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A COMPARATIVE ANALYSIS OF LOCAL GOVERNANCE MODELS: KHYBER PAKHTUNKHWA VILLAGE/NEIGHBOURHOOD COUNCILS AND LONDON BOROUGH COUNCILS

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Abstract

Local governance constitutes a foundational pillar of democratic participation, accountable public administration, and effective service delivery in both developed and developing political systems. This research paper presents a systematic comparative analysis of local governance models in Khyber Pakhtunkhwa, Pakistan, and London, United Kingdom, with a specific focus on Village and Neighbourhood Councils (VCs/NCs) established under the Khyber Pakhtunkhwa Local Government Act, 2013 and its subsequent amendments, and London Borough Councils (LBCs) constituted under the London Government Act, 1963 and later institutional reforms. Anchored in decentralization theory, public choice theory, and participatory governance frameworks, the study adopts a qualitative, secondary-data-based comparative methodology grounded in interpretivist institutional analysis.

The analysis evaluates institutional design and legal authority, fiscal autonomy and resource mobilization, administrative and professional capacity, political and electoral mechanisms, demographic scale, and service delivery performance. Empirical findings demonstrate a pronounced governance asymmetry between the two systems. Khyber Pakhtunkhwa's Village and Neighbourhood Councils exhibit strong normative commitment to participatory democracy and inclusive representation through constitutionally mandated quotas and community-level accessibility; however, their effectiveness is constrained by limited fiscal autonomy, weak administrative capacity, dependence on provincial transfers, and persistent political and bureaucratic interference. In contrast, London Borough Councils operate within a consolidated, professionalized, and fiscally diversified governance framework, enabling comparatively effective and comprehensive service delivery, though they face contemporary challenges related to fiscal austerity, socio-spatial inequality, housing pressures, and coordination within a complex multi-level governance structure.

The study states that neither participatory inclusion nor institutional capacity alone is sufficient to ensure effective local governance. Instead, it advances a hybrid local governance pathway that integrates grassroots participation with substantive fiscal and administrative empowerment. Policy recommendations

emphasize the need for deeper and more predictable fiscal devolution, institutionalized administrative capacity, and strengthened local autonomy in Khyber Pakhtunkhwa, alongside renewed citizen engagement mechanisms, fiscal equity, and inclusive urban governance reforms in London. The findings contribute to comparative local governance scholarship by bridging Global South and Global North perspectives and offering context-sensitive insights for strengthening local democracy.

1. INTRODUCTION

1.1 Local Governance in the Contemporary Governance Discourse

Local governance has emerged as one of the most significant pillars of modern democratic systems, occupying a central position in debates on decentralization, democratization, development, and public sector reform [1], [2], [5]. Across the globe, states have increasingly recognized that centralized governance structures are often ill-equipped to address the diverse and localized needs of citizens, particularly in contexts marked by rapid urbanization, socio-economic inequality, ethnic diversity, and political fragmentation [3], [7]. As a result, local governance is now widely viewed not merely as an administrative arrangement but as a normative framework for democratic deepening, citizen empowerment, and responsive service delivery [4], [5]. At its core, local governance refers to the organization, processes, and institutions through which public authority is exercised at the subnational level, involving both elected representatives and administrative actors, as well as non-state stakeholders such as civil society organizations, community groups, and the private sector [6], [7]. Unlike traditional local government models that emphasize hierarchical administration and service provision, contemporary local governance frameworks stress collaboration, participation, accountability, and multi-level coordination [5], [8]. This shift reflects broader transformations in public administration, including the transition from government to governance, the rise of networked policy-making, and the increasing emphasis on co-production of public services [7], [9].

The importance of local governance has been further underscored by global policy agendas. International organizations such as the United Nations, the World Bank, and the Organization for Economic Co-operation and Development (OECD) consistently emphasize decentralization and local governance reforms as prerequisites for sustainable development, poverty reduction, and social inclusion [10], [14], [21]. The United Nations' Sustainable Development Goals (SDGs), particularly Goal 16, explicitly recognize the role of inclusive, participatory, and accountable institutions at all levels, thereby situating local governance as a key mechanism for achieving global development objectives [12]. However, despite widespread consensus on the normative value of local governance, there remains considerable variation in how local governance systems are designed, implemented, and experienced across different political and socio-economic contexts [13], [16]. Developed democracies tend to exhibit institutionalized, professionalized, and fiscally empowered local authorities, whereas developing countries often struggle with weak decentralization, limited fiscal autonomy, administrative capacity constraints, and political interference [14], [15]. These divergences raise important empirical and theoretical questions regarding the conditions under which local governance can effectively contribute to democratic consolidation and development outcomes [3], [16].

1.2 Decentralization as the Structural Foundation of Local Governance

Decentralization constitutes the structural foundation upon which local governance systems are built. Broadly defined, decentralization refers to the transfer of authority, responsibility, and resources from central governments to lower tiers

of government or non-state actors [1], [2]. The decentralization literature commonly distinguishes among political, administrative, and fiscal decentralization, each of which plays a distinct but interrelated role in shaping local governance performance [2], [3]. Political decentralization involves the devolution of decision-making authority to elected local representatives, thereby enhancing democratic participation and political accountability [5], [18]. Administrative decentralization focuses on the delegation or reconcentration of bureaucratic functions to subnational units, enabling localized implementation of public policies [19]. Fiscal decentralization entails the assignment of revenue-raising powers and expenditure responsibilities to local governments, ensuring that they possess the financial capacity to perform their mandated functions [1], [16].

The theoretical justification for decentralization is rooted in both normative and efficiency-based arguments. Normatively, decentralization is associated with democratic values such as participation, representation, and self-governance [5]. By bringing decision-making closer to citizens, decentralized systems are expected to enhance political engagement, empower marginalized groups, and strengthen the social contract between the state and society [21], [29]. From an efficiency perspective, decentralization is argued to improve allocative efficiency by aligning public services with local preferences and reducing information asymmetries between policymakers and citizens [1]. Nevertheless, decentralization is not a panacea. Scholars have cautioned that poorly designed or incompletely implemented decentralization reforms may exacerbate inequalities, enable elite capture, and undermine service delivery [3], [16], [22]. In the absence of adequate fiscal transfers, administrative capacity, and institutional safeguards, local governments may become nominal entities lacking substantive autonomy [15], [23]. Consequently, the effectiveness of local governance depends not merely on the formal existence of local institutions but on the depth and coherence of decentralization across political, administrative, and fiscal dimensions [2], [4]. This study situates local governance within this broader decentralization debate, emphasizing that meaningful local democracy requires a balanced configuration of authority, resources, and capacity [4], [29]. The comparative examination of Khyber Pakhtunkhwa's Village and Neighbourhood Councils and London Borough Councils offer an opportunity to explore how different decentralization trajectories shape local governance outcomes in contrasting contexts [3], [25].

1.3 Local Governance in the Global South: Structural Constraints and Democratic Aspirations

In many developing countries, local governance reforms have been driven by a combination of democratization pressures, donor-driven conditionalities, and development imperatives [12], [25]. While these reforms often articulate ambitious goals of participation, accountability, and service delivery, their implementation is frequently undermined by structural constraints such as weak state capacity, centralized political cultures, and fiscal dependence on higher levels of government [14], [15], [26]. Pakistan exemplifies these challenges. Since its inception, the country has struggled to establish a stable and autonomous local government system [8], [27]. Local governance reforms have historically been introduced by military regimes as instruments of political legitimation, only to be rolled back or weakened under civilian governments wary of devolving power [8], [28]. This cyclical pattern has resulted in institutional discontinuity, limited capacity development, and weak public trust in local institutions [14], [29].

Despite these challenges, recent local government reforms in Pakistan—particularly in Khyber Pakhtunkhwa—have sought to reimagine local governance as a participatory and constitutionally protected tier of the state [9], [30]. The introduction of Village and Neighbourhood Councils under the Khyber Pakhtunkhwa Local Government Act, 2013 marked a significant departure from previous models by emphasizing grassroots democracy, inclusive representation, and direct citizen engagement [10], [12]. These

councils were designed to function as the closest interface between the state and local communities, responsible for identifying development priorities, overseeing service delivery, and facilitating citizen participation [12], [13]. However, the effectiveness of these councils remains contested. While they embody strong democratic ideals, their operational realities are shaped by fiscal constraints, limited administrative support, and political interference from provincial authorities [15], [26]. As such, Khyber Pakhtunkhwa's local governance model presents a compelling case for examining the gap between normative aspirations and institutional realities in the Global South [16].

1.4 Local Governance in the Global North: Institutional Maturity and Emerging Challenges

In contrast to developing contexts, local governance systems in developed democracies such as the United Kingdom are characterized by institutional maturity, professional administration, and relatively stable fiscal arrangements [22], [35]. Local authorities in the UK have evolved through incremental reforms spanning more than a century, resulting in a highly differentiated and functionally specialized system of local government [19], [36]. London Borough Councils represent one of the most complex and powerful forms of local government within the UK. Established under the London Government Act, 1963, these councils operate within a two-tier governance structure alongside the Greater London Authority [18], [27]. They are responsible for a wide range of services, including education, housing, social care, environmental management, and local planning [19], [20]. Their administrative apparatus is staffed by professional civil servants, and their financial operations are supported by diversified revenue sources [20], [39].

Despite these strengths, local governance in London faces significant challenges. Austerity policies implemented since 2010 have dramatically reduced central government grants, placing pressure on local budgets and service provision [20], [21]. Additionally, issues such as housing affordability, socio-spatial inequality, and complex intergovernmental coordination pose ongoing governance dilemmas [19], [27]. These challenges highlight that even well-institutionalized local governance systems are not immune to political and economic pressures [30].

