

**INSTITUTIONAL REFORMS IN THE FEDERAL  
GOVERNMENT**

**AUGUST 2018-AUGUST 2021**



**VOLUME-I**

**Institutional Reforms Cell  
Prime Minister's Office  
Islamabad**

**GOVERNMENT OF PAKISTAN**

**Institutional Reforms Cell  
Prime Minister's Office  
Islamabad**

**INSTITUTIONAL REFORMS IN THE FEDERAL  
GOVERNMENT**

**Volume-I**

# VOLUME 1

## Reports On

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## PREFACE

These two volumes containing the reports and the minutes of the meetings on Institutional Reforms are aimed at providing complete documentation of the work that has been carried out during the last three years. These volumes comprise background working papers, discussions by the Task Forces, deliberations at the Cabinet Committee on Implementation of Reforms, proposals finalized for consideration by the Cabinet, the decisions taken by the Cabinet and current status of implementation of the reforms. The minutes of the Cabinet Committee on Institutional Reforms (CCIR) formed in July 2020 have not been included in these volumes as they are still secret. However, the decisions taken by the Cabinet on the recommendations of the CCIR are included in Volume I. The Cabinet Committee on Implementation that was the precursor for the CCIR held 37 meetings from 23<sup>rd</sup> July, 2019 to 9<sup>th</sup> July, 2020. During proceedings of the meetings, the Committee called upon the representatives of the Ministries/Divisions/Departments concerned to present their view points on the proposals. The committee then gave its recommendations to the Cabinet for approval in cases where consensus was reached. Periodical progress reports were submitted to the Cabinet. The purpose of this compilation is to Capture institutional memory in a systematic and coherent manner, to have readily available reference material and a guideline for follow up.

2. The Prime Minister Mr. Imran Khan has been the guiding light of the reforms process and without his support , nudging and leadership we would not have initiated or achieved whatever has been accomplished so far. His keenness to ensure implementation of these reforms has resulted in the formation of the CCIR with the mandate to monitor the progress of the reforms approved so far and to come up with the proposals for new set of reforms. There would thus remain a continuity and the past work would seamlessly weave into the future work plan. The CCIR has held 23 meetings since its inception.

3. I would like to record my appreciation to the members of the Task Forces on Civil Service Reforms and Restructuring the Federal Government, the members of the Cabinet Committee on Implementation of Reforms and the Ministries and Secretaries of the Divisions involved in the process. The Task Forces benefitted from 80 consultative sessions held at Islamabad, Lahore, Peshawar, Karachi and Quetta during the last three years which were attended by 2223 stakeholders mainly from the various Federal and Provincial Cadre, Ex-Cadre and Non-Cadre Officers. Business leaders were also consulted about the proposed reforms. Senate Committee and N.A Committee on Cabinet were also briefed about these reforms.

4. I would like to thank the staff of the Institutional Reforms Cell - Dr. Samina Taslim Zehra who was followed by Mr. Qamar Zaman as Joint Secretary, Mr. Nauman Yusaf, Mr. Ahmed Rajwana, Mr. Hassan Haren Hote who were followed by Dr. Altamash Janjua, Mr. Najeebullah Khan, Dr. Amir Hussain and Mr. Rafique Ahmed Khokhar as Deputy Secretaries. They played critical role in supporting the work of the Task Forces and the Cabinet Committee and the compilation of these two volumes would not have been possible without their help.

5. Chapters in Volume I are organized in three parts - Part I those reforms which have been approved and are under implementation; Part II those which have been deferred and Part III which are under review and deliberations. Volume I is divided into four sections (a) Reorganizing the Federal Government (b) Civil Services Reforms (c) Business Process Reengineering and (d) Restructuring of key public sector organizations. Each chapter in Part I consists of Working papers, Proposals and recommendations, decisions taken and current status while Parts II and III consist of Working papers, Proposals and Recommendations. Volume II Contains the record of discussions and deliberations in form of the minutes of the meetings of the Task Forces and the Cabinet Committee on Implementation of Reforms.

6. These volumes are an attempt to promote transparency -an essential ingredient of Governance and accountability: whether the task assigned has been fulfilled or not. They also reflect the arduous nature of consensus building on key reforms and, more importantly, the impediments faced in their implementation. These volumes indicate that the diagnostics and design work has been done and what is missing is the delivery. The CCIR would, hopefully, be able to monitor the progress at regular intervals through action plans, responsibilities assigned, milestones and deadlines without forming any new task forces and Commissions. The journey is long and difficult but a beginning has been made.

**ISHRAT HUSAIN**  
Advisor to Prime Minister

**VOLUME 1A**  
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**PART-1: APPROVED REFORMS UNDER  
IMPLEMENTATION**

# CHAPTER 1 REFORMING THE GOVERNMENT IN PAKISTAN: RATIONALE, PRINCIPLES AND PROPOSED APPROACH

Ishrat Husain<sup>1</sup>

## Introduction

The rationale and guiding principles for reforming the Government in Pakistan were first spelled out in the report of the National Commission for Government Reforms produced in 2008<sup>2</sup>. Despite the devolution of powers to the provincial governments under the 18<sup>th</sup> Amendment and much larger resource allocation to the province under the 7<sup>th</sup> National Finance Commission (NFC) report, it is a pity that the reforms of the government in delivery of public services to the common citizens have not made any headway in the last decade. Therefore, the rationale and guiding principles with some slighter modification remain unchanged.

2. On the contrary, they have assumed a sense of urgency. A legitimate question that is often raised by those working for the government in Pakistan but not by outsiders is: Why reform the Government? Most of them believe that things are going well and the costs of bringing about these reforms will prove to be disruptive for the economy as well as for administration. They further saw that we had inherited a strong, robust system from the British that has been tried and tested over time and there is hardly any compelling reason to bring about any major structural changes. In order to address this question, we have to provide the rationale for bringing about reforms in the government which is done in Section I. Having established the business case for reforms, Section II lays down the principles that would underpin these reforms. Finally, the proposed approach to design and implement the reforms will be discussed in Section III.

## Section I

### Rationale for Reforms

3. It must be conceded at the outset that the time horizon for the consummation and impact of the proposed reforms is long term – the next 10 to 20 years and not immediate or short term. It may also be accepted that there are no quick fixes and therefore the rationale for this plan should therefore be viewed in the context of the long-term vision of Pakistan, the external environment in which Pakistan will be operating as a country, the lessons learnt from other successful developing countries, the diagnostic studies including public opinion polls about government performance in Pakistan and the growing expectations of the public at large.

#### *(A) Long Term Vision and Challenges of the 21<sup>st</sup> century*

4. Pakistan's long-term vision envisages the country to be a developed, industrialized, just and prosperous nation at the end of the next 20-25 years. This vision is to be achieved through rapid and sustainable development in a resource constrained economy by deploying knowledge inputs. The transition for achieving this objective is proposed to be managed by an intelligent

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<sup>1</sup> This paper was circulated among the Secretaries Committee meeting held on 4<sup>th</sup> February, 2021 and an expanded version was published by PIDE in February, 2021. The views expressed in this paper are those of the author and do not, in any way, represent those of the Government of Pakistan.

<sup>2</sup> Government of Pakistan (2008), Report of the National Commission for Government Reforms, Islamabad

and efficient exploitation of the country's inherent and contrived competitive advantage. To achieve this Pakistan has to become an active participant in the globalized economy for goods, labor, capital, technology and services, and this option has serious consequences for the future governance of the country.

5. Twenty first century is a knowledge economy confronted with many serious challenges that have no precedents in the past. Noteworthy among them are disruptive technological advances, changing nature of skill composition of work force, Demographic changes with ageing population in the West and China and younger population in South Asia and Africa, climate change and its consequences on food, energy and water and growing competition among emerging economies for share in international trade. The hegemony of a unipolar world led by the US is also being threatened by a newly emerging power i.e. China.

6. The imperative of integrating Pakistan in the larger global economy and responding to these challenges, places certain essential demands and one of them is that the structures of the state and instruments of the government have to be redesigned to use knowledge and technology inputs to create opportunities for increased productivity and competitiveness. Among the 180 nations of the world which are Pakistan's competitors for capturing market share in the ever-expanding global economy, only those will survive that remain agile and adapt themselves to the changing demand patterns, supply value chain and technological upgradation. The main actors in a country that will together impinge upon its competitiveness and productivity are the state, market and civil society. The respective roles of these main actors and their interrelationships have therefore to be redefined and re-calibrated.

7. Following this logical sequence, the various organs of the State – executive, judiciary and legislature – have to be assessed and evaluated to determine whether they are capable of meeting this new challenge or whether they need to be re-vamped to develop new capabilities and build up new response capacity. We would in this paper like to focus on one element of the State i.e. Executive branch and do not dwell upon the other two i.e. the Parliament and the judiciary. We also do not directly address the market and the civil society in this paper. The main purpose here is to assess whether the government, its structures, processes and human resource policies and practices can keep up with these new demands or need modification or alteration. We do realize the limitation of this paper in so far as it only captures only one pillar of governance system while a more holistic picture of the dynamic interactions and the boundaries between the State, Market and Society needs to be depicted and analyzed.

8. Structural economic reforms to improve Pakistan's prospects for competing in the globalized economy require stable, functioning, competent and responsive institutions for implementation. But unfortunately, we are at present caught in a difficult logjam. While the economic reforms themselves create dislocation and displacement in the transition period, strong working institutions provide the wherewithal and armoury to withstand these shocks thus minimizing the costs of adjustment and maximizing the benefits to the poor and neglected. The urgency to build strong institutions to implement these structural reforms is therefore quite obvious. Institutions in public sector are manned by civil servants and therefore reforms of civil service to achieve the long-term goals and challenges of the 21st century become the burning issue.

### ***(B) Lessons from other Developing Countries***

9. The role and limitations of governments in various developing countries have been analyzed at great length in many academic and non-academic studies. The predominant view

is that the binary postulate of Government vs Market is totally misplaced. Governments should do what they are capable of doing better than in the past. A strong and effective government is needed rather than a weak and expansive government. The all wide-encompassing government has become too cumbersome and centralized with overlapping and competing interests, inefficient and unresponsive to the emerging needs of the public. Civil servants are poorly trained, sub-optimally utilized, badly motivated and ingrained with attitudes of indifference and inertia. It has been argued by development economists that effective government in developing countries is not only necessary due to abundant market failures but possibly even sufficient to achieve economic development.

10. A number of developing countries have successfully reformed their governments and tackled the market failures as well as achieved rapid economic development. How have they been able to transform the expansive government into a well-focused, well-functioning and result oriented effective government? The interpretation of the success of East Asian countries such as the Newly Industrializing Countries (NICs), ASEAN countries and China is a matter of serious debate among development economists. Neoclassical economists attribute the success to market friendly environment, private sector led growth and openness to trade with the governments providing macroeconomic stability, security of person and property, infrastructure services, promoting research and development, and investing in education, health, science and technical training. Others such as Wade (1990) and Amsden (1989) have argued that an interventionist state which guided and steered a proactive industrial policy and picked the winners, was largely responsible for the success of these countries. By now, there is some consensus that if the labels and ideologies are set aside the evidence overwhelmingly suggests that there are some critical success factors of varying degrees. These factors are: -

- i) promote market competition, curb monopolies, cartels or oligopolies, and rent seeking
- ii) ensure a level playing field and entry for new comers in the market,
- iii) exercise regulatory vigilance (but eliminate inefficient and outdated regulations), and enforcement
- iv) open up the economy to international trade,
- v) provide the way for judicial independence,
- vi) provide dispute resolution mechanisms and enforce contracts,
- vii) promote transparency, and observe the rule of law.

11. The role of the Government is to provide an enabling environment for private businesses so that they can carry out production, distribution, trade of goods and services without indulging itself in these activities directly. A successful enabling environment requires an efficient and competent civil service, investment in human resources, skills, well-functioning, physical infrastructure, rules of law and equitable distribution of benefits of growth.

12. More recently, Fareed Zakaria after studying weak and effective governance in developed and developing countries over time has concluded that competent bureaucracy and the ability to tax have been key factors in the history of modernization. In my view, China's stellar performance and its transition from an impoverished country to become a global economic power within a short span of forty years can also be largely attributed to a meritocratic bureaucracy advantaged by highly focused leadership. Even the appointments to political offices such as Mayors, Governors, members of Politburo are mostly made on performance.

13. The other piece of empirical evidence that is beginning to gain wide acceptance is that decentralization and greater devolution of power, authority and resources to lower tiers of government also makes a difference through better allocation and a more efficient utilization of resources. Devolution also helps in moving towards a relatively more egalitarian outcome in the provision of basic public goods services.

14. Another way to promote human development and deliver social services to the poor segments of the population that has worked is through the wider participation of the private sector, communities and civil society organizations. Participation, besides being considered a means to further human capabilities is also a way of choosing the right kind of projects and ensuring that development funds are used more judiciously. Private–public partnerships and public–NGO or Civil Society Organization partnerships are being successfully used in many countries for the provision of infrastructure, education, health and other social services. These partnerships not only supplement the limited public resources and counter the governance issues through monitoring, evaluation and corrective actions but also enable local communities to participate in decision making through their organizations. The reduced efficiency of public sector expenditure can also be corrected through these partnerships. Allocation of risks in public-private partnership takes place on the relative strengths of the two partners.

### *(C) Changes in the Pakistani Scene*

15. We now turn to the diagnostic studies and the changes that have taken place in the landscape in Pakistan in the past several years and are likely to affect the functioning of the government in the future. My own research study that culminated in the book “Governing the Ungovernable” examined the two periods of Pakistan’s history i.e. 1950-90 and the second period 1990-2015. During the first period Pakistan had stellar performance and was among the top economic performers in the developing world. India during that period was growing at 3 percent per annum compared to 6 percent growth rate of Pakistan. The gap between the two economies was 5:1. India’s per capita income was much lower and poverty rate much higher than Pakistan. In the second period Pakistan has become a laggard even in South Asia and both India and Bangladesh overtook Pakistan in most social and economic indicators. The size of Indian economy has expanded ten times that of Pakistan from five times since the year 1990. Latest data shows that Bangladesh has now overtaken Pakistan in terms of per capita income. Bangladesh has become the second largest exporter of ready-made garments after China.

16. After reviewing many alternate hypotheses advanced in the literature to explain these different outcomes in the two periods within the same country my research study concluded that it was the relative performance of the institutions of Governance that provides the most persuasive explanation for the rise and fall of Pakistan’s economy in the two periods. When Pakistan had strong institutions such as WAPDA which carried out Indus Basin Works; PIDC that brought about industrial revolution from almost a scratch; ADC which introduced high yielding varieties of wheat and Rice seeds and fertilizers that made Pakistan self-sufficient in food and an exporter; Planning Commission that produced five year plans that were emulated by other developing countries and PIA which established among others Singapore Airlines and Emirates. These are just few examples of strong institutions manned by competent and honest officers that made a substantial difference to the economic prospects of a moth ridden country which was condemned by many international observers to suffer economic collapse ready to be absorbed in the larger India. Where these institutions stand in relation to the earlier period is quite well known and documented. Most of them have become dysfunctional creating more stress on the economy rather than making any contribution.

17. A leading economist and practitioner has observed in an article:

18. “A weak institutional framework hangs like a dead albatross around the neck of the state, imposing substantial deadweight costs. It produces untenably large inside and outside lags in policy formulation and implementation leading to a state which is unresponsive both to internal requirements as well as rapidly changing external environment.”

19. A number of commissions, committees, task forces, and working groups in Pakistan have examined and made recommendations about the changes in our administrative system. Unfortunately, these have not been implemented for a variety of reasons and those who believe in status quo and want to continue operating in their comfort zones and protecting their turf have prevailed in stalling these reforms. Outside observers believe that even during last ten years the quality of Secretaries to the Government and the heads of various public sector institutions has deteriorated. But in addition to the historical reasons there have been at least seven new developments in Pakistan’s landscape that clearly point to the need for reforms in the structure, processes and human resource management policies and practices.

20. First, it is becoming increasingly apparent that the benefits of economic growth have not been distributed equitably among the lower income groups, backward districts, rural areas and women. Incidence of poverty has declined but regional disparities, gender inequality and income real distribution have intensified. Almost all studies point out that the governmental machinery at the Federal, Provincial and Local Governments have become largely unresponsive and inert in delivery of basic public services to the common citizens. Almost all comparative country rankings, whether originating from the World Bank or Global Competitiveness Report of the World Economic Forum or other think tanks and institutions consistently rate Pakistan quite low in Public Sector Management, Institutions and Governance. Along with the low Human Development Indicators this weak institutional dimension makes the task of poverty reduction, income distribution and delivery of public services quite difficult. The impact of good economic policies upon the lower strata of our society, particularly those who are illiterate and are not well connected, thus gets muted. The widespread hue and cry about the absence of a trickle-down effect of good economic policies is a manifestation of the dysfunctional nature of our public sector governance. Government institutions have to be strengthened to meet this challenge particularly at the grass root level i.e. the Metropolitan areas, cities, towns, villages and neighborhoods. The present inverse relationship in power, authority and prestige between the senior most officers who work at levels so remote from the ordinary citizens and those who are expected to solve the problems at the local government level has to be reversed. In the British days the District Collector was senior to the Secretaries of departments and he could take decisions on the spot without making innumerable references to the capitals and getting no response. I have seen numerous files of Section officers where these letters were lying buried and no tracking system in place and have heard Ambassadors complaining that their urgent telegrams were not answered on time.

21. Second, the responsibilities of the government in the field of owning, managing and operating public enterprises and corporations have undergone significant change both in the thinking as well as action during the last sixteen years. A large number of government owned corporations, businesses, industrial units, banks and financial institutions and service providers have either been privatized or ought to be privatized. The cumulative liabilities of these public sector enterprises run into trillions and are adding to the stock of our domestic and external debt. In power sector the circular debt has piled up to Rs 2.2 trillion and PIA has liabilities close to 500 billion. This divestment will reduce the burden on the administrative apparatus at all levels of government. The shedding of these activities by the government would have

serious repercussions for the oversight function of the Ministries/ Departments in the post privatization period.

22. Third, the devolution of administrative, operational and financial powers to provincial governments has introduced a completely new dynamic in the Federal-Provincial relationship and allocation of tax revenues. The devolution remains incomplete as the local governments where most of the interaction between a citizen and the state takes place have suffered severe setback in the post 2008 era. The growing demands of urbanization require effective, empowered and efficient metropolitan corporations and municipal corporations. The Provincial Assemblies of Punjab and KPK have passed laws to this effect which need to be implemented. These urban corporations have to be headed by high quality experienced civil servants assisted by a team of experts in town planning, water supply, sanitation, solid waste disposal etc.

23. Fourth, the unbundling of the policy, regulatory and operational responsibilities of the Federal Ministries have shifted the focus on the policy making, monitoring and evaluation functions. But this transition has been incomplete, uneven and mixed across the Ministries and needs to be firmly rooted. The lack of adequate competence and knowledge of regulatory functions would demand development of expertise in this field as well as in policy formulation, implementation and evaluation. Autonomous regulatory bodies have also imposed severe coordination constraints in achieving results. The outdated skill sets in our key government agencies have to be replaced by the emerging skills required. To illustrate this point, take the example of the Federal Board of Revenue (FBR). It has a large number of generalist managers, appraisers, preventive officers and tax inspectors mostly at lower grades but very few sector specialists, data analytics experts, qualified auditors, tax lawyers, financial modelling professionals, public finance economists. It does not have a Research and Development wing to carry out studies for example on tax incidence, buoyancy and elasticities of taxes, tax gap analysis. Ministry of Finance does not possess a Macro Economic or Fiscal policy unit manned by trained economists and has to rely upon the expertise of the State Bank of Pakistan. A single source of advice is not useful for complex policy making.

24. Fifth, some limited success has been achieved by fostering private – public partnerships in the fields of infrastructure, education and health. But these partnerships can only be nurtured if the government departments and Ministries have the adequate skills to design concession agreements, B.O.T or contractual arrangements, monitoring and evaluation tools and legal recourse to enforce the obligations and stipulations agreed by the private sector partners. Similarly, the NGOs and community organizations such as Rural Support Programs have been actively engaged in the delivery of public services in the fields of education, health, water supply etc. The government departments and Ministries have to be reconfigured to develop the capacity to design and operate these partnerships.

25. Sixth, there is a great deal of uncertainty and anxiety among the members of the civil services of the country about their future career prospects. Those specialists serving in ex-cadre jobs such as scientists, engineers, medical doctors, accountants, etc. are demoralized because they have limited opportunities for career progression. They also feel that they are not treated at par with the cadre service officers in matters of promotion and advancement. In a rapidly changing world of knowledge economy to pretend that technical expertise or domain knowledge or subject specialization are of lesser value in public policy formulation, implementation and project management would be highly pernicious. We employ highly paid consultants with donor money but there is nobody in house to judge whether the analysis, findings and recommendations in these reports are commensurate with our peculiar eco system, resource constraints and capabilities. There is an urgent need to mainstream these specialists

in the core civil service, providing them periodic training in their fields, career progression policies for them and performance management indicators to evaluate their usefulness and continuation in service.

26. Seventh, the switch over from manual to automated processes and the government's commitment to move towards E-Government would require a look at the skill mix and training requirements of the existing and future civil servants throughout the entire hierarchy. E-Government will itself flatten the hierarchical texture and make apparent the redundancies in the system. At the same time, it will involve basic computer literacy at all levels and grades, digital archiving, storage and retrieval of all files and documents. Consequently, only a few of the clerical and subordinate staff positions can be utilized in the future government organization. The present ratio of 5 percent officers and 95 percent support staff is highly skewed, induces inefficiency and preempts a large chunk of pay bill. Savings in the officer to staff ratio would be adequate to pay higher compensation package to the officers who form the back bone of the institutions.

#### ***(D) Expectations-Delivery Gap***

27. The recent political history clearly points to the failure of successive governments to live up to the expectations of the majority of their population. This trend has become even more acute in the last decade or so with the advent and spread of the electronic and social media. In Pakistan every incumbent government has been voted out of power since 2008. Given the youth bulge and their exposure and awareness the opportunities for them are not keeping pace with their aspirations. The ICT (Information Communication Technology) revolution that has touched even the remote areas of these countries has, in fact, tended to visualize the disparities and contributed to higher expectations from government. On the other hand, the capacity of the government institutions responsible for the delivery of public goods and services has rapidly eroded and is in a debilitating and feeble state, while a large variety of goods and services available, advertised and visually observed on the electronic media has whetted their appetite. They believe that the means through which they can acquire these goods and services for themselves and their children is through public sector employment, education and training and government transfers. In actual practice, the allocation of public goods, services, employment and subsidies is rationed by access to the government functionaries or by paying bribes. As these groups have neither the right connections nor the money to pay the bribes, they suffer from a relative sense of deprivation while observing that the influential and well-to-do segments of the population are preempting and enjoying the benefits of government jobs, contracts, permits, land, etc. Large, untaxed incomes are also accruing to the same privileged groups and individuals. The resentment of this poor and unconnected population is conveyed through the only instrument they possess i.e. the vote at the time of elections.

28. The popular perceptions as expressed in public opinion polls, media commentaries and editorials, articles and papers, seminars and discussions, observations of politicians and civil society actors, all convey with a few honorable exceptions, a negative image of the civil servants in Pakistan and a high level of dissatisfaction with the functioning of the Ministries, Departments, Corporations and Agencies of the different tiers of the government. These perceptions are in contrast to the views of the civil servants themselves who see themselves as poorly paid, highly demoralized and stressed out individuals. They feel that they have been unfairly treated by their political bosses and unappreciated by the general public. Empirical studies and casual observations show that the root cause of this disenchantment of civil society and the disillusionment of the civil servants can be traced to structural, procedural and motivational deficiencies in the overall system of governance. Any attempts to treat the



symptoms in an isolated manner without coming to grips with the root causes will be counterproductive. The reform package should be comprehensive with a clear blueprint, but the introduction of each set of reforms could be phased and sequenced.

## **Section II**

### **Broad Principles Underpinning the Reforms**

29. In order to lay down the direction in which the reforms will be undertaken, it is essential that the broad principles that will underpin these reforms are clearly defined. The following broad principles are outlined under each area of the reforms.

