

FISCAL DECENTRALISATION AND SATISFACTION FROM PUBLIC SERVICE DELIVERY IN PAKISTAN: A Comparative Assessment of Pre and Post 18th Amendment

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Abstract

The study utilising the Pakistan Social and Living Standard measurement (PSLM) Survey for the years 2008-09, 2014-15, and 2019-20 assesses satisfaction from the public service during pre and post 18th amendment and concluded that the structure and effectiveness of local government matters for public service delivery. The Chi-Square results show statistically significant association of local government systems with the use of public service, satisfaction from public service and perception about the changes in public service delivery over time. The likelihood ratio validates the robustness of the association. Findings of the study concluded that the satisfaction from public service has declined over time, indicating that the local government system pre 18th amendment was better in terms of service delivery. Province wise comparison highlights that the local government system in Punjab and KPK is better than the system in Sindh and Balochistan. The findings suggest that the devolution of authority following the 18th Amendment has not translated into improved public service delivery. In fact, in many areas, service quality and usage have declined, pointing to systemic inefficiencies in local governance structures post-decentralisation.

Keywords: Fiscal Decentralization, Public Service Delivery, Local Government and Pakistan.

JEL Classification: H40, H50, H70, H75.

I. Introduction

Fiscal decentralisation signifies devolution of fiscal powers to the lower tier of the government providing space to the sub-national or local governments for better budgeting given the fact that they are closer to public and can better identify the local needs, providing more authority to spend. This results in improved governance by bringing decision making closer to public and ultimately results in better service delivery (Tiebout, 1956; Bardhan & Mookherjee, 2006). Devolution can create transparency, accountability and improve public satisfaction from service delivery (Rahim & Shirazi, 2018; Abbasi & Mussarrat, 2015).

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Nevertheless, the results of devolution may not always be positive. Literature provides evidence that without proper implementation capacity, absence of trained staff, lack of fiscal control and autonomy, inadequate planning and monitoring frameworks at the local government level leads to ineffective public service delivery (Prud'homme, 1995; Oates, 1972; Ghimire, 2018). Corruption and elite domination create political interference and lead to weak accountability and misallocation of funds. All these ultimately result in low satisfaction and create a deteriorating perception or unequal resource distribution. Further, it creates disparities across districts and results in ineffective public service delivery (Bardhan & Mookherjee, 2006; Zhang et al., 2023).

The introduction of Local Government through the Local Government Ordinance 2000, intended to bring the government closer to the public, improve transparency and accountability and to make the efficient public service delivery. After the 18th Constitutional Amendment in 2010, giving the mandate to the provinces to establish their own local government system which led to the establishment of local government systems with varying autonomy. Earlier, the local governments were working under the supervision of the respective provincial government.

The administrative and financial powers of the local governments were the same across Pakistan during the period 2001 to 2010, but after the enactment of the local government acts, the political, administrative, and financial powers vary at the provincial level. Although the Amended acts of Balochistan and Khyber Pakhtunkhwa were passed in July 2023 and August 2024, respectively, but new local government setups were in position after 2013 for Sindh, KPK and Balochistan. Punjab announced its local government act in June 2024.

There is a need to analyse how the emergence of new local government systems has impacted the public service delivery during pre and post 18th constitutional amendment given the fact that the autonomy of all local governments was the same during pre-18th amendment and it varies in post 18th amendment. This study highlights the satisfaction from the public service delivery during the two periods and provides a comparative analysis of satisfaction from the public service delivery and makes an assessment to draw a conclusion whether the local government system in pre 18th amendment was better or it is better after the post 18th amendment. Further, the study explores which provincial government has established a better local government system in post 18th amendment period by highlighting the improvement in the public service delivery.

For the purpose of analysis, Pakistan Social Living Standard Measurement (PSLM) Survey data for the period 2008-09, 2014-15 and 2019-20 are used. Data for 2008-09 is used to assess the performance of the local government in terms of service delivery announced through local government ordinance 2000 and treated as pre 18th amendment period. Whereas, analysis of the data for the period 2014-15 is done to cover the period in which there was an interim arrangement and local governments were working under the supervision of provincial governments. Analysis of the data for the period 2019-20 will cover the period after the announcement of local government acts by most of the provincial governments and is considered as post 18th amendment period.

Given the data limitation, the study will focus only on three key services namely Basic Health Units (BHU), Public Schools (Education) and Water Supply and provide assessment whether the public service has improved or become worse after the devolution by comparing the satisfaction from public service. The study also attempts to identify which provincial government has introduced better local government system after the 18th constitutional amendment based on public satisfaction from the service delivery.

The rest of the paper is organized as follows: Section II presents a review of the relevant literature. Section III discusses Fiscal Decentralisation and Public Service Delivery in Pakistan, with a comparative assessment of the pre and post 18th Amendment periods. Section IV concludes the paper and offers key policy recommendations derived from the analysis.

II. Review of Literature

Public satisfaction levels are significantly impacted by centralisation and decentralisation. While centralisation can result in economies of scale, uniform policies, and effective decision-making, it can also cause inflexibility, a lack of responsiveness to local requirements, and bureaucratic red tape, all of which lower public satisfaction in the end.

Decentralisation, on the other hand, promotes local autonomy, greater engagement, innovation, and responsibility, but can also result in fragmentation, uneven resource distribution, and inconsistent policies. Public satisfaction can be maximised by using a balanced strategy that centralises support functions, decentralises decision-making, and sets clear rules. This hybrid model fosters a more responsive and responsible government structure that raises public satisfaction and trust by enabling local authorities to meet specific demands while maintaining efficiency and uniformity.