1.5 Rationale for a Comparative Analysis

Comparative analysis serves as a powerful methodological tool for understanding how different governance systems respond to similar democratic and developmental challenges [25], [29]. By comparing local governance models across contrasting contexts, researchers can identify both context-specific dynamics and transferable lessons [22], [3]. The selection of Khyber Pakhtunkhwa's Village and Neighbourhood Councils and London Borough Councils is deliberate and theoretically grounded. These cases differ significantly in terms of political development, economic capacity, demographic scale, and institutional maturity, yet they share a common commitment—at least in principle—to decentralization and local democracy [3], [16], [29]. This contrast allows for a nuanced exploration of how governance design interacts with contextual factors to shape outcomes [25]. Moreover, the comparison moves beyond simplistic dichotomies of "developed" versus "developing" by recognizing that both systems face distinct but meaningful challenges. While Khyber Pakhtunkhwa struggles with capacity and autonomy, London grapples with issues of equity, coordination, and democratic engagement [20], [21]. The comparative lens thus enriches our understanding of local governance as a dynamic and context-sensitive phenomenon [5], [22].

1.6 Historical Evolution of Local Governance in Pakistan

The trajectory of local governance in Pakistan has been deeply shaped by colonial administrative legacies, post-independence state-building priorities, and enduring tensions between centralization and decentralization [27], [29]. Understanding the contemporary structure and performance of local governance—particularly in Khyber Pakhtunkhwa—requires situating it within

this broader historical and political context [8], [22]. During the British colonial period, local governance institutions were introduced primarily as instruments of administrative control rather than democratic empowerment [22]. The British Raj established municipal committees and district boards under various local self-government acts, notably Lord Ripon's Resolution of 1882, which is often cited as the foundation of local self-government in South Asia [29]. However, these institutions were limited in scope, fiscally constrained, and dominated by colonial administrators and local elites loyal to the imperial state [27]. At independence in 1947, Pakistan inherited these weak and bureaucratically dominated local institutions [8]. Early state-building efforts prioritized national integration, security, and centralized planning, relegating local governance to a secondary role [27]. The absence of a stable constitutional framework during Pakistan's early years further hindered the institutionalization of local government [13]. A defining feature of Pakistan's local governance history has been its politicization under different regimes. Military governments, most notably those of General Ayub Khan, General Zia-ul-Haq, and General Pervez Musharraf, introduced ambitious local government reforms as part of broader strategies to legitimize authoritarian rule and bypass entrenched political elites [8], [28]. Ayub Khan's Basic Democracies system sought to create a controlled form of grassroots participation, while Zia's local bodies system emphasized non-party elections and bureaucratic oversight [29]. Musharraf's Devolution Plan of 2001 represented the most comprehensive attempt to empower local governments, devolving administrative and fiscal authority to elected district governments [14].

Despite their scope, these reforms suffered from a lack of sustainability. Successive civilian governments dismantled or weakened local government systems, viewing them as political threats rather than democratic partners [14], [29]. This cyclical pattern of reform and rollback severely undermined institutional continuity, capacity-building, and public trust in local governance [27].

The passage of the 18th Constitutional Amendment in 2010 marked a significant turning point by constitutionally mandating local governments under Article 140-A [9]. However, responsibility for local governance was devolved to the provinces, resulting in significant inter-provincial variation in institutional design and implementation [26].

1.7 The Emergence of Village and Neighbourhood Councils in Khyber Pakhtunkhwa

Within this broader national context, Khyber Pakhtunkhwa emerged as a relatively progressive province in terms of local government reform [26]. The Khyber Pakhtunkhwa Local Government Act, 2013 introduced Village Councils (VCs) and Neighbourhood Councils (NCs) as the foundation of the local governance system [10]. The conceptual rationale behind VCs and NCs was grounded in participatory governance and grassroots democracy [5]. Unlike previous local government models that emphasized district-level administration, the Khyber Pakhtunkhwa system sought to institutionalize citizen participation at the community level [12]. Each council was composed of directly elected representatives, including reserved seats for women, peasants, workers, minorities, and youth, reflecting a deliberate effort to address historical patterns of exclusion and elite dominance in local politics [12], [23].

In normative terms, the introduction of VCs and NCs represented a significant democratic innovation [4]. By lowering the scale of governance, the system aimed to enhance accessibility, accountability, and responsiveness [5], [29]. Citizens were expected to engage directly with their representatives, participate in development planning, and monitor service delivery [12].

However, the operationalization of this model revealed significant structural weaknesses. While VCs and NCs were assigned responsibilities related to local development, dispute resolution, and service oversight, they were not endowed

with adequate fiscal or administrative resources [15], [26]. Funding mechanisms remained centralized, with councils dependent on provincial transfers subject to political discretion and bureaucratic delays [14]. Political dynamics further complicated the functioning of VCs and NCs. Although elections were held on a non-party basis initially, political affiliations continued to shape local power relations [8]. Provincial governments retained significant control over administrative approvals, undermining the autonomy of local councils [26]. As a result, the promise of grassroots empowerment was often constrained by top-down governance practices [16]. The introduction of Village and Neighbourhood Councils under the Khyber Pakhtunkhwa Local Government Act, 2013 marked a significant shift toward grassroots democracy. This structure was further consolidated through the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2019, which abolished the district tier of local government and established a two-tier local governance system consisting of Tehsil Councils and Village/Neighbourhood Councils. As a result, VCs and NCs now function as the foundational and closest institutional interface between citizens and the state within a streamlined governance hierarchy [19-20].

1.8 Evolution of Local Governance in the United Kingdom

The United Kingdom presents a markedly different historical trajectory of local governance, characterized by gradual institutional development, legal continuity, and administrative professionalization [22], [36]. Local government in England has evolved over several centuries, reflecting changing social, economic, and political conditions [19]. Modern local government structures began to take shape in the nineteenth century with the passage of the Municipal Corporations Act of 1835, which introduced elected councils and standardized administrative practices [22]. Subsequent reforms expanded the scope and responsibilities of local authorities, particularly in response to urbanization, industrialization, and public health challenges [19]. By the mid-twentieth century, local governments had become central providers of education, housing, and welfare services [36]. The London Government Act, 1963 represented a major reorganization of local governance in the capital [18]. It established London Borough Councils as primary local authorities, replacing a fragmented system of metropolitan boroughs and councils [19]. This reform sought to balance local autonomy with metropolitan-wide coordination, resulting in a two-tier system involving borough councils and the Greater London Council, later replaced by the Greater London Authority [27]. London Borough Councils were endowed with substantial statutory authority, administrative capacity, and fiscal resources [18], [20]. Unlike many local governments in developing contexts, LBCs operated within a stable constitutional and legal framework that ensured continuity and predictability [22]. Over time, they developed professional bureaucracies capable of managing complex service delivery systems and responding to diverse urban needs [19].

1.9 Contemporary Challenges Facing London Borough Councils

Despite their institutional maturity, London Borough Councils face a range of contemporary challenges that complicate their governance role [20]. Since 2010, austerity measures implemented by the UK central government have significantly reduced local government funding, forcing councils to cut services, increase local taxes, and explore alternative revenue sources [20], [21].

These fiscal pressures have disproportionately affected social services and low-income communities, intensifying existing socio-spatial inequalities across London [21], [27]. Housing affordability, homelessness, and social exclusion place immense pressure on local authorities, testing their capacity to deliver equitable outcomes [19], [27]. Additionally, London's multi-level governance structure creates coordination challenges. Borough councils must navigate complex relationships with the Greater London Authority, central government departments, and neighboring authorities [27]. While this system enables strategic planning at

the metropolitan level, it can also generate policy fragmentation and accountability ambiguities [22]. These challenges underscore that strong institutional capacity alone does not guarantee effective local governance. Political priorities, fiscal policies, and socio-economic conditions play a decisive role in shaping outcomes, even in highly developed systems [41].

1.10 Research Problem, Objectives, and Significance

Against this backdrop, the central research problem addressed in this study is the uneven performance of local governance systems despite shared normative commitments to decentralization and democracy [3], [16]. Specifically, the study seeks to understand why grassroots-oriented local governance models such as Khyber Pakhtunkhwa's Village and Neighbourhood Councils struggle to translate participatory ideals into effective governance outcomes, while institutionally robust systems like London Borough Councils face persistent challenges related to equity and coordination [14], [21]. The primary objectives of this research are to critically examine the institutional design and functioning of Khyber Pakhtunkhwa's Village and Neighbourhood Councils and London Borough Councils, to compare their fiscal, administrative, and political capacities, to assess the implications of these capacities for democratic participation and service delivery, and to identify policy-relevant lessons for strengthening local governance in both contexts [4], [25], [29]. The significance of this study lies in its contribution to comparative local governance scholarship, particularly by bridging Global South and Global North perspectives [25]. By juxtaposing two contrasting cases, the research advances a nuanced understanding of how decentralization operates under different structural conditions and highlights the need for context-sensitive governance reforms [3], [16], [29].