#### **Civil Services**

- i) Open, transparent merit-based recruitment to all levels and grades of public services with regional representation as laid down in the Constitution.
- ii) Performance-based promotions and career progression for all public sector employees with compulsory training at post-induction, mid-career and senior management levels.
- iii) Equality of opportunities for career advancement to all employees without preferences or reservations for any particular class.
- iv) Replacement of the concept of Superior Services by equality among all cadres and non-cadres of public servants.
- v) Grant of a living wage and compensation package including decent retirement benefits to all civil servants.
- vi) Strict observance of security of tenure of office for a specified period of time.
- vii) Separate cadres of regular Civil Services at the Federal, Provincial and local government levels co-existing with contractual appointments.
- viii) Creation of an All Pakistan National Executive Service (NES) for senior management positions drawn through a competitive process from among the Federal, Provincial and local government cadre, ex cadre and non-cadre officers, those working in autonomous bodies and other public sector entities
- ix) Introduction of four specialized cadres under the NES for Economic Management, Technical, Social Sector Management and General Management.

#### ***Structure of Federal, Provincial and District Governments***

- i) Devolution of powers, responsibilities and resources from the Provincial to local governments.
- ii) Establishing inter-governmental structures with adequate authority and powers to formulate and monitor policy formulation.
- iii) Clear separation of policy making, regulatory and operational responsibilities of the Ministries/Provincial departments.
- iv) Making each Ministry/Provincial department fully empowered, adequately resourced to take decisions and accountable for results through financial and performance audit.
- v) Streamline, rationalize and transform the attached departments/ autonomous bodies/ subordinate offices/field offices, etc. into fully functional arms of the Ministries for performing operational and executive functions.
- vi) Reduce the number of layers in the hierarchy of each Ministry/ Provincial department to three to expedite decision making process.
- vii) Cabinet Secretary to perform the main coordinating role among the Federal Secretaries on the lines of the Chief Secretary in the Provinces.

- viii) Revival and strengthening of the Secretaries Committee at the Federal/ Provincial governments to become the main vehicle for inter-ministerial coordination and dispute resolution among various ministries.
- ix) District level officers interacting with the general public in day-to-day affairs should enjoy adequate powers, authority, status and privileges to be able to resolve the problems and redress the grievances of the citizens.

### ***Business Process Re-Engineering***

- i) All laws, rules, regulations, circulars, and guidelines issued by any government ministry/department/agency should be available in its most up dated version to the general public free of cost in a user-friendly manner on the web page and in electronic and print forms at public places. The websites should be designed in such a manner that government-public physical interaction is brought to the minimum and maximum services are provided online with transparency in the application of rules and procedures.
- ii) Service standards with timelines for each type of service rendered by the Federal Government departments and bodies dealing with public matters should be developed, widely disseminated and posted at websites of each such department. Interaction of the public with government offices involving financial transaction for services like permits, taxes, fee, should be preferably done through online or digital payment mode.
- iii) Rules of business of the Federal, Provincial and District government should be revised to make them simple and comprehensible, empowering the Secretaries/Heads of Departments to take decisions without multiple references, clearances and back and forth movement of files. Post-audit of the decisions taken should be used to ensure accountability rather than prior clearances.
- iv) Delegation of financial, administrative, procurement, human resource management powers should be revisited and adequate
- v) Powers commensurate with the authority should be delegated at each tier of the hierarchy.
- vi) Estacode, Financial Rules, Accounting and Audit Rules, Fundamental Rules and all other rules in force should be reviewed systematically and revised to bring them in line with modern management practices.
- vii) E-Government should be gradually introduced in a phased manner. Technological solutions, hardware and software applications are easy parts of the process, but the most difficult aspect is the training and change in the culture, attitude and practices. E-Government should be driven by business needs rather than crafted as an elegant technical solution. E-Government would replace the outdated and manual files system and bring about transparency, accountability and efficiency

## **Section III**

### **Proposed Approach**

30. The lesson learnt from the experience of the National Commission for Government Reforms (NCGR) where we aimed to prepare a comprehensive reform package after extensive consultations with the stake holders has led us to think differently about our approach. Although we had formed a Steering Committee headed by the President of Pakistan and consisting of Chief Ministers this extra territorial forum did not work out as expected. Bypassing the Federal Cabinet and not building a broader political constituency rather than

leaving the final decision making to the four Chief Ministers who considered the reforms an erosion of their vast discretionary powers was a mistake. The second mistake was overburdening the agenda by proposing reforms in the Federal, Provincial and local governments, All Pakistan, Federal, provincial and District civil services at the same time without any proper and clear sequencing. Since the NCGR Report the 18th amendment and the 7th NFC award have drastically changed the contours of Federal- Provincial relationship. Therefore, the task forces appointed by the PM on Civil service reforms and restructuring of the Government have limited their recommendations to the Federal Government only. While the provinces were represented on the Task Forces, it was left to their political masters to decide whether they would use these recommendations in their provinces or design their own. Most of the provincial authorities informed that they would form their own task forces. Since then, the progress made by the provincial task forces is not known. It must be conceded that most reforms aimed at improving the delivery of basic public goods and services to the common citizen lie at the doorsteps of local government and in absence of that, the reforms at the Federal level would have much muted impact. The whole spectrum of Local Government reforms was left to the provinces and the Punjab and KP Assemblies have come up with legislation which would indeed strengthen the local government system. It is not clear what would be the stance of the Sindh and Balochistan Governments in their approach towards devolution as they have their own peculiar considerations

### **Risks/limitations of the present approach**

- i) The exclusion of the provinces where three fourth of all civilian government employees serve, from the scope of the present deliberations has diluted the efficacy and impact of any reform package, however well-meaning it may be, on the lives of the ordinary citizens.
- ii) The local government laws approved by the provincial assemblies of Punjab and KPK, if faithfully implemented, would have contributed to efficient delivery of basic services, accountability for results, responsiveness to the peculiar needs of the communities and promoted nurturing of the leadership from the grass root level. This model of participatory democracy has yet to see the light of the day.
- iii) The task forces and expert groups can provide technocratic solutions but every reform has serious political repercussions. There are immediate losers from the reforms who can organize themselves and resist and agitate publicly. Unless the party-in-power leaders own these reforms and enter into a constant rather than sporadic or episodic dialogue with the potential, the risk of shelving, abandoning or defanging the reforms is quite high.
- iv) Most of the reforms would produce results in medium or long-term. Therefore, long-term sustainability and effective implementation depends upon a broad consensus across the party lines diminishing the chances of reversal once a different party comes to power. Such consensus building has been lacking so far. Past episodes where very productive reforms were given up in the mid-course with the change in the government should alert us to this grave impending danger.

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## **1.1. OBJECTIVES, GUIDING PRINCIPLES AND PROGRESS ACHIEVED**

1. Federal Government in Pakistan comprised 42 Division and 441 attached departments, autonomous bodies, statutory bodies, corporations, etc. in August, 2018. Many of these organizational entities (OE's) were created considering the exigencies of time and to meet emergent need(s), but through a self-surviving mechanism, have still been perpetuating. Given this background and inefficiencies, Institutional Reforms Cell (IRC) solicited information from all Ministries and Divisions on the different types of entities under their control. Subsequently, an elaborate mapping exercise was undertaken to propose reconfiguration of the existing OEs. After this exhaustive exercise, a working paper containing the detailed proposals was discussed and deliberated upon by the Task Force on Austerity and Restructuring of Government for incorporation of members' views. The refined proposals were then circulated, reviewed and discussed by the Secretaries Committee. The proposed recommendations pertaining to each Ministry were then brought to the attention of the Minister in charge for their comments and views. This entire exercise has resulted in the reconfiguration of the entire Federal Government.

### **Objectives**

2. In pre 2018 era, there was no institutionalized mechanism whereby entities in the Federal Government could be created, modified or wound up. The nomenclature, functions and legal authority of these entities varied across Ministries and there were no uniform or standard criteria that could provide meaningful distinction between each of these entities or units of the Government. There was a dire need to bring these under a standardized system of organizational mapping, but simultaneously, the continued justification of some of them had to be questioned. Some of these OEs had been in existence for several decades and they have lost the *raison d'être* for which they were established. Many of these were merely surviving as the controlling Ministries couldn't find any alternative for adjustment of their employees and a set up was needed to pay the salaries and pensions to the employees. With the passage of the time, funding stream for them had also dried up, thus these entities were unable to perform any meaningful role in governance and merely existed in name. Overlapping and duplication of responsibilities were also common, coupled with questionable capacity of these OE's to meet the needs of the future. In nutshell, organizational architecture was riddled with diffused responsibility and a clear lack of accountability for results.

3. This all was also giving rise to the confusion in decision making, which involved too many layers—vertical, horizontal and cross entities, whereas resource availability and internal controls were remotely exercised. In order to overcome these issues, the categorization of entire government was re-examined and these entities were classified into three distinct categories namely Executive Department, Autonomous Body and Constitutional Body. The detail of this categorization is available in succeeding chapters.

### **Guiding Principles of Reorganizing the Federal Government**

4. The guiding principles used for Reorganizing the Federal Government and the Provincial Governments are: (a) efficient distribution of span of control (b) clear delineation of roles/ responsibilities along with accountability (c) separation of policy making, operational, implementation and regulatory functions of the Ministry (d) reducing the hierarchical tiering and the turnover time for government business (e) strengthening intra and inter-ministerial coordination and collaboration (f) empowering the head of the Division, the head of the

executing departments and the head of the autonomous bodies to deliver agreed goals and results.

## 1.2 PROGRESS ACHIEVED

1. The second Task Force on Restructuring of the Federal Government and Austerity focused on (a) 441 organizational entities (OEs) by reviewing their functions, efficacy and legal status, (b) revitalizing the e-office suite in the Ministries, (c) Business process reengineering, (d) Public financial management and (e) Strengthening the Secretaries committee for inter-ministerial coordination and resolving unsettled issues to lessen the burden on the Cabinet and its committees.. The Cabinet formed a Committee of Ministers and Secretaries to oversee the implementation of this report. The Committee held 37 meetings, listened to the viewpoints of the Ministries/Divisions, took decisions and made recommendations for their official notification. This Implementation Committee was subsequently folded into the newly formed Cabinet Committee on Institutional Reforms with the same membership and an expanded mandate The status of progress up to date is as follows:

- i) A comprehensive report on the 441 OEs was submitted to the Cabinet and approved. The report divided all the OEs in six categories (a) those to be retained as autonomous bodies (b) those to be retained as Executive departments (c) those to be privatized (d) those to be transferred to the provinces (f) those to be merged (g) those to be liquidated or wound up. This effort has reduced federal government entities from 441 in total to 324 and reduced the configuration of entities from 14 different kinds to three i.e. Executive Departments, Autonomous Bodies and Constitutional Bodies. Furthermore, liquidation, merger and transfer of entities to provinces or relevant Ministries would help reduce the fixed and variable costs of the federal government without any loss to efficiency and results.
- ii) The Parliament approved a Public Financial Management Law for the first time in the history of Pakistan in June 2019 devolving financial powers from the Ministry of Finance to the line Ministries and abolishing the Financial Advisers organization. Chief Financial and Accounting officers would assist the Secretaries in discharging their functions of financial management and sub offices of AGPR would be located within the ministries
- iii) E-Office suite has made progress, the latest version of the software has been tested, hardware has been procured and installed, training to the Ministry staff has been imparted and most Ministries have reached level 4. By December this year it is expected that all Ministries would have all filing and exchange of correspondence electronically with a strong tracking system. This would not only eliminate delays in disposal of business but also strengthen accountability. The culture of missing files at crucial junctures would hopefully be replaced by transparency in transactions.
- iv) In the area of Business Process Reengineering Esta code, Rules of Business and Financial Rules are being updated, revised and posted on the websites for ready access to all the stakeholders. The websites and web portals of all Divisions are being reconfigured to provide as much information and data on rules, regulations, Office memoranda, procedures, forms, policies, relevant staff officers to the public at large as possible so that unnecessary references that remain unanswered by Government functionaries at present are minimized.
- v) Implementation Committee has also recommended abolition of almost 71,000 posts which have been lying vacant for at least one year with the objective of rightsizing and observing austerity.
- vi) Amendments in the rules of Business recommended by the Task Force and the Secretaries Committee are being vetted by the Law and Justice Division.

- vii) A proposal to reduce the tiers of the hierarchy in each Division from six to three with broad banding—Deputy Secretary (BPS 19/ 20), Joint Secretary (BPS 20/21) and Secretary (21/22) -- is under consideration by the CCIR. The positions of Principal Staff Officer, Senior Staff Officer and Staff Officer would be created to assist the officers occupying the three tier posts in the vertical hierarchy.
- viii) 23 training institutions engaged in training of the civil servants are being made autonomous, empowered to take decisions, fully resourced both financially and with quality instructional staff. Incentive structure for these institutions' instructional staff should be brought at par with those serving the National School of Public policy.
- ix) Maximum limit for approval of PSDP schemes has been raised and the Division can now approve schemes up to Rs. 2 billion.
- x) Planning and Development Division has introduced a number of changes to simplify the processing, approval and implementation of development schemes. No unapproved scheme is included in the PSDP Budget allocation.
- xi) Finance Division has set up a mechanism of quarterly releases of funds on PSDP schemes in timely manner.

### **Strengthening Key Institutions of Governance**

2. In addition to these two tasks forces the relevant Ministries dealing with key institutions which were vital for the economy or were draining financial resources were tasked by the Prime Minister to carry out reforms in these organizations. Most prominent among them are the Federal Board of Revenue (FBR), Pakistan Railways (PR), Pakistan Steel Mills (PSM), Pakistan International Airlines (PIA), Civil Aviation Authority (CAA) Competition Commission of Pakistan (CCP), Auditor General of Pakistan (AGP), Evacuee Property Trust Board (EPTB), Capital Development Authority (CDA). The Cabinet has approved the restructuring plans of PR, PSM, CAA, CCP, EPTB and CDA and their implementation with time lines is being monitored by the CCIR on a regular basis. FBR Reforms are being undertaken under a comprehensive framework document that delineates the responsibility for the tasks, milestones and time lines. Tax Policy Board under the Chairmanship of the Minister Finance meets periodically to review the progress made and resolve the outstanding issues hindering actions. The reform package along with the new law governing the office of Auditor General has been drafted, agreed upon and would soon be submitted to the Cabinet for approval. As a first step sub-offices of AGPR have been established in 12 Ministries and these sub-offices have received appreciation

3. PIA is also being restructured to make it a competitive, lean and modern airline. This is being achieved through a number of interventions including financial restructuring, HR rationalization, organizational restructuring, fleet modernization and routes rationalization. In order to improve the ecosystem for aviation industry, CAA is being bifurcated. The regulatory role will be retained in the Authority whereas the airports development functions will be entrusted into a new corporate entity to obviate the conflict of interest and also to facilitate the joint ventures and outside investments for modernizing airport facilities.

4. A comprehensive restructuring plan for Pakistan Railways has been prepared and approved by the Cabinet. It has also been submitted to the Supreme Court. PR will be separated into 5 main constituent companies for better management. The implementation of the plan will be supervised by CCIR. Similarly, an elaborate plan for restructuring of CDA and ETPB has been prepared and is being implemented by concerned quarters.



## **CHAPTER 2 SIZE, GROWTH AND FUNCTIONS OF THE FEDERAL GOVERNMENT**

1. The total strength of the Federal Government was 955,000 (approx.) employees in 2019-20. Around 13,000 were in the Secretariat, 8,000 in constitutional bodies, 544,000 in the attached departments and 390,000 in the autonomous, semi-autonomous bodies, corporations, etc. Over the years, the number of these employees have increased as per following table.

### **GROWTH OF FEDERAL GOVERNMENT EMPLOYEES (THOUSANDS)**

	<b>FEDERAL GOVERNMENT</b>			<b>AUTONOMOUS BODIES</b>			<b>TOTAL</b>		
	<b>Officers</b>	<b>Staff</b>	<b>Total</b>	<b>Officers</b>	<b>Staff</b>	<b>Total</b>	<b>Officers</b>	<b>Staff</b>	<b>Total</b>
<b>2010-11</b>	21.2	428.7	449.9	66.6	302.6	369.285	87.8	731.4	819.2
<b>2015-16</b>	25	429.2	454.5	70.1	304.9	375.1	95.5	734.1	829.6
<b>2016-17</b>	<b>27.8</b>	<b>542.7</b>	<b>570.5</b>	<b>68.5</b>	<b>327.5</b>	<b>396</b>	<b>96.10</b>	<b>870.2</b>	966.6
<b>2017-18</b>	28.9	552.3	581.2	67.8	329.6	397.4	96.8	881.9	978.7
<b>2018-19</b>	26.9	554.8	581.7	68.4	330.8	399.2	95.4	885.6	981
<b>2019-20</b>	26.5	538.6	565.1	63.1	326.1	389.3	89.635	864.7	954.3

2. The running of civil administration costs almost Rs 450 billion annually, of which Rs 260 billion is the wage bill and Rs 190 for operating expenses. A decade ago, the wage bill was only Rs 50 billion. The pension bill is growing explosively and is likely to equal the wage bill in next few years. Therefore, it is considered prudent to review the size, growth and functions of the Federal Government and recommend measures to bring efficiency, while reducing the size and cutting the waste. An exercise was undertaken to find out, what functions these employees are performing. Taking the Federal Legislative List (Fourth Schedule) of the Constitution as the starting points, classification scheme of fifteen broad categories of functions was set up. This functional classification of those employed in the attached departments and autonomous bodies (Annex-I) reveals that 35 percent are deployed in Security, Law and Order Agencies (Civilian Armed Forces, Police, Civilians working in Defence establishments); 20 percent in provision of infrastructure service (Railways, Postal Services, Aviation, Highways etc.) and 18 percent in Energy Sector (Power, Oil and Gas). Thus, almost three fourth of the Federal employees are engaged in Security and infrastructure services including energy.

## WHAT FUNCTIONS THEY PERFORM?

%	Category
35	Security, Law and Order, Civilian armed forces
20	Infrastructure Services –Railway, Postal Services, Aviation, Highways
18	Energy Sector- Power, Oil and Gas
5	Social Sector-Health Education and Social protection
5	Commercial and Taxations
12	Data, Training and Research, Regulatory, judicial etc
<b>¾ of Federal employees were thus employed in Security and infrastructure services including energy</b>	

3. Social Services (Education, Health, social Protection), Commercial Services, Banking, Finance, Insurance, Audit and Account Services account for around 5 percent each. The remaining 12 percent of the employees are distributed among eight other functional categories:

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- i) Data, Training, Research
- ii) Islamabad Capital Territory.
- iii) Tax Collection
- iv) Regulatory Services.
- v) Judicial and Quasi-Judicial Services.
- vi) Media Relations
- vii) External Relations and
- viii) Parliamentary Support Services.

4. A further breakdown of the Federal Government employees (excluding the Autonomous bodies) by Basic Scale Wise shows that 95% or 538,601 were in staff support, position i.e BS-16 grades and the remaining 5% in Decision making position i.e BS-17 grades. Among those in the staff support almost 50 percent were occupying lower end BS 1-5 positions such as Qasid /Naib Qasid/ Farash, Dafatry/ Kharkroob/ Chowkidar/ Khalasi/ Loader/S weeper/ Cleaner/ Mali/ Gardener, Security Clerks, Drivers. Another large concentration can be found in Grades 9-15 which is populated by LDCs, UDCs, Senior Clerks, Assistants etc. An analysis of the Federal Secretariat staff reveals that 4,125 posts are filled in by this category of employees out of the total of 10,850 or 38 percent. The same pattern is most likely to prevail in the attached department.

5. A list of the ten largest Division in the Federal Government (excluding autonomous bodies) is shown at Annex-II. It may be noted that Interior and Defence Division (only Civilian Employees) account for almost two-thirds of the total employees of the Federal Government. The ten largest attached departments are shown at Annex-III while the ten largest autonomous bodies at Annex-IV.

6. The impact of reorganizing the Federal Government approved by the Cabinet in July, 2019 can be assessed by a comparison of the total employee strength in 2019-20 relative to

2018-19. There has been a decrease of 26,641 in the Federal Government and the autonomous bodies during the years.

<b>INCREASE/ DECREASE IN EMPLOYEES</b>				
<b>S. No.</b>	<b>Description</b>	<b>2018-19</b>	<b>2019-20</b>	<b>Difference</b>
1	Total strength of the Federal Government	581,755	565,082	(-)16,673
2	Total strength of the Autonomous Bodies	399,265	389,297	(-) 9,968
<b>3</b>	<b>Total</b>	<b>981,020</b>	<b>954,379</b>	<b>(-) 26,641</b>

5. In terms of the budgetary saving, the pay and allowances of Civil Administration of the federal Government show a decrease of Rs 4 billion in 2019-2020 in nominal terms and a much large saving of Rs, 28 billion in real terms. The savings of the autonomous bodies and the corporations could not be ascertained.

<b>2018-19</b>	<b>2019-20</b>	<b>Rs. Billion</b>
<b>248</b>	<b>244</b>	<b>4</b>
<b><i>Pay &amp; allowances of the Federal Government (civil administration)</i></b>		

6. Moreover, Cabinet Committee on Institutional Reforms has also recommended that 71,000 posts lying vacant for a year or more should be abolished and this exercise would be repeated every year at the time of the budget formulation.

7. In addition to this, Ministry of Interior has been asked to carry out a review of all the civilian armed forces agencies, which constitute the largest chunk of employees especially due to the fact that the law-and-order situation in Pakistan has improved considerably. Ministry of Interior is in the process of the reviewing this and would share findings with the Cabinet in due course of time.

<b>LARGEST DIVISIONS 2019-20</b>			
	<b>BS 17-22</b>	<b>BS 01-16</b>	<b>Total</b>
<b>Interior</b>	2,839	234,982	237,821
<b>Defence</b>	5,180	116934	122,114
<b>Railways</b>	515	61,561	62,076
<b>Postal</b>	301	23,318	23,619
<b>Revenue</b>	2,117	18,886	21,003
<b>Finance</b>	3,690	13,440	17,130
<b>Aviation</b>	572	12,498	13,070
<b>Education</b>	3,927	8,421	12,348
<b>Planning &amp; Development</b>	830	7,089	7,919
<b>Communication</b>	211	6,895	7,106

<b>TOP TEN LARGEST ATTACHED DEPARTMENTS</b>
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	<b>BS 17-22</b>	<b>BS 01-16</b>	<b>Total</b>
<b>Railways</b>	473	61,378	61,851
<b>GHQ</b>	204	42,296	42,500
<b>FC, KP (N)</b>	574	39,554	40,128
<b>FC B (N)</b>	290	37,169	37,459
<b>FC (S) KP</b>	12	33,314	33,326
<b>PAF</b>	29	33,058	33,087
<b>FC KP</b>	61	26,948	27,009
<b>Sindh Rangers</b>	509	25,658	26,167
<b>FC Turbut</b>	179	25,962	26,141
<b>PPO</b>	292	23,290	23,582

## TOP AUTONOMOUS BODIES/CORPORATIONS 2019-20

	BS 17-22	BS 01-16	(%)	Total
<b>PEPCO/DISCO</b>	5,034	128,529	34.3%	133,563
<b>POF, Wah</b>	449	21,562	5.61%	22,011
<b>WAPDA</b>	1,856	16,162	4.61%	18,018
<b>NBP</b>	9,262	5741	3.81%	15,003
<b>CDA</b>	714	13,249	3.61%	13,963
<b>Utility Stores Corporation.</b>	105	12,737	3.31%	12,842
<b>PIA</b>	3,697	8,351	3.1%	12,048
<b>OGDCL</b>	2,353	9,571	2.9%	11,924
<b>Pakistan Steel Mills</b>	2,628	6,978	2.5%	9,606
<b>NADRA</b>	649	8,667	2.4%	9,316
			<b>66.1%</b>	<b>258,292</b>
<b>Top 10 bodies total strength of employees in 209, ABs/Corporations</b>				<b>389,297</b>

# **CHAPTER 3 REPORT ON REORGANIZING THE FEDERAL GOVERNMENT (AS APPROVED BY THE CABINET-JULY 3, 2019)**

## **MAIN REPORT**

### **Executive Summary**

7. The Federal Government notified in September 2018 the formation of a Task Force consisting of both officials as well as non-officials to come up with the recommendations for the restructuring and reorganization of the Federal Government. The Task Force, assisted by the Institutional Reforms cell in the Prime Minister's office carried out a comprehensive assessment of each organizational entity (OE) working under the Government of Pakistan.