According to traditional fiscal decentralisation theory, local governments have information advantages over the federal government, including a closer relationship with voters, the needs and preferences of the populace, and a better understanding of the costs associated with providing public services in their jurisdictions.

Devolution gives local governments more financial and administrative authority, which promotes more focused and effective public service delivery that benefits individuals and communities. Research on public economics has typically come to the conclusion that decentralised public functions raise people's satisfaction levels since public products are delivered to citizens' doorsteps in accordance with their local menu (Tiebout, 1956). Devolution of power under federalism and local government systems has been found by Abbasi & Mussarrat (2015) to ensuring inclusiveness, improving local autonomy for financial and decision-making authorities, and permitting sub-national organisations to make decisions. According to Rahim & Shirazi (2018), there has been significant growth in governance, infrastructure, health care, and education in the devolution of powers.

Public service satisfaction can also be impacted by a wide range of other variables, including citizens' attitudes, experiences, and expectations, in addition to the

number and quality of public services provided. In other words, citizens are happier when they believe that public services fulfil their demands; nevertheless, regardless of quality, people are less happy when they receive unpopular public services. Put differently, residents will be less satisfied when governmental services diverge from their true demands (Pu, X et al., 2023).

Numerous published studies have achieved some ground-breaking advances in public service satisfaction and fiscal decentralisation. Fiscal decentralisation may help to increase public service satisfaction, according to certain studies. For instance, fiscal decentralisation has been found improving citizens' satisfaction with healthcare in Chinese cities (Huang et al., 2017). On the other hand, some research has suggested that fiscal decentralisation negatively affects public service satisfaction. For instance, Funk and Owen (2020) contend that because of local governments misuse financial resources, fiscal decentralisation may be detrimental to public service satisfaction. According to Khan et al. (2023), inhabitants' happiness with the environment decreases as a result of fiscal decentralisation since environmental quality deteriorates, particularly when market segmentation occurs. Nonetheless, there have not been many conversations about how fiscal decentralisation affects public service satisfaction thus far specifically in case of China.

As a result of fiscal decentralisation, the autonomy of local government to raise tax and allocate it according to local needs and priorities may improve and consequently improve the efficiency and quality of public service such as water supply, health and education (Barfield, 1981; Huang et al., 2017).

Numerous theoretical works have emphasised the advantages and disadvantages of decentralisation. Because local governments have better access to information, a better understanding of the preferences of their constituents, and greater capability for local monitoring, giving them more administrative authority, enhancing the delivery of public services (Bardhan & Mookherjee, 2006). However, if local government capacity is reduced, if corruption is more common among local officials, if decentralisation leads to a loss of economies of scale, or if local elites have greater access to public resources, service delivery may deteriorate (Oates, 1972; Besley & Coate, 2003; Bardhan & Mookherjee, 2006).

While some studies, like Dahis & Szerman (2021), Narasimhan & Weaver (2024), have shown that decentralisation has a positive impact on economic growth, well-being, and service delivery, some other studies, Cassidy & Velayudhan (2024), Cohen (2024), Malesky et al. (2014); have found the opposite.

Literature from developing countries suggested that lack of capacity at the local level, limited resources and deficiency to manage service delivery may have negative impact on service delivery and ultimately lead to poor service delivery and inadequate availability of resources across regions (Oates, 1972; Prud'homme, 1995; Ghimire, 2018). There exist a possibility of elite capture in which politically influenced take benefit from public resources (Crook & Sverrisson, 2001).

On the other hand, a body of literature also contends that inadequate human, financial, and technical resources will make it impossible for local governments to deliver adequate public services, and that authority should instead stay with central governments with abundant resources (Crook & Sverrisson, 2001; Prud'homme, 1995).

Literature appears with the conclusion that satisfaction from service delivery depends on how well decentralisation is implemented. For instance, research concluded that fiscal decentralisation improved satisfaction from the healthcare and education services (Huang et al., 2017); whereas, lack of transparency and mismanagement lead to dissatisfaction from the public services (Funk & Owen, 2020).

With specific reference to Pakistan, the research appears with mix results, some have concluded that there is improvement in the provision of infrastructure and governance after devolution (Rahim & Shirazi, 2018), while others concluded that, because of lack of coordination and inadequate funding, the quality of public service has depleted (Ansari et al., 2011). This created the significance of evaluating the impact of decentralisation not only over the time but also at across provinces.

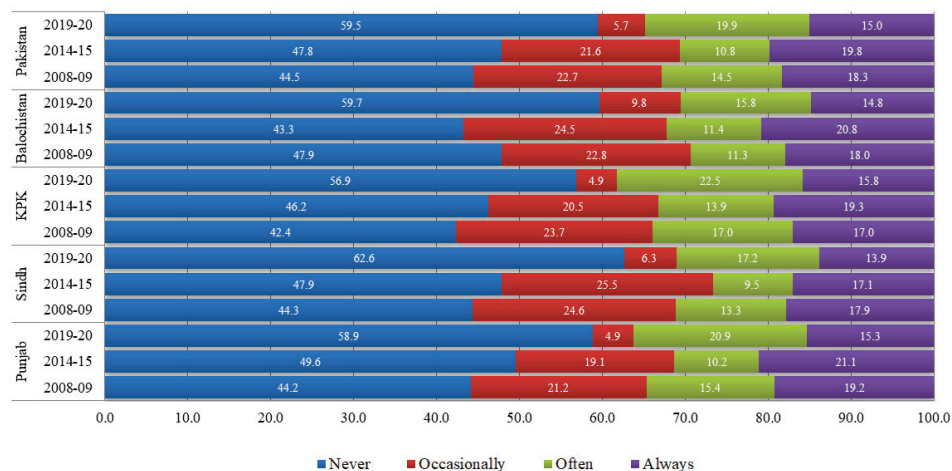
To summarise, there is a potential for improved service delivery and consumer satisfaction with the decentralisation depending that local authorities have capacity, better governance structure and have access to resources. The study primarily focus on evaluating the satisfaction from the three basic public services including Basic health, Education and water supply by providing the comparison over time i.e., pre and post 18th amendment periods and across provinces.