2. Literature Review

2.1 Conceptual Foundations of Local Governance

Local governance literature has undergone a significant transformation from a narrow administrative focus to a multidimensional framework encompassing political, fiscal, and participatory dimensions. Earlier scholarship conceptualized local government primarily as an implementing arm of the central state, emphasizing administrative efficiency and territorial management. However, contemporary governance theory reconceptualizes local governance as a networked process involving elected representatives, bureaucratic institutions, civil society, and citizens. According to the World Bank, local governance refers to the mechanisms through which citizens and groups articulate interests, exercise legal rights, meet obligations, and mediate differences at the local level. This definition underscores governance as both institutional structure and interactive process. Pierre and Peters further argue that local governance is shaped by horizontal and vertical relationships, extending beyond formal government boundaries. Empirical studies demonstrate that local governance effectiveness depends not merely on the presence of elected councils but on institutional autonomy, fiscal capacity, and administrative professionalism. These variables form the analytical backbone of comparative local governance research and are particularly relevant for contrasting Khyber Pakhtunkhwa's grassroots councils with London's metropolitan local authorities.

2.2 Decentralization Theory: Classical and Contemporary Perspectives

Decentralization theory provides the dominant explanatory framework for local governance reforms. Classical theorists such as Oates (1972) argue that decentralization enhances allocative efficiency by matching public services with local preferences. Rondinelli et al. categorize decentralization into political, administrative, and fiscal forms, asserting that meaningful decentralization requires coherence across all three dimensions. However, empirical research

challenges the assumption that decentralization automatically improves governance. Faguet's cross-country analysis of Bolivia and Colombia demonstrates that decentralization improves outcomes only when local governments possess decision-making authority and citizens can hold them accountable. In contrast, studies in South Asia and Sub-Saharan Africa reveal that decentralization often results in administrative overload without fiscal empowerment, leading to governance failure.

Table 2.1: Forms of Decentralization and Governance Implications

Type of Decentralization	Key Features	Governance Implications
Political	Elected local councils	Enhances representation and legitimacy
Administrative	Delegation of functions	Improves implementation capacity
Fiscal	Revenue & expenditure powers	Strengthens accountability
Incomplete Decentralization	Authority without resources	Weak local governance

Source: Adapted from Rondinelli et al., Oates, Faget

Figure 1 outlines the key dimensions of decentralization—political, administrative, and fiscal—and their respective implications for local governance effectiveness. Political decentralization, reflected through elected local councils, enhances representation and democratic legitimacy by strengthening citizen voice in local decision-making. Administrative decentralization, operationalized through the delegation of functions, contributes to improved implementation capacity by enabling local institutions to manage and deliver services more effectively. Fiscal decentralization, encompassing revenue-raising and expenditure powers, strengthens accountability by aligning local spending decisions with locally generated resources. However, the figure also highlights the risks associated with incomplete decentralization, where authority is devolved without corresponding financial or administrative resources. Such imbalances result in authority without resources, undermining local capacity and ultimately leading to weak local governance. The analysis underscores that decentralization yields positive governance outcomes only when political, administrative, and fiscal dimensions are implemented in a balanced and mutually reinforcing manner.

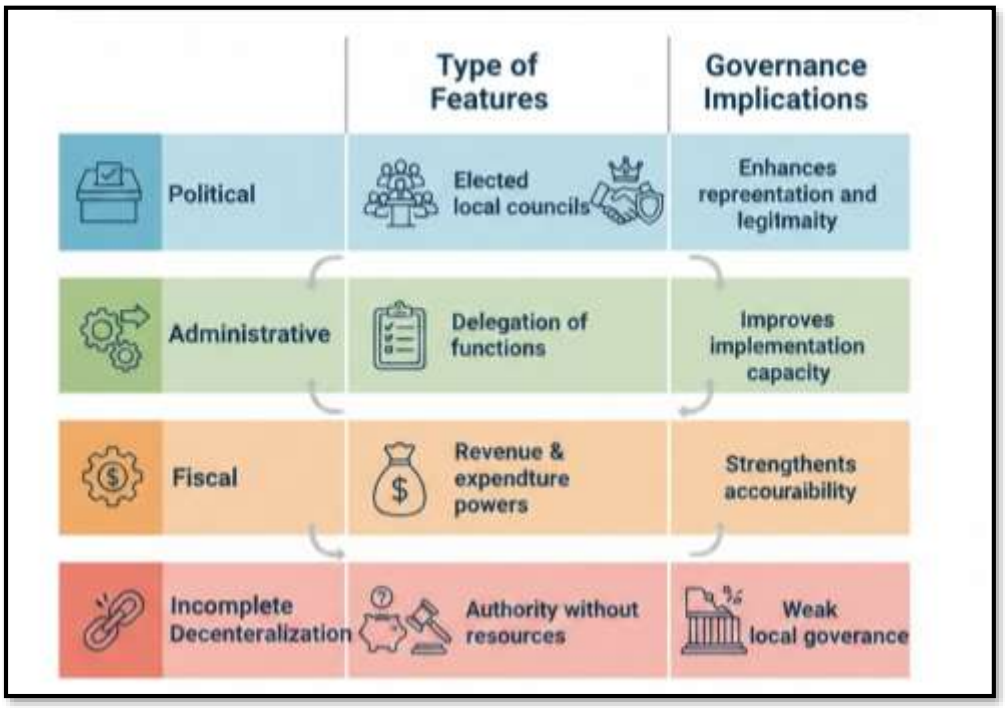

Figure 1: Forms of Decentralization and Governance Implications

2.3 Public Choice Theory and Local Government Efficiency

Public choice theory applies economic logic to political decision-making and offers critical insights into local government performance. Tiebout's "voting with feet" model suggests that competition among local jurisdictions incentivizes efficiency and responsiveness. While the assumptions of mobility and information are more applicable in developed contexts, the theory highlights the importance of fiscal autonomy and competition. Empirical evidence from OECD countries indicates that local governments with higher own-source revenue ratios demonstrate better service outcomes and fiscal discipline. In the UK, council tax and business rate retention create partial public choice incentives. Conversely, Pakistani local governments—particularly VCs/NCs—lack taxation authority, resulting in weak accountability and limited responsiveness.

Table 2.2: Fiscal Autonomy Comparison (Indicative)

Indicator	Khyber Pakhtunkhwa VCs/NCs	London Borough Councils
Own-source revenue	<5%	40–55%
Dependence on transfers	Very High	Moderate
Borrowing powers	None	Yes
Fiscal discretion	Minimal	Significant

Sources: World Bank (Pakistan), Institute for Fiscal Studies (UK)

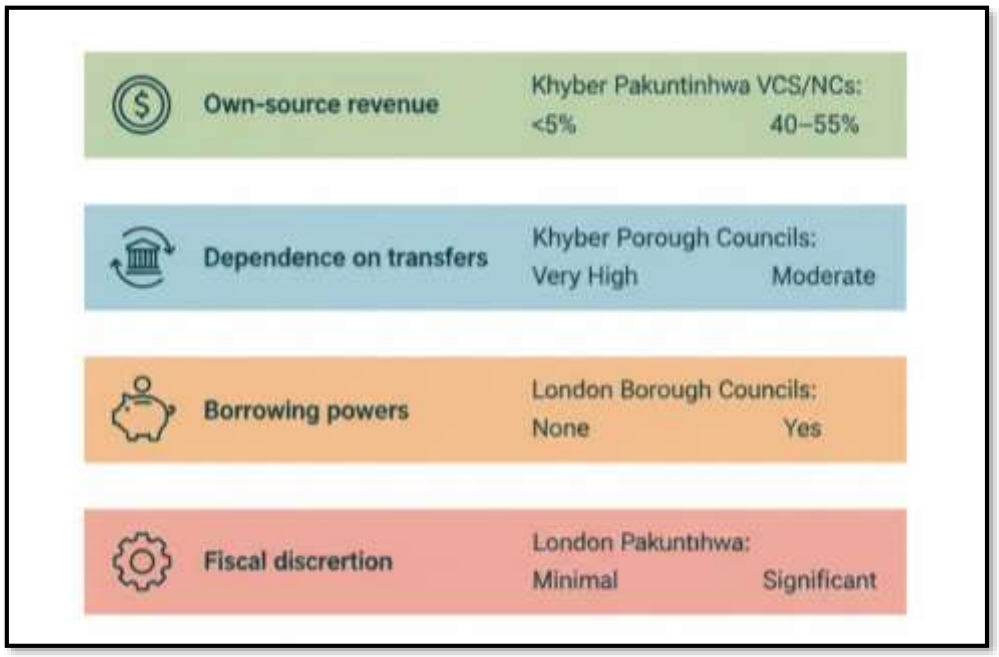

Figure 2: Comparative Fiscal Autonomy of Local Governments: KP Councils and London Boroughs

Figure 2 compares key indicators of fiscal autonomy between local governments in Khyber Pakhtunkhwa (KP) and London Borough Councils, revealing substantial disparities in financial capacity and discretion. KP Village and Neighbourhood Councils generate less than 5% of their revenues from own sources, indicating a heavy reliance on intergovernmental transfers, while London Borough Councils finance a substantially larger share of their budgets through own-source revenues, estimated at 40–55%. Correspondingly, dependence on transfers is very high for KP councils but only moderate for London boroughs. The figure also highlights the absence of borrowing powers at the local level in KP, in contrast to London boroughs, which possess the ability to borrow and finance capital investments. Moreover, fiscal discretion remains minimal in KP, whereas London boroughs enjoy significant flexibility in revenue and expenditure decisions. Overall, the comparison underscores that limited fiscal autonomy in KP constrains local decision-making and service delivery, while greater financial independence in London strengthens accountability, planning capacity, and overall local governance effectiveness.

2.4 Participatory Governance and Democratic Inclusion

Participatory governance literature emphasizes citizen engagement as a mechanism for democratic deepening and social inclusion. Fung and Wright's model of empowered participatory governance highlight institutionalized participation linked to decision-making authority. Empirical studies from Brazil, India, and South Africa suggest that participatory mechanisms enhance transparency and inclusion when supported by resources and administrative capacity.