8. The survey and assessment found that in all 441 organizational entities existed in the Federal Government and these can be classified on the basis of their legal structure and functional responsibilities into 18 different categories. Table 1 of the Report shows the existing structure of these OEs. After the assessment and discussion, it was decided that these 441 OEs would be grouped into seven categories for further action. Only 324 OEs would be retained by the Federal Government after taking action on the proposals made with respect to the other 117 OEs.

9. A draft working paper with the proposals suggesting future configuration, regrouping, and mapping of each OE was circulated and discussed by the Secretaries Committee. Their suggestions were incorporated and the revised proposals pertaining to the OEs under the administrative control of each ministry were sent to the Minister in charge for their views. After these consultations, deliberations and incorporation of the views an updated report was prepared and along with the draft summary was sent to the Federal Cabinet for discussion and decision.

### **Proposals**

10. The 441 OES were divided into the following 7 categories for action purposes:

- i) To be privatized or transferred to Sarmaya Pakistan Ltd. (43)
- ii) To be transferred to the Provincial Governments, Islamabad Capital Territory and Gilgit – Baltistan (14)
- iii) To be liquidated, wound up or closed down (8)
- iv) To be transferred into independent Commissions/ Councils/ Committees with minimum involvement of the Government
- v) To be merged with other entities (35)
- vi) To be reorganized as Training and Policy Support Institutes (17)
- vii) To be retained by the Federal Government only in two broad categories as (i) Executive Departments (87) and (ii) Autonomous Bodies (237)

### **Recommendations**

11. The Cabinet at its meeting held on July 9, 2019 decided in principle to approve the recommendations that the Federal Government would retain 324 organizational entities under two broad categories (i) Executive departments (87) and (ii) Autonomous bodies (237) and

action in respect to the remaining 117 entities would be taken according to the proposals (a) to (f) above

12. The criteria, functions and powers of the autonomous bodies and executive departments are also spelled out in Annex – 1 of the summary.

### **Implementation Committee**

13. Restructuring and reorganization of 441 OEs is likely to entail fulfilment of procedural and legal formalities. It is therefore imperative to put in place a structured implementation and follow-up mechanism

14. The Cabinet at its meeting constituted an Implementation Committee comprising the following persons:

- i) Adviser to the PM on Institutional Reforms & Austerity (Convenor)
- ii) Minister for Defence
- iii) Minister for Education and Professional Training
- iv) Chairman, Special Committee of the National Assembly on Kashmir
- v) Advisor to the PM on Establishment
- vi) Special Assistant to the PM on Petroleum
- vii) Secretary, Establishment Division
- viii) Secretary, Finance Division
- ix) Secretary, Law & Justice Division
- x) Special Secretary, Cabinet Division
- xi) Secretary of the Ministry/ Division concerned (on invitation)

15. The committee will work out an implementation strategy/ work plan in consultation with the Task Force taking into consideration

- i) Cost benefit analysis specific to the entities concerned
- ii) Expected outcome of the proposed transformation with reference to service delivery
- iii) Constitutional and legal ramifications/ considerations'
- iv) Issues pertaining to terms and conditions of civil servants and impact of the reorganization exercise on career progression of existing civil servants

**The Committee will complete the task within six months and present monthly implementation progress to the Cabinet.**

### **Introduction**

16. The Federal Government currently consists of about 441 organizational entities categorized under numerous attached departments, subordinate offices, autonomous bodies, registered companies, statutory corporations etc. under the various Divisions/ Ministries. These entities collectively employ an approximate 1.128 million people. Overtime the structure of these organizations has evolved in a haphazard and unchecked manner often serving the vision of individuals while ignoring the needs of the State. The expenditure of the government on the maintenance and operations of these entities as well as on the salaries of their bloated ranks has not been in conjunction with the work being done.

17. The list below depicts the general configuration of the Federal Government.



- i) Ministry
- ii) Division
- iii) Attached departments
- iv) Autonomous bodies / Organizations
- v) Semi-autonomous bodies
- vi) Constitutional bodies
- vii) Public limited companies/ State owned enterprises
- viii) Corporate bodies/ Companies/ Corporations
- ix) Subordinate offices
- x) Trusts/ Foundations
- xi) Scientific research institutes
- xii) Colleges, universities, area study centers and centers of excellence
- xiii) Councils, committees and commissions
- xiv) Regulatory bodies
- xv) Independent tribunals/ Courts
- xvi) Promotion bodies
- xvii) Development authorities
- xviii) Financial institutions
- xix) Research/Data documentation
- xx) Security/Enforcement agencies

## **Background**

18. Given the current inefficiencies of the prevailing structure, the Institutional Reforms Cell (IRC) at the Prime Minister's Office solicited information from all Ministries and Divisions on the different types of entities under their control. Subsequently and elaborate mapping exercise was undertaken to propose reconfiguration of the existing OEs. After this exhaustive exercise was undertaken, a working paper containing the detailed proposals was discussed and deliberated upon by the Task Force on Austerity and Restructuring of Government for incorporation of members' views. The refined proposals were then circulated, reviewed and discussed by the Secretaries Committee. The recommendations of the Committee have been incorporated in the proposals (annex tables). The proposed recommendations pertaining to each Ministry were then brought to the attention of the Minister in charge for their comments and views which have also been reflected in the final proposals contained in this report.

## **Rationale for Reorganizing the Federal Government**

19. Under the prevailing circumstances, there is no institutionalized mechanism whereby entities in the Federal Government can be created, modified or wound up. The nomenclature, functions and legal authority of these entities vary across Ministries and there is no uniform or standard criteria that can provide meaningful distinction between each of these entities or units of the Government. Not only do these entities need to be brought under a standardized system of organization but the continued justification of some of them have to be questioned. Some of these OEs have been in existence for several decades and they have lost the *raison d'être* for which they were established and except for the salaries and rents etc. there is not much funding available to them. In other cases there is overlapping and duplication of responsibilities. Some of the entities which are required to meet the needs of the future are either missing or need strengthening. In general, the present organizational architecture is riddled with diffused responsibility and a clear lack of accountability for results. Decision making involves too many

layers—vertical, horizontal and cross entities, whereas resource availability and internal controls are remotely exercised.

## **Principles of Reorganization**

20. The organizing principles that this report proposes for reorganizing the Federal Government and the Provincial Governments are: (a) efficient distribution of span of control (b) clear delineation of roles/ responsibilities along with accountability (c) separation of policy making, operational, implementation and regulatory functions of the Ministry (d) reducing the hierarchical tiering and the turnover time for government business (e) strengthening intra and inter-ministerial coordination and collaboration (f) empowering the head of the Division, the head of the executing departments and the head of the autonomous bodies to deliver agreed goals and results.

## **Existing Structure of the Federal Government**

21. The current categorization of the entities considered for reconfiguration are detailed in Table 1 below.

Constitutional bodies <b>05</b>	Research/ Data/ Documentation <b>15</b>
Regulatory bodies <b>31</b>	Educational Institutions <b>31</b>
Courts/ Tribunals <b>22</b>	Quality Assurance <b>04</b>
Commercial/ Semi Commercial/Manufacturing <b>92</b>	Development Authorities <b>05</b>
Public Utilities/ Service Providers <b>25</b>	Councils/ Commissions/ Committees <b>17</b>
Promotion Bodies <b>28</b>	Trusts/ Foundations <b>22</b>
Financial Institutions <b>15</b>	Executive Agencies <b>58</b>
Training Institutions <b>31</b>	Security/ Enforcement <b>18</b>
	Scientific Research Institutes <b>12</b>
	Others <b>10</b>
	Total <b>441</b>

## **Proposed Reconfiguration of the Federal Government**

22. In view of the objectives outlined above, the OEs working under the control of different Divisions / Ministries have been divided into the following categories for action purposes:

- i) To be privatized or transferred to Sarmaya Pakistan Ltd (43)
- ii) To be transferred to the provincial governments, Islamabad Capital Territory, and Gilgit Baltistan in light of the 18th constitutional amendment (14)
- iii) To be liquidated, wound up or closed down in cases where entities have lost justification for their continued existence (8)
- iv) To be transformed into independent Commissions/Councils/Committees with minimum involvement of the Government
- v) To be merged with other entities in instances of overlapping and duplication of responsibilities (35)
- vi) To be reorganized as Training and Policy Support Institutes (17)
- vii) To be retained by the Federal Government only in two broad categories as (i) Executive Departments (87) and (ii) Autonomous Bodies (237)

23. The proposed recommendations are laid out from Annex 2 to 8 of this report, whereas the mapping of the existing OEs for formulating the proposed configurations is shown at Annex 9. The existing attached departments and subordinate offices have been mapped separately from the existing autonomous bodies, registered companies, statutory corporations etc. It is generally proposed to retain the attached departments and subordinate offices as Executive Departments and the autonomous bodies, registered companies, statutory corporations etc. are proposed to be categorized under one category of Autonomous Bodies. As a result, the Federal Government would retain about 324 organizational entities under two broad categories (i) Executive Departments (87) and (ii) Autonomous Bodies (237). The criteria, functions and powers of the Executive Departments and Autonomous Bodies after the proposed reorganization are spelled out in Annex1.

## **Conclusion**

24. In light of the feedback received from all stakeholders, the report reflects the consensus of views of different Ministries and Divisions as well as the Taskforce on Austerity and Restructuring of Government.

### Functions, Powers and Criteria for Autonomous Bodies and Executive Departments

25. Autonomous bodies (ABs) ---To be headed by the Chief Executive these bodies can be set up to perform regulatory, operational, corporate, promotional, research and development or quasi-judicial functions entrusted to them by the Government. At present most of the ABs have been established through;

- i) an act of legislation or statute or constitutional obligation
- ii) formation of a public limited company – listed or unlisted
- iii) the resolutions of the Cabinet or Cabinet Committees
- iv) established under the Trust Act,
- v) agreement with international development institutions or foreign investors

26. Their legal status—Statutory body, limited company, corporation would remain unchanged but for administrative purposes, all such bodies would be classified as Autonomous bodies distinct from the Executive departments (EDs).

27. The main criteria for deciding whether an entity would be an autonomous body or not would be

- i) the relative significance of the goals and objectives for which it has been set up,
- ii) its relative importance in the economy, governance, social sectors, regulation, technological development,
- iii) its size and scale of operations, particularly the capacity to execute mega projects on behalf the Government
- iv) its capacity to generate its own revenues fully or partly,
- v) its requirement to attract skills and expertise that are not normally available in the government.
- vi) its business model as a fully owned state enterprise or partnership with the private sector.
- vii) promotion of public - private partnership for infrastructure development, human resources development, scientific and technological advancement.
- viii) training, skill development, research and higher educational institutions, medical hospitals and institutes.

28. The employees of these autonomous bodies would not be treated as civil servants except those on deputation from the Government and would not be remunerated according to the Basic Pay Scales of the Government. Their terms and conditions will be determined under the rules formulated by the Board of Directors. They will be recruited in a transparent and merit based manner through an open, competitive process and they will be paid compensation packages as determined by the respective Boards of Directors. Only in cases where the Government paying subsidies, grants, loans or any financial assistance or is meeting the entire or partial expenditure from its budget, these packages will be subject to the approval of the representative of the Ministry of Finance on the Board. Where these bodies do not receive aid or financial support of any kind from the Government these Boards will be fully authorized to determine the Compensation packages for their employees. The guidelines and beneficiaries will be determined by the Federal Government but there would be flexibility for the Boards to operate within these guidelines. The terms and conditions of the existing employees working in these autonomous bodies would not be altered to their disadvantage.

29. As a broad guiding principle all the existing corporate bodies established under an act of legislation or Companies Ordinance or otherwise, all the regulatory bodies, all the tribunals or quasi-judicial bodies, all research and development institutions of certain size and scale, all training institutions of certain size and scale should function as autonomous bodies. The category of semi-autonomous bodies should be abolished and those classified in this category should either become AB or ED. The ABs would have their Boards of Directors appointed by the Federal Government and the membership would be drawn from persons who have demonstrated eminence in their professions such as law, engineering, accountancy, economics and finance, strategic management, academia, private sector, or other relevant disciplines. Due care should be given to give adequate representation to all provinces in the selection of the Board members. They should meet the criteria fit and proper as prescribed by the Federal Government.

30. The Board of ABs would have appropriate representation from the Federal Government and these representatives should be empowered to convey the stated policy, position or stance of the Federal Government at the Board meetings, articulate the views on behalf of the Federal Government and fully participate in the deliberations of the Board. In cases where the Federal Government has to make financial commitments a senior officer of the Ministry of Finance of the status not less than Grade-21 should be member of the Board. He should be authorized, prior to the meetings, to take positions on behalf of the Federal Government provided all papers for discussion at the Board meeting are received at least 15 days prior to the meeting while those requiring budgetary allocations at least one month in advance. In case where the entire or partial expenditure is borne by the Government the representative of the Ministry of Finance on the Board would carry veto powers in matters that commit or create future financial liabilities for the Federal Government. No references should be made to the Ministry after the Board's decision except in the matters of budgetary allocations or approval of development schemes to the Ministries. The Board, can however, appeal to the Ministry of Finance against the decision of their representative on the Board. The normal procedure prescribed by the Government for budget submissions and allocations and processing of development schemes will be followed by the ABs only if they are seeking subsidies, grants, loans, equity injection grant-in-aid, financial relief or guarantees or other types of financial assistance from the Government. In case they are using their own financial resources the Board of Directors will have the final authority. The audit of the ABs will be carried out both by the external auditors as well as the Auditor General of Pakistan. For the purposes of the reports of AG and for appearances before the Public Accounts Committee (PAC) the head of the AB will be fully accountable. He/she will serve as the Principal Accounting Officer of the body he/she is heading.

31. The procurement of goods and services by ABs should be made in a transparent and competitive manner. Wherever the standard rules of the Public Procurement Regulatory Agency (PPRA) can be applied without difficulty they should be adopted and followed. In other case the PPRA rules may be modified and adopted to suit the particular business needs of the AB but the principle of open, transparent and competitive bidding should remain the overarching principle.

32. The Federal Ministry under whose jurisdiction the AB falls will also enter into a framework agreement at the beginning of the fiscal year specifying the goals and targets to be achieved, the financial and human resources likely to be available and the key performance indicators. The AB will prepare an Annual Performance Report that will be placed before the Parliament.

33. All regulatory agencies would enjoy quasi-judicial powers and the Ministry concerned will have no representation in the agency's governance structure. The Ministry/ Division will have no oversight or monitoring responsibility on the regulatory agency as carried out in case of other autonomous bodies. All regulatory agencies except for the financial sector will be clustered under the Cabinet Division. The Cabinet Division will only provide policy guidance as approved by the Cabinet or the Committees of the Cabinet and ensure implementation of policy by the ABs. All legislative and parliamentary business and international coordination activities except of purely technical nature will be channelled through the Cabinet Division to the Prime Minister/ Cabinet.

34. Executive Departments (presently Attached Departments): The attached departments will be the executing arms of the Ministries in addition to the ABs and should be re-designated as Executive Departments (EDs). The main criteria of designating or setting up an ED are: -

35. That they form an integral part of the operations and implementation of Ministry's policies, programs and projects. They will be subject to all Government rules, regulations, instructions, orders.

36. They are fully dependent for their finances and manpower on Government and require constant guidance, collaboration and support from the Ministry, its agencies or other parts of the Government.

37. Other existing entities such as subordinate offices should either be absorbed within the Division or the Ministry if the nature of their work is policy support or transformed into Executive departments if the content of their responsibilities are mainly operational

38. Executive Departments will report to the Ministry specifically to the Minister incharge and the Secretary of the Division concerned. The Head of the Executive Department (ED) will prepare an Annual Work Plan and Budget that will be reviewed and approved by the Ministry. All operational decisions pertaining to the planning, programming, phasing, and resourcing of the Executive Departments will be carried out by the head of the Executive Departments. He/She will be delegated the powers of Principal Accounting Officer by the Secretary of the Division and the budget for the department will be transferred to him at the beginning of the year. The goals and targets assigned to the ED and the outcomes will be monitored by the Minister and Secretary jointly and the HED will be held accountable for the results.

39. The Executive Department can commission expert advice on various issues from different Ministries/ Divisions and from within the Division itself but the processing of files as a matter of routine and seeking of prior approvals by the Ministry has snarled implementation, circumscribed the operational autonomy of the departments, diffused the responsibilities and accountabilities and led to inefficiencies, delays and a culture of indecisiveness and inaction.

40. The EDs should be delegated adequate financial and administrative powers to be able to manage the resources assigned to them i.e financial, material and human and produce tangible results. The introduction of 3 years rolling medium term budget will be highly useful in the planning and facilitating the service delivery arrangements. The audit rules should be suitably modified so that the responsibility for compliance with the financial rules, adherence to the budgetary discipline and prudent use of resources lies with the head of the Executive department and not the Secretary of the Division.

41. The introduction of collective responsibility of the Minister and Secretary in oversight, policy guidance, monitoring and prescribing operational targets and holding the Head of Department accountable for outcomes and results is likely to maintain adequate checks and balances but will at the same time provide some spurt to the implementation machinery of the Government which has remained weak so far and gets bogged down in multiple references and clearances. The cost of indecision or delayed decision making would become apparent under the proposed governance structure.

42. The employees of the Executive departments would continue to be governed by the existing service conditions, rules and regulations.

TABLE-2 - PRIVATIZATION CANDIDATES / TRANSFER TO SARMAVA-E-PAKISTAN

Sr. No.	Division	Name of Department
01	Commerce	1. State Life Insurance Corporation of Pakistan, Karachi 2. National Insurance Company Limited (NICL), Karachi 3. Pakistan Reinsurance Company Limited, Karachi
02	Finance	4. First Women Bank Limited (FWBL) 5. SME Bank Ltd.
03	Industries & Production	6. Sindh Engineering Limited (SEL) 7. Republic Motors Private Limited 8. Pakistan Engineering Company Limited (PECO) 9. Heavy Electrical Complex (HEC) 10. National Fertilizer Corporation of Pakistan Private Limited 11. State Engineering Corporation (SEC) 12. Morafco Industries Private Limited 13. Pakistan Automobile Corporation (PACO) 14. Spun Yarn Research and Development Company, Multan 15. Southern Punjab Embroidery Industries, Multan 16. Khadi Crafts Development Company
04	Information Technology & Telecommunication	17. Telephone Industries of Pakistan (TIP)
05	Petroleum	18. Oil & Gas Development Company Ltd., Islamabad 19. Pakistan Mineral Development Corporation (PMDC) 20. Pakistan Petroleum Limited (PPL)
06	Power	21. Power Holding (Private) Limited (PHPL) 22. National Power Parks Management Company (Private) Limited (NPPMCL) 23. Jamshoro Power Generation Company (GENCO-I) 24. Central Power Generation Company (GENCO-II) 25. Northern Power Generation Company (GENCO-III) 26. Lakhra Power Generation Company (GENCO-IV) 27. Islamabad Electric Supply Company (IESCO) 28. Lahore Electric Supply Company (LESCO) 29. Gujranwala Electric Power Company (GEPCO) 30. Faisalabad Electric Supply Company (FESCO) 31. Hyderabad Electric Supply Company (HESCO) 32. Multan Electric Power Company (MEPCO) 33. Quetta Electric Supply Company (QESCO)



		34. Peshawar Electric Supply Company (PESCO) 35. Sukkur Electric Power Company (SEPCO) 36. Tribal Areas Electric Supply Company (TESCO) 37. Lakhra Coal Development Company Ltd., Karachi 38. Government Holdings (Pvt.) Limited (GHL) 39. Kot Addu Power Company (KAPCO) 40. 1233 MW Balloki Power Plant 41. 1230 MW Haveli Bahadur Power Plant
07	Others	42. Jinnah Convention Centre, Islamabad 43. Services International Hotel, Lahore

**Annex-3****TABLE-3 - ORGANIZATIONS PROPOSED FOR TRANSFER TO PROVINCES, GILGIT BALTISTAN & ICT**

<b>Sr. No.</b>	<b>Division</b>	<b>Name of Department</b>
01	Federal Education & Professional Training	1. Federal Directorate of Education (FDE) 2. Directorate General of Special Education 3. Federal College of Education 4. Federal Government Polytechnic Institute of Women, Islamabad 5. Sir Syed Schools and College of Special Education 6. Federal Government College of Home Economics & Management Sciences 7. Basic Education Community Schools (BECS)
02	Industries & Production	8. Department of Explosives
03	Kashmir Affairs & Gilgit Baltistan	9. Directorate of Health Services (GB) 10. Northern Areas Transport Corporation (NATCO), Gilgit (GB)
04	National History & Literary Heritage	11. Department of Libraries (DOL), Islamabad (ICT)
05	Overseas Pakistanis & Human Resource Development	12. Directorate of Workers Education, Islamabad (ICT)
06	Petroleum	13. Saindak Metals Limited (SML)
07	Railways	14. Pakistan Railways Police

TABLE-4 -ORGANIZATIONS PROPOSED FOR WINDING UP/ LIQUIDATION

Sr. No.	Division	Name of Department
01	Cabinet	1. Abandoned Properties Organization, Islamabad 2. Department of Stationery and Forms
02	Federal Education & Professional Training	3. National Education Assessment System (NEAS)
03	Finance	4. Industrial Development Bank Limited (IDBL)
04	Kashmir Affairs & Gilgit Baltistan	5. TB Wing, Attock
05	Planning, Development & Reform	6. National Construction Company Limited, Islamabad
06	Railways	7. Railway Estate Development and Marketing Company Limited (REDAMCO) 8. Kashmir Railway Limited (KR)

TABLE-5 - MERGERS

Sr. No.	Division	Name of Department	Remarks
01	Commerce	1. Pakistan Institute of Trade & Development, Islamabad	To be merged into the proposed Industry and Policy Institute (IPI)
02	Establishment	2. Akhtar Hameed Khan National Centre for Rural Development (AHKNCRD)	To be merged into NSPP
		3. Secretariat Training Institute (STI)	To be merged into NSPP
		4. Pakistan Academy for Rural Development (PARAD)	To be merged into NSPP
03	Federal Education & Professional Training	5. Pakistan Manpower Institute (PMI)	To be merged into the proposed Human Development Policy Institute (HDPI)
		6. Academy of Educational Planning & Management (AEPAM)	To be merged into the proposed Human Development Policy Institute (HDPI)
04	Housing & Works	7. National Housing Authority	To be merged with Naya Pakistan Housing Authority (NPHA)
05	Industries & Production	8. Karachi Tools, Dies & Moulds Centre, Karachi 9. Furniture Pakistan 10. Gujranwala Business Centre, Gujranwala	To be merged into TUSDEC
		11. Aik Hunar Aik Nagar (AHAN) 12. Pakistan Hunting & Sports Arms Development Company, Peshawar	To be merged into SMEDA
		13. Pakistan Machine Tool Factory, Karachi	To be transferred to Special Projects Division (SPD), with the condition to continue it for civilian use too
		14. ENAR Petrotech Services Pvt Limited	To be handed over to OGDCL, Petroleum Division
		15. National Fertilizer Marketing Limited (NFML)	To be merged with Trading Corporation of Pakistan, Commerce Division

		16. NFC Institute of Engineering and Technology, Multan 17. NFC Institute of Engineering and Fertilizer Research, Faisalabad	To be handed over to Ministry of Federal Education & Professional Training
		18. National Industrial Parks Development and Management Company 19. Technology Up-Gradation & Skill Development Company (TUSDEC) 20. Export Processing Zone Authority (EPZA) 21. Industry Facilitation Centre	To be merged into Pakistan Industrial Development Corporation (PIDC)
06	Maritime Affairs	22. Marine Biological Lab. Karachi	To be merged with Marine Fisheries Department
		23. Directorate of Dock Workers' Safety, Karachi	To be merged with Mercantile Marine Department
		24. Directorate of Seamen's Welfare & Seamen Hostel, Karachi	To be merged with Pakistan Marine Academy
07	National Health Services, Regulations & Coordination	25. Directorate of Central Warehouse of Supplies	To be merged with Population Wing of National Health Services, Regulations & Coordination Division
		26. Islamabad Blood Transfusion Authority (IBTA)	To be merged with Federal Health Regulatory Authority (FHRA)
		27. National Health Information Resource Centre (NHIRC)	To be merged with Health Planning, System Strengthening & Information Analysis Unit (HPSIU)
		28. District Population Office (DPO), Islamabad	To be merged with District Health Office, Islamabad
08	National History & Literary Heritage	29. Quaid-i-Azam Academy (QAA), Karachi	To be merged with Quaid-e-Azam Mazar Management Board
		30. Aiwan-e-Iqbal Complex (AIC), Lahore	To be merged with Iqbal Academy, Lahore
		31. Urdu Science Board (USB), Lahore	To be merged with National Language Promotion Department (NLPD), which is proposed to be renamed as

		32. Urdu Dictionary Board (UDB), Karachi	National Language Promotion Authority
09	Petroleum	33. Pakistan LNG Limited (PLL) 34. Pakistan LNG Terminals Limited (PLTL)	To be merged into a single unit as Autonomous Body
10	Others	35. Earthquake Reconstruction & Rehabilitation Authority (ERRA)	To be merged with NDMA

TABLE-6 -PROPOSED TRAINING, POLICY SUPPORT AND RESEARCH INSTITUTES

Sr. No.	Division	Name of Department	Remarks
01	Commerce	1. Pakistan Institute of Trade and Development, Islamabad	To be merged into the proposed Industry and Trade Policy Institute (ITPI)
02	Communication	2. National Transport Research Centre (NTRC)	To be merged into the proposed Infrastructure Policy Institute (IPI)
03	Federal Education & Professional	3. Pakistan Manpower Institute (PMI)	To be merged into the Proposed Human Development Policy Institute (HDPI)
		4. Academy of Educational Planning & Management	To be merged into the Proposed Human Development Policy Institute (HDPI)
04	Information & Broadcasting	5. Information Services Academy	To be part of the proposed Media University
05	Interior	6. National Police Bureau	To be merged into the proposed National Police Training and Research Institute (NPTRI)
		7. National Police Academy	To be merged into the proposed National Police Training and Research Institute (NPTRI)
06	Industries & Production	8. National Productivity Organization	To be merged into the proposed Industry and Trade Policy Institute (ITPI)
07	National Food Security & Research	9. Agriculture Policy Institute	To be merged into the proposed Agriculture, Food and Environment Policy Institute (AFEPI)
08	National Health Services, Regulations & Coordination	10. Health Services Academy (HAS)	To be part of the proposed Human Development Policy Institute (HDPI)
		11. National Institute of Population Studies	To be part of the Pakistan Health Research Council (PHRC)

		12. National Research Institute of Fertility Control	To be part of the Pakistan Health Research Council (PHRC)
09	Finance	13. Audit and Accounts Academy	To be merged into the proposed Institute of Fiscal Policy and Financial Management (IFPFM)
10	Revenue	14. Directorate General Training Customs	To be merged into the proposed Institute of Fiscal Policy and Financial Management (IFPFM)
		15. Directorate General Training Inland Revenue Services	To be merged into the proposed Institute of Fiscal Policy and Financial Management (IFPFM)
11	Petroleum	16. Hydrocarbon Development Institute of Pakistan (HDIP)	To be merged into the proposed Energy Policy Institute (EPI)
12	Railways	17. Pakistan Railways Academy Walton	To be merged into the proposed Infrastructure Policy Institute (IPI)

NOTE: The proposals for the training institutes to be transformed into Training, Policy Support and Research arms of the Ministries are still at a discussion stage but have been included here simply to indicate the missing gaps in the Government's existing organizational infrastructure. The scope, mandate and responsibilities of the proposed institutes would be finalized after consultation with the Secretaries and the Ministers.



