrastructure and community uplift projects across districts. While these figures suggest significant development funding at the local level, much of the allocation bypasses the elected local governments and is instead routed through bureaucratic or political intermediaries [3].

### 3.2 Provincial Finance Commission Awards

Despite the constitutional obligation under Article 140-A, Punjab has not issued a new PFC Award since 2017. The last known formula allocated resources based on population (60%), backwardness (20%), revenue generation (10%), and urbanization (10%). In the absence of an updated PFC notification, local governments continue to receive grants on an ad hoc basis, undermining predictability and equity [3].

### 3.3 Own-Source Revenues

Local governments in Punjab have limited capacity to raise their own revenues. The most viable source, property tax, remains under provincial control. LGs can collect small-scale user fees and licensing charges, but these are insufficient to support independent development planning or service delivery. Consequently, LGs remain dependent on provincial transfers, and without a functioning PFC, these transfers lack transparency and formula-based equity [5].

### 3.4 Indirect Execution Channels

A significant share of district-level development in Punjab is implemented outside the purview of elected LGs. The CM’s District Development Program and legislators’ schemes (MPA/MNA funds) are executed via provincial departments and DC offices. These schemes accounted for PKR 80 billion in 2024–25 and PKR 95 billion in 2025–26. Though politically justified as constituency responsiveness, they dilute the authority and fiscal space of LGs and were previously declared unconstitutional by the Supreme Court [6].

*Development funds must be allocated to local governments, not parliamentarians, in the spirit of Article 140-A of the Constitution. – Supreme Court of Pakistan, PLD 2014 SC 131 [6]*

In FY 2025–26, these indirect execution channels accounted for approximately 8.1% of Punjab’s total ADP (PKR 1,240 billion), and about 10.9% of the total funds nominally allocated to LG&CD and PFC transfers. In comparison, in FY 2024–25, the PKR 80 billion routed through similar channels made up approximately 9.5% of the total ADP (PKR 842 billion), and nearly 10.2% of the combined LG&CD and PFC allocations [3][4]. These figures underscore the persistent imbalance between financial allocation in the name of local governance and actual decision-making control at the grassroots level.

The overlapping roles of LGs, DCs, legislators, and the LGCD create a fragmented development planning environment where accountability is unclear. Despite the large figures reported as LG funding, the practical autonomy to allocate, prioritize, and implement these funds remains highly constrained [3][5].

## **4. Institutional and Political Realities**

### **4.1 Bureaucratic Oversight and Administrative Control**

Despite constitutional and legal reforms, local governments in Punjab continue to face systemic challenges rooted in centralized administrative traditions and weak institutional capacity. One of the most significant impediments is the persistent dominance of provincial bureaucracies, particularly the Deputy Commissioners (DCs), who serve as gatekeepers to district-level development planning and implementation. Although technically subservient to elected LGs under a devolved governance model, DCs routinely exercise control over budget execution, scheme approvals, and monitoring—often marginalizing elected officials in the process [5].

### **4.2 Political Influence and Dual Governance Channels**

Political will to operationalize LG autonomy remains inconsistent. While the passage of the Punjab Local Government Bill 2025 provides a legislative framework, its delayed implementation and the absence of binding electoral timelines raise serious concerns about the provincial government's commitment to democratic decentralization. The influence of provincial legislators in local affairs, particularly through discretionary development funds, exacerbates the duality of governance, where parallel systems function without coordination [1, 4].

### **4.3 Capacity Deficits and Service Delivery Constraints**

Capacity constraints within LGs also hinder effective service delivery. Many local bodies lack adequately trained staff, institutional continuity, and technical expertise. This is compounded by the absence of Local Government Service Commissions, which results in inconsistent recruitment and placement practices. Additionally, political instability and frequent legal amendments to LG laws have contributed to institutional fragility [5].

### **4.4 Weak Oversight and Limited Civic Engagement**

The lack of performance audits, participatory oversight mechanisms, and robust public accountability platforms further diminish the effectiveness of LGs. Without clear performance benchmarks and community feedback loops, there is limited incentive for improvement. Moreover, civil society participation remains minimal in local governance affairs, restricted largely to donor-led projects or election campaigns [5].

Taken together, these institutional and political realities illustrate that the structural empowerment of LGs in Punjab is yet to be achieved. Legislative reform alone cannot compensate for administrative gatekeeping, inadequate fiscal autonomy, and the absence of participatory governance. Strengthening LGs will require not just legal clarity but a fundamental shift in governance culture—one that prioritizes subsidiarity, transparency, and accountability at the grassroots level [1, 5].

