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LEGISLATIVE FRAMEWORK AND LOCAL GOVERNMENT AUTONOMY IN KHYBER PAKHTUNKHWA, PAKISTAN: FISCAL AND ADMINISTRATIVE IMPLICATIONS FOR DISTRICT NOWSHERA (2013–2024)

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ABSTRACT

Local government autonomy is fundamental to democratic governance and the effective delivery of public services at the grassroots level. This study examines how the legislative framework established under the Khyber Pakhtunkhwa Local Government Act, 2013 and its Amendment Acts of 2019 and 2022 influenced the fiscal and administrative autonomy of local governments in District Nowshera during 2013–2024. Guided by Fiscal Federalism Theory and Decentralisation Theory, the study employed a mixed-method combining quantitative data from locally elected representatives with qualitative interviews of key stakeholders. The findings indicate that the legislative framework established under the 2013 Act provided comparatively greater fiscal and administrative autonomy, however, the subsequent legislative amendments significantly reduced local autonomy through the abolition of the district tier, the reduction of devolved functions and offices, the transfer of important powers from the Act to subordinate rules, the removal of statutory fiscal safeguards, continued fiscal dependence on provincial transfers, delayed fund releases, limited revenue-generation authority, and increased bureaucratic and political control. The study concludes that the effectiveness of local governance depends not only on the constitutional recognition of local government but also on a legislative framework that provides clear and legally protected guarantees of fiscal and administrative autonomy. It contributes to the literature by revealing that successive legislative amendments, rather than implementation failures alone, have been a key determinant of local government autonomy in Khyber Pakhtunkhwa.

KEYWORDS: Local government autonomy; legislative framework; fiscal autonomy; administrative autonomy; Fiscal Federalism Theory; Decentralisation Theory; District Nowshera; Khyber Pakhtunkhwa.

INTRODUCTION

Local government autonomy is fundamental to democratic governance and the effective delivery of public services at the grassroots level. The rationale for establishing local government is that local problems are best understood and addressed by the people of the area or their locally elected representatives rather than by distant central or provincial authorities (Laski, 1961). Consequently, decentralisation has been widely promoted across both developed and developing countries as a means of improving government responsiveness, strengthening accountability, encouraging citizen participation, and enhancing public service delivery. However, the effectiveness of decentralisation depends not merely on the existence of elected local governments but on the extent of fiscal and administrative autonomy provided through the legislative and institutional framework governing local councils. Without adequate authority over financial resources, administrative functions, and decision-making, locally elected governments have limited capacity to fulfil their legal responsibilities and respond effectively to local needs (Rondinelli et al., 1983).

Fiscal and administrative autonomy constitute the core dimensions of effective local governance. Fiscal autonomy requires that local governments receive timely intergovernmental transfers, possess adequate authority to generate their own-source revenues, and exercise meaningful discretion over budgeting and expenditure. Fiscal Federalism Theory argues that local governments can perform efficiently only when expenditure responsibilities are matched with adequate revenue authority (Musgrave, 1959). Similarly, administrative autonomy requires that locally elected bodies possess sufficient authority over personnel, planning, implementation, and day-to-day administration. Decentralisation Theory emphasises that the transfer of responsibilities alone is insufficient unless accompanied by the institutional authority and administrative capacity necessary to exercise those responsibilities effectively (Rondinelli et al., 1983; Khan & Rehman, 2022). Consequently, the effectiveness of local government depends largely on the legislative framework through which fiscal powers, administrative authority, and institutional responsibilities are allocated.

In Pakistan, the local government system has undergone repeated legislative changes. Historically, the democratic governments showed little enthusiasm for establishing a functional local government system in the country (Cheema et al., 2014). Following the Eighteenth Constitutional Amendment, responsibility for designing, regulating, and operationalising local government systems was transferred to the provincial governments. While Articles 7, 32, 37(i), and particularly Article 140-A of the Constitution provide constitutional recognition for elected local governments, provincial legislation now determines their institutional structure, fiscal arrangements, administrative authority, and functional responsibilities (Rafique et al., 2023).The effectiveness of local governance therefore depends not only on constitutional recognition but also on the legislative framework enacted by the provinces.

Khyber Pakhtunkhwa provides an important case for examining the relationship between legislation and local government autonomy. The Khyber Pakhtunkhwa Local Government Act, 2013 introduced a new legislative framework intended to strengthen local government through a comparatively more devolved system. However, the subsequent Amendment Acts of 2019 and 2022 substantially changed the legal framework governing local governments. These amendments affected the organisational structure, fiscal arrangements, administrative authority, and functional responsibilities of local councils, thereby altering the legal basis on which local governments exercised their powers (Centre for Governance and Public Accountability, 2022). These legislative reforms significantly changed the institutional environment within which locally elected bodies exercised their powers.