III. Decentralisation and Public Service Delivery in Pakistan

The period of analysis is divided into three periods, Pre 18th Constitutional amendment from FY2001 to FY2010 which is considered as uniform local government system across provinces as the financial and administrative powers were same, the interim Period (FY2011 to FY2014-15) as the local governments were functioning under the supervision of provincial government and they were in the process of finalising their local govern acts and finally the post 18th constitutional amendment period (FY2015 to onward) as almost all provincial governments announced their local government acts. During the post 18th Constitutional amendment, the financial and administrative powers across provinces were varying.

As stated earlier, the analysis is performed using the PSLM data for the period 2009-10, 2014-15 and 2019-20 for pre 18th amendment, interim period and post 18th amendment period respectively to cover the aspect of utilisation of public service, satisfaction from the public service and perceived change over the past 12 months.

Response on how often the individuals have use the public service and its changes over time are reported in the Figure 1 and 2. It can be observed that majority of the population in Pakistan has never used any public service. The percentage of population that never used any public service was 44.5 per cent in 2008-09 which increased



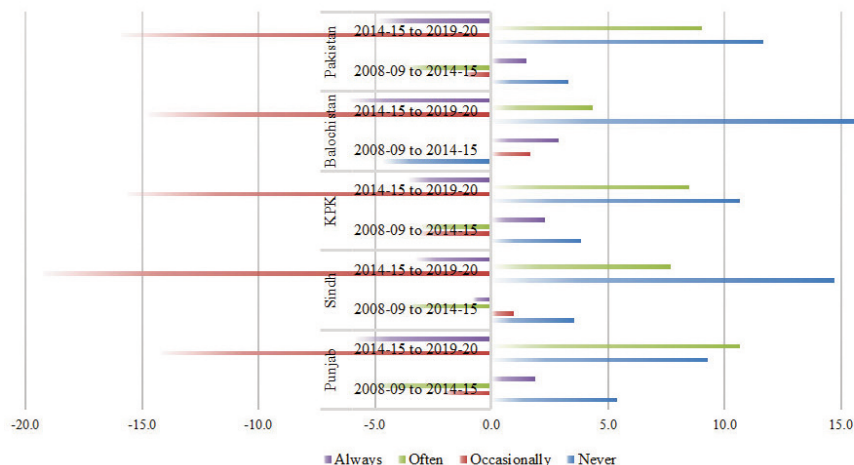
Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

FIGURE 1

A How Often you use the Facility?

to 47.8 per cent in 2014-15 and reaches to 59.5 per cent. Similarly, the percentage of population always used public services has decreased over time indicating depletion in the public service delivery.

Province wise comparison shows that percentage of population never used any public service has increased in all provinces overtime. Similarly, the percentage of



Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

FIGURE 2

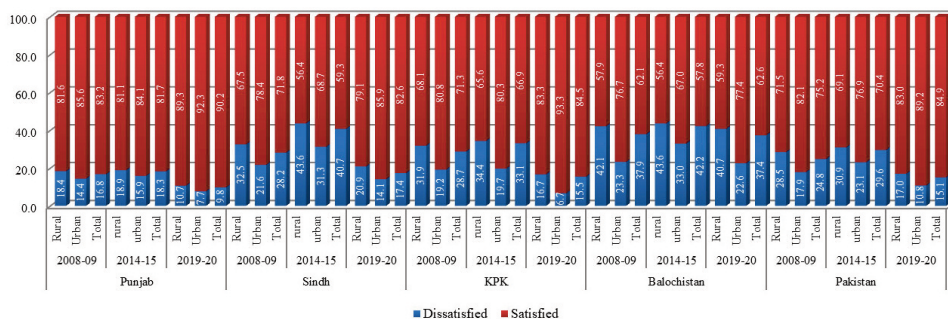
Change in The Use of Public Service Over Time

population always used public services has decreased over time. There is a substantial decrease in the percentage of population that occasionally used any public service—clearly highlighting that the satisfaction from public service has declined over time.

Changes in the percentage of population using any public service is highlighted in Figure 2 indicating that changes in the percentage of population who always use public services have decreased in all provinces. The decrease is highest in Balochistan followed by Punjab, marginally less as compared to Balochistan then KPK and then Sindh. The percentage change in population that often use any public service is negative during the interim period for all provinces except Balochistan where it is marginally positive—indicating that working under supervision of provincial government deterioration in public service delivery that may be a cause of lack of coordination between provincial and local governments. The change in Population that often use any public service is highest in Punjab followed by KPK then Sindh.

On the basis of the percentage of population use any public service and changes in the use of public service a preliminary conclusion can be drawn that the public service delivery has depleted in the post 18th constitutional amendment period indicating that the local government system in the pre 18th amendment period was better in terms of service delivery. However, there is a need to perform an in-depth analysis before making a firm conclusion.