## 5. Provincial Scorecard

The following scorecard evaluates Punjab’s local governance landscape across legal, fiscal, administrative, and political dimensions. While the Punjab Local Government Bill 2025 marks a legislative step forward, its implementation remains partial, and significant gaps persist in operational autonomy and fiscal decentralization. Despite large budgetary allocations in the name of local development, control remains centralized in provincial departments and bureaucracy. The continued use of discretionary funding channels and absence of effective Provincial Finance Commission mechanisms underscore the gap between de jure commitments and de facto governance practices.

Dimension	Indicator	Status/Rating	Remarks
Legal Framework	Status of LG Law (2025)	Medium	Law affirms Article 140-A but grants strong oversight to provincial commissioners/DCs
	Tier Structure (Metropolitan/Union Councils etc.)	High	Multi-tier system included but implementation pending
	Election Timeline	Low	No binding schedule; elections pending
Fiscal Autonomy	Share of ADP allocated to LGs (including PFC & LGCD)	Medium	Significant nominal allocations, but low operational autonomy
	Operational PFC	Low	No new award since 2017; transfers ad hoc
	Local Tax Authority (property tax, levies)	Low	Retained by province; LGs have no control
Administrative Control	Staffing Autonomy and Local HR Control	Low	No LG Service Commission; hiring centralised
	Planning & Development Oversight	Low	Strong control by LGCD and P&D departments; CMDP bypasses LGs
	Execution Autonomy for Schemes	Low	DCs and line departments execute major development schemes
Political Will & Practice	Manifesto Fulfilment (PML-N)	Medium	Some legal reform, but parallel systems remain dominant
	Use of Discretionary Funds (MPA/MNA/CMDP etc.)	High	CMDP + Legislator schemes amount to 8–10% of ADP in FY 2024–26

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

## 6. Recommendations

To reverse the trend of recentralization and operationalize Punjab’s devolved governance framework, the following province-specific reforms are recommended:

### 1. Restore Democratic Continuity and Legal Safeguards

- Amend the Punjab LG Act to introduce explicit safeguards that fortify the legally protected, five-year term against premature dissolution through administrative or executive action.
- Ensure strict adherence to the mandatory 120-day election timeline as provided in Section 74(3) of the Act, transforming it into a non-negotiable and binding requirement.
- Institutionalize automatic triggers for judicial oversight and clear legal consequences for any failure to hold local government elections within the constitutionally defined period.

### 2. Revive and Reform the Provincial Finance Commission (PFC)

- Reactivate the dormant PFC by constituting its members and issuing a new formula-based award anchored in equity and transparency.
- Ensure that at least 10–15% of the provincial ADP is allocated to the District ADP, with planning and execution powers devolved to elected LGs.
- Discontinue ad hoc, politically motivated district development schemes routed through MPAs outside the PFC framework.

### 3. Strengthen Fiscal Autonomy and Local Revenue Powers

- Transfer key local revenue streams—such as property tax and licensing fees—from provincial departments to LGs.
- Develop digital infrastructure and capacity within local bodies for revenue forecasting, billing, and collection.
- Create a transparent revenue-sharing mechanism for taxes currently collected centrally but generated locally.

### 4. Professionalize LG Institutions and Ensure Oversight

- Establish an independent Local Government Cadre to enable professional, merit-based appointments and stable administrative leadership.
- Form local public accounts committees and introduce third-party audits for all LG expenditures.
- Launch provincial training and performance evaluation programs to enhance service delivery across urban and rural LGs.



## 7. References

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## Annex A: District-Wise ADP Allocations in Punjab

District	Allocation to LGs (FY 2024–25)	Allocation to LGs (FY 2025–26)	CMDP & Indirect (FY 2024–25)	CMDP & Indirect (FY 2025–26)	Executing Authority	Source Document
Lahore	PKR 172.2 million	PKR 172.2 million	Part of PKR 80 billion CMDP	Part of PKR 95 billion CMDP	DCs/Provincial Dept	Finance Dept Budget 2024–25, 2025–26; CMDP briefs
Faisalabad	PKR 76.25 million	PKR 76.25 million	CMDP	CMDP	DCs	PFC Allocations, CMDP briefs
Multan	PKR 49.8 million	PKR 49.8 million	CMDP	CMDP	DCs	Same as above
Rawalpindi	PKR 26.8 million	PKR 26.8 million	CMDP	CMDP	DCs	Same as above
Rahim Yar Khan	PKR 200 million	PKR 200 million	CMDP	CMDP	DCs	Same as above
Sheikhupura	PKR 142 million	PKR 142 million	CMDP	CMDP	DCs	UIP Tax Share, Budget 2025–26
Kasur	PKR 135 million	PKR 135 million	CMDP	CMDP	DCs	Same as above
Sargodha	PKR 36.4 million	PKR 36.4 million	CMDP	CMDP	DCs	PFC Allocations
Sialkot	PKR 46.1 million	PKR 46.1 million	CMDP	CMDP	DCs	Same as above

Note: Disbursement and utilization data is not released by the Punjab government. Figures are based on available allocations in budget documents.