Although previous studies have examined decentralisation reforms in Pakistan, limited empirical research has specifically investigated how legislative framework have influenced the fiscal and administrative autonomy of local governments, particularly in Khyber Pakhtunkhwa. Existing studies have largely focused on historical development, constitutional arrangements, fiscal decentralisation, or governance outcomes, while comparatively little attention has been given to the legislative framework itself as a determinant of local government autonomy.

Against this background, this study examines how the legislative framework established under the Khyber Pakhtunkhwa Local Government Act, 2013 and its subsequent Amendment Acts of 2019 and 2022 influenced fiscal and administrative autonomy in District Nowshera during the period 2013–2024.

LITERATURE REVIEW

Local government autonomy has been widely examined from historical, institutional, fiscal, and legislative perspectives. Existing studies have explored decentralisation reforms, fiscal autonomy, legal frameworks, and governance outcomes. However, limited empirical research has examined how successive legislative reforms have influenced the fiscal and administrative autonomy of local governments in Khyber Pakhtunkhwa, particularly at the district level.

Rizvi (1970), in A Reader in Basic Democracies, emphasized the importance of empowered local institutions for effective grassroots development and argued that local governments are essential for implementing development programmes. However, the study predates contemporary decentralisation reforms and does not consider the legislative changes introduced after the Eighteenth Constitutional Amendment or the Khyber Pakhtunkhwa Local Government Acts of 2013, 2019, and 2022.

Khan (2010), in Local Government in Pakistan, examined the historical evolution of local government and decentralisation in Pakistan, with particular emphasis on the reforms introduced during the Musharraf era. While the study provides valuable historical insights, it does not examine the fiscal and administrative implications of the post-Eighteenth Amendment legislative framework in Khyber Pakhtunkhwa.

Ladner et al. (2025) examined the relationship between financial autonomy and local democracy, arguing that effective local governance depends on local governments having meaningful control over financial resources and expenditure decisions. However, the study is based on comparative international evidence and does not examine the fiscal realities of local governments in Pakistan.

Rahim and Shirazi (2018) found that fiscal decentralisation contributes to improved public service delivery and higher citizen satisfaction in Pakistan. Nevertheless, the study focuses on service delivery outcomes rather than the fiscal and administrative challenges experienced by locally elected bodies under provincial legislative frameworks.

Ahmad (2020) examined the relationship between fiscal decentralisation and economic growth in Pakistan and concluded that greater fiscal autonomy promotes long-term economic development. However, the study is confined to national and provincial perspectives and does not investigate the practical fiscal and administrative challenges confronting local governments.

Khan et al. (2021) examined the legislative framework governing local government in Azad Jammu and Kashmir and found that excessive centralisation and broad discretionary powers constrained local government autonomy. However, the study is limited to the AJK context and does not examine the legislative reforms introduced under the Khyber Pakhtunkhwa Local Government Act, 2013 and its Amendment Acts of 2019 and 2022.

Abubakar and Magaji (2025) examined the impact of legal frameworks on local government administration in North-East Nigeria and found that legal enforcement, financial autonomy, and legal clarity significantly improved local government performance. However, the study focuses on the Nigerian context and does not examine how legislative reforms shape the fiscal and administrative autonomy of local governments in Pakistan.

Malik et al. (2025) assessed local governance challenges in Pakistan and found that political interference, centralised fiscal arrangements, and weak institutional capacity continue to undermine decentralisation despite constitutional guarantees. However, the study is conducted at the national level and does not specifically examine the implications of legislative reforms for local government autonomy in Khyber Pakhtunkhwa.

Although previous studies have significantly advanced understanding of decentralisation, fiscal autonomy, and local government reforms, limited empirical attention has been given to the legislative framework as a determinant of local government autonomy in Khyber Pakhtunkhwa. In particular, the fiscal and administrative implications of the Khyber Pakhtunkhwa Local Government Act, 2013 and its Amendment Acts of 2019 and 2022 remain insufficiently explored at the district level. This study addresses this gap by examining how these legislative reforms have influenced the fiscal and administrative autonomy of local governments through a case study of District Nowshera during the period 2013–2024.

THEORETICAL FRAMEWORK

Fiscal Federalism Theory provides the primary theoretical foundation for this study, while Decentralisation Theory offers a complementary perspective for understanding the fiscal and administrative challenges faced by locally elected bodies in Khyber Pakhtunkhwa. Together, these theories explain how intergovernmental fiscal arrangements, administrative authority, institutional design, and political commitment shape the autonomy and effectiveness of local governments.

Fiscal Federalism Theory

Fiscal Federalism Theory, originally developed by Musgrave (1959) and further advanced by Weingast (2007), explains how expenditure responsibilities, revenue powers, and intergovernmental fiscal transfers should be distributed among different levels of government. The first-generation perspective emphasises the efficient allocation of public resources through fiscal transfers, whereas the second-generation perspective highlights the importance of political incentives, institutional arrangements, and accountability in shaping intergovernmental fiscal relations. The theory suggests that meaningful local autonomy depends not only on fiscal transfers but also on the capacity of local governments to generate their own revenue and exercise fiscal discretion. In the context of Khyber Pakhtunkhwa, it provides an appropriate framework for analysing how legislative reforms and provincial control over financial resources influenced the fiscal autonomy of locally elected bodies.