PSLM provides information about the satisfaction and dissatisfaction from the public service and perception of population about the changes in service delivery during past twelve months. Perceptions are gathered in terms whether the service has improved, same as before, become worst or individual is unaware about the betterment of service delivery. For a more detailed analysis these two aspects are analysed and the results are reported in the Figure 3, 4 and 5. Figure 3 highlights the perception of population about their satisfaction or dissatisfaction from the public service by region.



Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

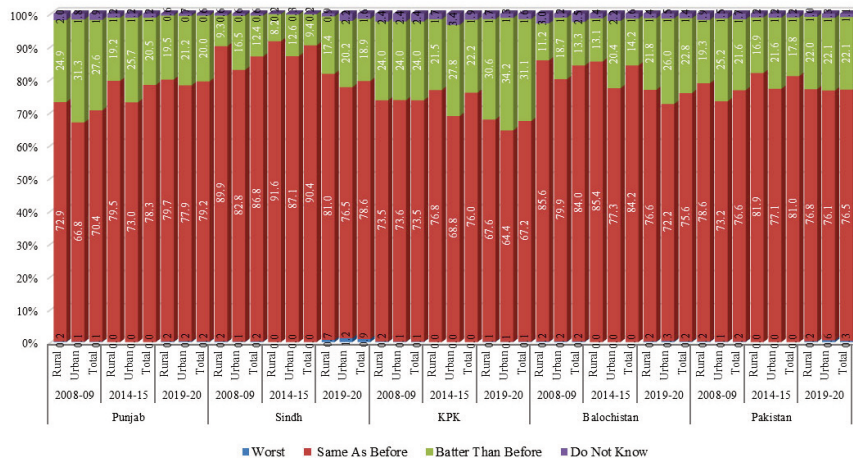
FIGURE 3
Are You Satisfied with Service?

The perception of population about satisfaction from public service highlights that it is decreased during the interim period but after the announcement of the local government acts the percentage of satisfied population from the public service has increased indicating improvement in public service delivery after the post 18th amendment period. This may lead to a wrong conclusion given the fact that percentage of population not using public service has increased over time. To explore it further, the analysis of the perception about the change in public service during past twelve month among satisfied and dissatisfied population is performed separately.

The perception of satisfied population about the change in public service during the last twelve month has improved, remains same, become worst or the individual is not aware is highlighted in Figure 4.

It can be observed from the figure that among the satisfied population from the public service delivery, more than 75 per cent of population perceived that public service delivery is same as it was before. Though very small percentage of population perceived that it has become worst during last twelve months, the percentage has marginally increased.

It can be observed from Figure 5, where the change in the percentage about the perception for change in service delivery during the last twelve months is highlighted, that overall, there is an increase in perception that public service is better than before among the satisfied population. This is mainly because of almost equal amount of decrease in population that were of view that the public service is same as before. Province-wise comparison highlights that percentage of population who perceived that public service has become worst is marginally increased in Punjab, whereas the



Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

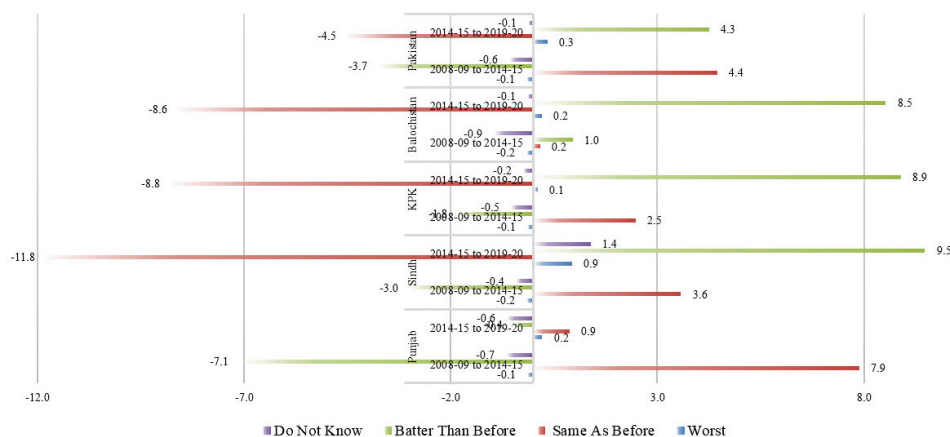
FIGURE 4
Perception About the Change During Past 12 Months - Satisfied

perception that the service delivery has improved over past twelve month shows a decline in a sense that there is a decrease in perception that public service is better than before from 7 to 3 per cent indicating public service delivery has worsen in Punjab. However, for Sindh, KPK, and Balochistan, the perception that the public service delivery is the same as before has decreased and shows an impressive increase in the perception that the service delivery has improved from before. It is worth mentioning here that a marginal proportion of population perceived that public service delivery has become worst during past twelve months in Sindh, KPK and Balochistan.

The perception of dissatisfied population about change in public service during the last twelve months (has improved, remains same, become worst or the individual is not aware is highted) in Figure 5.