TABLE-7 -PROPOSED EXECUTIVE DEPARTMENTS

Sr. No.	Division	Name of Department
01	Aviation	1. Pakistan Meteorological Department 2. Airport Security Force (ASF)
02	Cabinet	3. Department of Communications Security 4. National Archives of Pakistan, Islamabad 5. Printing Corporation of Pakistan, Islamabad
03	Climate Change	6. Zoological Survey of Pakistan (ZSP) 7. Pakistan Environmental Protection Agency (Pak-EPA) 8. Climate Change Authority
04	Commerce	9. Directorate General of Trade Organizations, Islamabad 10. Trade Dispute Resolution Organization 11. Liaison Office Afghan Transit Trade, Chaman
05	Communications	12. National Highways & Motorways Police (NH&MP)
06	Defence	13. Directorate of Military Lands and Cantonments 14. Federal Government Educational Institutions (Cantonments/Garrisons) Directorate 15. Pakistan Military Accounts Department 16. Office of the Surveyor General of Pakistan 17. Pakistan Maritime Security Agency
07	Defence Production	18. Directorate General Munitions Production (DGMP) - (MVRDE, ARDE & IOP) 19. Directorate General Defence Purchase (DGDP)
08	Establishment	20. Staff Welfare Organization (SWO)
09	Federal Education & Professional Training	21. Inter Board Committee of Chairmen (IBCC) 22. Pakistan National Commission for UNESCO (PNCU) 23. National Talent Pool (NTP) 24. National Council for Rehabilitation of Disabled Persons (NCRDP) 25. National Council for Social Welfare
10	Finance	26. Office of the Controller General of Accounts (CGA) 27. Pakistan Mint, Lahore 28. Federal Treasury Offices (FTOs), Islamabad & Karachi

11	Foreign Affairs	29. All Pakistan Missions Abroad 30. Afghan Trade Development Cell
12	Housing & Works	31. Estate Office Management 32. Pakistan Public Works Department
13	Human Rights	33. Family Protection & Rehabilitation Centre for Women 34. National Child Protection Centre (NCPC) 35. Implementation of National Plan of Action (INPAC) 36. National Commission for Child Welfare & Development (NCCWD)
14	Information & Broadcasting	37. Press Information Department (PID) 38. Directorate of Electronic Media and Publications (DEMP)
15	Interior	39. Directorate General of Immigration and Passports 40. Directorate General of Civil Defence 41. Pakistan Rangers (Punjab), Lahore 42. Pakistan Coast Guards, Karachi 43. Frontier Corps, (North), Khyber Pakhtunkhwa, Peshawar 44. Frontier Corps, (South), Khyber Pakhtunkhwa, Peshawar 45. Frontier Corps (North), Balochistan, Quetta 46. Frontier Corps (South), Balochistan, Quetta 47. Office of the Chief Commissioner, Islamabad (ICT) 48. Pakistan Rangers (Sindh), Karachi 49. Federal Investigation Agency (FIA), Islamabad 50. Office of the Commandant, Frontier Constabulary, Khyber Pakhtunkhwa, Peshawar 51. Gilgit Baltistan Scouts, Gilgit 52. National Police Bureau 53. National Academy for Prisons Administration, Lahore
16	Inter Provincial Coordination	54. Department of Tourist Services 55. National Internship Programme
17	Kashmir Affairs & Gilgit Baltistan	56. J&K Refugees Rehabilitation Organization, Islamabad 57. Directorate of Health Services (AK) 58. J&K State Property in Pakistan, Lahore
18	Maritime Affairs	59. Marine Fisheries Department, Karachi 60. Mercantile Marine Department, Karachi 61. Government Shipping Office, Karachi

19	Narcotics Control	62. Anti-Narcotics Force
20	National Food Security & Research	63. Federal Seed Certification & Registration Departments (FSC&RD) 64. Department of Plant Protection (DPP) 65. Animal Quarantine Department (AQD) 66. Plant Breeders' Rights Registry 67. National Veterinary Laboratory (NVL) 68. Federal Water Management Cell (FWMC)
21	National Health Services, Regulations & Coordination	69. Directorate of Central Health Establishment 70. Directorate of Malaria Control (DoMC) 71. Pakistan Institute of Medical Sciences (PIMS) 72. Federal Government Polyclinic (FGC / FGC-PGMI) 73. National Institute of Rehabilitative Medicine (NIRM) 74. National Health Emergency Preparedness & Response Network (NHEPRN) 75. Federal General Hospital (FGH)
22	National History & Literary Heritage	76. National Library of Pakistan (NLP), Islamabad 77. Aiwan-e-Quaid Building, F-9 Park, Islamabad 78. Department of Archaeology & Museums (DOAM), Islamabad
23	Overseas Pakistanis & Human Resource Development	79. Bureau of Emigration & Overseas Employment
24	Planning, Development & Reform	80. National Endowment Scholarships for Talent (NEST)
25	Petroleum	81. Geological Survey of Pakistan
26	Railways	82. Railways Board (including Railways Divisions/Departments, educational & health institutes & factories/workshops)
27	Religious Affairs & Inter Faith Harmony	83. Directorate General of Hajj and Umrah
28	States & Frontier Regions	84. Chief Commissionerate for Afghan Refugees, Islamabad
29	Textile	85. Textile Commissioner's Organization, Karachi
30	Water Resources	86. Office of Engineering Adviser/Chairman Federal Flood Commission (CEA/CFFC) 87. Office of Pakistan Commissioner for Indus Waters (PCIW)

TABLE-8 -PROPOSED AUTONOMOUS BODIES

Sr. No.	Division	Name of Department
01	Aviation	<ol style="list-style-type: none"> <li>1. Civil Aviation Authority</li> <li>2. Pakistan International Airlines Corporation Limited</li> </ol>
02	Cabinet	<ol style="list-style-type: none"> <li>3. Pakistan Telecommunications Authority, Islamabad</li> <li>4. National Electric Power Regulatory Authority, Islamabad</li> <li>5. Oil and Gas Regulatory Authority, Islamabad</li> <li>6. Public Procurement Regulatory Authority, Islamabad</li> <li>7. Frequency Allocation Board, Islamabad</li> <li>8. Sheikh Sultan Trust, Karachi</li> <li>9. Islamabad Club, Islamabad</li> <li>10. Private Educational Institutions Regulatory Authority (PEIRA) (Proposed to be transferred from Federal Education &amp; Professional Training Division)</li> <li>11. Pakistan Electronic Media Regulatory Authority (PEMRA)(Proposed to be transferred from Information &amp; Broadcasting Division)</li> <li>12. Karachi Infrastructure Development Company Ltd (KIDCL)</li> </ol>
03	Climate Change	<ol style="list-style-type: none"> <li>13. Global Change Impact Studies Centre, Islamabad (GCISC)</li> <li>14. Islamabad Wildlife Management Board (IWMB)</li> </ol>
04	Commerce	<ol style="list-style-type: none"> <li>15. Trade Development Authority of Pakistan, Karachi</li> <li>16. Intellectual Property Organization of Pakistan, Islamabad</li> <li>17. National Tariff Commission, Islamabad</li> <li>18. Pakistan Institute of Fashion and Design, Lahore</li> <li>19. Trading Corporation of Pakistan Pvt. Ltd., Karachi</li> <li>20. Pakistan Tobacco Board, Peshawar</li> <li>21. Pakistan Horticulture Development and Export Company, Lahore</li> <li>22. Pakistan Expo Centers Pvt. Ltd. Company, Lahore</li> </ol>
05	Communications	<ol style="list-style-type: none"> <li>23. National Highway Authority (NHA)</li> <li>24. Construction Technology Training Institute (CTTI)</li> </ol>
06	Defence	<ol style="list-style-type: none"> <li>25. Pakistan Armed Services Board</li> </ol>
07	Defence Production	<ol style="list-style-type: none"> <li>26. Defence Export Promotion Organization (DEPO)</li> <li>27. Pakistan Ordnance Factories (POFs) Board, Wah Cantt</li> <li>28. Heavy Industries Taxila (HIT) Board, Taxila</li> <li>29. Pakistan Aeronautical Complex (PAC) Board, Kamra</li> <li>30. Karachi Shipyard &amp; Engineering Works (KS&amp;EW), Karachi</li> <li>31. National Radio Telecommunication Corporation (NRTC)</li> </ol>
08	Economic Affairs	<ol style="list-style-type: none"> <li>32. National Disaster Risk Management Fund (NDRMF)</li> </ol>

09	Establishment	33. Federal Public Service Commission (FPSC) 34. Federal Employees Benevolent & Group Insurance Funds (FEB&GIF) 35. National School of Public Policy (NSPP)
10	Federal Education & Professional Training	36. National Training Bureau (NTB) 37. National Institute of Science and Technical Education (NISTE) 38. National Vocational & Technical Training Commission (NAVTTTC) 39. Higher Education Commission (HEC) 40. National Education Foundation (NEF) 41. Federal Board of Intermediate & Secondary Education (FBISE) 42. National College of Arts 43. National Skill University
11	Finance	44. Office of Auditor General of Pakistan 45. Central Directorate of National Savings (CDNS) 46. National Security Printing Corporation (NSPC) 47. State Bank of Pakistan (SBP) 48. National Bank of Pakistan (NBP) 49. Financial Monitoring Unit (FMU) 50. Competition Commission of Pakistan (CCP) 51. Securities and Exchange Commission of Pakistan (SECP) 52. Public Private Partnership Authority (PPPA) 53. Pak Kuwait Investment Company 54. Pak Libya Holding Company 55. Pak Oman Investment Company 56. Pak Iran Joint Investment Company 57. Pak Brunei Investment Company Ltd. 58. Saudi Pak Industrial & Agricultural Investment Company 59. Pak China Investment Company 60. Zarai Taraqati Bank Limited (ZTBL) 61. National Investment Trust Limited (NITL) 62. House Building Finance Company Limited (HBFC)
12	Foreign Affairs	63. Foreign Service Academy, Islamabad 64. Institute of Strategic Studies, Islamabad
13	Housing & Works	65. Federal Government Employees Housing Foundation, Islamabad 66. Pakistan Housing Authority Foundation 67. Council for Works & Housing Research (CWHR)
14	Human Rights	68. National Commission for Human Rights (NCHR) 69. National Commission on the Status of Women (NCSW)
15	Industries & Production	70. Pakistan Gems & Jewellery Development Company 71. Pakistan Steel Mills Corporation (PSMC) 72. Pakistan Steel Fabricating Company 73. Pakistan Institute of Management 74. Small and Medium Enterprises Development Authority (SMEDA) 75. Utility Stores Corporation (USC) 76. Engineering Development Board 77. Leather Crafts Development Company, Multan 78. Pakistan Chemical and Energy Sector Skill Development

		<p>79. Pakistan Industrial &amp; Technical Assistance Centre (PITAC), Lahore</p> <p>80. Pakistan Industrial Development Corporation (PIDC) and its subsidiaries and units</p> <p>81. Pakistan Stone Development Company</p> <p>82. Agro Food Processing (AFP) Facilities, Multan</p>
16	Information & Broadcasting	<p>83. Implementation Tribunal for Newspaper Employees (ITNE)</p> <p>84. Central Board of Film Censors (CBFC)</p> <p>85. Information Service Academy (ISA)</p> <p>86. National Institute of Folk &amp; Traditional Heritage (Lok Virsa)</p> <p>87. Institute of Regional Studies (IRS)</p> <p>88. National Press Trust (NPT)</p> <p>89. Shalimar Recording and Broadcasting Company (SRBC)</p> <p>90. Pakistan Broadcasting Corporation (PBC)</p> <p>91. Pakistan Television Corporation Limited (PTV)</p> <p>92. Pakistan National Council of Arts (PNCA)</p> <p>93. Press Council of Pakistan (PCP)</p> <p>94. Associated Press of Pakistan Corporation (APPC)</p>
17	Information Technology & Telecommunication	<p>95. National Information Technology Board (NITB)</p> <p>96. National Telecommunication Corporation (NTC)</p> <p>97. IGNITE National Technology Fund Company</p> <p>98. Universal Service Fund Company</p> <p>99. Pakistan Software Export Board (PSEB)</p> <p>100. Pakistan Telecom Employees Trust (PTET)</p> <p>101. Telecom Foundation (TF)</p> <p>102. Electronic Certification &amp; Accreditation Council (ECAC)</p> <p>103. Virtual University of Pakistan</p>
18	Interior	<p>104. National Database &amp; Registration Authority (NADRA)</p> <p>105. Metropolitan Corporation Islamabad</p> <p>106. National Public Safety Commission</p> <p>107. Capital Development Authority (CDA)</p>
19	Inter Provincial Coordination	<p>108. Pakistan Sports Board</p> <p>109. Pakistan Veterinary Medical Council</p> <p>110. Pakistan Cricket Board</p> <p>111. Federal Land Commission</p> <p>112. Pakistan Tourism Development Corporation (PTDC) (Proposed to be transferred from Cabinet Division)</p> <p>113. National Tourism Coordination Board (NTCB) (Proposed to be transferred from Cabinet Division)</p>
20	Kashmir Affairs & Gilgit Baltistan	<p>114. Gilgit Baltistan Council</p> <p>115. Azad Jammu and Kashmir Council</p>
21	Law & Justice	<p>116. Council of Islamic Ideology</p> <p>117. Law and Justice Commission of Pakistan</p> <p>118. Banking Mohtasib Pakistan</p> <p>119. Appellate Tribunal Inland Revenue</p> <p>120. Customs Appellate Tribunal</p> <p>121. Federal Service Tribunal</p> <p>122. Federal Judicial Academy</p> <p>123. Federal Shariat Court</p>

		124. Appellate Tribunal Inland Revenue 125. National Accountability Bureau (NAB) 126. Wafaqi Mohtasib (Ombudsman) 127. Federal Tax Ombudsman Secretariat 128. Federal Insurance Ombudsman Secretariat 129. Federal Ombudsman for Protection against Harassment of Women at the Workplace 130. Banking Courts 131. Special Courts (Offences in Banks) 132. Drug Courts 133. Special Courts (Anti Terrorism) (ICT) 134. Commercial Courts 135. Foreign Exchange Regulation Appellate Board 136. Accountability Courts 137. Special Courts (Central) 138. Special Courts (Control of Narcotic Substances) 139. Competition Appellate Tribunal, Islamabad 140. Anti Dumping Appellate Tribunal 141. Environmental Protection Tribunal 142. Intellectual Property Tribunal 143. Insurance Appellate Tribunal 144. Special Judge, (Customs, Taxation & Anti-Smuggling)
22	Maritime Affairs	145. Pakistan Marine Academy, Karachi 146. Gwadar Port Authority, Gwadar 147. Port Qasim Authority, Karachi 148. Karachi Port Trust, Karachi 149. Pakistan National Shipping Corporation, Karachi 150. Korangi Fisheries Harbour Authority, Karachi
23	National Food Security & Research	151. Pakistan Oilseed Development Board (PODB) 152. Fisheries Development Board (FDB) 153. Livestock Dairy Development Board (LDDDB) 154. National Fertilizer Development Centre (NFDC) 155. Pakistan Agriculture Research Council (PARC) 156. Pakistan Agriculture Service & Storage Corporation (PASSCO) 157. Pakistan Central Cotton Committee (PCCC)
24	National Health Services, Regulations & Coordination	158. Drug Regulatory Authority of Pakistan (DRAP) 159. Human Organ Transplant Authority (HOTA) 160. Pakistan Medical and Dental Council (PM&DC) 161. Pakistan Health Research Council (PHRC) 162. National Institute of Health (NIH) 163. Pakistan Nursing Council (PNC) 164. Pharmacy Council of Pakistan (PCP) 165. College of Physician and Surgeon Pakistan 166. National Trust for Population Welfare (NATPOW) 167. Shaheed Zulfiqar Ali Bhutto Medical University (SZABMU) 168. National Council for Homeopathy (NCH) 169. National Council for Tibb (NCT) 170. Health Services Academy (HSA)

25	National History & Literary Heritage	171. Pakistan Academy of Letters (PAL), Islamabad 172. Iqbal Academy Pakistan (IAP), Lahore 173. Quaid-i-Azam Mazar Management Board (QMMB), Karachi 174. National Language Promotion Department (NLPD) [proposed to be renamed as National Language Promotion Authority (NLPA)] 175. National Book Foundation (NBF), Islamabad
26	Overseas Pakistanis & Human Resource Development	176. National Industrial Relations Commission, Islamabad 177. Overseas Pakistanis Foundation, (including employees of Educational Institutions under OPF), Islamabad 178. Employees Old Age Benefits, Institutions, Karachi 179. Workers Welfare Fund, Islamabad 180. Overseas Employment Corporation, Islamabad
27	Poverty Alleviation & Social Protection	181. Benazir Income Support Program (BISP) 182. Pakistan Bait ul Mal
28	Petroleum	183. Inter State Gas Systems (Pvt.) Ltd. (ISGSL) 184. Pak-Arab Refinery Limited (PARCO) 185. Pakistan State Oil Company Limited (PSOCL) 186. Sui Northern Gas Pipelines Limited (SNGPL) 187. Sui Southern Gas Company Limited (SSGCL)
29	Planning, Development & Reform	188. Pakistan Planning and Management Institute (PPMI) 189. National Logistics Cell (NLC) 190. Pakistan Environmental Planning & Architectural Consultant (PEPAC) 191. Pakistan Institute of Development Economics (PIDE) 192. Pakistan Bureau of Statistics (PBS)
30	Postal Services	193. Pakistan Post Office Department (i. Postmasters General, Islamabad, Rawalpindi, Multan, Lahore, Peshawar, Quetta, Karachi & Hyderabad; ii. General Managers, Lahore & Karachi; iii. Chief Controller of Stamps) 194. Postal Staff College
31	Power	195. National Energy Efficiency & Conservation Authority (NEECA) 196. Alternative Energy Development Board (AEDB) 197. National Engineering Services Pakistan Pvt. Ltd. (NESPAK) 198. Private Power & Infrastructure Board (PPIB) 199. Pakistan Electric Power Company Limited (PEPCO) 200. Pakistan Information Technology Company (PITC) 201. Central Power Purchasing Agency Guarantee Limited (CPPAG) 202. National Transmission & Dispatch Company (NTDC) 203. Pakistan Council of Renewable Energy Technologies, Islamabad (PCRET)
32	Privatization	204. Privatization Commission
33	Railways	205. Federal Government Inspector of Railways (F.G.I.R)



		<p>206. Pakistan Railway Advisory &amp; Consultancy Services Limited (PRACS) [Proposed to be evolved into Pakistan Railways Passenger Transportation Company (PRPTC)]</p> <p>207. Railway Constructions Pakistan Limited (RAILCOP)</p> <p>208. Pakistan Railways Freight Transportation Company Limited (PRFTC)</p>
34	Religious Affairs & Inter Faith Harmony	<p>209. Pakistan Madrassah Education Board</p> <p>210. Evacuee Trust Property Board (ETPB)</p>
35	Revenue	211. Federal Board of Revenue (FBR)
36	Science & Technology	<p>212. COMSATS University, Islamabad (CUI)</p> <p>213. National Institute of Electronics, Islamabad (NIE)</p> <p>214. National Institute of Oceanography, Karachi (NIO)</p> <p>215. National University of Sciences &amp; Technology, Islamabad (NUST)</p> <p>216. Pakistan Council of Scientific &amp; Industrial Research, Islamabad (PCSIR)</p> <p>217. Pakistan Council for Science &amp; Technology, Islamabad (PCST)</p> <p>218. Pakistan Engineering Council, Islamabad (PEC)</p> <p>219. Pakistan Museum of Natural History, Islamabad (PMNH)</p> <p>220. Pakistan National Accreditation Council, Islamabad (PNAC)</p> <p>221. Pakistan Science Foundation, Islamabad (PSF)</p> <p>222. Pakistan Standard &amp; Quality Control Authority, Karachi (PSQCA)</p> <p>223. Pakistan Halal Authority, Islamabad (PHA)</p> <p>224. National University of Technology, Islamabad (NUTECH)</p> <p>225. STEDEC Technology Commercialization Corporation of Pakistan Pvt. Ltd., Lahore (STEDEC)</p>
37	Textile	<p>226. National Textile University, Faisalabad</p> <p>227. Pakistan Cotton Standards Institute, Karachi</p> <p>228. Karachi Garment City Company (KGCC), Karachi</p> <p>229. Lahore Garment City Company (LGCC), Lahore</p> <p>230. Faisalabad Garment City Company (FGCC), Faisalabad</p> <p>231. Pakistan Textile City Limited (PTCL), Karachi</p>
38	Water Resources	<p>232. Water and Power Development Authority (WAPDA)</p> <p>233. Indus River System Authority</p> <p>234. Pakistan Council of Research in Water Resources, Islamabad (PCRWR)</p>
39	Prime Minister's Office	<p>235. National Disaster Management Authority (NDMA)</p> <p>236. Board of Investment (BOI)</p> <p>237. National Counter Terrorism Authority (NACTA) (Under PM's Office as per NACTA Act, 2013. The Islamabad High Court has declared the Notification placing NACTA under M/o Interior as null and void)</p>