Decentralisation Theory

Decentralisation Theory, developed by Rondinelli, Nellis, and Cheema (1983), explains the transfer of political, administrative, and fiscal authority from higher to lower levels of government. It argues that decentralisation enhances governance and public service delivery when supported by an appropriate institutional framework, adequate financial resources, administrative capacity, and sustained political commitment. The theory further recognises that legal devolution alone is insufficient unless local governments possess the authority and resources necessary to exercise their assigned responsibilities. Accordingly, it complements Fiscal Federalism Theory by providing a broader framework for analysing how institutional and legislative arrangements influenced the administrative autonomy and functioning of locally elected bodies in District Nowshera.

Together, these theories provide an integrated analytical framework for examining how the legislative changes introduced through the Khyber Pakhtunkhwa Local Government Act, 2013 and its Amendment Acts of 2019 and 2022 shaped the fiscal and administrative autonomy of locally elected bodies.

Legislative Framework and Local Government Autonomy in Khyber Pakhtunkhwa

The legislative framework plays a fundamental role in shaping the fiscal and administrative autonomy of local governments. During the study period, the Khyber Pakhtunkhwa Local Government Act, 2013 and its Amendment Acts of 2019 and 2022 governed the functioning of local governments in the province. These legislative enactments are examined below:

a. Khyber Pakhtunkhwa Local Government Act, 2013

The Khyber Pakhtunkhwa Local Government Act, 2013 (KP LGA, 2013) established the most comprehensive legislative framework for fiscal and administrative decentralisation during the study period. It introduced a three-tier local government structure comprising district, tehsil, and village/neighbourhood councils and devolved twenty-four provincial departments to elected district governments. The Act also strengthened fiscal autonomy by establishing the Provincial Finance Commission (PFC), providing for the transfer of not less than 30 per cent of the Provincial Annual Development Programme (ADP), authorising local governments to prepare and approve their own budgets, maintain Local Government Funds, and generate revenue from specified local taxes, fees, and municipal sources (The Khyber Pakhtunkhwa Local Government Act, 2013). Although implementation remained uneven, the legislative framework itself provided comparatively stronger institutional guarantees for local autonomy and therefore serves as the benchmark for assessing the subsequent amendments (IFES, 2015; Janjua, 2022).

b. Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019

The Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019 substantially restructured the institutional framework established under the KP LGA, 2013. It abolished the district tier, replacing the three-tier system with a two-tier structure comprising Tehsil/City Local Governments and Village/Neighbourhood Councils, reduced devolved provincial offices from twenty-four to nine, and the Deputy Commissioner continued a central role in district administration. The Amendment also altered the institutional arrangements for local governance by shifting responsibility for public service delivery from the district level to Tehsil Local Governments without corresponding institutional capacity, administrative infrastructure, or clearly defined coordination mechanisms with provincial authorities and neighbouring tehsils (Janjua, 2022).

The fiscal and administrative framework was also modified by strengthening provincial oversight over local governments. Although Tehsil Local Governments retained authority to prepare budgets and collect specified local revenues under the Act, the Amendment expanded provincial control through mechanisms such as model tax schedules, enhanced supervisory authority, and broader government powers to issue directives, suspend resolutions, initiate inquiries, remove elected office holders, dissolve local governments, and appoint administrators under specified circumstances (The Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019; Janjua, 2022). Collectively, these legislative changes increased the role of the provincial executive in local governance, reduced the operational discretion of elected local governments, and increased their dependence on provincial institutions for administrative coordination and decision-making.

c. Khyber Pakhtunkhwa Local Government (Amendment) Act, 2022

The Khyber Pakhtunkhwa Local Government (Amendment) Act, 2022 further strengthened provincial control over local government. It deleted Section 30(2)(b) of the KP LGA, 2013, thereby removing the statutory requirement that grants and funds received from the provincial government or other public authorities be credited directly to Local Funds, introduced additional financial oversight through mandatory pre-audit requirements, and transferred important powers of Tehsil Chairmen and Village/Neighbourhood Chairmen from the principal legislation to subordinate rules by providing that their powers and functions would be exercised "as may be prescribed. As a result, fiscal protections became weaker and the exercise of administrative authority became increasingly dependent on provincial executive discretion rather than statutory guarantees (The Khyber Pakhtunkhwa Local Government (Amendment) Act, 2022).

The three legislative enactments demonstrate a gradual shift from comparatively stronger decentralisation towards increasing recentralisation in Khyber Pakhtunkhwa. Whereas the KP LGA, 2013 established broader fiscal and administrative autonomy for locally elected governments, the Amendment Acts of 2019 and 2022 progressively reduced devolved functions, strengthened bureaucratic and provincial oversight, weakened statutory fiscal safeguards, and narrowed the institutional authority of elected local bodies. This legislative trajectory provides the institutional context for interpreting the quantitative and qualitative findings presented in the following sections.