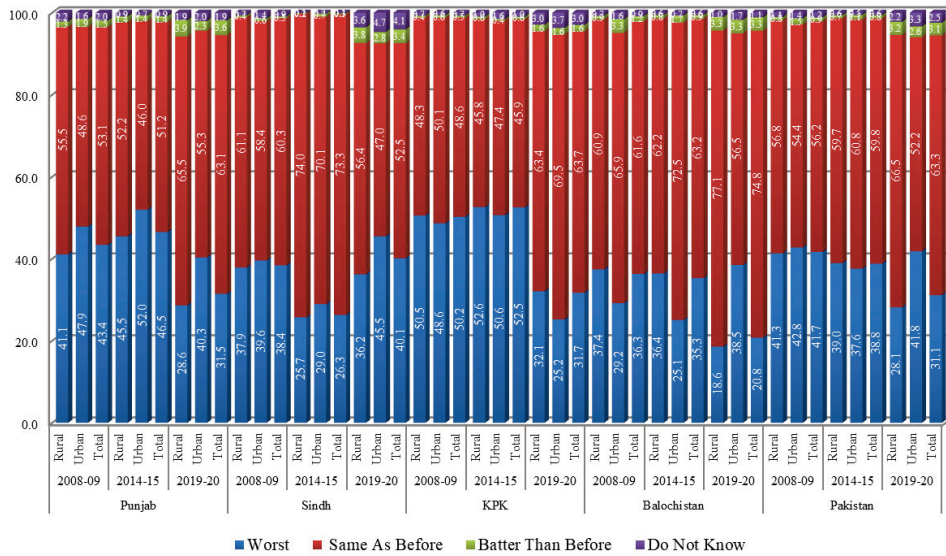
It can be observed from Figure 6 that more than 94 per cent of the dissatisfied population either perceived that the public service is same as before or perceived become worst. Province wise comparison highlights that for both Punjab and KPK the perception that the public service delivery has become worse is decreased whereas, it is increased for same as before. However, for both Sindh and Balochistan the perception that the public service delivery become worse is increased whereas, it is decreased for same as before. This indicates that the local government system in Punjab and KPK is better than the system in Sindh and Balochistan.

Changes in perception about service delivery for the dissatisfied population are reported in Figure 7. It can be observed from the figure that for both Punjab and KPK, there is significant decrease in the perception that public service delivery has become worse during the past twelve months, whereas there almost similar percentage increase



Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

FIGURE 5
Change in Perception About Service Delivery

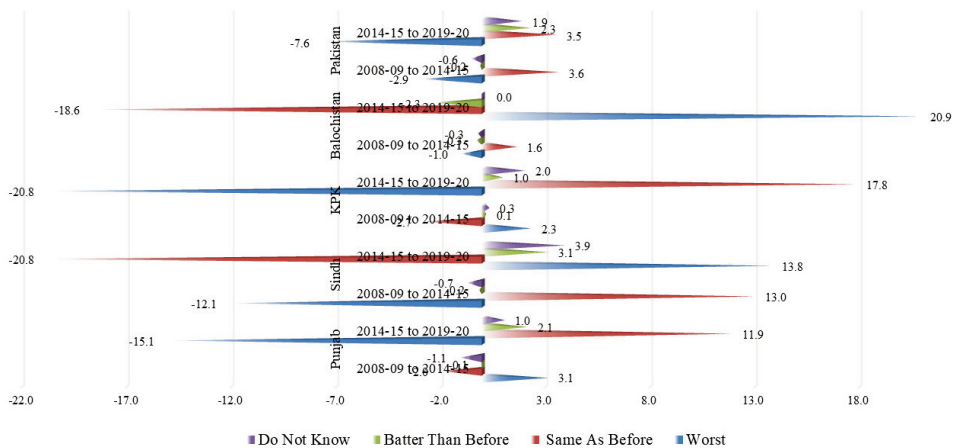


Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

FIGURE 6

Perception about the Change During Past 12 Months - Dissatisfied

in the perception that the service is similar as it was before indicating that public service delivery has improved in Punjab and KPK after the 18th amendment. However, for both Sindh and Balochistan, there is significant increase in the perception that



Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

FIGURE 7

Change in Perception About Service Delivery - Dissatisfied

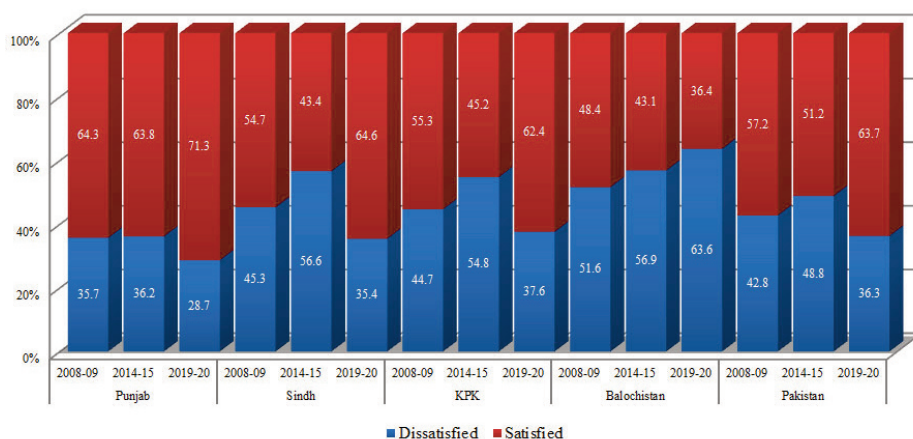
public service delivery has become worst during the past twelve months, whereas almost similar percentage decrease in the perception that the service is similar as it was before indicating that public service delivery has deteriorated in Sindh and Balochistan after the 18th amendment. This lead us to conclude that local government system in Punjab and KPK is better than Sindh and Balochistan.

To provide more thorough analysis on the public service delivery, there is need to see service specific perception of the population regarding satisfaction. For the purpose of analysis and given the data limitations, three services namely, Basic Health Unit (BHU), School Education and Drinking Water are taken also given the facts that all are bear essentials.