Grant-in-Aid Bodies –

TABLE-9 -(Operated by non-governmental or private organizations but receive grants from the Government)

Sr. No.	Division	Name of Department
01	Federal Education & Professional Training	1. Pakistan Boys Scouts Association 2. Pakistan Girls Guides Association 3. National Commission for Human Development (NCHD)
02	Inter Provincial Coordination	4. National Academy of Performing Arts (NAPA)
03	National Health Services, Regulations & Coordination	5. Pakistan Red Crescent Society

MAPPING OF EXISTING ORGANIZATIONAL ENTITIES

TABLE 10 - Mapping of Existing Attached Departments & Subordinate Offices

Sr. No.	Division	Existing Attached Departments & Subordinate Offices	Proposed Configuration
01	Aviation	1. Pakistan Meteorological Department	To be retained as Executive Department in Aviation Division
		2. Airport Security Force (ASF)	To be retained as Executive Department in Aviation Division
02	Cabinet	3. Department of Communications Security	To be retained as Executive Department in Cabinet Division
		4. Department of Stationery and Forms	Proposed for Winding Up / Liquidation
		5. National Archives of Pakistan, Islamabad	To be retained as Executive Department in Cabinet Division
		6. Pakistan Tourism Development Corporation (PTDC)	To become Autonomous Body under Inter Provincial Coordination Division

		7. National Tourism Coordination Board (NTCB)	To become Autonomous Body under Inter Provincial Coordination Division
		8. Pakistan Bait ul Mal, Islamabad	To become Autonomous Body under upcoming Poverty Alleviation & Social Protection Division
		9. Abandoned Properties Organization, Islamabad	Proposed for Winding Up / Liquidation, subject to conditions
		10. Printing Corporation of Pakistan (PCP), Islamabad	To become Executive Department in Cabinet Division
03	Climate Change	11. Pakistan Environmental Protection Agency (Pak-EPA)	To be retained as Executive Department in Climate Change Division
		12. Zoological Survey of Pakistan (ZSP)	To be retained as Executive Department in Climate Change Division
		13. Climate Change Authority	To be retained as Executive Department in Climate Change Division
04	Commerce	14. Pakistan Institute of Trade & Development, Islamabad	To be merged into the proposed Industry and Trade Policy Institute (ITPI)
		15. Directorate General of Trade Organizations, Islamabad	To be retained as Executive Department in Commerce Division
		16. Trade Development Authority of Pakistan, Karachi	To become Autonomous Body under Commerce Division
		17. Trade Dispute Resolution Organization	To be retained as Executive Department in Commerce Division

		18. Liaison Office Afghan Transit Trade, Chaman	To be retained as Executive Department in Commerce Division
05	Communications	19. National Highways & Motorways Police (NH&MP)	To be retained as Executive Department in Communications Division
06	Defence	20. Directorate of Military Lands and Cantonments	To be retained as Executive Department in Defence Division
		21. Federal Government Educational Institution (Cantonments/Garrisons) Directorate	To be retained as Executive Department in Defence Division
		22. Pakistan Military Accounts Department	To be retained as Executive Department in Defence Division
		23. Office of the Surveyor General of Pakistan	To be retained as Executive Department in Defence Division
		24. Pakistan Armed Services Board	To become Autonomous Body under Defence Division
		25. Pakistan Maritime Security Agency	To be retained as Executive Department in Defence Division
07	Defence Production	26. Directorate General Munitions Production (DGMP) - (MVRDE, ARDE & IOP)	To be retained as Executive Department in Defence Production Division
		27. Directorate General of Defence Purchase (DGDP) (Subordinate Office)	To be retained as Executive Department in Defence Production Division
		28. Defence Export Promotion Organization (DEPO)	To become Autonomous Body under Defence Production
08	Establishment	29. Staff Welfare Organization (SWO)	To be retained as Executive Department in Establishment Division
		30. Akhtar Hameed Khan National Centre for Rural Development (AHKNCRD)	To be merged into NSPP

		31. Secretariat Training Institute (STI)	To be merged into NSPP
		32. Federal Public Service Commission (FPSC)	To become Autonomous Body under Establishment Division
		33. Civil Services Academy (CSA)	Already a constituent unit of NSPP
09	Federal Education & Professional Training	34. National Training Bureau (NTB)	To become Autonomous Body under Federal Education & Professional Training Division
		35. Pakistan Manpower Institute (PMI)	To be merged into the proposed Human Development Policy Institute (HDPI)
		36. Federal Directorate of Education (FDE)	To be transferred to ICT Local Government when formed (To remain with the Federal Ministry until then)
		37. Directorate General of Special Education	To be transferred to ICT Local Government when formed (To remain with the Federal Ministry until then)
		38. Academy of Educational Planning & Management (AEPAM)	To be merged into into the proposed Human Development Policy Institute (HDPI)
		39. National Education Assessment System (NEAS)	Already under liquidation as informed at Secretaries Committee meeting dated 20.03.2019
		40. Pakistan National Commission for UNESCO (PNCU)	To be retained as Executive Department in Federal Education & Professional Training Division
		41. National Talent Pool (NTP)	Minister for Federal Education & Professional Training Division to be consulted as regards to winding up

		42. National Council for Rehabilitation of Disabled Persons (NCRDP)	Minister for Federal Education & Professional Training Division to be consulted as regards to winding up
		43. National Council for Social Welfare	Minister for Federal Education & Professional Training Division to be consulted as regards to winding up
		44. National Institute of Science and Technical Education (NISTE)	To become Autonomous Body under Federal Education & Professional Training Division
		45. Federal College of Education	To be transferred to ICT Local Government when formed (To remain with the Federal Ministry until then)
		46. Federal Government Polytechnic Institute of Women, Islamabad	To be transferred to ICT Local Government when formed (To remain with the Federal Ministry until then)
		47. Sir Syed Schools and College of Special Education	Federal Minister to be consulted
		48. Federal Government College of Home Economics & Management Sciences, Islamabad	To be transferred to ICT Local Government when formed (To remain with the Federal Ministry until then)
10	Finance	49. Central Directorate of National Savings (CDNS)	To become Autonomous Body under Finance Division
		50. Office of Auditor General of Pakistan (AGP)	To become Autonomous Body under Finance Division
		51. Office of the Controller General of Accounts (CGA)	To be retained as Executive Department in Finance Division
		52. Pakistan Mint, Lahore (Subordinate Office)	To be retained as Executive Department in Finance Division

		53. Federal Treasury Offices (FTOs), Islamabad & Karachi	To be retained as Executive Department in Finance Division
11	Foreign Affairs	54. All Pakistan Missions Abroad (Except Trade Missions)	To be retained as Executive Department in Foreign Affairs Division
		55. Afghan Trade Development Cell	To be retained as Executive Department in Foreign Affairs Division
12	Housing & Works	56. Estate Office Management	To be retained as Executive Department in Housing & Works Division
		57. National Housing Authority	To be merged into Naya Pakistan Housing Authority
		58. Pakistan Public Works Department	To be retained as Executive Department in Housing & Works Division
13	Human Rights	59. Family Protection & Rehabilitation Centre for Women	To become Executive Department in Human Rights Division
		60. National Commission for Child Welfare & Development (NCCWD)	To become Executive Department in Human Rights Division
		61. National Child Protection Centre (NCPC)	To become Executive Department in Human Rights Division
		62. Implementation of National Plan of Action (INPAC)	To become Executive Department in Human Rights Division
14	Industries & Production	63. Department of Explosives	To be transferred to provinces
15	Information & Broadcasting	64. Press Information Department (PID)	To be retained as Executive Department in Information & Broadcasting Division
		65. Directorate of Electronic Media and Publications (DEMP)	To be retained as Executive Department in Information & Broadcasting Division
		66. Implementation Tribunal for Newspaper Employees (ITNE)	To become Autonomous Body under Information & Broadcasting Division

		67. Central Board of Film Censors (CBFC)	To become Autonomous Body under Information & Broadcasting Division
		68. Information Service Academy (ISA)	To become Autonomous Body under Information & Broadcasting Division
16	Information Technology & Telecommunication	69. National Information Technology Board (NITB)	To become Autonomous Body under Information Technology & Telecommunication Division
17	Interior	70. Directorate General of Immigration and Passports	To be retained as Executive Department in Interior Division
		71. Directorate General of Civil Defence	To be retained as Executive Department in Interior Division
		72. Pakistan Rangers (Punjab), Lahore	To be retained as Executive Department in Interior Division
		73. Pakistan Coast Guards, Karachi	To be retained as Executive Department in Interior Division
		74. Frontier Corps, (North), Khyber Pakhtunkhwa, Peshawar	To be retained as Executive Department in Interior Division
		75. Frontier Corps, (South), Khyber Pakhtunkhwa, Peshawar	To be retained as Executive Department in Interior Division
		76. Frontier Corps (North), Balochistan, Quetta	To be retained as Executive Department in Interior Division
		77. Frontier Corps (South), Balochistan, Quetta	To be retained as Executive Department in Interior Division
		78. Office of the Chief Commissioner, Islamabad (ICT)	To be retained as Executive Department in Interior Division
		79. Pakistan Rangers (Sindh), Karachi	To be retained as Executive Department in Interior Division



		80. Federal Investigation Agency (FIA), Islamabad	To be retained as Executive Department in Interior Division
		81. Office of the Commandant Frontier Constabulary, Khyber Pakhtunkhwa, Peshawar	To be retained as Executive Department in Interior Division
		82. Gilgit Baltistan Scouts, Gilgit	To be retained as Executive Department in Interior Division
		83. National Police Bureau	To be retained as Executive Department in Interior Division – The Division to give feedback if it should be merged into proposed National Police Training & Research Institute
		84. National Academy for Prisons Administration, Lahore	To be retained as Executive Department in Interior Division
18	Inter Provincial Coordination	85. Department of Tourist Services	To be retained as Executive Department in Inter Provincial Coordination
		86. Inter Board Committee of Chairmen (IBCC)	To be transferred to Federal Education & Professional Training Division as Executive Department
19	Kashmir Affairs & Gilgit Baltistan	87. J&K State Property in Pakistan, Lahore	To be retained as Executive Department in Kashmir Affairs & Gilgit Baltistan Division
		88. J&K Refugees Rehabilitation Organization, Islamabad	To be retained as Executive Department in Kashmir Affairs & Gilgit Baltistan Division
20	Law & Justice	89. Banking Mohtasib Pakistan	To become Autonomous Body under Law & Justice Division
		90. Appellate Tribunal Inland Revenue	To become Autonomous Body under Law & Justice Division
		91. Customs Appellate Tribunal	To become Autonomous Body under Law & Justice Division

		92. Federal Service Tribunal	To become Autonomous Body under Law & Justice Division
21	Maritime Affairs	93. Marine Fisheries Department, Karachi	To be retained as Executive Department in Maritime Affairs Division
		94. Directorate of Dock Workers' Safety, Karachi	To be merged with Mercantile Marine Department
		95. Pakistan Marine Academy, Karachi	To become Autonomous Body under Maritime Affairs Division
		96. Mercantile Marine Department, Karachi	To be retained as Executive Department in Maritime Affairs Division
		97. Marine Biological Laboratory, Karachi	To be merged with Marine Fisheries Department
		98. Government Shipping Office, Karachi	To be retained as Executive Department in Maritime Affairs Division
		99. Directorate of Seamen's Welfare & Seamen Hostel, Karachi	To be merged with Pakistan Marine Academy
22	Narcotics Control	100. Anti Narcotics Force	To be retained as Executive Department in Narcotics Control Division
23	National Food Security & Research	101. Federal Seed Certification & Registration Departments (FSC&RD)	To be retained as Executive Department in National Food Security & Research Division
		102. Department of Plant Protection (DPP)	To be retained as Executive Department in National Food Security & Research Division
		103. Animal Quarantine Department (AQD)	To be retained as Executive Department in National Food Security & Research Division
		104. Agriculture Policy Institute (API)	To be merged into the proposed Agriculture, Food

			and Environment Policy Institute (AAFEPI)
		105. Pakistan Oilseed Development Board (PODB)	To become Autonomous Body under National Food Security & Research Division
		106. National Veterinary Laboratory (NVL)	To be retained as Executive Department in National Food Security & Research Division
		107. Fisheries Development Board (FDB)	To become Autonomous Body under National Food Security & Research Division
		108. Livestock Dairy Development Board (LDDDB)	To become Autonomous Body under National Food Security & Research Division
		109. Federal Water Management Cell (FWMC)	To be retained as Executive Department in National Food Security & Research Division
		110. National Fertilizer Development Centre (NFDC)	To become Autonomous Body under National Food Security & Research Division
24	National Health Services, Regulations & Coordination	111. Directorate of Central Health Establishment	To be retained as Executive Department in National Health Services, Regulations & Coordination Division
		112. Directorate of Malaria Control (DoMC)	To be retained as Executive Department in National Health Services, Regulations & Coordination Division
		113. Pakistan Institute of Medical Sciences (PIMS)	To be retained as Executive Department in National Health Services, Regulations & Coordination Division
		114. Federal Government Polyclinic (FGC / FGC-PGMI)	To be retained as Executive Department in National Health Services, Regulations & Coordination Division

		115. National Institute of Rehabilitative Medicine (NIRM)	To be retained as Executive Department in National Health Services, Regulations & Coordination Division
		116. Federal General Hospital (FGH)	To be retained as Executive Department in National Health Services, Regulations & Coordination Division
		117. National Health Emergency Preparedness & Response Network (NHEPRN)	To be retained as Executive Department in National Health Services, Regulations & Coordination Division
		118. Directorate of Central Warehouse of Supplies	To be merged with Population Wing of National Health Services, Regulations & Coordination Division
		119. District Population Office (DPO), Islamabad	To be merged with District Health Office, Islamabad
		120. Federal Medical and Dental College (FM&DC)	It is a constituent unit of SZABMU and does not require to be listed separately under National Health Services, Regulations & Coordination Division
25	National History & Literary Heritage	121. Department of Archaeology & Museums (DOAM), Islamabad	To be retained as Executive Department in National History & Literary Heritage Division
		122. National Language Promotion Department (NLPD), Islamabad	To be renamed as National Language Promotion Authority and become Autonomous Body
		123. Department of Libraries (DOL), Islamabad	To be transferred to ICT Local Government when formed (To remain with the Federal Ministry until then)
		124. National Library of Pakistan (NLP), Islamabad	To be retained as Executive Department in National History & Literary Heritage Division
		125. Urdu Science Board (USB), Lahore	To be merged with National Language Promotion Board (NLPD/NLP Authority)

		126. Urdu Dictionary Board (UDB), Karachi	To be merged with National Language Promotion Board (NLPD/NLP Authority)
		127. Quaid-i-Azam Academy (QAA), Karachi	To be merged with Quaid-e-Azam Mazar Management Board
		128. Aiwan-e-Quaid Building, F-9 Park, Islamabad	To be retained as Executive Department in National History & Literary Heritage Division
26	Overseas Pakistanis & Human Resource Development	129. National Industrial Relations Commission, Islamabad	To become Autonomous Body under Overseas Pakistanis & Human Resource Development Division
		130. Bureau of Emigration & Overseas Employment	To be retained as Executive Department in Overseas Pakistanis & Human Resource Development Division
		131. Directorate of Workers Education, Islamabad	To be transferred to ICT Local Government when formed (To remain with the Federal Ministry until then)
27	Petroleum	132. Geological Survey of Pakistan	To be retained as Executive Department in Petroleum Division
28	Planning, Development & Reform	133. Pakistan Planning and Management Institute (PPMI)	To become Autonomous Body under Planning, Development & Reform Division
		134. Jawaid Azfar Computer Centre (JACC)	To be considered constituent unit of Planning, Development & Reform Division and not listed separately
29	Postal Services	135. Pakistan Post Office Department (including Postmasters General Offices, General Managers Offices and Chief Controller of Stamps)	To become Autonomous Body under Postal Services Division

		136. Postal Staff College	To become Autonomous Body under Postal Services Division
30	Power	137. National Energy Efficiency & Conservation Authority (NEECA)	To become Autonomous Body under Power Division
31	Railways	138. Railways Board (including Railways Divisions/Departments, educational & health institutes and factories/workshops)	To be retained as Executive Department in Railways Division
		139. Pakistan Railways Police	To be transferred to provinces
		140. Federal Government Inspector of Railways (F.G.I.R)	To become Autonomous Body under Railways Division
		141. Pakistan Railways Academy, Walton, Lahore	To be merged into the proposed Infrastructure Policy Institute (IPI)
32	Religious Affairs & Inter Faith Harmony	142. Directorate General of Hajj and Umrah	To be retained as Executive Department in Religious Affairs & Inter Faith Harmony Division
		143. Office of Pilgrims Affairs, Jeddah, Kingdom of Saudi Arabia	To be retained as Executive Department in Religious Affairs & Inter Faith Harmony Division
33	Revenue	144. Federal Board of Revenue (FBR)	To become Autonomous Body under Revenue Division
		145. Directorate General Training Customs	To be merged into the proposed Institute of Fiscal Policy and Financial Management (IFPFM)
		146. Directorate General Training Inland Revenue Services	To be merged into the proposed Institute of Fiscal Policy and Financial Management (IFPFM)

34	Science & Technology	147. Council for Works & Housing Research (CWHR)	To be transferred to Housing & Works Division as Autonomous Body
		148. Pakistan Council of Renewable Energy Technologies, Islamabad (PCRET)	To be transferred to Power Division as Autonomous Body
35	States & Frontier Regions	149. Chief Commissionerate for Afghan Refugees, Islamabad	To be retained as Executive Department in States & Frontier Regions Division
36	Statistics	150. Pakistan Bureau of Statistics (PBS)	Already placed as Autonomous Body under Planning, Development & Reform Division
37	Textile	151. Textile Commissioner's Organization, Karachi	To be retained as Executive Department in Textile Division
38	Water Resources	152. Office of Engineering Adviser/Chairman Federal Flood Commission (CEA/CFFC)	To be retained as Executive Department in Water Resources Division
		153. Office of Pakistan Commissioner for Indus Waters (PCIW)	To be retained as Executive Department in Water Resources Division

TABLE-11 - Mapping of Existing Autonomous Bodies, Corporations, Statutory Bodies & Public Sector Companies Etc

Sr. No.	Division	Existing Autonomous Bodies, Corporations, Statutory Bodies & Public Sector Companies Etc	Proposed Configuration
01	Aviation	154. Civil Aviation Authority	To be retained as Autonomous Body under Aviation Division
		155. Pakistan International Airlines Corporation Limited	To become Autonomous Body under Aviation Division
02	Cabinet	156. Pakistan Telecommunications Authority, Islamabad	To be retained as Autonomous Body under Cabinet Division

		157. National Electric Power Regulatory Authority, Islamabad	To be retained as Autonomous Body under Cabinet Division
		158. Oil and Gas Regulatory Authority, Islamabad	To be retained as Autonomous Body under Cabinet Division
		159. Public Procurement Regulatory Authority, Islamabad	To be retained as Autonomous Body under Cabinet Division
		160. Frequency Allocation Board, Islamabad	To be retained as Autonomous Body under Cabinet Division
		161. Sheikh Sultan Trust, Karachi	To become Autonomous Body under Cabinet Division
		162. Islamabad Club, Islamabad	To become Autonomous Body under Cabinet Division
03	Climate Change	163. Global Change Impact Studies Centre, Islamabad (GCISC)	To be retained as Autonomous Body in Climate Change Division
		164. Islamabad Wildlife Management Board (IWMB)	To be retained as Autonomous Body in Climate Change Division
04	Commerce	165. Intellectual Property Organization of Pakistan, Islamabad	To be retained as Autonomous Body under Commerce Division
		166. National Tariff Commission, Islamabad	To be retained as Autonomous Body under Commerce Division
		167. Pakistan Institute of Fashion and Design, Lahore	To be retained as Autonomous Body under Commerce Division
		168. Trading Corporation of Pakistan Pvt. Ltd., Karachi	To become Autonomous Body under Commerce Division
		169. State Life Insurance Corporation of Pakistan, Karachi	Proposed for Privatization / Transfer to Sarmaya Pakistan
		170. Pakistan Tobacco Board, Peshawar	To become Autonomous Body under Commerce Division
		171. Pakistan Horticulture Development and Export Company, Lahore	To become Autonomous Body under Commerce Division
		172. Pakistan Expo Centers Pvt. Ltd. Company, Lahore	To become Autonomous Body under Commerce Division



		173. National Insurance Company Limited, Karachi	Proposed for Privatization / Transfer to Sarmaya Pakistan
		174. Pakistan Reinsurance Company Limited, Karachi	Proposed for Privatization / Transfer to Sarmaya Pakistan
05	Communications	175. National Highway Authority	To be retained as Autonomous Body in Communications Division
		176. National Transport Research Centre (NTRC)	To be merged into the proposed Infrastructure Policy Institute
		177. Construction Technology Training Institute (CTTI)	To become Autonomous Body under Communications Division
		178. Karachi Infrastructure Development Company Ltd (KIDCL)	Already transferred to Cabinet Division; to become Autonomous Body under Cabinet Division
06	Defence Production	179. Pakistan Ordnance Factories (POFs) Board, Wah Cantt	To be retained as Autonomous Body in Defence Production Division
		180. Heavy Industries Taxila (HIT) Board, Taxila	To be retained as Autonomous Body in Defence Production Division
		181. Pakistan Aeronautical Complex (PAC) Board, Kamra	To be retained as Autonomous Body in Defence Production Division
		182. Karachi Shipyard & Engineering Works (KS&EW), Karachi	To become Autonomous Body under Defence Production Division
		183. National Radio Telecommunication Corporation (NRTC)	To become Autonomous Body under Defence Production Division
07	Economic Affairs	184. National Disaster Risk Management Fund (NDRMF)	To become Autonomous Body under Economic Affairs Division
08	Establishment	185. Federal Employees Benevolent & Group Insurance Funds (FEB&GIF)	To be retained as Autonomous Body under Establishment Division
		186. National School of Public Policy (NSPP) (including NIMs & Pakistan	To be retained as Autonomous Body under Establishment Division

		Administrative Staff College)	
		187. Pakistan Academy for Rural Development (PARA)	To be merged into NSPP
09	Federal Education & Professional Training	188. National Vocational & Technical Training Commission (NAVTTTC)	To be retained as Autonomous Body in Federal Education & Professional Training Division
		189. National Commission for Human Development (NCHD)	To become Grant-in-aid body, operated by non-governmental or private organizations but receive grants from the Government
		190. Higher Education Commission (HEC)	To be retained as Autonomous Body in Federal Education & Professional Training Division
		191. National Education Foundation (NEF)	To be retained as Autonomous Body in Federal Education & Professional Training Division
		192. Federal Board of Intermediate & Secondary Education (FBISE)	To be retained as Autonomous Body in Federal Education & Professional Training Division
		193. Basic Education Community Schools (BECS)	To be transferred to provinces
		194. National College of Arts	To be retained as Autonomous Body in Federal Education & Professional Training Division
		195. National Skill University	To be retained as Autonomous Body in Federal Education & Professional Training Division
		196. Pakistan Boys Scouts Association	To become Grant-in-aid body, operated by non-governmental or private organizations but receive grants from the Government
		197. Pakistan Girls Guides Association	To become Grant-in-aid body, operated by non-governmental or private organizations but receive grants from the Government