Quantitative Findings

The quantitative findings provide empirical evidence on how elected representatives perceived the influence of the legislative framework on the fiscal and administrative autonomy of locally elected bodies in Khyber Pakhtunkhwa. The quantitative analysis is organised into two broad dimensions of fiscal autonomy and administrative autonomy.

a. Fiscal Autonomy

To examine the fiscal implications of the legislative framework, the quantitative data assessed six key dimensions of fiscal autonomy: dependence on provincial fiscal transfers, timeliness of provincial fiscal transfers, and access to development funds following the 2019 legislative reforms, local revenue-generation authority, budgetary autonomy, and financial autonomy under the existing legal framework.

Table 1 Tehsil-wise Responses on Financial Dependency

Tehsil	Disagree	Neutral	Agree	Total
Nowshera	3	10	46	59
Pabbi	4	7	40	51
Jahangira	1	13	23	37
District Total	8	30	109	147
Total Percentage	5%	20%	75%	100%
$\chi^2(4) = 7.417$, p-value = .115				

As shown in Table 1, 75% of respondents agreed that the existing fiscal transfer system increased local governments' dependence on the provincial government. This finding indicates that local governments remained fiscally dependent on provincial transfers, limiting their independent fiscal decision-making and suggesting that the existing legislative framework did not provide sufficient fiscal autonomy.

Table 2 Tehsil-wise Responses on Timely Transfers

Tehsil	Disagree	Neutral	Agree	Total
Nowshera	52	4	3	59
Pabbi	45	4	2	51
Jahangira	34	1	2	37
District Total	131	9	7	147
Total Percentage	89%	6%	5%	100%
$\chi^2(4) = 1.159$, p-value = .885				

Table 2 shows that 89% of respondents disagreed that provincial fiscal transfers were timely and consistent in the post-2021 tenure. This finding suggests that delayed fund releases constrained the effective implementation of local budgets and development projects, thereby weakening the practical fiscal autonomy of local governments.

Table 3 Tehsil-wise Responses on Fund Restrictions

Tehsil	Disagree	Neutral	Agree	Total
Nowshera	0	2	57	59
Pabbi	3	4	44	51
Jahangira	6	3	28	37
District Total	9	9	129	147
Total Percentage	6%	6%	88%	100%
$\chi^2(4) = 12.134$, p = .016				

As presented in Table 3, 88% of respondents agreed that access to development funds became more restricted in post-2021 tenure, indicating greater provincial control over development finance.

Table 4 Tehsil-wise Responses on Revenue Generation Authority

Tehsil	Disagree	Neutral	Agree	Total
Nowshera	35	11	13	59
Pabbi	30	8	13	51
Jahangira	20	5	12	37
District Total	85	24	38	147
Total Percentage	58%	16%	26%	100%
$\chi^2(4) = 1.464$, p-value = .833				

Table 4 indicates that 58% of respondents disagreed that local governments possessed sufficient authority to generate their own-source revenues. This finding suggests that limited revenue-generation authority constrained the fiscal capacity of local governments, increasing their dependence on provincial transfers to finance development and administrative responsibilities.

Table 5 Tehsil-wise Responses on Budgetary Independence

Tehsil	Disagree	Neutral	Agree	Total
Nowshera	41	9	9	59
Pabbi	33	4	14	51
Jahangira	24	3	10	37
District Total	98	16	33	147
Total Percentage	67%	11%	22%	100%
$\chi^2(4) = 4.123$, p-value = .390				

As shown in Table 5, 67% of respondents disagreed that local governments possess independent budgetary authority, indicating that budget preparation and approval remain subject to significant external influence. Limited control over budget formulation and approval weakens the capacity of local councils to determine development priorities according to local needs.

Table 6 Tehsil-wise Responses on Financial Autonomy under Legal Framework

Tehsil	Disagree	Neutral	Agree	Total
Nowshera	46	6	7	59
Pabbi	40	8	3	51
Jahangira	30	5	2	37
District Total	116	19	12	147
Total Percentage	79%	13%	8%	100%
$\chi^2(4) = 2.347$, p-value = .672				

Table 6 indicates, 79% of respondents disagreed that the existing legal framework provided sufficient financial autonomy to local governments. This finding reinforces the perception that the legislative framework established after the 2019 and 2022 amendments provided limited fiscal independence for locally elected bodies.

b. Administrative Autonomy

Table 7 Tehsil-wise Responses on Legal Restrictions on Administrative Autonomy

Tehsil	Disagree	Neutral	Agree	Total
Nowshera	4	8	47	59
Pabbi	7	4	40	51
Jahangira	9	5	23	37
District Total	20	17	110	147
Total Percentage	14%	12%	74%	100%
$\chi^2(4) = 7.147$, p-value = .128				

As presented in Table 7, 74% of respondents agreed that the existing legal framework limits the administrative autonomy of local councils. This finding suggests that the legislative framework was widely perceived as restricting the decision-making authority of locally elected bodies, thereby weakening their administrative autonomy.