The perception of population for BHU service is presented in the Figure 8. It can be observed that share of population satisfied from the BHU service has increased over time for all the provinces except for Balochistan where it decreased from 48.4 to 36.4 per cent. This gives an impression that local government system after the 18th Constitutional amendment is efficient in delivering BHU service in all provinces except Balochistan. To make a concrete decision there is a need to perform further analysis in detail. For this pupose, data on how often people are using BHU service is analysed.

The results of how often people use BHU service is presented in the Figure 9 which indicated that population that always use BHU service is only 4.5 per cent.

The share of population that always use BHU service is highest in Balochistan i.e. 7.1 per cent followed by Sindh (5.2 Per cent) then KPK (4.1 per cent) and lastly by Punjab (3.8 Per cent). Though the share of population in 2019-20 as compared to 2008-09, fore population that always use BHU service has marginally increased, but



Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

FIGURE 8

Perception about Satisfaction from BHU Service

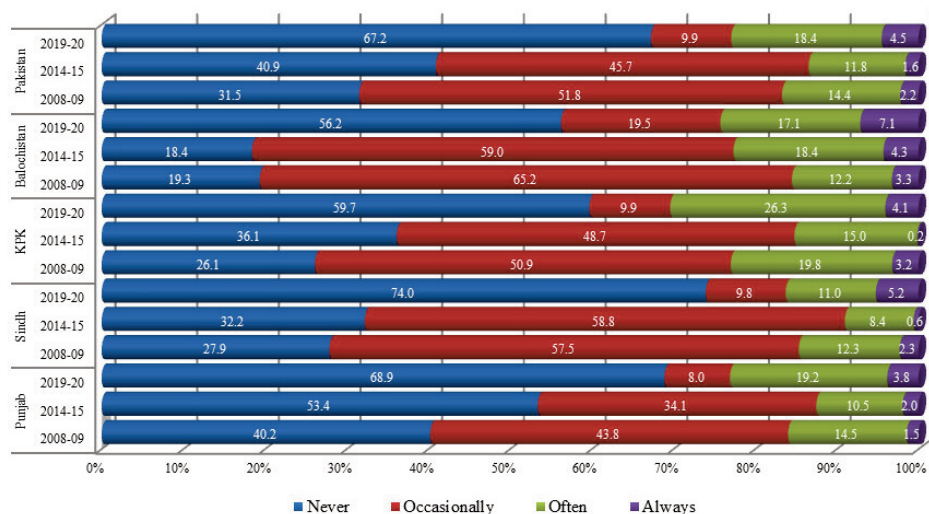
the share of population that never use BHU service has significantly. This is mainly because of a decrease in the share of population that occasionally use BHU service—indicating that BHU service is deteriorated during 2019-20.

In order to enhance the understanding and to make any concrete conclusion about the service delivery, data for satisfied population and dissatisfied population is explored further by examining their perception about the changes in service during last twelve months. The perception of a satisfied population is presented in Figure 10.

It can be observed that the share of population who perceived that BHU service become worst during last twelve months is marginally increase for all the provinces. Whereas, more than 80 per cent population perceived that it remains same over time. The share of population who perceived that BHU service has improved is increased for all the provinces except Punjab but remain less than 20 per cent in Pakistan.

In order to support the findings, data for dissatisfied population is also analysed and perception of dissatisfied population for changed in service delivery during last twelve months is reported in Figure 11.

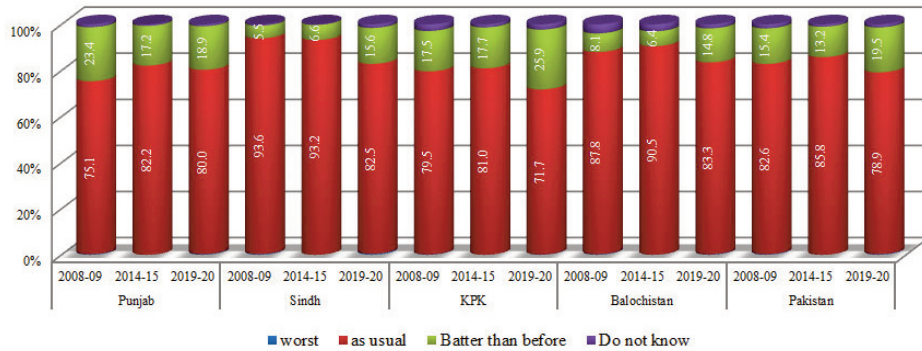
It can be observed that more than 90 per cent of dissatisfied population perceived that BHU service either remain same over the time or become worst. The share of dissatisfied population that feel that the BHU service has improved over time remains less than 3 per cent. Though the share of population that perceived that BHU service



Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

FIGURE 9

How Often You Use the Facility of BHU?



Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

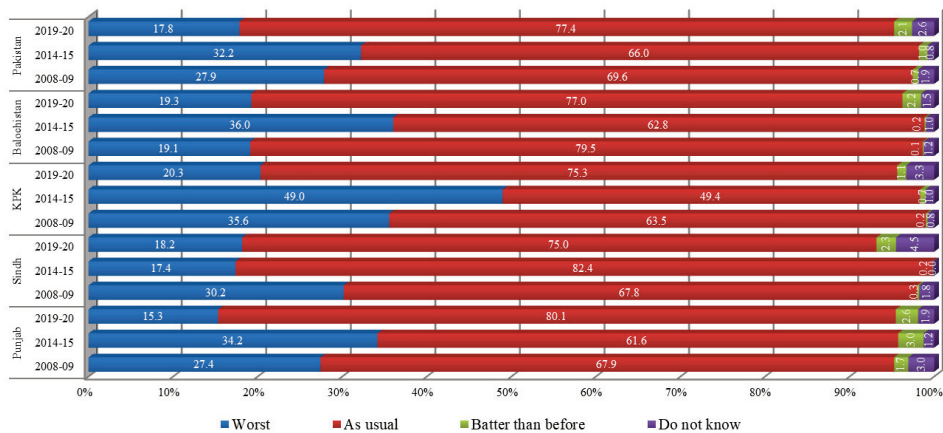
FIGURE 10

Perception about the Change During Past 12 Months - Satisfied

has become worst is decreased in 2019-20 as compare 2008-09 for all the provinces except for Sindh where it is marginally increased. However, the share of population who perceived that BHU service remain same over time has increased. It is therefore concluded that BHU service is deteriorated in 2019-20 as compared to 2008-09.

Result on the perception on satisfaction or dissatisfaction from school services are presented in Figure 12.

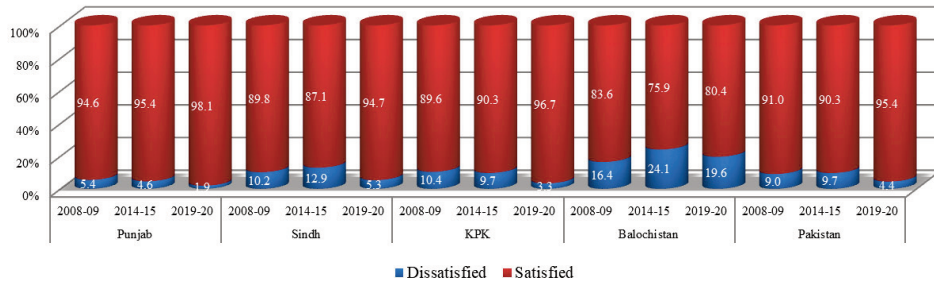
It can be observed that the share of satisfied population from school service is more than 90 per cent in Pakistan. Almost in all provinces, the share of dissatisfied



Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

FIGURE 11

Perception about the Change During Past 12 Months - Dissatisfied



Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

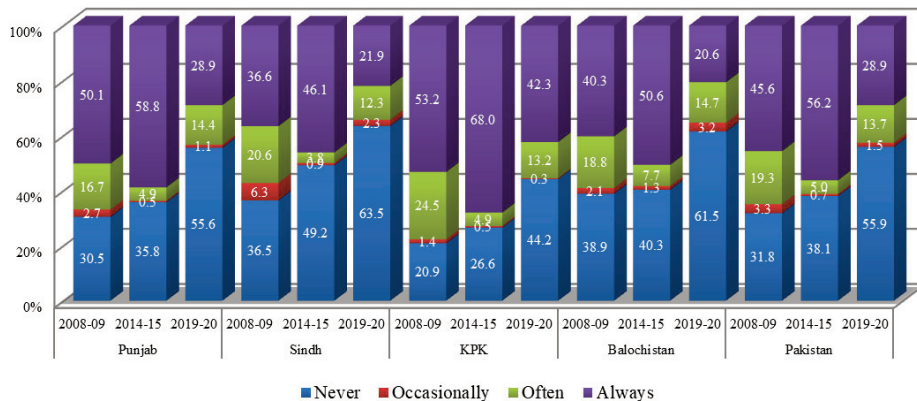
FIGURE 12

Perception about Satisfaction from School Service

population from school service is less than 10 per cent, except Balochistan, where it increased to 19.6 per cent in 2019-20 from 16.4 per cent in 2008-09. However, to conclude that public service is better or not we need to explore data further.

The findings on how often the School service is used are presented in Figure 13. It can be observed that share of population who always used school services has decreased in 2019-20 as compared to 2008-09 in all the provinces. Similarly, the share of the population that never used public school services has increased during the same period. Indicating deterioration in the public service delivery.

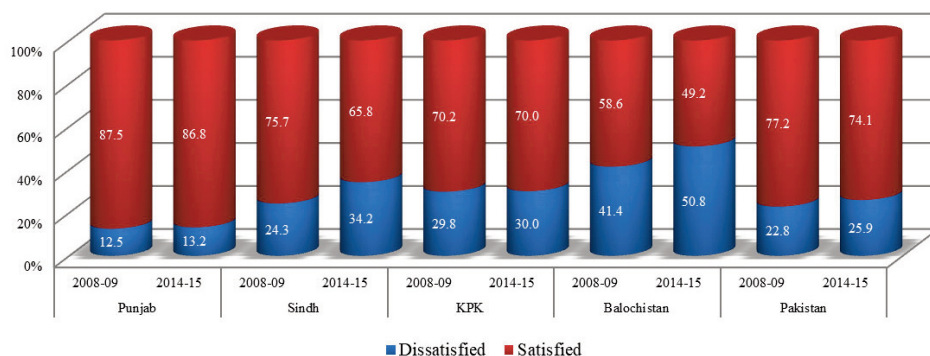
The entire population is using public drinking water service, and the perception about satisfaction or dissatisfaction is highlighted in Figure 14.



Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

FIGURE 13

How Often You Use the School Facility?



Source: Author's Illustration based on 2008-09, 2014-15 and 2019-20 PSLM Data.

FIGURE 14

Perception about Satisfaction from Drinking water Service

It can be observed that share of dissatisfied population from drinking water service has increased in all provinces over time.