		198. Private Educational Institutions Regulatory Authority (PEIRA)	Proposed to be transferred to Cabinet Division
10	Finance	199. Zarai Taraqiati Bank Limited (ZTBL)	To be retained as Autonomous Body in Finance Division
		200. First Women Bank Limited (FWBL)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		201. House Building Finance Company Ltd. (HBFC)	To be retained as Autonomous Body in Finance Division
		202. SME Bank Ltd.	Proposed for Privatization / Transfer to Sarmaya Pakistan
		203. National Security Printing Company (NSPC)	To be retained as Autonomous Body in Finance Division
		204. State Bank of Pakistan (SBP)	To be retained as Autonomous Body in Finance Division
		205. National Bank of Pakistan (NBP)	To be retained as Autonomous Body in Finance Division
		206. Financial Monitoring Unit (FMU)	To be retained as Autonomous Body in Finance Division
		207. Competition Commission of Pakistan (CCP)	To be retained as Autonomous Body in Finance Division
		208. Securities and Exchange Commission of Pakistan (SECP)	To be retained as Autonomous Body in Finance Division
		209. Public Private Partnership Authority (PPPA)	To be retained as Autonomous Body in Finance Division
		210. National Investment Trust Limited (NITL)	To become Autonomous Body under Finance Division
		211. Pak Kuwait Investment Company	To become Autonomous Body under Finance Division
		212. Pak Libya Holding Company	To become Autonomous Body under Finance Division
213. Pak Oman Investment Company	To become Autonomous Body under Finance Division		
214. Pak Iran Joint Investment Company	To become Autonomous Body under Finance Division		

		215. Pak Brunei Investment Company Ltd.	To become Autonomous Body under Finance Division
		216. Saudi Pak Industrial & Agricultural Investment Company	To become Autonomous Body under Finance Division
		217. Pak China Investment Company	To become Autonomous Body under Finance Division
		218. Industrial Development Bank Limited	Proposed for Winding Up / Liquidation
		219. Benazir Income Support Program (BISP)	To become Autonomous Body under upcoming Poverty Alleviation & Social Protection Division
		220. Audit and Accounts Academy	To be merged into the proposed Institute of Fiscal Policy and Financial Management (IFPFM)
11	Foreign Affairs	221. Foreign Service Academy, Islamabad	To be retained as Autonomous Body in Foreign Affairs Division
		222. Institute of Strategic Studies, Islamabad	To be retained as Autonomous Body in Foreign Affairs Division
12	Housing & Works	223. Federal Government Employees Housing Foundation, Islamabad	To be retained as Autonomous Body in Housing & Works Division
		224. Pakistan Housing Authority Foundation	To be retained as Autonomous Body under Housing & Works Division
		225. National Construction Company Ltd., Islamabad	Already under liquidation; currently placed under Planning, Development & Reform Division
13	Human Rights	226. National Commission for Human Rights (NCHR)	To become Autonomous Body under Human Rights Division
		227. National Commission on the Status of Women (NCSW)	To become Autonomous Body under Human Rights Division
14	Industries & Production	228. National Fertilizer Corporation of Pakistan	Proposed for Privatization / Transfer to Sarmaya Pakistan

	229. National Fertilizer Marketing Limited	To be merged with Trading Corporation of Pakistan, Commerce Division
	230. NFC Institute of Engineering and Technology, Multan	To be handed over to Ministry of Federal Education & Professional Training
	231. NFC Institute of Engineering and Fertilizer Research, Faisalabad	To be handed over to Ministry of Federal Education & Professional Training
	232. Pakistan Industrial Development Corporation (PIDC)	To become Autonomous Body under Industries & Production Division
	233. Pakistan Gems & Jewellery Development Company	To become Autonomous Body under Industries & Production Division
	234. National Industrial Parks Development and Management company	To be merged into Pakistan Industrial Development Corporation (PIDC)
	235. Technology Up-Gradation & Skill Development Company (TUSDEC)	To be merged into Pakistan Industrial Development Corporation (PIDC)
	236. Pakistan Stone Development Company	To become Autonomous Body under Industries & Production Division
	237. Gujranwala Business Centre, Gujranwala	To be merged into TUSDEC
	238. Aik Hunar Aik Nagar	To be merged into SMEDA
	239. Pakistan Hunting & Sports Arms Development Company, Peshawar	To be merged into SMEDA
	240. Karachi Tools, Dies & Moulds Centre, Karachi	To be merged into TUSDEC
	241. Furniture Pakistan	To be merged into TUSDEC
	242. Sindh Engineering Limited (SEL)	Proposed for Privatization / Transfer to Sarmaya Pakistan

		243. Republic Motors Limited (RML)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		244. Pakistan Automobile Corporation (PACO)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		245. State Engineering Corporation (SEC)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		246. PECO (Pakistan Engineering Company)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		247. Heavy Electrical Complex (HEC)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		248. Pakistan Machine Tool Factory, Karachi	To be transferred to Special Projects Division (SPD), with the condition to continue it for civilian use too
		249. ENAR Petrotech Services Pvt Limited	To be handed over to OGDCL, Petroleum Division
		250. Pakistan Steel Mills Corporation 251. Pakistan Steel Fabricating Company	To become Autonomous Body under Industries & Production Division
		252. Industrial Facilitation Centre (IFC), Islamabad	To be merged into Pakistan Industrial Development Corporation (PIDC)
		253. Agro Food Processing (AFP) Facilities, Multan	To become Autonomous Body under Industries & Production Division
		254. Pakistan Industrial & Technical Assistance Centre, Lahore	To become Autonomous Body under Industries & Production Division

		255. Pakistan Institute of Management	To become Autonomous Body under Industries & Production Division
		256. Small and Medium Enterprises Development Authority (SMEDA)	To become Autonomous Body under Industries & Production Division
		257. Utility Stores Corporation (USC)	To become Autonomous Body under Industries & Production Division
		258. National Productivity Organization	To be merged into the proposed Industry and Trade Policy Institute (ITPI)
		259. Engineering Development Board	To become Autonomous Body under Industries & Production Division
		260. Export processing zone Authority (EPZA)	To be merged into Pakistan Industrial Development Corporation (PIDC)
		261. Khadi Craft Development Company	Proposed for Privatization / Transfer to Sarmaya Pakistan
		262. Leather Crafts Development Company, Multan	To become Autonomous Body under Industries & Production Division
		263. Spun Yarn Research and Development Company, Multan	Proposed for Privatization / Transfer to Sarmaya Pakistan
		264. Southern Punjab Embroidery Industries Multan	Proposed for Privatization / Transfer to Sarmaya Pakistan

		265. Pakistan Chemical and Energy Sector Skill Development	To become Autonomous Body under Industries & Production Division
15	Information & Broadcasting	266. Press Council of Pakistan (PCP)	To be retained as Autonomous Body in Information & Broadcasting Division
		267. National Institute of Folk & Traditional Heritage (Lok Virsa)	To be retained as Autonomous Body in Information & Broadcasting Division
		268. Institute of Regional Studies (IRS)	To be retained as Autonomous Body in Information & Broadcasting Division
		269. National Press Trust (NPT)	To be retained as Autonomous Body in Information & Broadcasting Division
		270. Pakistan Electronic Media Regulatory Authority (PEMRA)	Proposed to be transferred Cabinet Division
		271. Shalimar Recording and Broadcasting Company (SRBC)	To be retained as Autonomous Body in Information & Broadcasting Division
		272. Associated Press of Pakistan Corporation (APPC)	To become Autonomous Body under Information & Broadcasting Division
		273. Pakistan Broadcasting Corporation (PBC)	To become Autonomous Body under Information & Broadcasting Division
		274. Pakistan Television Corporation Limited (PTV)	To become Autonomous Body under Information & Broadcasting Division
		275. Pakistan National Council of Arts (PNCA)	To become Autonomous Body under Information & Broadcasting Division
16	Information Technology & Telecommunication	276. National Telecommunication Corporation (NTC)	To become Autonomous Body under Information Technology & Telecommunication Division



		277. IGNITE National Technology Fund Company	To become Autonomous Body under Information Technology & Telecommunication Division
		278. Universal Service Fund Company	To become Autonomous Body under Information Technology & Telecommunication Division
		279. Pakistan Software Export Board (PSEB)	To become Autonomous Body under Information Technology & Telecommunication Division
		280. Telephone Industries of Pakistan (TIP)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		281. Pakistan Telecom Employees Trust (PTET)	To become Autonomous Body under Information Technology & Telecommunication Division
		282. Telecom Foundation (TF)	To become Autonomous Body under Information Technology & Telecommunication Division
		283. Electronic Certification & Accreditation Council (ECAC)	To become Autonomous Body under Information Technology & Telecommunication Division
		284. Virtual University of Pakistan	To become Autonomous Body under Information Technology & Telecommunication Division
17	Interior	285. National Database & Registration Authority (NADRA)	To become Autonomous Body under Interior Division
		286. National Police Academy, Islamabad	To be merged into the proposed National Police Training & Research Institute
		287. Capital Development Authority (CDA)	To become Autonomous Body under Interior Division
		288. Metropolitan Corporation Islamabad	To become Autonomous Body under Interior Division

		289. National Counter Terrorism Authority (NACTA)	Under PM's Office as per NACTA Act, 2013. The Islamabad High Court has declared the Notification placing NACTA under M/o Interior as null and void.
		290. National Public Safety Commission	To become Autonomous Body under Interior Division
18	Inter Provincial Coordination	291. Pakistan Sports Board	To be retained as Autonomous Body in Inter Provincial Coordination Division
		292. Pakistan Veterinary Medical Council	To be retained as Autonomous Body in Inter Provincial Coordination Division
		293. Pakistan Cricket Board	To become Autonomous Body under Inter Provincial Coordination Division
		294. Federal Land Commission	To become Autonomous Body under Inter Provincial Coordination Division
		295. National Internship Programme	To become Executive Department in Inter Provincial Coordination Division
		296. National Academy of Performing Arts	To become Grant-in-aid body, operated by non-governmental or private organizations but receive grants from the Government
19	Kashmir Affairs & Gilgit Baltistan	297. Northern Areas Transport Corporation (NATCO), Gilgit	To be transferred to Gilgit Baltistan
		298. Directorate of Health Services (AK)	To be retained as Executive Department in Kashmir Affairs & Gilgit Baltistan Division
		299. Directorate of Health Services (GB)	To be transferred to Gilgit Baltistan
		300. TB Wing, Attock	Proposed for Winding Up / Liquidation
		301. Gilgit Baltistan Council	To become Autonomous Body under Kashmir Affairs & Gilgit Baltistan Division

		302. Azad Jammu and Kashmir Council	To become Autonomous Body under Kashmir Affairs & Gilgit Baltistan Division
20	Law & Justice	303. Council of Islamic Ideology	To become Autonomous Body under Law & Justice Division
		304. Federal Judicial Academy	To become Autonomous Body under Law & Justice Division
		305. Law and Justice Commission of Pakistan	To become Autonomous Body under Law & Justice Division
		306. Federal Shariat Court	To become Autonomous Body under Law & Justice Division
		307. National Accountability Bureau (NAB)	To become Autonomous Body under Law & Justice Division
		308. Wafaqi Mohtasib (Ombudsman) Secretariat	To become Autonomous Body under Law & Justice Division
		309. Federal Tax Ombudsman Secretariat	To become Autonomous Body under Law & Justice Division
		310. Federal Insurance Ombudsman Secretariat	To become Autonomous Body under Law & Justice Division
		311. Federal Ombudsman for Protection against Harassment of Women at the Workplace	To become Autonomous Body under Law & Justice Division
		312. Banking Courts	To become Autonomous Body under Law & Justice Division
		313. Special Courts (Offences in Banks)	To become Autonomous Body under Law & Justice Division
		314. Drug Courts	To become Autonomous Body under Law & Justice Division
		315. Special Courts (AntiTerrorism) (ICT)	To become Autonomous Body under Law & Justice Division

		316. Commercial Courts	To become Autonomous Body under Law & Justice Division
		317. Foreign Exchange Regulation Appellate Board	To become Autonomous Body under Law & Justice Division
		318. Accountability Courts	To become Autonomous Body under Law & Justice Division
		319. Special Courts (Central)	To become Autonomous Body under Law & Justice Division
		320. Special Courts (Control of Narcotic Substances)	To become Autonomous Body under Law & Justice Division
		321. Competition Appellate Tribunal, Islamabad	To become Autonomous Body under Law & Justice Division
		322. Anti-Dumping Appellate Tribunal	To become Autonomous Body under Law & Justice Division
		323. Environmental Protection Tribunal	To become Autonomous Body under Law & Justice Division
		324. Intellectual Property Tribunal	To become Autonomous Body under Law & Justice Division
		325. Insurance Appellate Tribunal	To become Autonomous Body under Law & Justice Division
		326. Special Judge, (Customs, Taxation & Anti-Smuggling)	To become Autonomous Body under Law & Justice Division
21	Maritime Affairs	327. Port Qasim Authority, Karachi	To become Autonomous Body under Maritime Affairs Division
		328. Karachi Port Trust, Karachi	To become Autonomous Body under Maritime Affairs Division
		329. Gwadar Port Authority, Gwadar	To become Autonomous Body under Maritime Affairs Division

		330. Korangi Fisheries Harbour Authority, Karachi	To become Autonomous Body under Maritime Affairs Division
		331. Pakistan National Shipping Corporation, Karachi	To be retained as Autonomous Body in Maritime Affairs Division
22	National Food Security & Research	332. Pakistan Agriculture Research Council (PARC)	To be retained as Autonomous Body in National Food Security & Research Division
		333. Pakistan Agriculture Service & Storage Corporation (PASSCO)	To become Autonomous Body under National Food Security & Research Division
		334. Pakistan Central Cotton Committee (PCCC)	To become Autonomous Body under National Food Security & Research Division
		335. Plant Breeders' Rights Registry	To become Executive Department in National Food Security & Research Division
23	National Health Services, Regulations & Coordination	336. Health Services Academy (HSA)	To be retained as Autonomous Body in National Health Services, Regulations & Coordination Division
		337. Pakistan Health Research Council (PHRC)	To be retained as Autonomous Body in National Health Services, Regulations & Coordination Division
		338. National Institute of Health (NIH)	To be retained as Autonomous Body in National Health Services, Regulations & Coordination Division
		339. Drug Regulatory Authority of Pakistan (DRAP)	To be retained as Autonomous Body in National Health Services, Regulations & Coordination Division
		340. Pakistan Medical and Dental Council (PM&DC)	To be retained as Autonomous Body in National Health Services, Regulations & Coordination Division
		341. National Council for Homeopathy (NCH)	To be retained as Autonomous Body in National Health Services, Regulations & Coordination Division

		342. Pakistan Nursing Council (PNC)	To be retained as Autonomous Body in National Health Services, Regulations & Coordination Division
		343. National Council for Tibb (NCT)	To be retained as Autonomous Body in National Health Services, Regulations & Coordination Division
		344. Pharmacy Council of Pakistan (PCP)	To be retained as Autonomous Body in National Health Services, Regulations & Coordination Division
		345. College of Physician and Surgeon Pakistan	To be retained as Autonomous Body in National Health Services, Regulations & Coordination Division
		346. Islamabad Blood Transfusion Authority (IBTA)	To be merged with Federal Health Regulatory Authority (FHRA)
		347. Human Organ Transplant Authority (HOTA)	To be retained as Autonomous Body in National Health Services, Regulations & Coordination Division
		348. National Trust for Population Welfare (NATPOW)	To be retained as Autonomous Body in National Health Services, Regulations & Coordination Division
		349. Shaheed Zulfiqar Ali Bhutto Medical University (SZABMU)	To be retained as Autonomous Body in National Health Services, Regulations & Coordination Division
		350. National Institute of Population Studies (NIPS)	To be merged with Pakistan Health Research Council (PHRC)
		351. National Research Institute of Fertility Control (NRIFC)	To be merged with Pakistan Health Research Council (PHRC)
		352. National Health Information Resource Centre (NHIRC)	To be merged with Health Planning, System Strengthening & Information Analysis Unit (HPSIU)
		353. Pakistan Red Crescent Society	To become Grant-in-aid body, operated by non-governmental or private

			organizations but receive grants from the Government
24	National History & Literary Heritage	354. Pakistan Academy of Letters (PAL), Islamabad	To be retained as Autonomous Body in National History & Literary Heritage Division
		355. National Book Foundation (NBF), Islamabad	To be retained as Autonomous Body in National History & Literary Heritage Division
		356. Iqbal Academy Pakistan (IAP), Lahore	To be retained as Autonomous Body in National History & Literary Heritage Division
		357. Quaid-i-Azam Mazar Management Board (QMMB), Karachi	To be retained as Autonomous Body in National History & Literary Heritage Division
		358. Aiwan-e-Iqbal Complex (AIC), Lahore	To be merged with Iqbal Academy, Lahore
25	Overseas Pakistanis & Human Resource Development	359. Overseas Pakistanis Foundation, (including employees of Educational Institutions under OPF), Islamabad	To be retained as Autonomous Body under Overseas Pakistanis & Human Resource Development Division
		360. Employees Old Age Benefits, Institutions, Karachi	To be retained as Autonomous Body under Overseas Pakistanis & Human Resource Development Division
		361. Workers Welfare Fund, Islamabad	To be retained as Autonomous Body under Overseas Pakistanis & Human Resource Development Division
		362. Overseas Employment Corporation, Islamabad	To become Autonomous Body under Overseas Pakistanis & Human Resource Development Division
26	Petroleum	363. Government Holdings (Pvt.) Limited (GHL)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		364. Hydrocarbon Development Institute of Pakistan (HDIP)	To be merged into the proposed Energy Policy Institute (EPI)
		365. Inter State Gas Systems (Pvt.) Ltd. (ISGSL)	To become Autonomous Body under Petroleum Division

		366. Lakhra Coal Development Company Ltd., Karachi	Proposed for Privatization / Transfer to Sarmaya Pakistan
		367. Oil & Gas Development Company Ltd., Islamabad	Proposed for Privatization / Transfer to Sarmaya Pakistan
		368. Pakistan Mineral Development Corporation (PMDC)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		369. Pakistan Petroleum Limited (PPL)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		370. Pakistan State Oil Company Limited (PSOCL)	To become Autonomous Body under Petroleum Division
		371. Saindak Metals Limited (SML)	To be transferred to province, subject to conditions
		372. Sui Northern Gas Pipelines Limited (SNGPL)	To become Autonomous Body under Petroleum Division
		373. Sui Southern Gas Company Limited (SSGCL)	To become Autonomous Body under Petroleum Division
		374. Pakistan LNG Limited (PLL)	To be merged with Pakistan LNG Terminal Ltd (PLTL) and become Autonomous Body
		375. Pakistan LNG Terminals Limited (PLTL)	To be merged with Pakistan LNG Ltd (PLL) and become Autonomous Body
		376. Pak-Arab Refinery Limited (PARCO)	To become Autonomous Body under Petroleum Division
27	Planning, Development & Reform	377. National Logistics Cell (NLC)	To be retained as Autonomous Body under Planning, Development & Reform Division
		378. Pakistan Environmental Planning & Architectural Consultant (PEPAC)	To become Autonomous Body under Planning, Development & Reform Division – status to be reviewed by the Division
		379. Pakistan Institute of Development Economics (PIDE)	To become Autonomous Body under Planning, Development & Reform Division



		380. National Endowment Scholarships for Talent (NEST)	To become Executive Department in Planning, Development & Reform Division
28	Power	381. Alternative Energy Development Board (AEDB)	To be retained as Autonomous Body under Power Division
		382. National Engineering Services Pakistan Pvt. Ltd. (NESPAK)	To become Autonomous Body under Power Division
		383. Pakistan Electric Power Company Pvt. Ltd. (PEPCO)	To become Autonomous Body under Power Division
		384. Pakistan Information Technology Company (PITC)	To become Autonomous Body under Power Division
		385. Power Holding (Private) Limited (PHPL)	Proposed for privatization / Transfer to Sarmaya Pakistan
		386. National Power Parks Management Company (Private) Limited (NPPMCL)	Proposed for privatization / Transfer to Sarmaya Pakistan
		387. Central Power Purchasing Agency Guarantee Limited (CPPAG)	To become Autonomous Body under Power Division
		388. Private Power & Infrastructure Board (PPIB)	To become Autonomous Body under Power Division
		389. National Transmission & Dispatch Company (NTDC)	To be retained as Autonomous Body under Power Division
		390. Jamshoro Power Generation Company (GENCO-I)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		391. Central Power Generation Company (GENCO-II)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		392. Northern Power Generation Company (GENCO-III)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		393. Lakhra Power Generation Company (GENCO-IV)	Proposed for Privatization / Transfer to Sarmaya Pakistan

		394. Islamabad Electric Supply Company (IESCO)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		395. Lahore Electric Supply Company (LESCO)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		396. Gujranwala Electric Power Company (GEPCO)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		397. Faisalabad Electric Supply Company (FESCO)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		398. Hyderabad Electric Supply Company (HESCO)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		399. Multan Electric Power Company (MEPCO)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		400. Quetta Electric Supply Company (QESCO)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		401. Peshawar Electric Supply Company (PESCO)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		402. Sukkur Electric Power Company (SEPCO)	Proposed for Privatization / Transfer to Sarmaya Pakistan
		403. Tribal Areas Electric Supply Company (TESCO)	Proposed for Privatization / Transfer to Sarmaya Pakistan
29	Privatization	404. Privatization Commission	To be retained as Autonomous Body in Privatization Division
30	Railways	405. Pakistan Railway Advisory & Consultancy Services Limited (PRACS)	To become Autonomous Body under Railways Division – Proposed to be evolved into Pakistan Railways Passenger Transportation Company (PRPTC)
		406. Railway Constructions Pakistan Limited (RAILCOP)	To become Autonomous Body under Railways Division
		407. Railway Estate Development and Marketing Company Limited (REDAMCO)	Proposed for Winding Up / Liquidation
		408. Pakistan Railways Freight Transportation Company Limited (PRFTC)	To become Autonomous Body under Railways Division

		409. Kashmir Railway Limited (KR)	Proposed for Winding Up / Liquidation
31	Religious Affairs & Inter Faith Harmony	410. Evacuee Trust Property Board	To be retained as Autonomous Body under Religious Affairs & Inter Faith Harmony Division
		411. Pakistan Madrassah Education Board	To become Autonomous Body under Religious Affairs & Inter Faith Harmony Division
32	Science & Technology	412. COMSATS University, Islamabad (CUI)	To be retained as Autonomous Body in Science & Technology Division
		413. National Institute of Electronics, Islamabad (NIE)	To be retained as Autonomous Body in Science & Technology Division
		414. National Institute of Oceanography, Karachi (NIO)	To be retained as Autonomous Body in Science & Technology Division
		415. National University of Sciences & Technology, Islamabad (NUST)	To be retained as Autonomous Body in Science & Technology Division
		416. Pakistan Council of Scientific & Industrial Research, Islamabad (PCSIR)	To be retained as Autonomous Body in Science & Technology Division
		417. Pakistan Council of Research in Water Resources, Islamabad (PCRWR)	To be transferred to Water Resources Division as Autonomous Body
		418. Pakistan Council for Science & Technology, Islamabad (PCST)	To be retained as Autonomous Body in Science & Technology Division
		419. Pakistan Engineering Council, Islamabad (PEC)	To be retained as Autonomous Body in Science & Technology Division
		420. Pakistan Museum of Natural History, Islamabad (PMNH)	To be retained as Autonomous Body in Science & Technology Division
		421. Pakistan National Accreditation Council, Islamabad (PNAC)	To be retained as Autonomous Body in Science & Technology Division

		422. Pakistan Science Foundation, Islamabad (PSF)	To be retained as Autonomous Body in Science & Technology Division
		423. Pakistan Scientific and Technological Information Centre, Islamabad (PASTIC)	Is a constituent unit of Pakistan Science Foundation (PSF) and does not require to be listed separately as Autonomous Body
		424. Pakistan Standard & Quality Control Authority, Karachi (PSQCA)	To be retained as Autonomous Body in Science & Technology Division
		425. Pakistan Halal Authority, Islamabad (PHA)	To be retained as Autonomous Body in Science & Technology Division
		426. National University of Technology, Islamabad (NUTECH)	To be retained as Autonomous Body in Science & Technology Division
		427. STEDEC Technology Commercialization Corporation of Pakistan Pvt. Ltd., Lahore (STEDEC)	To be retained as Autonomous Body in Science & Technology Division – possibility of winding up to be reviewed by the Division
33	Textile	428. National Textile University, Faisalabad	To be retained as Autonomous Body in Textile Division
		429. Pakistan Cotton Standards Institute, Karachi	To be retained as Autonomous Body in Textile Division
		430. Karachi Garment City Company, Karachi	To become Autonomous Body under Textile Division – Minister to be consulted
		431. Lahore Garment City Company, Lahore	To become Autonomous Body under Textile Division – Minister to be consulted
		432. Faisalabad Garment City Company, Faisalabad	To become Autonomous Body under Textile Division – Minister to be consulted
		433. Pakistan Textile City Limited, Karachi	To become Autonomous Body under Textile Division – Minister to be consulted

		434. Federal Textile Board	Federal Textile Board is not a separate entity and hence does not require to be listed separately under Textile Division
34	Water Resources	435. Water and Power Development Authority (WAPDA)	To be retained as Autonomous Body in Water Resources Division
		436. Indus River System Authority	To be retained as Autonomous Body in Water Resources Division
35	Prime Minister's Office	437. National Disaster Management Authority (NDMA)	To be merged with ERRA and become Autonomous Body
		438. Board of Investment (BOI)	To become Autonomous Body
36	Others	439. Earthquake Reconstruction & Rehabilitation Authority (ERRA)	To be merged into NDMA
		440. Jinnah Convention Centre, Islamabad	Proposed to be privatized / Transfer to Sarmaya Pakistan
		441. Services International Hotel, Lahore	Proposed to be privatized / Transfer to Sarmaya Pakistan

## CHAPTER 4 PRESENT STATUS OF THE REORGANIZATION OF THE FEDERAL GOVERNMENT

1. The Cabinet Committee on Implementation of the Reorganization of the Federal Government was directed to complete the task within six months and present monthly implementation progress to the Cabinet. From July, 2019 to July, 2020, the Committee held 37 meetings and had in-depth and detailed discussion on all the proposals contained in July 2019 report. The controlling Ministries were invited in the meetings and their observations were examined. Accordingly, fresh and revised proposals where required were submitted to the Cabinet for approvals and issuing notifications, thereof. Later in August, 2020, the Cabinet Committee on Institutional Reforms (CCIR) was notified, and which has held 23 meetings till July, 2021. The CCIR was mandated to review progress made in implementation of institutional reforms and also come up with fresh proposals for reforms.