Table 8 Tehsil-wise Responses on Bureaucratic Control Increase after Legislative Changes

Tehsil	Disagree	Neutral	Agree	Total
Nowshera	1	3	55	59
Pabbi	4	4	43	51
Jahangira	10	5	22	37
District Total	15	12	120	147
Total Percentage	10%	8%	82%	100%
$\chi^2(4) = 19.960$, p = .001				

As presented in Table 8, 82% of respondents agreed that bureaucratic control increased after the legislative reforms. This finding suggests that the post-amendment institutional framework strengthened bureaucratic influence over local government affairs, thereby reducing the practical administrative autonomy of locally elected bodies.

Table 9 Tehsil-wise Responses on Bureaucratic Control over Elected Decision-Making

Tehsil	Disagree	Neutral	Agree	Total
Nowshera	10	9	40	59
Pabbi	3	7	41	51
Jahangira	7	7	23	37
District Total	20	23	104	147
Total Percentage	14%	16%	70%	100%
$\chi^2(4) = 4.996$, p-value = .288				

As shown in Table 9, 70% of respondents agreed that bureaucratic influence restricts the decision-making authority of elected representatives. This finding suggests that bureaucratic influence constrained the ability of locally elected bodies to exercise independent administrative decision-making, thereby weakening their administrative autonomy.

Table 10 Tehsil-wise Responses on Staffing Authority

Tehsil	Disagree	Neutral	Agree	Total
Nowshera	35	8	16	59
Pabbi	31	9	11	51
Jahangira	24	3	10	37
District Total	90	20	37	147
Total Percentage	61%	16%	23%	100%
$\chi^2(4) = 1.953$, p-value = .744				

Table 10 shows, 61% of respondents disagreed that local council possesses adequate authority over staff appointment and management. The findings indicate that elected local councils have limited control over their human resource management.

Table 11 Tehsil-wise Responses on Political Interference

Tehsil	Disagree	Neutral	Agree	Total
Nowshera (59)	2	8	49	59
Pabbi (51)	5	7	39	51
Jahangira (37)	10	6	21	37
District Total	17	21	109	147
Total Percentage	12%	14%	74%	100%
$\chi^2(4) = 13.502$, p-value = .009				

As presented in Table 11, 74% of respondents agreed that higher-level political representatives interfere in local administrative matters. The findings indicate that political interference is perceived as a significant constraint on the administrative autonomy of locally elected bodies in District Nowshera.

Table 12 Tehsil-wise Responses on Comparative Performance

Tehsil	Disagree	Neutral	Agree	Total
Nowshera	2	10	47	59
Pabbi	2	2	47	51
Jahangira	1	5	31	37
District Total	5	17	125	147
Total Percentage	3%	12%	85%	100%
$\chi^2(4) = 4.782$, p = .310				

As discussed in Table 12, 85% of respondents agreed that governance performance was better during 2015–2019. This comparative assessment indicates that the institutional framework established under the Khyber Pakhtunkhwa Local Government Act, 2013 provided relatively greater fiscal and administrative space for locally elected bodies, whereas the subsequent legislative amendments were perceived to have reduced local autonomy.

Qualitative Findings

The qualitative findings complement the legislative assessment and quantitative results by explaining how the evolving legislative framework shaped the fiscal and administrative autonomy of locally elected bodies in District Nowshera. Interview participants consistently distinguished between the comparatively decentralised institutional arrangements established under the Khyber Pakhtunkhwa Local Government Act, 2013 and the more centralised framework introduced through the Amendment Acts of 2019 and 2022. Their experiences demonstrate how successive legislative changes progressively altered fiscal management, administrative authority, and local governance.

a. Fiscal Autonomy

The interview data consistently indicate that fiscal autonomy was the most significant factor influencing the practical functioning of locally elected bodies in District Nowshera. Across all respondent categories, there was broad agreement that although the Khyber Pakhtunkhwa Local Government Act, 2013 established a legislative framework for fiscal decentralisation, local governments remained structurally dependent on provincial financial transfers because of their limited own-source revenue capacity. While respondents acknowledged that these structural constraints existed throughout the study period, they generally perceived that fiscal autonomy was comparatively stronger during the 2015–2019 tenure and became substantially more restricted following the legislative reforms introduced in 2019 and 2022.

Elected representatives and local government officials regarded PFC transfers central to the functioning of local councils in both tenures and emphasised that the effectiveness of local governments largely depended on the timely release of these funds. For the 2015–2019 period, almost all respondents described local councils as financially limited but functionally active. Munsif Ali, Chairman Village Council Kandar, and Arshad Zubair, Tehsil Municipal Officer (TMO) Nowshera, stated that PFC transfers, albeit sometimes with delays or in reduced amounts enabled local governments to undertake development activities during the 2015–2019 tenure, whereas the absence of these transfers in the post-2021 period substantially reduced their fiscal capacity and development role (Ali, personal communication, October 25, 2025; Zubair, personal communication, October 28, 2025).