Khyber Pakhtunkhwa's Village and Neighbourhood Councils align closely with participatory governance ideals. Their small scale, direct elections, and constitutionally mandated quotas for women and marginalized groups represent one of the most inclusive local governance designs in South Asia. Studies indicate increased political awareness and participation at the community level.

However, Cornwall cautions that participation without power leads to "invited spaces" with limited impact. Empirical evaluations in Khyber Pakhtunkhwa show that while participation is high, councils lack control over budgets and

implementation, limiting substantive outcomes. Khyber Pakhtunkhwa's Village and Neighbourhood Councils exhibit a strong normative commitment to participatory governance through direct elections and constitutionally mandated representation quotas. However, the nature of political participation has evolved over time. Early local government elections were conducted on a non-party basis, whereas the 2022 amendment institutionalized party-based competition, reshaping participation from community-oriented engagement toward a more formalized partisan political process.

Table 2.3: Participation Mechanisms Comparison

Dimension	Khyber Pakhtunkhwa VCs/NCs	London Borough Councils
Scale of participation	Community-level	Borough-level
Reserved quotas	Extensive	Limited
Participatory planning	Formalized	Consultative
Decision-making power	Low	Moderate–High

2.5 Fiscal Decentralization and Service Delivery Outcomes

Fiscal decentralization literature consistently demonstrates a positive relationship between local revenue autonomy and service delivery performance. Bird and Vaillancourt argue that fiscal decentralization enhances downward accountability by linking taxation to expenditure decisions.

Empirical studies in Pakistan reveal chronic underfunding of local governments, with delayed transfers and discretionary grants undermining planning and execution. Khyber Pakhtunkhwa's VCs/NCs receive development funds that are both insufficient and unpredictable, limiting their ability to deliver services beyond minor infrastructure projects. In contrast, London Borough Councils manage multi-billion-pound budgets and deliver complex services such as education, housing, and social care. Although austerity has reduced per-capita spending, service delivery capacity remains significantly higher than in Khyber Pakhtunkhwa.

2.6 Administrative Capacity and Institutional Professionalization

Administrative capacity and institutional professionalization are critical determinants of governance effectiveness, particularly in decentralized systems. Grindle emphasizes that decentralization reforms frequently underperform because they underestimate the importance of human capital, organizational learning, and institutional memory. In Pakistan, local councils generally operate with limited professional staff and weak administrative support, relying heavily on elected representatives who often lack technical expertise in planning, finance, and service delivery. This constrains policy implementation, continuity, and evidence-based decision-making, and increases dependence on higher tiers of government. In contrast, London Borough Councils are characterized by a high degree of institutional professionalization, employing trained planners, financial managers, legal experts, and service delivery professionals within stable bureaucratic structures. This administrative capacity enhances efficiency, regulatory compliance, and long-term strategic planning. However, it may also distance decision-making from citizens, as professional expertise and managerial logics can overshadow participatory processes. The comparison highlights a fundamental trade-off between technocratic efficiency and direct citizen influence, suggesting that effective local governance requires not the replacement of participation with professionalization, but institutional arrangements that integrate

technical capacity with meaningful citizen engagement.

Table 2.4: Administrative Capacity Comparison

Indicator	Khyber Pakhtunkhwa VCs/NCs	London Borough Councils
Professional staff	Very limited	Extensive
Planning expertise	Low	High
Institutional continuity	Weak	Strong
Performance monitoring	Informal	Formalized

2.7 Political Economy of Local Governance

Political economy literature highlights power relations and incentives shaping local governance. In Pakistan, provincial elites often resist genuine devolution due to fears of losing political control. Empirical studies describe Khyber Pakhtunkhwa's local governance as "decentralization without autonomy." In the UK, despite strong institutions, centralization tendencies persist through fiscal controls and policy mandates. Scholars argue that austerity has re-centralized power by limiting local discretion, even within a formally decentralized system.

2.8 Synthesis of Literature and Research Gap

The literature reveals a paradox, Khyber Pakhtunkhwa exhibits strong participatory design but weak capacity and London exhibits strong capacity but participatory fatigue and equity challenges

What remains underexplored is a cross-contextual comparison that integrates participatory, fiscal, and administrative dimensions within a single analytical framework. This study fills that gap by systematically comparing Khyber Pakhtunkhwa's Village/Neighbourhood Councils with London Borough Councils, offering theoretically grounded and policy-relevant insights.

3. Research Methodology

3.1 Introduction to the Methodological Framework

This chapter outlines the methodological framework adopted to conduct a comparative analysis of local governance models in Khyber Pakhtunkhwa and London. Given the institutional complexity, multi-level character, and contextual sensitivity of local governance, the study employs a qualitative and comparative research design capable of capturing variations in legal authority, fiscal capacity, administrative arrangements, and political accountability. Such an approach is particularly appropriate for examining how governance systems operate in practice rather than merely how they are designed in formal terms.

The methodological strategy is explicitly theory-driven and aligned with the standards of peer-reviewed governance research. Its primary objective is to facilitate systematic institutional comparison rather than statistical generalization. Accordingly, the research design emphasizes analytical depth, contextual interpretation, and institutional coherence across cases. By integrating insights from decentralization theory, public choice theory, and participatory governance frameworks, the methodology provides a robust conceptual foundation for assessing governance performance and institutional effectiveness across contrasting political, administrative, and socio-economic environments.

3.2 Research Paradigm and Philosophical Orientation

This study is grounded in an interpretivist research paradigm, which views governance institutions as socially constructed and deeply embedded within specific historical, political, and normative contexts. From this perspective, local governance arrangements cannot be fully understood through formal legal frameworks or institutional design alone; rather, they must be interpreted in relation to power relations, political incentives, informal practices, and

administrative cultures that shape how institutions operate in practice. An interpretivist approach enables the analysis to move beyond prescriptive accounts of decentralization and instead explore how local governance actors perceive, negotiate, and enact authority within their institutional environments.

To enhance analytical rigor and comparative clarity, the study also draws on comparative institutionalism. This perspective emphasizes the role of formal rules, organizational structures, and institutional arrangements in shaping behaviour and policy outcomes across different governance systems. By systematically comparing institutional configurations across cases, the study identifies patterns of variation and continuity in governance performance without assuming linear or uniform effects of decentralization. The combination of interpretivist analysis and comparative institutionalism allows the research to capture context-specific dynamics while maintaining a coherent analytical framework, thereby avoiding overly deterministic explanations and enabling a nuanced understanding of how similar institutional reforms produce divergent outcomes in different settings.

3.3 Research Design and Comparative Strategy

analysis and contributes to theory-building in comparative local governance by highlighting the conditions under which decentralization

The study adopts a qualitative comparative case study design, which is particularly well suited to governance research that seeks to analyze institutions, processes, and actor interactions in depth. Qualitative methods enable a nuanced examination of governance structures, administrative capacity, and accountability mechanisms that are often embedded in informal practices and therefore not easily captured through quantitative indicators alone. This approach allows the research to trace how decentralization operates in practice, rather than assessing it solely through formal mandates or performance metrics.

The comparative strategy follows a most different systems design, selecting cases that vary significantly in terms of economic development, institutional maturity, political context, and administrative capacity, while sharing a common normative commitment to decentralization and local democratic governance. This design strengthens analytical leverage by isolating the influence of institutional arrangements from broader contextual differences. By comparing sharply contrasting cases, the study is able to identify which governance outcomes are primarily shaped by context-specific factors and which reflect more general institutional principles. The deliberate contrast between the cases enhances the explanatory power of the strengthens or constrains effective local governance.

Table 3.1: Comparative Case Selection Rationale

Criterion	KP VCs/NCs (Pakistan)	London Borough Councils (UK)
Level of economic development	Developing	Developed
Governance scale	Village/Neighbourhood	Metropolitan Borough
Institutional maturity	Emerging	Long-established
Fiscal autonomy	Minimal	High
Administrative capacity	Limited	Extensive

