

Primer: 08

Administrative Reforms

Optional Reform under JNNURM



1. Administrative Reforms under JNNURM

Context

Administration of urban local self-governments is an important element in the overall realm of public administration. From an urban citizens' perspective, administration of local governments (Urban Local Bodies – ULBs) impacts their lives far more than any other tier of government. Therefore, reforms in the administration of institutions of urban local bodies potentially have a significant positive impact on the quality of governance, service delivery and overall quality of life in urban areas.

Efficiency and effectiveness of institutions to its external stakeholders (front-end) is critically dependant on the internal capacities of the institution at its back-end. In the context of ULBs, internal capacities would be defined by –

- **Structures** – organisation structures of ULBs, organisation structure of urban development departments of State Government, and hierarchical relationships between the two
- **People** – human resources who staff ULBs, and systems for developing and managing them
- **Systems and Processes**¹ – Quality, reliability and effectiveness of systems and processes that are both internal to the ULB, and those that enable the external interface with citizens and other stakeholders.

Administrative reforms under JNNURM

Administrative reforms under JNNURM seek to focus on issues related to people, and systems / processes. Reforms in structural issues of institutions of local government are dealt with, in a separate reform element, viz. Structural reforms. A separate primer on 'Structural Reforms' covers that area.

Technically speaking, administrative reforms cut across various reform elements, and are not a stand-alone reform of a specific aspect of functioning of ULBs. Reforms in systems / processes have been addressed in a number of reform elements under JNNURM, both mandatory and optional, such as –

- Streamlined processes for public disclosure
- Administration of property taxes under Property Tax reforms
- Administration of user charges under User Charge reforms
- Usage of Information Technology under e-Governance, which also requires re-engineering of business processes
- Implementation of modified accrual based accounting under Accounting Reforms
- Streamlining processes for building plan approvals
- Reforms in processes for conversion of land-use, registration of transactions on land and property

However, apart from all of the above further reforms are required in a few key areas, to enable ULBs function as effective units of urban local governments. Therefore, for the purposes of the reforms agenda under JNNURM, administrative reforms are defined as comprising reforms in three important elements, viz.

¹ A 'system' can be defined as an organized and a coordinated mechanism for undertaking various processes. A 'process' is a series of activities related to a specific function.

A. Human Resources Development and Personnel Management

B. Internal Systems and Processes

C. Citizen interface systems and processes

Reforms in some of these areas may be addressed partially in the course of implementing other reforms as required by JNNURM. For e.g. – certain commercial and financial management processes may be modified to align with a computerised accrual based accounting system, or training may be imparted to ULB personnel for implementing certain reforms. However, by virtue of specific focus on the above mentioned three areas, it is aimed that comprehensive and specific reform initiatives shall be undertaken to achieve the outcomes mentioned in the primer.

In the urban sector, urban administration is impacted by institutions both at the city and State levels. Therefore, administrative reforms in above mentioned areas require initiatives by both State Governments and ULBs. At the State level, most administrative matters related to local bodies are handled by the Directorate of Municipal Administration, or its equivalent department in every state (hereinafter referred to as DLB). At the ULB level, some administrative reforms can largely be housed within one department; however most of them will cut across departments within the ULB, and will therefore require cross-functional teams to take efforts.

2. Rationale, Impact and Benefits of Administrative Reforms

Rationale for the reform

Generally, a number of systems and processes for functioning of ULBs and DLB are laid down as per Rules notified under the Municipal Acts, Procedures notified through Government Orders, etc. However, many of these systems and processes have become obsolete and redundant over time, and require substantial change. Also for a number of areas procedures are not defined, practices have evolved over time and carried on only on the basis of past-precedence. Therefore, a thorough review of systems and processes is called for in order to address multiple challenges that have emerged over time, such as:

1. Municipal boundaries have expanded over time, requiring expansion in the administrative structure of the ULBs to address larger volume of work. Municipal functions have increased and become more complex. Most issues require multi-functional expertise to plan for, develop and manage. Thus the scale and skill requirements of municipal management have changed.
2. Information Technology can be significantly leveraged to manage large volumes of data, citizen information, spatial information, etc. Ability of IT software tools to store, transfer and retrieve large amounts of data, makes it possible to simplify and speed up many municipal processes. Information and communication technologies can also be leveraged for easier, faster and more accessible two-way communication with citizens and other stakeholders.
3. Many processes have become redundant over time. For e.g. the process of delivery of demand notices for Property Tax is redundant in the changed Self-Assessment System.
4. Adding more staff to deal with these changes is not an option, as it is important for ULBs to be cost effective in its delivery of services.
5. Citizens have legitimate expectations for higher levels of service and responsiveness by ULBs.