Respondents also emphasised that the comparatively better performance of local governments during the 2015–2019 period should not be interpreted as evidence of complete fiscal autonomy. Muhammad Zubair, Chairman VC Kotarpan, Nowshera and Fazal Azeem, Chairman VC Ayub Abad, Jahingira explained that although the 2015–2019 local government setup had a clearer fiscal framework, local governments especially the lower councils continued to possess limited own-source revenue and therefore remained dependent on provincial financial support during 2015–2019 (Zubair, personal communication, October 25, 2025; Azeem, personal communication, December 26, 2025). Taimur Kamal, Chairman VC Tarkha, Pabbi added that revenue collection was mainly concentrated at the tehsil and Tehsil Municipal Administration (TMA) level (Kamal, personal communication, October 28, 2025). This suggests that even during the 2015–2019 period, the fiscal position of local councils depended less on autonomous revenue authority and more on transfers and provincial support

Local government officials further explained that these structural limitations became more pronounced following the legislative reforms. Abdurrahman, Tehsil Finance Officer (TFO) Nowshera, stated that the Amendment Act, 2022 further reduced local revenue-collection powers over time, including lowering the property tax rate from 2% to 1%, while increasing expenditure responsibilities and salary obligations, thereby placing additional financial pressure on local governments (Abdurrahman, personal communication, October 28, 2025). Similarly, Ishtiaq Ahmad, Community Driven Local Development (CDLD) Programme, observed that Village and Neighbourhood Councils had only limited revenue sources, whereas fees collected through services such as birth, death, and nikah registration were transferred to higher levels of government rather than retained locally, further restricting their financial independence (Ahmad, personal communication, November 4, 2025)

The post-2021 period was consistently described as a turning point in the fiscal position of local governments. Respondents identified the non-release of PFC funds as the most immediate and serious fiscal challenge. Ghayor Khattak, Tehsil Council Nazim Pabbi, linked it to the weakening of the institutional mechanism through which financial resources should reach elected bodies. He referred to amendment in section 30 of KP LGA, 2013 and the failure to constitute the Provincial Finance Commission and Local Government Commission. He viewed the continued non-transfer of provincial and federal funds not merely as an administrative delay but as a structural weakening of local financial autonomy that ultimately deprived citizens of development opportunities (Khattak, personal communication, October 28, 2025). Similarly, Muhammad Junaid, Chairman Neighbourhood Council Nawan Kali, described the post-2021 period as one of "financial paralysis," explaining that the absence of PFC funds and unpaid honoraria had left local councils legally constituted but practically unable to perform their functions (Junaid, personal communication, October 25, 2025). This assessment was reinforced by local government officials, who distinguished between operational grants and development finance. TFO Nowshera, explained that while occasional provincial grants continued to support salaries and pensions, developmental PFC transfers, which had enabled better service delivery and development projects during the 2015–2019 tenure, were no longer available after 2021. Consequently, local councils experienced serious limitations in the service delivery and implementing development schemes approved by elected representatives (Abdurrahman, Nowshera, personal communication, October 28, 2025).

Interview participants also identified several structural factors limiting local revenue generation irrespective of legislative provisions. TMO Nowshera, explained that a substantial portion of Nowshera Tehsil falls within cantonment areas, where municipal revenues do not accrue to TMA Nowshera. He further noted that property tax is collected by the provincial Excise Department, with only a limited share transferred to local government, thereby restricting available financial resources despite extensive municipal responsibilities (Zubair, personal communication, October 28, 2025).

Expenditure pressures emerged as another recurring concern**.** Officials highlighted a persistent imbalance between the financial responsibilities assigned to TMAs and the resources available to fulfil them. TFO Nowshera**,** and Shahana Sikandar**,** TMO Jahangira**,** explained that limited local revenue and the non-transfer of PFC funds after 2021 significantly increased the financial burden on TMAs, making it difficult to meet expanding expenditure obligations, particularly salaries, pensions, and additional responsibilities assigned by the district administration (Abdurrahman, personal communication, October 28, 2025; Sikandar, personal communication, November 5, 2025).

Budgetary autonomy also emerged as an important dimension of fiscal independence. Munsif Ali observed that although local governments continued to prepare annual budgets in accordance with statutory requirements, effective budget implementation depended on the actual release of provincial funds. In the absence of financial transfers as in post-2021 tenure, formal budget approval and audit procedures had little practical significance because local councils lacked the resources necessary to implement approved development programmes (Ali, personal communication, October 25, 2025).

An alternative perspective was offered by Zar Alam Khan, Member of the Provincial Assembly and former Tehsil Chairman, who attributed the deteriorating fiscal position primarily to provincial financial difficulties created by the caretaker government in the province and inequitable federal transfers to Khyber Pakhtunkhwa rather than solely to legislative changes. His observations suggest that broader political and fiscal conditions also influenced the financial position of local governments during the post-2021 period (Khan, personal communication, October 27, 2025).