2. After holding extensive deliberations in the Implementation Committee of the Cabinet and Cabinet Committee on Institutional Reforms, the entire Federal Government has been categorized into following categories:

**Executive Department:** 92 OE's have been categorized as Executive Departments. These departments will have direct relationship with the controlling Ministry/ Division. Table 1 presents the updated list of all the Executive Departments.

**Constitutional Body:** 10 CB's have been identified in the report. Table 2 shows the entities included in this list.

**Autonomous Body:** 206 entities have been categorized as Autonomous Bodies. IRC in collaboration with Ministry of Law and Justice Division and Cabinet Division has prepared definitions, functions and powers of the AB's, which will be notified by Cabinet Division, through an SRO. Table 3 lists the notified Autonomous Bodies. There is a deviation from table 8 of the main report, which showed 237 such entities, so 31 entities have been reclassified.

3. The fate of Federal Board of Revenue, Pakistan Post Office and few entities of the Ministry of Science and Technology is yet to be decided. Moreover, Organizational Entities have also been recommended for Privatizations, Liquidation, and Transfer etc, which are listed below in Table 4.

4. The final number of the OE's has also changed as during various meetings, the controlling Ministries came up with suggestions, which were different to the ones, earlier proposed. As general principle, the controlling Ministry/ Division was heard and due weightage was accorded to their stance during the exercise.

<b>Table 1: Executive Departments</b>		
	<b>Name of Executive Department</b>	<b>Name of Division to which attached</b>
<b>1)</b>	<b>(2)</b>	<b>(3)</b>
1.	Airports Security Force	<b>Aviation</b>
2.	Pakistan Meteorological Department	

3.	Department of Communications Security	<b>Cabinet</b>
4.	National Archives of Pakistan, Islamabad	
5.	Printing Corporation of Pakistan, Islamabad	
6.	Pakistan Environmental Protection Agency (Pak-EPA)	<b>Climate Change</b>
7.	Zoological Survey of Pakistan (ZSP)	
8.	Directorate General of Trade Organization, Islamabad	<b>Commerce</b>
9.	Liaison Office Afghan Transit Trade, Chaman	
10.	Textile Commissioner's Organization, Karachi	
11.	Trade Dispute Resolution Organization	
12.	Construction Technology Training Institute (CTTI)	<b>Communications</b>
13.	National Highways and Pakistan Motorways Police	
14.	Directorate of Military Land and Cantonments	<b>Defence</b>
15.	Federal Government Educational Institutions (Cantonments/Garrisons) Directorate	
16.	Pakistan Armed Services Board	
17.	Pakistan Military Accounts Department	
18.	Pakistan Maritime Security Agency	
19.	Survey of Pakistan	
20.	Defence Export Promotion Organization (DEPO)	<b>Defence Production</b>
21.	Directorate General Defence Purchase (DGDP)	
22.	Directorate General Munitions Production	
23.	Directorate General Research and Development Establishment (DGRDE)	
24.	Akhtar Hameed Khan National Centre for Rural Development (AKHNCRD)	<b>Establishment</b>
25.	Staff Welfare Organization (SWO)	
26.	Inter Board Committee of Chairmen (IBCC)	<b>Federal Education and Professional Training</b>
27.	National Endowment Scholarship for Talents (NEST)	

28.	National Internship Program	
29.	Pakistan National Commission for UNESCO	
30.	Federal Treasury Offices (FTOs) Islamabad and Karachi	<b>Finance</b>
31.	Office of the Controller General of Accounts	
32.	Pakistan Mint, Lahore	
33.	Afghan Trade Development Cell	
34.	All Pakistan Missions Abroad	<b>Foreign Affairs</b>
35.	Estate Office Management	<b>Housing and Works</b>
36.	Pakistan Public Works Department	
37.	Family Protection & Rehabilitation Centre for Women	<b>Human Rights</b>
38.	Implementation of National Plan of Action (INPAC)	
39.	National Child Protection Centre (NCPC)	
40.	National Commission for Child Welfare & Development (NCCWD)	
41.	National Council for Rehabilitation of Disabled Persons (NCRDP)	
42.	Directorate of Electronic Media and Publications (DEMP)	<b>Information and Broadcasting</b>
43.	Press Information Department (PID)	
44.	Directorate General of Immigration and Passports	<b>Interior</b>
45.	Directorate General of Civil Defence	
46.	Federal Investigation Agency (FIA), Islamabad	
47.	Frontier Corps (North), Khyber Pakhtunkhwa, Peshawar	
48.	Frontier Corps (South), Khyber Pakhtunkhwa, Peshawar	
49.	Frontier Corps (North), Balochistan, Quetta	
50.	Frontier Corps (South), Balochistan, Quetta	
51.	Gilgit-Baltistan Scouts, Gilgit	
52.	National Academy for Prisons Administration, Lahore	
53.	Office of the Chief Commissioner, Islamabad	



54.	Office of the Commandant Frontier Constabulary, Khyber Pakhtunkhwa, Peshawar	
55.	Pakistan Coast Guards, Karachi	
56.	Pakistan Rangers (Punjab), Lahore	
57.	Pakistan Rangers (Sindh), Karachi	
58.	Department of Tourist Services	<b>Inter Provincial Coordination</b>
59.	Directorate of Health Services (AK)	
60.	Jammu & Kashmir Refugees Rehabilitation Organization, Islamabad	<b>Kashmir Affairs &amp; Gilgit-Baltistan</b>
61.	Jammu & Kashmir State Property in Pakistan, Lahore	
62.	National Accountability Bureau	<b>Law and Justice</b>
63.	Office of Attorney General for Pakistan	
64.	Government Shipping Office, Karachi	
65.	Mercantile Marine Department, Karachi	<b>Maritime Affairs</b>
66.	Marine Fisheries Department, Karachi	
67.	Anti-Narcotics Force (ANF)	<b>Narcotics Control</b>
68.	Animal Quarantine Department (AQD)	
69.	Department of Plant Protection (DPP)	
70.	Federal Seed Certification and Registration Departments (FSC&RD)	<b>National Food Security and Research</b>
71.	Federal Water Management Cell (FWMC)	
72.	National Veterinary Laboratory (NVL)	
73.	Plant Breeders' Rights Registry	
74.	Directorate of Central Health Establishment	
75.	Directorate of Malaria Control (DOMC)	<b>National Health Services, Regulations and Coordination</b>
76.	Federal Government Polyclinic (FGC / FGC-PGMI)	
77.	Federal General Hospital (FGH)	
78.	National Health Emergency Preparedness & Response	

	Network (NHEPRN)	
79.	National Institute of Rehabilitative Medicine (NIRM)	
80.	Pakistan Institute of Medical Sciences (PIMS)	
81.	Department of Archaeology and Museums, Islamabad	<b>National Heritage &amp; Culture</b>
82.	National Library of Pakistan, Islamabad	
83.	Bureau of Emigration and Overseas Employment	<b>Overseas Pakistanis and Human Resource Development</b>
84.	Directorate of Workers' Education, Islamabad	
85.	Department of Explosive	<b>Petroleum</b>
86.	Geological Survey of Pakistan	
87.	Federal Government Inspector of Railways (FGIR)	<b>Railways</b>
88.	Railways Board (including Railways Divisions / Departments, education and health institutes and factories / workshops)	
89.	Office of Pilgrims Jeddah, Kingdom of Saudi Arabia	<b>Religious Affairs and Inter-faith Harmony</b>
90.	Chief Commission rate for Afghan Refugees, Islamabad	<b>States and Frontier Regions</b>
91.	Office of Engineering Advisor / Chairman Federal Flood Commission (CEA/CFFC)	<b>Water Resources</b>
92.	Office of Pakistan Commissioner for Indus Waters (PCIW)	

**Table 2: Constitutional Bodies**

<b>S. No.</b>	<b>Name of Constitutional Department</b>	<b>Name of Division to which attached</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1.	Federal Public Service Commission (FPSC)	<b>Establishment</b>
2.	Office of the Auditor General of Pakistan (AGP)	<b>Finance</b>
3.	Council of common Interest (CCI)	<b>Inter Provincial Coordination</b>

4.	Council of Islamic Ideology	<b>Law &amp; Justice</b>
5.	Federal Shariat Court	
6.	High Courts	
7.	Supreme Court of Pakistan	
8.	Election Commission of Pakistan	<b>Parliamentary Affairs</b>
9.	National Assembly Secretariat	
10.	Senate Secretariat	

<b>Table 3: of Autonomous Bodies</b>			
<b>S. No.</b>	<b>Name of Autonomous Bodies</b>	<b>Name of Division to which attached</b>	
<b>1)</b>	<b>(2)</b>	<b>(3)</b>	
1.	Civil Aviation Authority (CAA)	<b>Aviation</b>	
2.	Pakistan International Airlines Corporation Limited (PIA)		
3.	Frequency Allocation Board (FAB)	<b>Cabinet</b>	
4.	Islamabad Club, Islamabad		
5.	National Electric Power Regulatory Authority (NEPRA)		
6.	National Tourism Coordination Board (NTCB)		
7.	Oil and Gas Regulatory Authority (OGRA)		
8.	Pakistan Telecommunication Authority (PTA)		
9.	Pakistan Tourism Development Corporation		
10.	Public Procurement Regulatory Authority (PPRA)		
11.	Climate Change Authority		<b>Climate Change</b>
12.	Global Change Impact Studies Centre, Islamabad (GCISC)		
13.	Islamabad Wildlife Management Board (IWMB)		
14.	Faisalabad Garments City Company (FGCC), Faisalabad	<b>Commerce</b>	

15.	Intellectual Property Organization of Pakistan (IPO-Pakistan), Islamabad		
16.	Karachi Garments City Company (KGCC), Karachi		
17.	Lahore Garments City Company (LGCC), Lahore		
18.	National Tariff Commission (NTC), Islamabad		
19.	Pakistan Cotton Standards Institute, Karachi		
20.	Pakistan Expo Centres Private Limited Company, Lahore		
21.	Pakistan Horticulture Development and Export Company, Lahore		
22.	Pakistan Institute of Trade and Development, Islamabad		
23.	Trading Corporation of Pakistan Private Limited, Karachi		
24.	Trade Development Authority of Pakistan (TDAP), Karachi		
25.	National Highway Authority (NHA)		<b>Communication</b>
26.	National Transport Research Centre (NTRC)		
27.	Postal Staff College		
28.	Heavy Industries Taxila (HIT) Board, Taxila		<b>Defence Production</b>
29.	Karachi Shipyard & Engineering Works (KS&EW), Karachi		
30.	National Radio Telecommunication Corporation (NRTC)		
31.	Pakistan Aeronautical Complex (PAC) Board, Kamra		
32.	Pakistan Ordnance Factories (POFs) Board, Wah Cantt		
33.	Civil Services Academy (CSA)		<b>Establishment</b>
34.	Federal Employees Benevolent & Group Insurance Fund (FEB&GIF)		
35.	National School of Public Policy		
36.	Pakistan Academy for Rural Development (PARD)		
37.	Federal Board of Intermediate and Secondary Education (FBISE), Islamabad		<b>Federal Education and Professional Training</b>
38.	Higher Education Commission (HEC)		
39.	National Book Foundation (NBF)		

40.	National College of Arts, Lahore and Rawalpindi		
41.	National Education Foundation (NEF)		
42.	NFC Institute of Engineering and Technology, Multan		
43.	NFC Institute of Engineering and Fertilizer Research, Faisalabad		
44.	National Skill University		
45.	National Textile University, Faisalabad		
46.	National Training Bureau (NTB)		
47.	National Vocational and Technical Education Commission (NAVTEC)		
48.	Pakistan Institute of Fashion and Design, Lahore		
49.	Pakistan Manpower Institute (PMI)		
50.	Private Educational Institutions Regulatory Authority		
51.	Audit and Accounts Academy		<b>Finance</b>
52.	Central Directorate of National Savings (CDNS)		
53.	Competition Commission of Pakistan (CCP)		
54.	Financial Monitoring Unit (FMU)		
55.	National Bank of Pakistan (NBP)		
56.	National Investment Trust Limited (NITL)		
57.	National Security Printing Corporation		
58.	Pak-Brunei Investment Company Limited		
59.	Pak-China Investment Company		
60.	Pak-Iran Joint Investment Company Limited		
61.	Pak-Kuwait Investment Company		
62.	Pak-Libya Holding Company		
63.	Pak-Oman Investment Company		
64.	Public Private Partnership Authority (PPPA)		
65.	Saudi-Pak Industrial and Agricultural Investment Company		

66.	Securities and Exchange Commission of Pakistan (SECP)	
67.	State Bank of Pakistan (SBP)	
68.	Zarai Taraqati Bank Limited (ZTBL)	
69.	Foreign Service Academy, Islamabad	<b>Foreign Affairs</b>
70.	Institute of Regional Studies (IRS)	
71.	Institute of Strategic Studies, Islamabad	
72.	Federal Government Employees Housing Authority, Islamabad	<b>Housing and Works</b>
73.	Pakistan Environmental Planning and Architectural Consultants Limited (PEPAC)	
74.	Pakistan Housing Authority Foundation	
75.	National Commission for Human Rights (NCHR)	<b>Human Rights</b>
76.	National Commission on the status of Women (NCSW)	
77.	Agro Food Processing (AFP) Facilities, Multan	<b>Industries and Production</b>
78.	Engineering Development Board	
79.	National Productivity Organization	
80.	Pakistan Gems & Jewellery Development Company	
81.	Pakistan Industrial Development Corporation (PIDC) & its subsidiaries and Units	
82.	Pakistan Industrial & Technical Assistance Centre (PITAC), Lahore	
83.	Pakistan Institute of Management	
84.	Pakistan Stone Development Company	
85.	Small and Medium Enterprises Development Authority (SMEDA)	
86.	Utility Stores Corporation (USC)	
87.	Associated Press of Pakistan Corporation (APPC)	<b>Information and Broadcasting</b>
88.	Central Board of Film Censors (CBFC)	
89.	Information Services Academy	
90.	Implementation Tribunal for Newspaper Employees (ITNE)	

91.	National Press Trust (NPT)	
92.	Pakistan Broadcasting Corporation (PBC)	
93.	Pakistan Electronic Media Regulatory Authority (PEMRA)	
94.	Pakistan Information Commission (PIC)	
95.	Pakistan Television Corporation Private Limited	
96.	Press Council of Pakistan	
97.	Shalimar Recording & Broadcasting Company (SRBC)	
98.	Electronic Certification & Accreditation Council (ECAC)	<b>Information Technology and Telecommunication</b>
99.	IGNITE National Technology Fund Company	
100.	National Information Technology Board (NITB)	
101.	National Telecommunication Corporation (NTC)	
102.	Pakistan Software Export Board (PSEB)	
103.	Pakistan Telecom Employees Trust (PTET)	
104.	Telecom Foundation (TF)	
105.	Telephone Industries of Pakistan (TIP)	
106.	Universal Service Fund Company	
107.	Virtual University of Pakistan	
108.	Capital Development Authority (CDA)	<b>Interior</b>
109.	Metropolitan Corporation, Islamabad (MCI)	
110.	National Counter Terrorism Authority (NACTA)	
111.	National Database & Registration Authority (NADRA)	
112.	National Police Academy (NPA)	
113.	National Police Bureau	
114.	National Police Foundation (NPF)	
115.	National Public Safety Commission	
116.	Federal Land Commission	<b>Inter-Provincial Coordination</b>
117.	Pakistan Cricket Board (PCB)	

118.	Pakistan Sports Board (PSB)	
119.	Pakistan Veterinary Medical Council	
120.	Federal Judicial Academy	<b>Law and Justice</b>
121.	Gawadar Port Authority, Gawadar	
122.	Karachi Port Trust, Karachi	
123.	Korangi Fisheries Harbour Authority, Karachi	
124.	Pakistan Marine Academy, Karachi	<b>Maritime Affairs</b>
125.	Pakistan National Shipping Corporation, Karachi	
126.	Port Qasim Authority, Karachi	
127.	Agriculture Policy Institute	
128.	Fisheries Development Board	
129.	Livestock Dairy Development Board (LDDDB)	
130.	National Fertilizer Development Centre (NFDC)	
131.	Pakistan Agriculture Research Council (PARC)	<b>National Food Security and Research</b>
132.	Pakistan Agriculture Service & Storage Corporation (PASSCO)	
133.	Pakistan Central Cotton Committee (PCCC)	
134.	Pakistan Oilseed Development Board (PODB)	
135.	Pakistan Tobacco Board, Peshawar	
136.	College of Physician and Surgeon Pakistan	
137.	Drug Regulatory Authority of Pakistan (DRAP)	
138.	Health Services Academy (HSA)	
139.	Human Organ Transplant Authority (HOTA)	<b>National Health Services, Regulations and Coordination</b>
140.	National Council for Homeopathy	
141.	National Council for Tibb (NCT)	
142.	National Institute of Health (NIH)	
143.	National Trust for Population Welfare (NATPOW)	



144.	Pharmacy Council of Pakistan (PCP)	
145.	Pakistan Health Research Council (PHRC)	
146.	Pakistan Nursing Council (PNC)	
147.	Shaheed Zulfiqar Ali Bhutto Medical University (SZABMU)	
148.	Aiwan-e-Quaid Building, F-9 Park, Islamabad	<b>National Heritage and Culture</b>
149.	Iqbal Academy Pakistan (IAP), Lahore	
150.	National Academy of Performing Arts (NAPA)	
151.	National Institute of Folk & Traditional Heritage (Lok Virsa)	
152.	National Language Promotion Department (newly named as National Language Promotion Authority (NLPA))	
153.	National Museum of Pakistan, Karachi	
154.	Pakistan Academy of Letters (PAL), Islamabad	
155.	Pakistan National Council of Arts	
156.	Quaid-e-Azam Mazar Management Board (QMMB), Karachi	
157.	Employees Old Age Benefits Institutions, Karachi	<b>Overseas Pakistanis and Human Resources Development</b>
158.	National Industrial Relations Commission, Islamabad	
159.	Overseas Employment Corporation, Islamabad	
160.	Overseas Pakistanis Foundation, Islamabad	
161.	Workers Welfare Fund, Islamabad	
162.	Hydro Carbon Development Institute of Pakistan	<b>Petroleum</b>
163.	Inter State Gas Systems (Pvt) Limited (ISGSL)	
164.	Pak-Arab Refinery Limited (PARCO)	
165.	Pakistan LNG Limited	
166.	Pakistan State Oil Company Limited (PSOCL)	
167.	Sui Northern Gas Pipelines Limited (SNGPL)	
168.	Sui Southern Gas Company Limited (SSGCL)	
169.	National Disaster Risk Management Fund (NDRMF)	

170.	National Logistic Cell (NLC)	<b>Planning, Development and Special Initiatives</b>
171.	Pakistan Bureau of Statistics (PSB)	
172.	Pakistan Institute of Development Economics (PIDE)	
173.	Pakistan Planning and Management Institute (PPMI)	
174.	Sindh Infrastructure Development Company Limited (SIDCL)	
175.	Benazir Income Support Programme	<b>Poverty Alleviation and Social Safety</b>
176.	Pakistan Bait-ul-Mal (PBM)	
177.	Alternative Energy Development Board (AEDB)	<b>Power</b>
178.	Central Power Purchasing Agency Guarantee Limited (CPPAG)	
179.	National Energy Efficiency & Conservation Authority (NEECA)	
180.	National Engineering Services Pakistan (Pvt) Ltd. (NESPAK)	
181.	National Transmission & Dispatch Company (NTDC)	
182.	Pakistan Electric Power Company Limited (PEPCO)	
183.	Power Information Technology Company (PITC)	
184.	Private Power & Infrastructure Board (PPIB)	
185.	Board of Investment (BOI)	
186.	National Disaster Management Authority (NDMA)	
187.	Privatization Commission	<b>Privatization</b>
188.	Pakistan Railways Advisory & Consultancy Services Limited (PRFTC)	<b>Railways</b>
189.	Pakistan Railways Freight Transportation Company Limited (PRFTC)	
190.	Pakistan Railways Academy Walton, Lahore	
191.	Railways Constructions Pakistan Limited (RAILCOP)	
192.	Evacuee Trust Property Board (ETPB)	<b>Religious Affairs and Inter faith Harmony</b>
193.	Directorate General of Training Customs	<b>Revenue</b>

194.	Directorate General of Training Inland Revenue Services	
195.	COMSATS University	<b>Science and Technology</b>
196.	National University of Science & Technology	
197.	National University of Technology	
198.	Pakistan Council for Scientific and Industrial Research (PCSIR)	
199.	Pakistan Engineering Council (PEC)	
200.	Pakistan National Accreditation Council (PNAC)	
201.	Pakistan Science Foundation (PSF)	
202.	Pakistan Standards and Quality Control Authority	
203.	Pakistan Scientific & Technological Information Centre	
204.	STEDEC Technology Commercialization Corporation of Pakistan Pvt. Ltd.	
205.	Indus River System Authority (IRSA)	
206.	Water and Power Development Authority (WAPDA)	

**Table 4: List of entities recommended for the Privatization, Mergers and Liquidation etc.**

<b>Following will retain status as candidates for privatization, mergers, liquidation etc.</b>		
<b>Privatization</b>		
<b>Sr. No.</b>	<b>Division</b>	<b>Department</b>
1.	Commerce	1. State life insurance corporation of Pakistan, Karachi 2. National Insurance Company Limited 3. Pakistan Reinsurance Company Limited
2.	Finance	4. First Women Bank Limited 5. SME Bank

3.	Industries And Production	6. State Engineering Corporation (Private) Limited 7. Heavy Electrical Complex (Private) Limited 8. Republic motors (private) Limited 9. Morafco Industries Limited 10. Pakistan Automobile Corporation Limited 11. Pakistan Petroleum Limited 12. Sindh Engineering (Private) Limited
4.	Information Technology and Communication	13. Telephone Industries of Pakistan (TIP)
5.	Petroleum	14. Oil and Gas Development Company Limited, Islamabad 15. Pakistan Mineral Development Corporation (Private) Limited 16. Hyderabad Electric Supply Company Limited
6.	Power	17. Power Holding (Private) Limited 18. GENCO-I: Jamshoro Power Company Limited 19. GENCO-II: Central Power Generation Company Limited, Thermal Power Station, Guddo 20. GENCO-III: Northern Power Generation Company Limited, Thermal Power Station, Muzaffargarh 21. GENCO-IV: Lakhra Power Generation Company Limited 22. Lakhra Coal Development Company Limited 23. Islamabad Electric Supply Company Limited (IESCO) 24. Lahore Electric Supply Company Limited 25. Gujranwala Electric Power Company Limited 26. Multan Electric Power Company Limited 27. Quetta Electric Supply Company Limited 28. Peshawar Electric Supply Company Limited 29. Sukkur Electric Power Company Limited 30. Tribal Electric Supply Company Limited 31. Lakhra Coal Development Company Limited
<b>Liquidation</b>		
1.	Finance	1. Industrial Development Bank Limited
2.	Planning Development And Reform	2. National Construction Limited
3.	Railways	3. Railway Estate Development and Marketing Company 4. Pakistan Railway Freight Transportation Company (Pvt) Ltd 5. Kashmir Railways (Pvt) Ltd
4.	Industries And Production	6. Aik Hunar Aik Nagar

<b>Yet to be decided</b>		
	Industries	1. Peoples Steel Mills Limited 2. Ceramics Development & Training Complex
2.	Revenue	3. Pakistan Revenue Automation (Private) Limited
3.	Railways	4. Karachi Urban Transport Corporation
4.	Finance	5. Exim Bank of Pakistan Limited
5.	Science And Technology	6. Plastics Technology Centre
6.	Ministry Of Federal Education	7. Synthetic Fibre Development and Application Centre
7.	Ministry Of Poverty Alleviation	8. Pakistan Poverty Alleviation Fund
8.		9. Devolution Trust for Community Empowerment
<b>Others</b>		
1.	Ministry Of Energy Petroleum Division	1. Saindak Metals Limited (Transfer)
2.	Communication	2. Pakistan Post Office (Not decided)
3.	Ministry Of Railways	3. Pakistan Railways (Not decided)
4.	Industries	4. Gujranwala Tools, Dies & Moulds Center (Merger) 5. Furniture Pakistan (Merger)
5.	Petroleum	6. Pakistan LNG Limited (Merger)
6.	Industries And Production	7. Pakistan Machine Tool Factory (Private) Limited (Transfer to SPD) 8. Technology Up-gradation and Skill Development Company (Merger) 9. Karachi Tools, Dies And Moulds Centre (Merger) 10. National Industrial Parks Development and Management Company (Merger) 11. Pakistan Hunting and Sporting Arms Development Company (Not Decided)

## CHAPTER 5 LEGAL INSTRUMENTS AND BOARD STATUS OF AUTONOMOUS BODIES

Institutional Reforms Cell has carried a review of all the Autonomous Bodies and updated the status of their statutes and Board of Directors. Most of such entities have been created by virtue of statutes or registered with Securities and Exchange Commission of Pakistan as Companies. The status of the Board of Directors has also been updated.