All the above reasons, therefore require extensive Administrative reforms to be undertaken in ULBS.

Impact and benefits

While most administrative reforms may not have immediate visible impact on quality of municipal services delivered, improvements in administrative functions can have long-term and sustained impact. Such impact will also not just be localised, but reflect city-wide if undertaken at ULB level, and across multiple cities if undertaken at DLB level. Nature of impact and benefits will include:

Reforms in Human Resources Development and Personnel Management should lead to	Reforms in Internal Systems and Processes should lead to	Reforms in Citizen Interface Systems and Processes should lead to
<ul style="list-style-type: none"> - Higher levels of motivation, commitment and ownership by municipal staff - Improved capacity to handle bigger challenges - Better alignment of organisational goals with individual needs of personnel 	<ul style="list-style-type: none"> - Faster and improved decision making - Cutting down redundant work load and effort, leading to improved efficiencies - Reduction in cost of delivering services - Better allocation of resources - Standardisation and codification of processes will eliminate discretion 	<ul style="list-style-type: none"> - Higher levels of citizen satisfaction - Reduction in effort by citizens to deal with ULB - Improved credibility of ULB as an institution, resulting in higher willingness-to-pay taxes and user charges

3. Goals, Objectives and Components of Administrative Reforms

Areas of Administrative Reform and their objectives

For each of the three elements of administrative reforms mentioned above, major areas within them are identified and the objective for reforms in that area mentioned below.

Ref. No.	Area of reform	Goals / objectives of the reform
Human Resource Development and Personnel Management		
A1	Personnel Management Systems, comprising - staff deployment, leave, payroll, personnel administration, hiring and contracting, transfers, grievance management	<ul style="list-style-type: none"> - Efficient deployment of available staff - Satisfied personnel, leading to higher productivity - Transparency and fairness in dealing on personnel matters - Effective and efficient administration of personnel function
A2	Training and skill building initiatives – needs assessment, delivery of skill building activities, other capacity building initiatives	<ul style="list-style-type: none"> - Enhanced capacity of municipal staff to deal with increasing scale and changing complexities of municipal functions
A3	Performance Management at all levels - linking individual goals and objectives to departmental, and ultimately organisation goals	<ul style="list-style-type: none"> - Identifying and rewarding good performance through transparent and fair processes - Penalising/ dis-incentivising poor performance - Generating desired service delivery outcomes through individual and department level performance

Ref. No.	Area of reform	Goals / objectives of the reform
Internal Systems and Processes		
B1	Management information and decision support, Managing performance of organisational sub-units (departments or zones / wards)	<ul style="list-style-type: none"> - Periodic monitoring and corrective actions by ULB leadership (elected and administrative) to achieve standard benchmark service levels - Enabling transparent and efficient allocation of scarce resources to those functions / areas (physical spaces within the city) which are more deserving - Ability to isolate poor performance to – infrastructure deficiency, poor O&M, poor management, etc., and thereby take appropriate decisions
B2	Tendering, Procurement, Contract management, materials management	<ul style="list-style-type: none"> - ULB is able to leverage its ‘buyer power’ to foster more intense competition and get improved value-for-money, contract outcomes - Balanced contracts, leading to more credible suppliers and improved quality in delivery - Reduction in time and cost in implementing projects
Citizen interface systems and processes		
C1	Points of citizen contact – convergence of multiple services across urban institutions at point of citizen interface	- Citizen has ease and convenience of single point contact, irrespective of multiple institutions and back-end processes

Generic set of reform initiatives for each reform area

To achieve the goals and objectives mentioned above in each area of administrative reform, multiple initiatives will need to be undertaken. Each city and state government will need to contextualise and refine the reform initiative as relevant to it’s’ context. The priorities too may differ across different cities. However, it should be ensured that such adaption and prioritisation does not compromise on the goals and objectives of the reform.