Inferences drawn from the descriptive analysis are further examined by performing the Chi-Square test of independence. To observe whether the three aspects; including (i) utilisation of public service, (ii) satisfaction from the utilisation of public service and (iii) perception about the change in service delivery during past twelve months, are dependent on the local government systems; pre 18th amendment (when all provinces have same system with similar administrative and financial powers), interim period (in which local government system were run under supervision of provincial government) and post 18th amendment period (when all provinces have their own local government systems with varying financial and administrative powers).

1. Utilisation of Public Service

The results of Chi-Square test for the utilisation of public service delivery are reported in the Table 1.

The results indicates that utilisation of public service is significantly associated with the duration of local government i.e., pre 18th amendment, interim period and post 18th amendment and has significant impact on the pattern of use of public service. The likelihood ratio also confirms the association and validates that there exist robust association between the use of public services and the local government system. Results of Linear-by-Linear Association are consistent with the findings reported in Figure 1 that the use of public service is decreasing during the post 18th amendment period.

TABLE 1
Chi-Square Test - Utilisation of Public Service

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	303407.448a	6	0.000
Likelihood Ratio	308649.867	6	0.000
Linear-by-Linear Association	14986.942	1	0.000
N of Valid Cases	4255669		

Source: Authors' estimation using PSLM 2008-09, 2014-15 and 2019-20.

2. *Satisfaction from Public Service*

The results of Chi-Square test for the satisfaction from public service delivery are highlighted in the Table 2.

The findings of Chi-Square test highlight that satisfaction from public service is significantly associated with the governance period or local government systems. Service delivery is not evenly distributed across time and this can be observed that the satisfaction from public service delivery was higher in some phases. This could be a result of improved service delivery during that regime. The likelihood ratio also confirms the association and validates that there exist robust association between the satisfaction from the public service and the local government system. Results of Linear-by-Linear Association shows that the satisfaction from public service is increasing during the post 18th amendment period.

TABLE 2
Chi-Square Test - Satisfaction from Public Service Delivery

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	538553.322a	2	0.000
Likelihood Ratio	537257.338	2	0.000
Linear-by-Linear Association	499704.533	1	0.000
N of Valid Cases	1970202		

Source: Authors' estimation using PSLM 2008-09, 2014-15 and 2019-20.

3. *Perceived Change over the Period*

The results of Chi-Square test for the perceived changes in public service delivery during the past twelve months are highlighted in the Table 3.

The Chi-Square results show statistically significant association with the perceived change (become worst, got better or stayed same) over the time indicates that it is significantly linked with the governance systems. The chi-square test results show that there are prominent differences in the public perception about the change in service delivery over the time. The likelihood ratio also confirms the association and validates that there exist robust association between the satisfaction from the public service and the local government system. Results of Linear-by-Linear Association suggests that the people are perceiving that public service delivery is deteriorating over the time.

IV. Conclusion and Policy Recommendation

From the above findings, it is concluded that the structure and effectiveness of local government matter for public service delivery. The Chi-Square results show statistically significant association of local government systems with the use of public service, satisfaction from public service and perception about the changes in public service delivery over time. The likelihood ratio validates the robustness of the association. It should be noted that the nature of service quality and public perception about the change in service delivery over time, may depend on several factors including implementation capacity of the local governments, corruption and unequal distribution of resource across provinces as suggested by literature. The lack of implementation capacity may be a result of absence of trained staff, lack of fiscal control and autonomy at local government level or may be because of inadequate planning and monitoring frameworks at local level and lead to ineffective public service delivery. Corruption

TABLE 3
Chi-Square Test - Perceived Change over the Period

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	31463.046a	6	0.000
Likelihood Ratio	32296.215	6	0.000
Linear-by-Linear Association	10192.637	1	0.000
N of Valid Cases	1970200		

Source: Authors' estimation using PSLM 2008-09, 2014-15 and 2019-20.

and elite domination may create political interference and lead to weak accountability and misallocation of funds and ultimately results in low satisfaction and created deteriorating perception or unequal resource distribution may create disparities across districts for instance, service delivery is better in urban areas compare to rural areas and contribute to inconsistent user experiences.

By employing the PSLM data for 2008-09, 2014-15 and 2019-20, the study made an attempt to assess which local government system pre 18th amendment or post 18th amendment is better in term of satisfaction from the local service delivery. The analysis is extended for three services, namely Basic Health Unit (BHU), School Education and Drinking water facilities.

The percentage of population that never used public service and the percentage of population always used public service has decreased over time, clearly highlighting that the satisfaction from public service has declined over time indicating that the local government system pre 18th amendment was better in terms of services delivery.

Province wise comparison highlights that for both Punjab and KPK the perception that the public service delivery has become worst is decreased however, for both Sindh and Balochistan the perception that the public service delivery has become worst is increased. This indicates that the local government system in Punjab and KPK is better than the system in Sindh and Balochistan.

On the basis of the findings of the study, the following policy recommendations are proposed:

- i. Local government being closer to the community will identify and prioritise local need properly and can make relevant decision to ensure allocative efficiency. The provincial government should devolved administrative and financial powers to local government for the services that fall under local governments.
- ii. There should be regular and timely releases of funds to the local government so that finances should be available for informed decisions.
- iii. There are capacity issues at the local government which may create inefficiency in public service delivery and affect satisfaction. There should be some regulatory authority which not only ensure efficient use of public funds but also play role to enhance the capacity of the local government.
- iv. The role of donor agencies is also important in enhancing the capacity or capacity development of the local government. There should be a coordinated efforts of the provincial government along with the donor to develop capacity of the local government to improve their skills, strategic planning and resource utilisation.

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