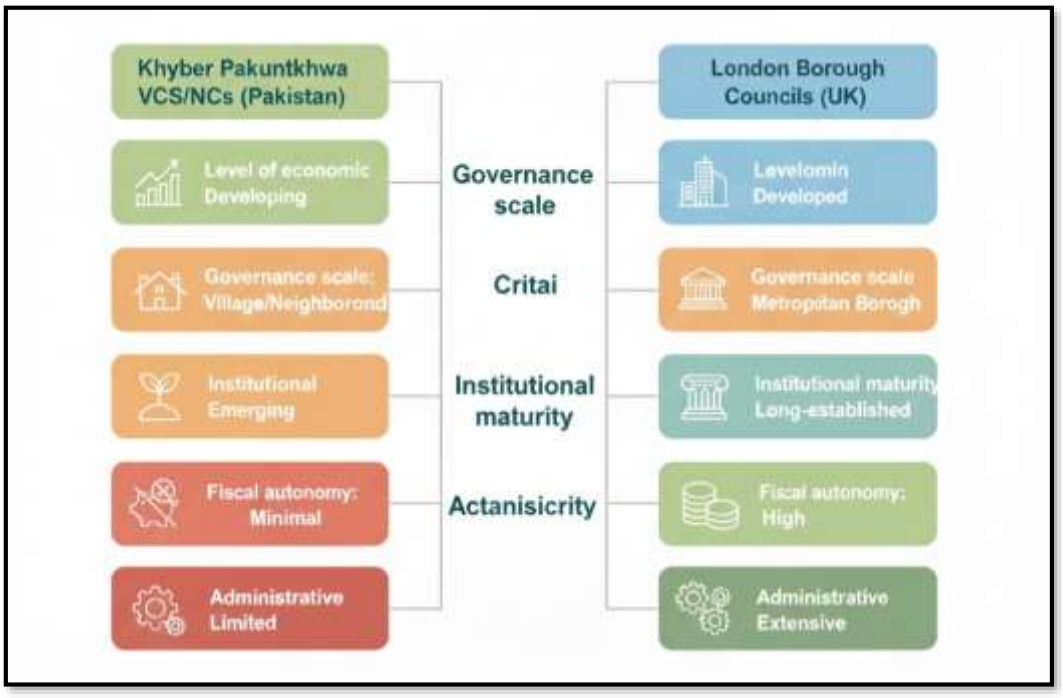

Figure 3: Comparative KP vs London Councils

3.4 Unit of Analysis and Case Selection

The unit of analysis in this study is the local governance institution. The research focuses specifically on Village and Neighbourhood Councils established under the Khyber Pakhtunkhwa Local Government Act, 2013, and London Borough Councils constituted under the London Government Act, 1963 and subsequent reforms. This institutional focus ensures analytical clarity and avoids conflating individual political behavior with structural governance characteristics. Khyber Pakhtunkhwa is selected due to its relatively progressive approach to local governance within Pakistan, particularly the establishment of hyper-local councils emphasizing participatory democracy and inclusive representation. Despite these normative strengths, VCs and NCs operate under significant fiscal and administrative constraints, making them an instructive case for examining the limitations of participatory decentralization. London Borough Councils are selected as a contrasting case due to their extensive statutory authority, professional administrative structures, and long institutional continuity within a developed democratic system.

3.5 Data Sources and Data Collection

The study relies on systematic analysis of secondary data, which is appropriate given its institutional and comparative focus. Secondary data provide authoritative and longitudinal information essential for examining governance systems across different contexts. The primary data sources include legislative documents, government policy reports, budgetary statements, academic literature, and reports produced by international organizations. The use of secondary data enables the study to trace institutional evolution, compare fiscal and administrative arrangements, and situate local governance models within broader theoretical debates. Given that the research does not aim to capture individual perceptions or micro-level behavior, the absence of primary data does not undermine the validity of the analysis.

Table 3.2: Data Sources and Analytical Purpose

Data Source	Examples	Analytical Use

Legal texts	Khyber Pakhtunkhwa LG Act 2013, London Govt Act 1963	Institutional design
Government reports	Budgets, audits, policy papers	Fiscal & administrative analysis
Academic studies	Peer-reviewed journals	Theoretical grounding
International reports	World Bank, UNDP, OECD	Comparative benchmarks

3.6 Analytical Framework and Variables

To ensure systematic and transparent comparison, the study employs a structured analytical framework derived from established theories of decentralization, public choice, and participatory governance. The framework focuses on six interrelated dimensions: institutional design and legal authority; fiscal autonomy and resource mobilization; administrative and human resource capacity; political and electoral mechanisms; demographic scale and jurisdictional scope; and service delivery and accountability mechanisms. These dimensions are analyzed relationally rather than in isolation. Fiscal autonomy, for example, is examined in conjunction with administrative capacity and political accountability, while participatory mechanisms are assessed in relation to decision-making authority. This integrated approach enables deeper analytical insight into governance performance.

Table 3.3: Analytical Dimensions and Indicators

Dimension	Indicators
Institutional design	Legal mandate, jurisdiction
Fiscal autonomy	Revenue sources, transfers
Administrative capacity	Staffing, expertise
Political mechanisms	Elections, oversight
Scale & demography	Population, territory
Service delivery	Scope, effectiveness

3.7 Methods of Data Analysis

Data analysis is conducted through qualitative content analysis and thematic interpretation. Legal texts, policy documents, and scholarly studies are systematically examined to identify patterns related to authority distribution, fiscal arrangements, administrative structures, and accountability mechanisms. The analysis follows a theory-guided approach, ensuring that empirical observations are interpreted within established conceptual frameworks. Thematic analysis is used to organize findings under the six analytical dimensions, after which cross-case comparison is undertaken. This comparative interpretation allows the study to identify structural constraints, capacity differentials, and governance trade-offs shaping local governance outcomes in both contexts.

3.8 Validity, Reliability, and Analytical Rigor

Methodological rigor is ensured through triangulation of data sources, theory-driven analysis, and transparent documentation of analytical procedures. Drawing on multiple authoritative sources reduces the risk of bias and enhances the credibility of findings. Analytical consistency is maintained by applying the same framework and criteria to both cases, enabling meaningful comparison. Although qualitative research does not aim for statistical reliability, the study achieves analytical reliability by systematically applying established theoretical concepts and interpretive techniques. This approach aligns with best practices in comparative governance research.

Table 3.4: Strategies for Ensuring Methodological Rigor

Criterion	Strategy
Validity	Theory-based framework
Reliability	Authoritative data sources
Transparency	Explicit methodology
Replicability	Clear analytical steps

3.9 Ethical Considerations

The study relies exclusively on publicly available secondary data and does not involve human subjects. As such, ethical risks related to informed consent, confidentiality, or harm are minimal. Nonetheless, academic ethical standards are strictly observed through accurate citation, avoidance of plagiarism, and faithful representation of institutional contexts and scholarly arguments.

3.10 Methodological Limitations

Despite its methodological rigor, the study has certain limitations. Reliance on secondary data limits insight into the lived experiences of local officials and citizens. Additionally, comparative analysis necessarily involves abstraction, which may obscure some contextual nuances. These limitations are acknowledged to enhance transparency and analytical credibility.

4. Results and Discussion

This section presents a comprehensive comparative analysis of the local governance models of Village and Neighbourhood Councils in Khyber Pakhtunkhwa and London Borough Councils in the United Kingdom. In line with qualitative comparative research conventions, results and discussion are integrated to facilitate immediate theoretical interpretation of empirical findings. The analysis follows the analytical framework outlined in the methodology chapter and examines six interrelated dimensions: institutional design, fiscal autonomy, administrative capacity, political and electoral mechanisms, demographic scale, and service delivery performance. The findings reveal that local governance effectiveness is not determined solely by democratic participation or institutional capacity in isolation. Rather, governance outcomes emerge from the interaction of authority, resources, professional administration, and accountability mechanisms. While Khyber Pakhtunkhwa's Village and Neighbourhood Councils demonstrate strong participatory intent and grassroots accessibility, London Borough Councils exhibit significantly greater implementation capacity and service delivery effectiveness due to their consolidated institutional framework.

4.1 Institutional Design and Legal Authority

Institutional design constitutes the foundational determinant of local governance performance, as it defines the scope of authority, decision-making discretion, and functional responsibilities assigned to local institutions. The analysis reveals substantial differences between the institutional positioning of KP's Village and Neighbourhood Councils and London Borough Councils.

Village and Neighbourhood Councils in Khyber Pakhtunkhwa are established as the lowest tier of local government under the KP Local Government Act, 2013. However, these councils possess limited regulatory or policy-making authority, and their decisions are subject to approval and control by higher tiers of government, particularly the provincial administration. As a result, their institutional role remains largely consultative rather than executive. In contrast, London Borough Councils function as principal local authorities with extensive statutory powers. They exercise autonomous authority over a wide range of policy areas, including housing, education, social care, local planning, environmental management, and public health functions. This institutional depth enables London Borough Councils to translate policy objectives into binding decisions and enforceable actions, a capacity that is largely

absent in the KP context. Village and Neighbourhood Councils in Khyber Pakhtunkhwa operate as the lowest tier of local government within a two-tier institutional framework following the abolition of district governments under the 2019 amendment to the Local Government Act. These councils function directly under Tehsil Councils, with limited policy-making and regulatory authority, and remain subject to administrative oversight from higher provincial institutions. This post-2019 institutional arrangement reflects a deliberate shift toward structural simplification rather than functional decentralization.

Table 4.1: Institutional Design and Legal Authority Comparison

Dimension	KP VCs/NCs	London Borough Councils
Legal status	Lowest tier	Principal local authority
Policy-making power	Minimal	Extensive
Regulatory authority	None	Strong
Decision discretion	Low	High

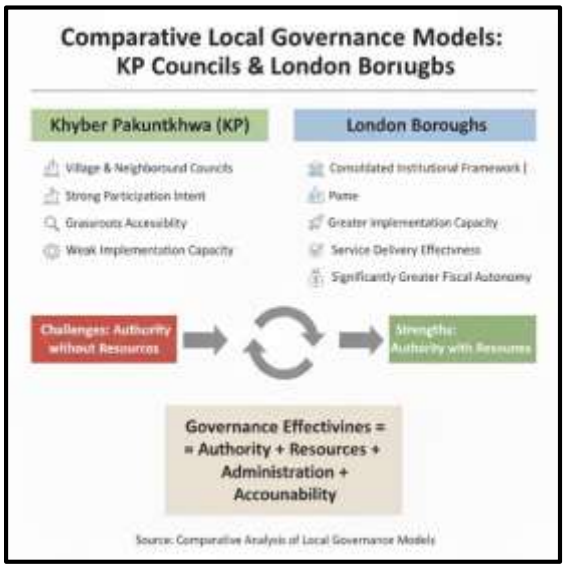

Figure 4: Authority vs Capacity: A Comparison of Local Governance in KP Councils and London Boroughs

Local governance models in Figure 4 Khyber Pakhtunkhwa (KP) and London Boroughs. KP councils emphasize grassroots participation and local accessibility but face weak implementation due to limited resources and administrative capacity—resulting in authority without resources. In contrast, London boroughs operate within a consolidated institutional framework, with stronger fiscal autonomy and service delivery capacity—representing authority with resources. The comparison highlights that effective local governance depends on a balance of authority, resources, administration, and accountability.