A generic set of reform initiatives in each area is listed in the table below. *[Please note that this set is only illustrative and not exhaustive.]*

Ref. No.	Reform Area	Generic set of reform initiatives
Human Resource Development and Personnel Management		
A1	Personnel Management Systems, comprising - staff deployment, leave, payroll, personnel administration, hiring and contracting, transfers, grievance management	<p>A1.1 Implementing Human Resource Information System (HRIS) – a computerised solution for managing all personnel related information, and operating core personnel management processes</p> <p>A1.2 Computerise payroll management, timely and direct transfer of salaries and wages, including contract staff payments</p> <p>A1.3 Review and simplify all employment and service rules related to all cadre and staff levels of municipal employees. Make amendments to reflect current realities of managing municipal staff</p> <p>A1.4 Aligned to the employment service rules (modified), prepare and disseminate a HR policy for all municipal staff</p> <p>A1.5 Bring transparency in all systems related to transfers, promotions and wage increments. Share widely the processes that are adopted.</p> <p>A1.6 In large ULBs, set up separate system for handling employee grievances</p>
A2	Training and skill building initiatives – needs assessment, delivery of skill	A2.1 Undertake training needs assessment for all staff. This need assessment should be integrated with annual departmental review, and individual performance review (for mid & senior officers)

Ref. No.	Reform Area	Generic set of reform initiatives
	building activities, other capacity building initiatives	<p>A2.2 Tie-up with State-level and other institutions for periodic delivery of training, related to job skills, hands-on training, etc. Build certain level of in-house training delivery capacity.</p> <p>A2.3 Organise other capacity building initiatives, such as: exposure visits / study tours to other ULBs within India / abroad (for large cities); dissemination of literature and multi-media material; visits and close working with experts, counter-parts from other ULBs, technical consultants, etc.</p> <p>A2.4 Within ULBs, build team working through team projects; sharing of experiences across departments / zones / wards; problem-solving workshops anchored by senior officers; etc.</p> <p>A2.5 Incentivise training participation, self-learning initiatives of accredited courses, documentation and sharing of experiences</p>
A3	Performance Management at all levels - linking individual goals and objectives to departmental, and ultimately organisation goals	<p>A3.1 Aligned to the overall development plans of the ULB, specific targets of performance are set for each department. Similarly service delivery targets are set for each zone / ward. Performance measurement of senior officers heading the departments / zones / wards is directly linked to these targets.</p> <p>A3.2 The system of Annual Confidential Report (ACR) should be improvised within the framework of rules. The method of assessment should be made very objective, laying down performance areas and sub-areas. Expectations of performance should be discussed at periodic intervals.</p> <p>A3.3 Citizen feedback is inbuilt into performance review of all departments / functions that have citizen interface.</p> <p>A3.4 Performance targets, and accomplishment of performance at departmental level / geographic jurisdiction level (zone / ward), is widely communicated within the ULB. This should instill a sense of healthy competition and pride in achieving the set targets.</p> <p>A3.5 Within the framework provided by the service rules, a system of incentives / rewards for good performance should be instituted.</p> <p>Initiatives must link into initiatives taken up under B1.</p>
Internal Systems and Processes		
B1	Management information and decision support, Managing performance of organisational sub-units (departments or zones / wards)	<p>B1.1 The Council of the ULB should pass a resolution to adopt Standardised Service Level Benchmarks (SSLBs), defined by the Ministry of Urban Development. Adoption of SSLBs by the ULB implies, setting up systems to periodically measure and report service level performance indicators. The reliability, independence and therefore credibility of the measurement systems are improved over period of time.</p> <p>B1.2 Additional indicators that reveal operating performance of the ULB should be defined, measured and reported.</p> <p>B1.3 Systems to periodically place the performance indicators before decision makers. For e.g. weekly reports to Heads of Department, and Municipal Commissioner, Monthly report to Mayor and Standing Committee, Quarterly report to the Municipal Council, DLB, etc. Proactive public disclosure on annual basis widely to all, through publication on ULB website, print in local media, etc.</p> <p>B1.4 Periodic review systems take stock of performance, remedial action and operational decisions are initiated on that basis. Decisions related to budget allocation, prioritisation of projects, staff deployment, etc. are guided by intra-city disparity in service levels.</p> <p>B1.5 State Government through DLB periodically monitors performance</p>