The documentary financial record of TMA Jahangira supports the interview findings. During the 2015–2019 tenure, the tehsil received both locally generated revenue and PFC transfers, providing comparatively greater fiscal capacity for local administration and development. In contrast, the available records for the post-2021 period show the complete absence of PFC transfers alongside declining local revenue and substantially increasing expenditure. Although these figures relate only to TMA Jahangira, they are consistent with the experiences reported by respondents across all three tehsils and reinforce the broader finding that the fiscal autonomy envisaged under the Khyber Pakhtunkhwa Local Government Act, 2013 became progressively more constrained following the legislative amendments of 2019 and 2022.

Table Illustrative Fiscal Position of TMA Jahangira (2015–16 to 2024–25)

Financial Year	Local Revenue (Rs.)	PFC Share (Rs.)	Expenditure (Rs.)
2015–16	71,083,404	49,258,000	71,847,809
2016–17	143,072,292	102,832,000	105,048,015
2017–18	147,554,535	41,452,000	89,808,374
2018–19	128,606,329	67,818,000	106,580,782
2022–23	50,246,169	0	168,373,089
2023–24	75,491,760	0	184,907,996
2024–25	44,558,171	0	212,484,564

Source: Compiled by the researcher from financial information made available by TMA Jahangira.

b. Administrative Autonomy

The interview findings indicate that administrative autonomy, like fiscal autonomy, was strongly influenced by changes in the legislative framework governing local government in Khyber Pakhtunkhwa. Interview participants who discussed the legislative framework consistently perceived that the 2015–2019 tenure provided comparatively greater administrative autonomy, enabling locally elected bodies to exercise broader decision-making authority despite continued provincial supervision and bureaucratic oversight.

A central theme across the interviews was that the Amendment Act of 2019 fundamentally altered this institutional arrangement by reducing the practical authority of locally elected bodies. Respondents repeatedly associated the abolition of the District Council, the restoration of the Deputy Commissioner as the principal coordinating authority, and the reduction of devolved departments from twenty-four to nine with increased bureaucratic control over local governance. As a result, several administrative functions previously exercised by elected local governments reverted to provincial government. Although Tehsil Chairmen remained the elected heads of local governments, important administrative decisions increasingly rested with provincial officials, including the Deputy Commissioner, Assistant Commissioners, and Tehsil Municipal Officers, thereby limiting the practical decision-making authority of elected representatives (Ali, personal communication, November 5, 2025; Khattak, personal communication, October 28, 2025).

Ghayor Khattak further discussed that the Amendment Act of 2022 reinforced administrative centralisation by shifting the powers and functions of local councils and Tehsil Chairmen from the parent legislation to subordinate rules. He argued that this reduced the institutional security of local government powers because subordinate rules could be amended more easily than statutory provisions, thereby increasing administrative discretion and provincial control over locally elected bodies.

The interviews also identified institutional coordination as a continuing administrative challenge. Ishtiaq Ahmad, observed that the abolition of the district tier weakened coordination among local councils and complicated the management of functions previously performed at the district level. Similarly, Muhammad Junaid, explained that Village and Neighbourhood Councils could request services TMA but lacked the executive authority necessary to ensure their implementation. Collectively, these experiences indicate that weakened intergovernmental coordination and the limited statutory authority of Village and Neighbourhood Councils reduced the effectiveness of local governance (Ahmad, personal communication, November 4, 2025)

Although respondents broadly agreed that the legislative amendments weakened local autonomy, they also provided different perspectives regarding their rationale. MPA Zar Alam Khan considered the abolition of the District Council inappropriate, arguing that it disrupted institutional coordination and transferred excessive administrative responsibilities to Tehsil Councils. In contrast, MPA Mian Muhammad Umar, explained that the 2019 reforms were intended to address coordination problems that had emerged during the implementation of the 2013 framework by simplifying the local government structure and reducing overlapping administrative authority (Khan, personal communication, October 27, 2025; Umar, personal communication, October 23, 2025).

Another recurring concern was the limited control of locally elected bodies over administrative personnel. The TMO Nowshera highlighted that the administrative structure of the Tehsil Municipal Administration involves divided control over human resources. According to him, while non-transferable staff fall under the administrative domain of the Tehsil Chairman, transferable officials, including key officers such as the TMO and TFO, remain under provincial administrative control. This arrangement limits the ability of elected representatives to manage institutional affairs independently and creates practical difficulties in coordinating administrative functions (Zubair, personal communication, October 28, 2025).

Several respondents further stated that administrative decision-making became increasingly centralised after the 2022 amendments. Muhammad Zubair, observed that decisions relating to sanitation, infrastructure, and local development were increasingly taken by administrative officials with limited involvement of elected councils. Likewise, Muhammad Junaid explained that inadequate municipal support during the post-2021 period compelled him to arrange sanitation services through personal resources in order to respond to community demands. These experiences illustrate the widening gap between citizens' expectations of elected representatives and the administrative authority available to them for service delivery (Zubair & Junaid, personal communication, October 25, 2025).