4.2 Fiscal Autonomy and Financial Capacity

Fiscal autonomy emerges as the most decisive factor differentiating governance outcomes between the two systems. The analysis demonstrates a stark contrast in revenue generation capacity, budgetary discretion, and financial predictability. Village and Neighbourhood Councils in KP possess negligible own-source revenue and lack taxation authority. Their financial resources are almost entirely derived from provincial transfers, which are often discretionary, delayed, and politically mediated. This dependence severely constrains planning capacity, undermines accountability,

and limits councils' ability to respond to local development needs. In practice, fiscal dependence shifts accountability upward toward provincial authorities rather than downward toward citizens.

London Borough Councils, by contrast, operate within a diversified fiscal framework. They generate revenue through council tax, retained business rates, service charges, and central government grants. Although austerity measures have reduced overall funding levels, borough councils retain significant discretion over budget allocation and expenditure priorities. This fiscal capacity enables multi-year planning, investment in infrastructure, and sustained service delivery.

Table 4.2: Fiscal Autonomy Comparison

Indicator	KP VCs/NCs	London Borough Councils
Own-source revenue	<5%	40–55%
Transfer dependence	Very high	Moderate
Budget predictability	Low	High
Borrowing powers	None	Yes

A comparative bar chart depicting own-source revenue as a percentage of total budget would show KP councils clustered near zero, while London Borough Councils would display substantially higher bars. This visual representation reinforces fiscal federalism theory, which links revenue autonomy with accountability and governance effectiveness.

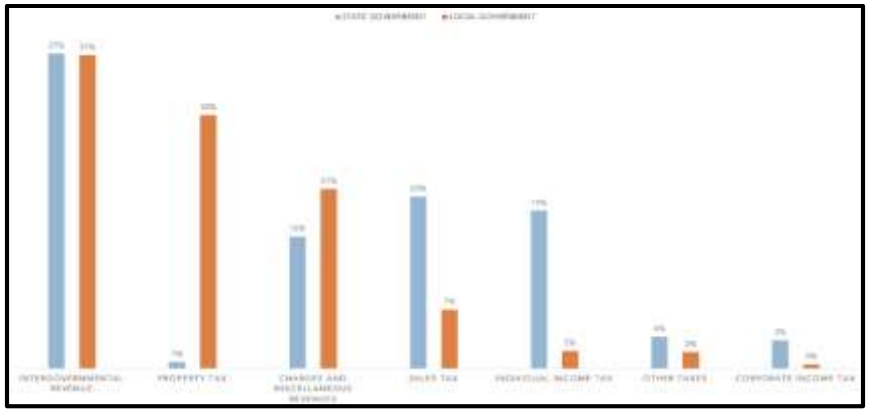

Figure 5: Comparison of Revenue Sources of State and Local Governments

Figure 5 illustrates a clear contrast in the revenue structures of state (provincial) and local governments, reflecting differences in fiscal capacity and autonomy. Intergovernmental transfers constitute the largest revenue source for both tiers (37%), indicating a significant dependence on shared revenues and higher-level government support. Local governments rely predominantly on property taxes, which account for 30% of their revenues, whereas this source is negligible for state governments (1%), highlighting property tax as the principal own-source revenue at the local level. Charges and miscellaneous revenues, including fees and service charges, also play a more substantial role for local governments (21%) compared to states (16%). In contrast, state governments derive a much larger share of revenue from broad-based and high-yield taxes, particularly sales tax (20%) and individual income tax (19%), which contribute only marginally to local government finances. Corporate income tax and other minor taxes are almost exclusively state-level revenue sources. Overall, the distribution underscores a structural imbalance in fiscal authority, where local governments remain more dependent on transfers and limited own-source revenues, while state governments retain control over more

buoyant and elastic tax bases, reinforcing their stronger fiscal capacity and autonomy.

4.3 Administrative Capacity and Organizational Structure

Administrative capacity represents the operational backbone of governance systems and determines whether institutional mandates can be effectively implemented. The findings reveal profound disparities in administrative professionalization between the two cases.

KP's Village and Neighbourhood Councils operate with minimal administrative support. Professional staff are either absent or shared with higher tiers of government, limiting councils' ability to plan, implement, and monitor development initiatives. Elected representatives often perform administrative tasks without adequate technical expertise, resulting in weak implementation capacity and limited institutional continuity. London Borough Councils, in contrast, maintain extensive professional bureaucracies staffed with planners, financial managers, social service professionals, engineers, and policy specialists. This professionalization enables borough councils to manage complex service delivery systems, comply with regulatory standards, and conduct performance monitoring. However, it also introduces a degree of technocratic distance from citizens, raising concerns about democratic responsiveness.

Table 4.3: Administrative Capacity Comparison

Dimension	KP VCs/NCs	London Borough Councils
Professional staff	Very limited	Extensive
Technical expertise	Low	High
Institutional continuity	Weak	Strong
Performance monitoring	Informal	Formalized

An organizational diagram would depict KP councils as flat structures centered on elected members with little administrative layering, while London Borough Councils would appear as multi-tiered organizations with specialized departments. This supports Grindle's argument that decentralization without capacity leads to governance failure.

Figure 6 presents the organizational structure of the Nelson Mandela Bay Metropolitan Municipality, illustrating the separation and interaction between political leadership and administrative management. At the political level, the Municipal Council, led by the Speaker and supported by the Chief Whip, serves as the primary legislative body, while executive authority is vested in the Executive Mayor and the Mayoral Committee. Administrative oversight is centralized under the City Manager, supported by key executive positions including the Chief Financial Officer and Chief Operating Officer, as well as internal audit and risk assurance functions. Service delivery responsibilities are distributed across multiple sectoral directorates, such as infrastructure and engineering, electricity and energy, housing and human settlements, public safety, transport, and social and economic development. In addition, ward committees provide a formal mechanism for community participation and accountability at the grassroots level.

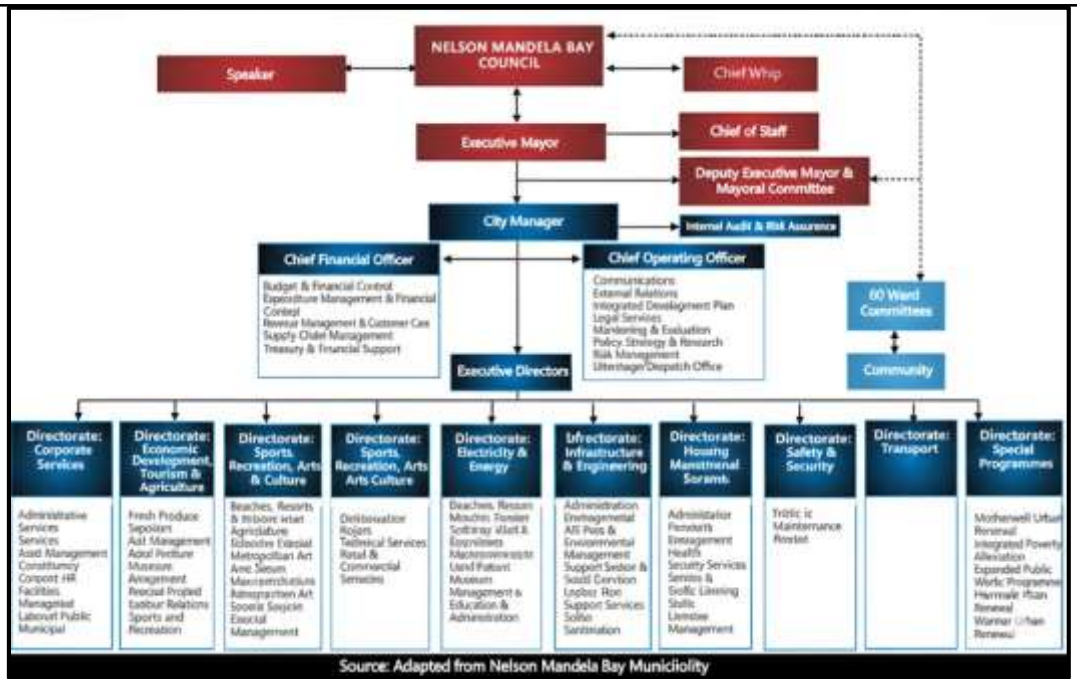

Figure 6: Organizational Structure of Nelson Mandela Bay Metropolitan Municipality

Overall, the structure reflects a hybrid governance model that combines political oversight with professional administration, aiming to enhance coordination, accountability, and effective municipal service delivery.

4.4 Political Participation and Accountability Mechanisms

Political inclusion and accountability mechanisms differ significantly across the two governance models. KP's Village and Neighbourhood Councils are designed to maximize political participation through direct elections and constitutionally mandated quotas for women, minorities, peasants, workers, and youth. This design has enhanced political visibility and grassroots engagement, particularly among historically marginalized groups.

However, the impact of participation is constrained by limited decision-making authority. Citizens may engage actively in consultations and elections, yet their influence over policy outcomes remains restricted. Accountability mechanisms are therefore largely symbolic rather than substantive. London Borough Councils operate through party-based electoral systems and institutionalized accountability mechanisms such as audits, scrutiny committees, and performance reporting. While formal inclusion mechanisms are fewer, accountability is stronger due to clear lines of authority and oversight. While the Village and Neighbourhood Councils were initially elected through non-party-based elections, the Khyber Pakhtunkhwa Local Government (Amendment) Act, 2022 introduced party-based local government elections, allowing candidates to contest on political party symbols. This reform significantly altered the political dynamics of local governance by formalizing party competition at the grassroots level, thereby increasing political visibility while simultaneously intensifying partisan influence within local councils.