Ref. No.	Reform Area	Generic set of reform initiatives
		indicators from cities across the state. State level policies, programs and resource allocation decisions are informed by performance indicators. Manpower and technical support is channelised to weaker cities. State Finance Commissions consider performance indicators in resource allocation.
B2	Tendering, Procurement, Contract management, materials management	<p>B2.1 Introduce measures to ensure all tenders for procurement of goods / services have clear technical specifications, quality and delivery standards laid down. Commercial terms and conditions are balanced, unambiguous and incentivises speedy implementation.</p> <p>B2.2 Institutionalise systems for wider dissemination of all tenders (including e-tenders), foster competition and provide level playing field for all competent vendors.</p> <p>B2.3 Institutionalise systems for empanelment, pre-qualification and other methods to cut-down procurement cycle time.</p> <p>B2.4 Introduce innovations such as Swiss Challenge Methods, Performance / Outcome based contracting, performance linked payments, etc. Make appropriate changes in municipal procurement rules to enable these reforms.</p> <p>B2.5 Systems for periodic review of contracts, third party inspection and monitoring of project implementation, quality control during construction. Maintenance of records and project documents at site.</p> <p>B2.6 Improved inventory control and material management at ULB stores and project work sites to prevent - pilferage, quality loss, dead inventories, wastage, etc.</p> <p>B2.7 Work in closer partnership with industry chambers and professional bodies to improve norms and practices in procurement, contract and project management.</p> <p>B2.8 Define and communicate a 'Vendors Policy' that lays down policies and practices that should be followed consistently w.r.t. vendor empanelment, classification, billing and payments, commercial terms, quality control, multiplicity of vendors, etc. Large cities may have their own policies, while common state-wide policies may be applied for smaller towns.</p>
Citizen Interface Systems and Processes		
C1	Points of citizen contact – convergence of multiple services across urban institutions at point of citizen interface (for e.g. <i>e-sewa kendras</i> in Hyderabad)	<p>C1.1 Provide point of citizen interface at vantage locations across city, a minimum of one in each ward. Interface should be direct contact with trained personnel, and through IT interfaces such as – touch screens, kiosks, signages and instruction boards, etc.</p> <p>C1.2 Leverage technology to provide multiple services (tax returns, paying user charges, birth & deaths registration, building plan permissions, citizen complaints, etc.), through single terminal, and citizen database integrated at back end.</p> <p>C1.3 Rope in other citizen services and utilities (electricity utility, telecom company, post office, courier services, etc.) to enhance economies of scale, and higher level of convergence for citizens.</p> <p>C1.4 Define and maintain standards of services rendered through such centres. Involve private sector and sustain through revenue model built on 'transaction fee' concept.</p> <p>C1.5 Accessibility should include – accessibility of elected representatives to their citizens (at both area sabha and ward levels), and accessibility of officials to citizen representatives.</p>

4. Road Map for implementation

Implementation responsibility

The challenge of implementing Administrative Reforms lies in its wide scope. However the advantage also lies in the fact that it comprises large number of simpler initiatives, which can be taken up independent of each other.

The responsibility for implementing administrative reforms envisaged above is broadly at two levels:

Implementation responsibility at:	Nature of responsibility (<i>the list is indicative and not exhaustive</i>)
Directorate of Local Bodies (or its equivalent)	<p>The Director / Commissioner – Municipal Administration should take the lead responsibility for initiating actions at the DLB level. The responsibilities will include:</p> <ul style="list-style-type: none"> • Introduce amendments in Municipal Rules, Procedure Manuals, Code of Practices to enable changed systems and processes to be implemented at the ULB level. • Frame enabling policies and procedures for improved human resource development and management. • Devolve administrative functions handled centrally at the DLB, and enable the ULB to take charge of those administrative functions • Delegate powers to appropriate authority at the ULB level, reducing the need for administrative and technical approvals that are routine in nature • Initiate action on capacity building initiatives, training, skill development. • Provide support and channelise technical expertise for initiatives to be undertaken by ULBs. • Document and share experience of ULBs where reforms are implemented, enable sharing of experiences amongst ULBs, so that benefits percolate across both Mission and non-Mission cities. • Create enabling environment, and adequate incentives for performance management systems to be implemented at ULB level (for both – managing performance of service delivery departments, and individuals)
<p>ULB level – This includes:</p> <p>a) Initiatives that spread across multiple departments (for e.g. – Performance Management)</p> <p>b) Initiative to be largely implemented by one department (for e.g. implementing Human Resource Information System)</p>	<p>In case of initiatives that are spread across multiple departments, cross-functional teams, drawing on officials from different departments should be tasked with implementing such reforms. These teams should be empowered to take necessary steps and actions for implementing related tasks. The Municipal Commissioner / Chief Executive Officer should take lead responsibility for implementing such reforms. In case of initiatives that are largely implemented by one department, the Head of the Department should take lead responsibility.</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> • Constituting the cross-functional teams • Preparing detailed implementation plan • Designing the revised processes/ policy manuals / procedures / reporting formats and forms, etc. • Providing orientation training to concerned staff • Liaison with DLB / State Government for appropriate approvals • Seeking internal approvals for budgets to implement these administrative reforms, and monitoring spend • Periodic monitoring of tasks, identifying constraints / problems and resolving them • Playing role of counterpart staff to external experts / consultants deployed for implementation of reforms

Most initiatives will require action steps to be taken by both the DLB and ULB level in a synchronised manner. For e.g. ULB will prepare its training requirement, while DLB will help organise the training.

ULB staff will need to participate in the training. DLB will ask ULBs to submit Service Level Benchmarks on periodic basis, while ULB will trigger and manage the process of measurement of service levels across the city. DLB will need to introduce changes in procurement rules, while they are actually implemented at the ULB level.

Timelines and sequencing of action steps

Each ULB will need to identify a basket of initiatives aligned to its needs, and prioritise the implementation within them. For each initiative, a detailed implementation plan should be prepared, identifying all tasks, sub-tasks, timelines, inter-dependencies and persons responsible. Therefore, a generic timeplan cannot be defined. For each initiative specific benchmark / outcome should be defined, so that the implementation can be monitored against these benchmarks / outcomes.

5. Measurement of outcomes of reforms

Ref. no.	Area of reform	Measurement of outcomes
Human Resource Development and Personnel Management		
A1	Personnel Management Systems, comprising - staff deployment, leave, payroll, personnel administration, hiring and contracting, transfers, grievance management	<ul style="list-style-type: none"> - Larger number of motivated employees, as revealed through employee satisfaction surveys - Higher employee productivity - Reduction in management time in dealing with personnel management issues
A2	Training and skill building initiatives – needs assessment, delivery of skill building activities, other capacity building initiatives	<ul style="list-style-type: none"> - Each ULB staff undergoes minimum no. of mandatory training days - Improved productivity of each municipal department - Reduced reliance on external resources / experts to implement reform
A3	Performance Management at all levels - linking individual goals and objectives to departmental, and ultimately organisation goals	<ul style="list-style-type: none"> - Process of continuous and incremental improvement is set-in - Improved staff performance - Employees regard system as fair and transparent - Reduced management time in resolving grievances related to promotions, increments, wage negotiations, etc. - Higher levels of ownership of department targets by HODs and senior officers
Internal Systems and Processes		
B1	Management information and decision support, Managing performance of organisational sub-units (departments or zones / wards)	<ul style="list-style-type: none"> - ULB gradually moves towards achieving benchmark levels of service delivery - Annual budgeting exercise is more specific, transparent and outcome oriented - ULB leadership is able to take rationale decisions with credible data - Process of internal negotiations / lobbying for resources within Council is reduced - Citizens and other stakeholders have credible information of current state of service delivery
B2	Tendering, Procurement, Contract management, materials management	<ul style="list-style-type: none"> - Most projects completed as per scheduled time and cost - Improved quality of works / good supplied - ULB is seen as preferred buyer, in return getting better value for money spend
Citizen interface systems and processes		
C1	Points of citizen contact – convergence of multiple services across urban institutions at point of citizen interface	<ul style="list-style-type: none"> - Higher level of citizen satisfaction with ULB services - Higher willingness-to-pay taxes and user charges