Capacity constraints also emerged as an important administrative challenge. Respondents reported limited opportunities for training in financial management, administrative procedures, and governance responsibilities, thereby reducing the effectiveness of elected representatives and local government staff (Kamal, personal communication, October 28, 2025). Similarly, TMO Nowshera, highlighted the relationship between leadership capacity and administrative performance, arguing that the absence of minimum qualification requirements for certain elected positions affected administrative coordination because some representatives lacked sufficient familiarity with governance procedures and institutional rules.

Political interference constituted another major theme across the interviews. The TMO Nowshera stated that although MPAs and MNAs have no formal authority in local government administration, their practical involvement undermines administrative decision-making and the effectiveness of locally elected bodies. He explained that political interference existed during 2015–2019 but intensified in the post-2021 period. In his opinion, unless locally elected bodies are made free from political interference, they will remain ineffective (Zubair, personal communication, October 28, 2025).

Finally, respondents highlighted the emergence of parallel institutional arrangements that further constrained the authority of locally elected bodies. Inam Ali, explained that development planning increasingly occurred through the District Development Advisory Committee (DDAC) rather than elected local councils, thereby reducing the influence of local representatives over development priorities (Ali, personal communication, November 5, 2025). Adeel,

representing GIZ, similarly observed that the coexistence of parallel institutional mechanisms created overlapping responsibilities and jurisdictional ambiguity, weakening the effectiveness of local governance (Adeel, personal communication, November 5, 2025).
The qualitative findings reinforce the legislative assessment and quantitative evidence. Participants consistently perceived the Khyber Pakhtunkhwa Local Government Act, 2013 as providing comparatively greater fiscal and administrative space for locally elected bodies during the 2015–2019 period despite continuing structural limitations. In contrast, the Amendment Acts of 2019 and 2022 were widely viewed as progressively reducing local autonomy through the abolition of the district tier, reduction of devolved functions, weakening of statutory fiscal safeguards, transfer of important powers to subordinate rules, strengthening of bureaucratic and provincial control, limited control over personnel, and the expansion of parallel governance mechanisms. These findings indicate that the fiscal and administrative challenges experienced by locally elected bodies were primarily consequences of the evolving legislative framework rather than implementation failures alone.

CONCLUSION

This study examined how the legislative framework established under the Khyber Pakhtunkhwa Local Government Act, 2013 and its Amendment Acts of 2019 and 2022 influenced the fiscal and administrative autonomy of locally elected bodies in District Nowshera during the period 2013–2024. By integrating legislative analysis with quantitative data from elected representatives and qualitative evidence from key stakeholders, the study provides a comprehensive assessment of the relationship between legislative framework and local government autonomy. The findings demonstrate that the Khyber Pakhtunkhwa Local Government Act, 2013 established a comparatively more devolved institutional framework that provided locally elected bodies with greater fiscal and administrative space during the 2015–2019 tenure, despite continuing structural limitations, including restricted own-source revenue, dependence on PFC transfers, bureaucratic oversight, and institutional capacity constraints. In contrast, the Amendment Acts of 2019 and 2022 progressively recentralised authority by abolishing the district tier, reducing devolved functions, weakening statutory fiscal safeguards, transferring key powers to subordinate rules, and expanding provincial and bureaucratic control. The quantitative and qualitative findings consistently indicate that these legislative changes significantly constrained the fiscal capacity, administrative authority, and decision-making role of locally elected bodies, thereby limiting their ability to deliver services and respond effectively to local needs.
The study contributes to the literature by demonstrating that legislative framework is a critical determinant of local government autonomy. Unlike previous studies that have primarily examined decentralisation from historical, constitutional, or performance perspectives, this research empirically shows how successive legislative reforms directly shaped the fiscal and administrative functioning of local governments. The findings further highlight that constitutional recognition of local government alone is insufficient unless accompanied by legislation that provides stable fiscal arrangements, clearly defined administrative authority, and adequate institutional safeguards against excessive centralisation. Nevertheless, the findings consistently indicate that the overall effectiveness and autonomy of locally elected bodies were largely determined by the broader legislative framework governing local councils. Theoretically, the findings provide limited support for First Generation Fiscal Federalism by demonstrating the continued importance of intergovernmental fiscal transfers and vertical fiscal imbalance. They more strongly support Second Generation Fiscal Federalism by showing that political incentives and intergovernmental relations significantly influenced fiscal outcomes and local autonomy. The findings also reinforce Decentralisation Theory by demonstrating that effective decentralisation depends not only on constitutional recognition but also on a stable legislative framework, adequate fiscal resources, administrative authority, institutional capacity, and sustained political commitment. Therefore, the study demonstrates that the effectiveness and autonomy of locally elected bodies depend not merely on the constitutional existence of local government institutions but on an institutional framework that ensures genuine fiscal and administrative decentralisation. Without these conditions, locally elected bodies are likely to remain legally constituted but institutionally constrained, limiting their ability to deliver services effectively and fulfil their democratic role at the grassroots level.

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