Table 4.4: Political Participation and Accountability

Feature	KP VCs/NCs	London Borough Councils
Citizen proximity	Very high	Moderate
Reserved representation	Extensive	Limited

Decision authority	Low	High
Accountability strength	Moderate	High

A participation–power matrix would position KP councils in the high-participation, low-power quadrant, while London Borough Councils would occupy the high-power, moderate-participation quadrant. This empirically supports participatory governance literature, which emphasizes the need for empowered participation.

Figure 7 compares political participation and accountability mechanisms across KP Village and Neighbourhood Councils (VCS/NCs) and London Borough Councils, highlighting a divergence between citizen engagement and decision-making power. KP VCS/NCs demonstrate very high citizen proximity and extensive reserved representation, reflecting strong grassroots participation and inclusiveness; however, their decision-making authority remains low to moderate, limiting their influence over policy outcomes. In contrast, London Borough Councils exhibit more moderate levels of citizen proximity and limited reserved representation but possess higher decision-making authority and stronger accountability mechanisms. This contrast is further illustrated through the participation–power matrix, where KP VCS/NCs are positioned in the quadrant of high participation but low power, indicating active citizen involvement without corresponding policy influence. London Borough Councils, by comparison, are closer to the high-power, moderate-participation quadrant, while the ideal model lies in empowered participation with both high citizen engagement and strong decision authority. Overall, the analysis underscores that meaningful local governance requires not only broad participation but also the institutional authority and accountability necessary to translate citizen input into effective policy outcomes.



Figure 7: Political Participation and Accountability Mechanisms: A Comparative Perspective

4.5 Demographic Scale and Jurisdictional Scope

The scale and demographic scope of governance significantly influence institutional capacity and service delivery. KP's Village and Neighbourhood Councils typically serve populations ranging from 2,000 to 10,000 residents. This small scale enhances accessibility, social familiarity, and citizen engagement but limits economies of scale and revenue generation. London Borough Councils govern large and diverse populations, often exceeding 250,000 residents. This scale enables comprehensive service delivery and professional specialization but reduces direct

citizen–representative interaction and increases governance complexity.

Table 4.5: Scale and Jurisdiction Comparison

Indicator	KP VCs/NCs	London Borough Councils
Population size	2,000–10,000	200,000–300,000
Service complexity	Low	High
Economies of scale	Limited	Significant

A proportional diagram would show KP councils as small, localized units contrasted with large metropolitan boroughs, illustrating the trade-off between accessibility and capacity.

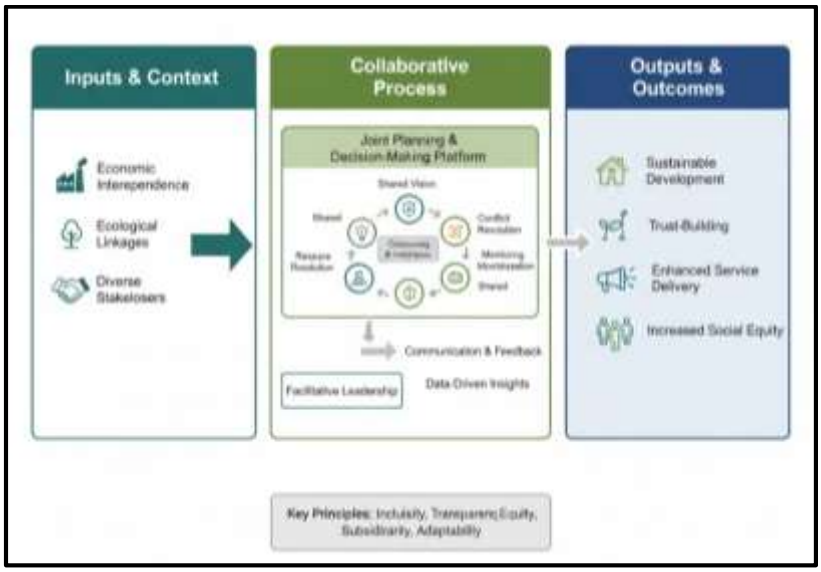

Figure 8: An Integrated Urban–Rural Collaborative Governance Framework

Figure 8 presents an integrated urban–rural collaborative governance model that conceptualizes how diverse territorial and institutional actors can jointly address shared development challenges. The model begins with key inputs and contextual factors, including economic interdependence, ecological linkages, and the involvement of diverse stakeholders across urban and rural spaces. These inputs feed into a collaborative process centered on joint planning and shared decision-making platforms, supported by facilitative leadership, continuous communication and feedback, conflict resolution mechanisms, and data-driven insights. Through iterative coordination and collective problem-solving, the model emphasizes co-production of policies and services rather than hierarchical control. The resulting outputs and outcomes include more sustainable development trajectories, strengthened trust between stakeholders, improved service delivery, and enhanced social equity. Grounded in principles of inclusivity, transparency, equity, subsidiarity, and adaptability, the framework highlights the importance of institutionalized collaboration in bridging urban–rural divides and improving governance effectiveness in complex, interconnected territories.

4.6 Service Delivery Performance

Service delivery outcomes provide the most tangible measure of governance effectiveness. The analysis indicates that KP's Village and Neighbourhood Councils are primarily engaged in small-scale infrastructure and community development projects, such as street paving, drainage, and minor public works. Their limited mandate and resources preclude involvement in

major service sectors. London Borough Councils, by contrast, deliver a comprehensive range of public services, including housing, education, social care, waste management, and local economic development. Despite fiscal pressures, service delivery capacity remains significantly higher than in KP.

Table 4.6: Service Delivery Scope Comparison

Sector	KP VCs/NCs	London Borough Councils
Infrastructure	Limited	Extensive
Housing	None	Core function
Education	None	Major role
Social services	None	Extensive

A radar chart comparing service sectors would show London Borough Councils dominating across all dimensions, while KP councils would register minimal coverage, reinforcing the link between capacity and service delivery.

The radar chart in Figure 9 provides a comparative assessment of multiple options across several governance-related dimensions, allowing for a multidimensional evaluation of relative strengths and weaknesses. Each axis represents a distinct performance criterion, while the plotted values illustrate how different options perform across these dimensions simultaneously. The overlapping patterns reveal trade-offs between criteria, indicating that no single option uniformly outperforms others across all dimensions. Instead, some options demonstrate strong performance in specific areas while underperforming in others, highlighting the importance of balanced decision-making. This visualization supports comparative analysis by making variation and complementarities explicit, thereby enabling policymakers and researchers to identify priority areas for improvement, assess overall performance coherence, and select governance arrangements that best align with strategic objectives.

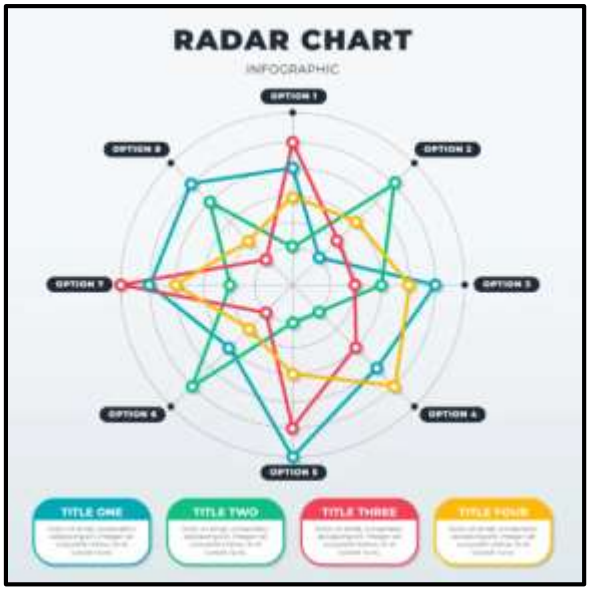

Figure 9: Radar Chart – Service Delivery Capacity

4.7 Integrated Comparative Discussion

Synthesizing the findings reveals a clear governance paradox. KP's Village and Neighbourhood Councils embody strong participatory ideals and inclusive design but lack the fiscal and administrative foundations necessary for effective governance. London Borough Councils, while facing challenges related to austerity and democratic disengagement, operate within a consolidated institutional framework that enables sustained service delivery.

Table 4.7: Integrated Governance Comparison

Dimension	KP VCs/NCs	London Borough Councils
Participation	Very high	Moderate
Fiscal autonomy	Very low	High
Administrative capacity	Low	Very high
Service delivery	Limited	Extensive
Overall effectiveness	Low–Moderate	High

Figure 10 illustrates an integrated hybrid governance model that links organizational collaboration with decentralization mechanisms to explain poverty alleviation outcomes. At the organizational level, the model highlights a hybrid response within the public service arena, where governmental entities, civic organizations, and private or non-profit actors interact to combine resources, processes, and institutional characteristics. This hybrid arrangement enables flexibility through formal, informal, and network-based governance forms. At the systemic level, the model demonstrates how political, fiscal, and administrative decentralization influence local budgeting processes, which in turn shape community participation, social capital, and local capacity.

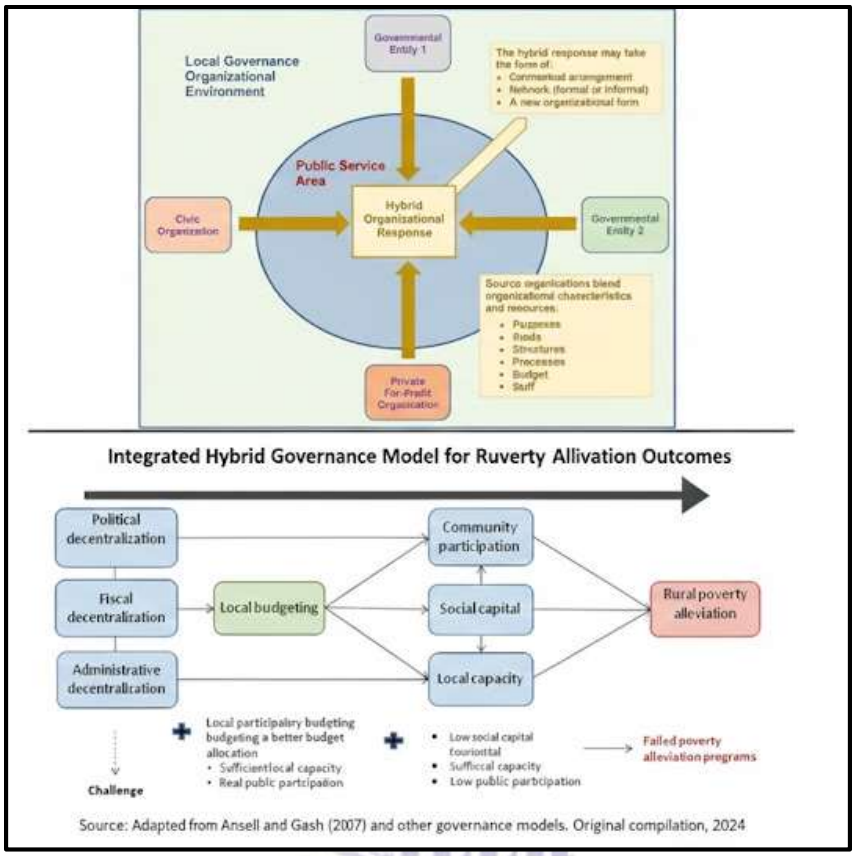

Figure 10: Integrated Hybrid Governance Model for Poverty Alleviation Outcomes

Effective integration of these elements enhances the likelihood of rural poverty alleviation by strengthening participatory decision-making and implementation capacity. Conversely, weak social capital, limited local capacity, and low public participation undermine program effectiveness, resulting in failed poverty alleviation outcomes. Overall, the framework underscores that poverty reduction is not solely a function of decentralization, but depends critically on hybrid governance arrangements that align institutional coordination, participatory budgeting, and local capacity-building.

This chapter demonstrates that effective local governance emerges from the interaction of institutional authority, fiscal autonomy, administrative capacity, and accountable political mechanisms. Participation in the absence of decision-making power leads to symbolic or procedural governance with limited policy impact, while administrative capacity without meaningful participation risks technocratic dominance and democratic detachment. The comparative analysis highlights that neither model is sufficient in isolation. Instead, the findings point to the need for a hybrid governance model that combines grassroots participation with genuine devolution of authority, resources, and administrative capability. Such an integrated approach is essential for translating citizen engagement into effective policy outcomes and sustainable local governance.

5. Conclusion and Policy Recommendations

5.1 Concluding Overview

This study set out to conduct a comparative analysis of local governance models by examining Village and Neighbourhood Councils in Khyber Pakhtunkhwa, Pakistan, and London Borough Councils in the United Kingdom. Anchored in decentralization theory, public choice theory, and

participatory governance frameworks, the research sought to assess how institutional design, fiscal autonomy, administrative capacity, political mechanisms, and service delivery outcomes shape the effectiveness of local governance systems across contrasting socio-political contexts. The findings demonstrate that local governance effectiveness cannot be explained through singular variables such as democratic participation or institutional capacity in isolation. Instead, governance outcomes emerge from the interaction of authority, resources, professional administration, accountability mechanisms, and scale. The comparative evidence reveals a clear governance asymmetry: while KP's Village and Neighbourhood Councils are normatively strong, participatory, and inclusive, they remain structurally weak due to limited fiscal and administrative empowerment. Conversely, London Borough Councils operate within a consolidated and professionalized governance framework that enables effective service delivery, though this comes at the cost of reduced citizen proximity and growing democratic disengagement.

5.2 Synthesis of Key Findings

The first major conclusion relates to institutional authority. The study finds that KP's Village and Neighbourhood Councils are positioned at the lowest tier of governance with limited functional and regulatory authority. Their institutional design emphasizes participation and consultation rather than execution and enforcement. London Borough Councils, in contrast, function as principal local authorities with extensive statutory powers across multiple policy domains. This institutional depth allows them to convert policy mandates into tangible outcomes. The second key finding concerns fiscal autonomy. KP councils possess negligible own-source revenue and remain almost entirely dependent on discretionary provincial transfers. This fiscal dependence undermines planning continuity, weakens accountability, and constrains service delivery. London Borough Councils, despite facing austerity pressures, retain diversified revenue sources and budgetary discretion, enabling long-term planning and policy responsiveness.

The comparative evidence strongly supports fiscal federalism theory, which links revenue autonomy to governance effectiveness and accountability. Administrative capacity emerges as the third critical determinant. KP's local councils operate with minimal professional staffing and limited technical expertise, resulting in weak implementation capacity and poor institutional continuity. London Borough Councils, by contrast, maintain extensive professional bureaucracies capable of managing complex service delivery systems. While professionalization enhances efficiency, it also introduces technocratic distance from citizens, highlighting an important governance trade-off. The fourth conclusion relates to political participation and accountability. KP's governance model excels in inclusive participation through direct elections and constitutionally mandated quotas for women and marginalized groups. However, participation remains largely symbolic due to limited decision-making authority. London Borough Councils rely on party-based electoral competition and institutionalized oversight mechanisms, resulting in stronger accountability but comparatively lower participatory inclusion. Finally, the study finds that scale matters. KP's small-scale councils enhance accessibility and citizen engagement but lack economies of scale and fiscal capacity. London Borough Councils benefit from scale and specialization but face challenges related to citizen disengagement and coordination within a complex multi-level governance system.

5.3 Theoretical Contributions

This study makes several important theoretical contributions to the literature on local governance and decentralization. First, it demonstrates that decentralization should be understood as a multidimensional process rather than a purely political or administrative reform. Political decentralization without fiscal and administrative devolution produces symbolic governance rather than substantive empowerment, as evidenced in the KP case. Second, the findings refine participatory

governance theory by empirically demonstrating that participation must be institutionally empowered to influence outcomes. High participation without authority leads to frustration and disengagement, while authority without participation risks democratic detachment.

Third, the study contributes to comparative governance scholarship by bridging Global South and Global North perspectives within a single analytical framework. By juxtaposing KP and London, the research moves beyond binary assessments of "successful" versus "failed" governance and instead highlights context-specific trade-offs and transferable institutional lessons.

5.4 Policy Recommendations for Khyber Pakhtunkhwa

Based on the comparative findings, the study proposes a set of policy recommendations aimed at strengthening local governance in Khyber Pakhtunkhwa.

First, fiscal decentralization must be deepened. Village and Neighbourhood Councils should be granted predictable fiscal transfers based on transparent formulae and limited own-source revenue authority, such as local fees or service charges. Fiscal predictability is essential for planning and accountability. Second, administrative capacity must be institutionalized. Dedicated local government cadres, technical is necessary to reduce policy fragmentation. staff, and planning units should be assigned at the council level. Capacity-building initiatives should focus on budgeting, project management, and monitoring rather than solely on political training. Third, decision-making authority must be meaningfully devolved. Participatory mechanisms will remain symbolic unless councils are empowered to make binding decisions over local development priorities. Fourth, provincial–local relations must be restructured to reduce political interference and enhance autonomy, in line with the constitutional spirit of Article 140-A.

5.5 Policy Recommendations for London Borough Councils

For London Borough Councils, the policy challenge is not institutional weakness but democratic sustainability and equity. First, citizen engagement mechanisms must be revitalized. Participatory budgeting, neighborhood forums, and digital engagement platforms should be expanded to counter voter apathy and democratic disengagement. Second, fiscal equity across boroughs must be strengthened. Inter-borough fiscal equalization mechanisms should be enhanced to address spatial inequalities exacerbated by austerity. Third, coordination within multi-level governance structures must be improved. Clearer role delineation between borough councils, the Greater London Authority, and central government

5.6 Comparative Policy Roadmap

Table 5.1: Comparative Governance Reform Roadmap

Dimension	Khyber Pakhtunkhwa	London
Core challenge	Capacity deficit	Democratic disengagement
Priority reform	Fiscal & admin devolution	Citizen participation
Institutional focus	Empower VCs/NCs	Strengthen borough equity
Governance goal	Substantive local autonomy	Inclusive urban governance

5.7 Implications for Future Research

The study opens several avenues for future research. Primary field-based studies could examine citizen perceptions and bureaucratic behavior within both governance systems. Longitudinal research could assess the impact of fiscal and administrative reforms on service delivery outcomes. Additionally, comparative studies involving other provinces of Pakistan or global cities could further refine the hybrid governance framework proposed in this study.

5.8 Conclusion

This research concludes that effective local governance is neither purely participatory nor purely technocratic. Sustainable local democracy requires a careful balance between grassroots inclusion and institutional capacity. The comparative analysis of Khyber Pakhtunkhwa and London demonstrates that participation without power leads to symbolic governance, while power without participation risks democratic alienation. A hybrid governance pathway—combining inclusive participation with fiscal and administrative empowerment—offers the most viable route for strengthening local governance across diverse contexts.

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