S. No	Division	S. No	Name of Autonomous Body	Legal Instrument	Board Status
1.	Aviation	1.	Civil Aviation Authority (CAA)	CAA Ordinance 1960	CAA Board
		2.	Pakistan International Airlines Corporation Limited (PIA)	Companies Ordinance	BOD
2.	Cabinet	3.	Frequency Allocation Board	Pakistan Telecommunication Act - 1996	Board
		4.	Islamabad Club, Islamabad	Presidential Ordinance No. XXXIII of 17th July 1978	Management Committee
		5.	National Electric Power Regulatory Authority (NEPRA)	Regulation of Generation, Transmission & Distribution of Electric Power Act-1997.	Authority Chairman and Members
		6.	National Tourism Coordination Board (NTCB)	Notification	Board
		7.	Oil and Gas Regulatory Authority (OGRA)	OGRA Ordinance-2002	Authority Chairman and Members
		8.	Pakistan Telecommunication s Authority (PTA)	Pakistan Telecommunication (Re-organisation) Act, 1996	Authority Chairman and Members
		9.	Pakistan Tourism Development Corporation (PTDC)	Companies Act, 1913 (now companies Ordinance, 1984)	Board

		10.	Public Procurement Regulatory Authority (PPRA)	PPRA Ordinance-2002	PPRA Board
3.	Climate Change	11.	Climate Change Authority	Pakistan Climate Change Act, 2017	Authority comprising Chairperson and Members
		12.	Global Change Impact Studies Centre, Islamabad (GCISC)	Established in May 2002 and functioned as a PSDP project for 11 years. In March 2013, GCISC was granted the status of a regular national entity by passage of "GCISC Act 2013" through the Parliament	BOG
		13.	Islamabad Wildlife Management Board (IWMB)	Islamabad Wildlife (Protection, Preservation, Conservation and Management) Ordinance 1979	Board
4.	Commerce	14.	Faisalabad Garment City Company (FGCC), Faisalabad	Registered under SECP's Companies Ordinance, 1984.	BOD
		15.	Intellectual Property Organisation of Pakistan, Islamabad	IPO Act, 2012	Policy Board
		16.	Karachi Garment City Company (KGCC), Karachi	Registered under SECP's Companies Ordinance, 1984.	BOD
		17.	Lahore Garment City Company (LGCC), Lahore	Registered under SECP's Companies Ordinance, 1984.	BOD
		18.	National Tariff Commission (NTC), Islamabad	NTC Act 1990	Commission Chairperson and Members
		19.	Pakistan Cotton Standards Institute, Karachi	Cotton Standardization Ordinance, 2002	BOD
		20.	Pakistan Expo Centers Pvt. Ltd. Company, Lahore	Companies Ordinance	BOD

		21.	Pakistan Horticulture Development and Export Company, Lahore	Companies Ordinance 1984	BOD
		22.	Pakistan Institute of Trade & Development (PITAD)	Formerly Foreign Trade Institute of Pakistan (FTIP), was created under a Resolution in 1989.	BOG
		23.	Trading Corporation of Pakistan Pvt. Ltd., Karachi	Companies Ordinance 1984	BOD
		24.	Trade Development Authority of Pakistan (TDAP)	TDAP Ordinance-2006	BOD
5.	Communication	25.	National Highway Authority (NHA)	NHA Act 1991& 2001	Council & Executive Board
		26.	National Transport Research Centre (NTRC)	Notification dated 8.10.1992	Nil
		27.	Postal Staff College	Constitute Unit of Pakistan Post	Nil
6.	Defence Production	28.	Heavy Industries Taxila (HIT) Board, Taxila	HIT Board Act, 1997.	Board
		29.	Karachi Shipyard & Engineering Works (KS&EW)	Companies Act, 1913, now Companies Ordinance, 1984	BOD
		30.	National Radio Telecommunication Corporation (NRTC)	Companies Act, 1913, now Companies Ordinance, 1984	BOD
		31.	Pakistan Aeronautical Complex (PAC) Board, Kamra	PAC Board Ordinance, 2000.	Board
		32.	Pakistan Ordnance Factories (POFs) Board, Wah Cantt.	POFs Board Ordinance 1961	Board



7.	Establishment	33.	Civil Services Academy	Academy for Administrative Training, Lahore was renamed as Civil Services Academy vide Estab. Division's SRO dated 17.9.1985. Made constituent unit of NSPP vide. NSPP Ordinance 2002	Nil
		34.	Federal Employees Benevolent & Group Insurance Funds (FEB&GIF)	Federal Employees Benevolent and Group Insurance Act, 1969	Board of Trustees
		35.	National School of Public Policy	NSPP Ordinance, 2002.	BOG
		36.	Pakistan Academy for Rural Development (PARD)	Established in 1957 as an autonomous organization under the administrative control of Establishment Division	BOG
8.	Federal Education & Professional Training	37.	Federal Board of Intermediate & Secondary Education (FBISE)	Federal Board of Intermediate and Secondary Education Act, 1975	BOG
		38.	Higher Education Commission (HEC)	HEC Ordinance 2002	Commission with Chairperson and Members
		39.	National Book Foundation	Act. 1972.	BOG
		40.	National College of Arts (NCA), Lahore, Rawalpindi	NCA Ordinance 1985	BOG
		41.	National Education Foundation (NEF)	NEF Ordinance 2002	BOG
		42.	NFC Institute of Engineering and Technology, Multan	Act 2002	Senate
43.	NFC Institute of Engineering and Fertilizer Research, Faisalabad	Companies Ordinance, Section 42	BOD		

		44.	National Skill University	National Skills University Islamabad Act, 2017	Senate
		45.	National Textile University, Faisalabad	National Textile Ordinance 2002	BOG
		46.	National Training Bureau (NTB)	Notification, established on 1.7.1976	National Training Board
		47.	National Vocational & Technical Training Commission (NAVTTTC)	NAVTTTC Ordinance, 2005	Board of Members
		48.	Pakistan Institute of Fashion & Design, Lahore	Pakistan Institute of Fashion & Design Act, 2011	Senate
		49.	Pakistan Manpower Institute (PMI)	Resolution, established on 1.11.1975	Attach Department
		50.	Private Educational Institutions Regulatory Authority (PEIRA)	Islamabad Capital Territory Private Educational Institutions (Registration and Regulation) Act 2013	Authority Chairperson and Members
9.	Finance	51.	Audit and Accounts Academy	Executive Order of Auditor General of Pakistan	Nil
		52.	Competition Commission of Pakistan (CCP)	Competition Ordinance 2007 transformed into Competition Act 2010	Commission Chairperson and Members
		53.	Financial Monitoring Unit (FMU)	Anti-Money Laundering Act 2010	National Executive Committee
		54.	National Bank of Pakistan (NBP)	NBP Ordinance 1949	BOD
		55.	National Investment Trust Limited (NITL)	Companies Ordinance 1984	BOD
		56.	National Security Printing	Companies Ordinance	BOD

			Corporation (NSPC)		
		57.	Pak Brunei Investment Company Ltd.	Companies Ordinance 1984	BOD
		58.	Pak China Investment Company	Companies Ordinance 1984	BOD
		59.	Pak Iran Joint Investment Company	Companies Ordinance 1984	BOD
		60.	Pak Kuwait Investment Company	Companies Ordinance 1984	BOD
		61.	Pak Libya Holding Company	Companies Ordinance 1984	BOD
		62.	Pak Oman Investment Company	Companies Ordinance 1984	BOD
		63.	Public Private Partnership Authority (PPPA)	Public Private Partnership Authority Act (No. VIII), 2017	Authority Chairperson and Members
		64.	Saudi Pak Industrial & Agricultural Investment Company	Companies Ordinance 1984	BOD
		65.	Securities and Exchange Commission of Pakistan (SECP)	Security & Exchange Commission of Pakistan Act, 1997.	Policy Board
		66.	State Bank of Pakistan (SBP)	SBP Act, 1956	BOD
		67.	Zarai Taraqati Bank Limited (ZTBL)	Companies Ordinance 1984	BOD
10.	Foreign Affairs	68.	Foreign Service Academy, Islamabad	<b>Notification</b> dated 12.5.1985.	<b>Nil?</b>

		69.	Institute of Regional Studies (IRS)	Institute of Regional studies was established through Government Resolution Vide President's directive No. 1324 of 1981	BOD
		70.	Institute of Strategic Studies, Islamabad	President's directive (Registered under Societies Registration Act-1860).	BOG
11.	Housing & Works	71.	Federal Government Employees Housing Authority, Islamabad	Companies Ordinance 1984	Executive Board
		72.	Pakistan Environmental Planning and Architectural Consultants Limited (PEPAC)	Resolution dated 6.10.1998	BOG
		73.	Pakistan Housing Authority Foundation	Companies Ordinance 1984	BOD
12.	Human Rights	74.	National Commission for Human Rights (NCHR)	National Commission for Human Rights Act (No. XVI) of 2012	Commission Chairperson and Members
		75.	National Commission on the Status of Women (NCSW)	Ordinance-2000	Commission Chairperson and Members
13.	Industries & Production	76.	Agro Food Processing (AFP) Facilities, Multan	Section 42 - Companies Ordinance, 1984	BOD
		77.	Engineering Development Board	Cabinet Decision dated 15.5.1995	Board of Management
		78.	National Productivity Organisation (NPO)	Companies Ordinance 1984	BOD
		79.	Pakistan Gems & Jewellery Development Company	Companies Ordinance, 1984	BOD

		80.	Pakistan Industrial Development Corporation (PIDC) and its subsidiaries and units	Companies Ordinance, 1984	BOD
		81.	Pakistan Industrial & Technical Assistance Centre (PITAC), Lahore	Societies Act 1860	BOD
		82.	Pakistan Institute of Management	SRO dated 15.11.1976.	BOG
		83.	Pakistan Stone Development Company	Companies Ordinance, 1984	BOD
		84.	Small and Medium Enterprises Development Authority (SMEDA)	SMEDA Ordinance, 2002	BOD
		85.	Utility Stores Corporation (USC)	Companies Ordinance, 1984	BOD
14.	Information & Broadcasting	86.	Associated Press of Pakistan Corporation (APPC)	Presidential Ordinance No.LXXX, dated 19.10.2002.	Board
		87.	Information Services Academy (ISA)	Notification dated 29 <sup>th</sup> Nov, 1981	Subordinate office to M/o MOIB
		88.	Implementation Tribunal for Newspaper Employees (ITNE)	Newspaper Employees (Conditions of Service) Act, 1973 (established on 5.7.1975).	Tribunal
		89.	National Press Trust (NPT)	Trust Deed / Martial Law Ordinance 1969	Trust
		90.	Pakistan Broadcasting Corporation (PBC)	PBC Act 1973 (statuary body).	BOD
		91.	Pakistan Electronic Media Regulatory Authority (PEMRA)	PEMRA Ordinance 2002 (XIII of 2002)	Board

		92.	Pakistan Information Commission (PIC)	Right of Access to Information Act, 2017	Commission Chairperson and Members
		93.	Pakistan Television Corporation Limited (PTV)	Companies Act 1913	BOD
		94.	Press Council of Pakistan (PCP)	Press Council of Pakistan Ordinance 2002. An autonomous corporate body with the status of a statutory body).	Council
		95.	Shalimar Recording and Broadcasting Company (SRBC)	Unlisted Public Limited Company incorporated in Dec 1974, originally under the Act 1913 (Now replaced with the Companies Ordinance 1984.	BOD
15.	Information Technology & Telecommunication	96.	Electronic Certification & Accreditation Council (ECAC)	Section 18 of Electronic Transaction Ordinance, 2002	Council
		97.	IGNITE National Technology Fund Company	Pakistan Telecommunication (Re-organization) Act, 1996	BOD
		98.	National Telecommunication Corporation (NTC)	Pakistan Telecommunication (Re-organization) Act, 1996	BOD
		99.	Pakistan Software Export Board (PSEB)	Companies Ordinance 1984	BOD
		100.	Pakistan Telecom Employees Trust (PTET)	Pakistan Telecommunication (Re-organization) Act 1996	Board of Trustees
		101.	Telecom Foundation (TF)	Endowment Act, 1984	BOG
		102.	Telephone Industries of Pakistan (TIP)	Companies Act, 2017	BOD
		103.	Universal Service Fund Company	Section 42 – Companies Ordinance 1984	BOD

		104.	Virtual University of Pakistan	Virtual University Ordinance, 2002.	BOG
16.	Interior	105.	Capital Development Authority (CDA)	CDA Ordinance, 1960	Board
		106.	Metropolitan Corporation Islamabad	ICT Local Government Act 2015	Council
		107.	National Counter Terrorism Authority (NACTA)	Initially created in 2009 as an Administrative Wing of the Ministry of Interior. Then made autonomous through NACTA Act 2013	BOG
		108.	National Database & Registration Authority (NADRA)	Established under NADRA Ordinance by SRO 174 (1)/2000 dt 24 .3 .2000	Authority Chairperson and Board
		109.	National Police Academy	Memorandum of Association 1977	BOG
		110.	National Police Bureau	Article 162 of Police Ordinance 2002	National Public Safety Commission
		111.	National Police Foundation	Charitable Endowments Act, 1890	BOD
		112.	National Public Safety Commission	Police Order 2002	Commission Chairperson and Members
17.	Inter Provincial Coordination	113.	Federal Land Commission	Land Reforms Regulation, 1972 (MLR-115)	Commission Chairperson and Members
		114.	Pakistan Cricket Board	Pakistani Cricket Board PCB Constitution SRO 1045 (1) 2019	BOG
		115.	Pakistan Sports Board	Sports (Control & Development) Ord. 1962.	Board
		116.	Pakistan Veterinary Medical Council	Pakistan Veterinary Medical Council Act 1996	Council

18.	Law & Justice	117.	Federal Judicial Academy	Federal Judicial Academy Act, 1997	BOG
19.	Maritime Affairs	118.	Gwadar Port Authority, Gwadar	Ordinance, 2002	Board
		119.	Karachi Port Trust, Karachi	KPT Act 1886 as amended.	Board of Trustees
		120.	Korangi Fisheries Harbour Authority, Karachi		BOD
		121.	Pakistan Marine Academy, Karachi	<b>Notification</b> dt.06.03.1972	Nil
		122.	Pakistan National Shipping Corporation, Karachi	PNSC's Ordinance 1979.	Board of Directors
		123.	Port Qasim Authority, Karachi	PQA's Act, 1973.	Board
20.	National Food Security & Research	124.	Agriculture Policy Institute (API)	Resolution No. F.2-5/80/Coord (ii) dated 10 <sup>th</sup> March 1981	Nil
		125.	Fisheries Development Board (FDB)	Companies Ordinance 1984, Section 42	BOD
		126.	Livestock Dairy Development Board (LDDDB)	Setup under Section 42 (Govt. guaranteed company) of the Companies Ordinance, 1984.	BOD
		127.	National Fertilizer Development Centre (NFDC)		Technical section of M/o NFSR
		128.	Pakistan Agriculture Research Council (PARC)	Established under Ordinance No. XXXVIII of 1981	Council Chairperson and Members
		129.	Pakistan Agriculture Service & Storage Corporation (PASSCO)	Companies Act, 1913	BOD



		130.	Pakistan Central Cotton Committee (PCCC)	Established by an act of Parliament (Act No.30 of 1948) under the “Indian Central Cotton Cess Act XIV of 1923” in 1948 and as modified up to 1st June, 1951	Committee
		131.	Pakistan Oilseed Development Board (PODB)	Resolution No. F. 17-1 /94-PODB dated 25 <sup>th</sup> October 1994	Nil
		132.	Pakistan Tobacco Board, Peshawar	PTB Ordinance-1968	BOD
21.	National Health Services, Regulations & Coordination	133.	College of Physician and Surgeon Pakistan	Ordinance 1962.	Council
		134.	Drug Regulatory Authority of Pakistan (DRAP)	Drug Regulatory Authority of Pakistan Act, 2012	Policy Board
		135.	Health Services Academy (HSA)	Ordinance LXII of 2002 dated 4 <sup>th</sup> October, 2002.	BOG
		136.	Human Organ Transplant Authority (HOTA)	Transplantation of Human Organs and Tissues Ordinance 2007 Transplantation of Human Organs and Tissues Act,2010	Monitoring Authority
		137.	National Council for Homeopathy (NCH)	Unani Ayurvedic and Homeopathic Act, 1965.	Council
		138.	National Council for Tibb (NCT)	Established under Section 3 of UAH Act – II of 1965.	Council
		139.	National Institute of Health (NIH)	Ordinance- 1980.	Nil
		140.	National Trust for Population Welfare (NATPOW)	Established under Charitable Endowments Act, 1890.	BOD
		141.	Pharmacy Council of Pakistan (PCP)	Pharmacy Act, 1967 (Established in1973)	Council

		142.	Pakistan Health Research Council (PHRC)	Resolution dated 17.3.1962	BOG
		143.	Pakistan Nursing Council (PNC)	PNC Act, 1973.	Council
		144.	Shaheed Zulfiqar Ali Bhutto Medical University	Act of Parliament, 21 <sup>st</sup> March 2013	Senate, Syndicate
22.	National History & Literary Heritage	145.	Aiwan-e-Quaid Building, F-9 Park		BOD
		146.	Iqbal Academy of Pakistan (IAP), Lahore	Iqbal Academy Ordinance, 1962	Governing Body
		147.	National Academy of Performing Arts (NAPA)		BOD
		148.	National Institute of Folk & Traditional Heritage (Lok Virsa)	Autonomous Body- Resolution, dt. 12.11.74	BOG
		149.	National Language Promotion Department (newly named as National Language Promotion Authority (NLPA))	Cabinet Resolution No.275/CF/79 dated 4.10.79	Advisory Council
		150.	National Museum of Pakistan, Karachi		Nil
		151.	Pakistan Academy of Letters (PAL), Islamabad	Resolution dt.7.7.1976.	BOG
		152.	Pakistan National Council of Arts (PNCA)	Act, 1973	BOG
		153.	Quaid-i-Azam Mazar Management Board (QMMB), Karachi	Law/Ordinance (Para5(1) of Quaid-i-Azam's Mazar (Protection and Maintenance) Ordinance 1971.	Board

23.	Overseas Pakistanis & Human Resource Development	154.	Employees Old Age Benefits Institutions, Karachi	Employees Old Age Benefits Act, 1976 (established on 1.7.1976).	Board of Trustees
		155.	National Industrial Relations Commission, Islamabad	Statute constituted under Erstwhile IRO, 1969 (IRO-2002) established on 6.11.1972. Now functioning under Industrial Relations Act 2012	Commission Chairperson and Members
		156.	Overseas Employment Corporation, Islamabad	Companies Act, 1913	BOD
		157.	Overseas Pakistanis Foundation (OPF), Islamabad	Emigration Ordinance, 1979. Registered on 8th July, 1979 as Not for Profit Company under the Companies Act, 1913 (now Companies Act, 2017, Section-42). Governed under Public Sector Companies (Corporate Governance) Rules, 2013 of SECP.	BOG
		158.	Workers Welfare Fund, Islamabad	Established under Workers Welfare Fund Ord. 1971. Established on 9.12.1971	Governing Body
24.	Petroleum	159.	Hydrocarbon Development Institute of Pakistan (HDIP)	Established in 1975 under a Resolution of the Federal Government. Re-established under an Act of the Parliament (Act No. 1 of 2006)	BOG
		160.	Inter State Gas Systems Pvt. Ltd. (ISGSL)	Companies Ord, 1984.	BOD
		161.	Pak-Arab Refinery Limited (PARCO)	Companies Act, 1913.	BOD
		162.	Pakistan LNG Limited	Public Sector Companies ( Corporate Governance Rules) 2013	BOD

		163.	Pakistan State Oil Company Limited (PSOCL)	Companies Act, 1913.	Board of Management
		164.	Sui Northern Gas Pipelines Limited (SNGPL)	Companies Act, 1913.	BOD
		165.	Sui Southern Gas Company Limited (SSGCL)	Companies Act, 1913.	BOD
25.	Planning, Development & Reform	166.	National Disaster Risk Management Fund (NDRMF)		BOD
		167.	National Logistics Cell (NLC)	<b>Notification</b> dated 8.11.1979	National Logistic Board
		168.	Pakistan Bureau of Statistics (PBS)	General Statistics (Reorganization) Act, 2011	Governing Council
		169.	Pakistan Institute of Development Economics (PIDE)	PIDE Act 2010	Advisory Board, Senate
		170.	Pakistan Planning and Management Institute (PPMI)	Autonomous body, Establishment Division's O.M. dated 25.04.2005.	Nil (Attached department of M/o Planning Commission)
		171.	Sindh Infrastructure Development Company Limited (SIDCL)	Public Sector Companies ( Corporate Governance Rules ) 2013 as amended in 2017	BOD
26.	Poverty Alleviation & Social Safety Division	172.	Benazir Income Support Program (BISP)	Act of Parliament, 2008	Board
		173.	Pakistan Bait ul Maal	Statutory body, PBM Act,1991	Board
27.	Power	174.	Alternative Energy Development Board (AEDB)	Autonomous body-formulated under Ordinance 2007.	Board
		175.	Central Power Purchasing Agency Guarantee Limited (CPPAG)	Companies Ordinance, 1984	BOG

		176.	National Energy Efficiency & Conservation Authority (NEECA)	Federal Government's Resolution No. S.R.O.4(KE)/86, dated the 23 <sup>rd</sup> December, 1986	Board
		177.	National Engineering Services Pakistan Pvt. Ltd. (NESPAK)	Private Limited Company.	BOD
		178.	National Transmission & Dispatch Company (NTDC)	Companies Ordinance, 1984	BOD
		179.	Pakistan Electric Power Company Limited (PEPCO)	Companies Ordinance, 1984	BOD
		180.	Power Information Technology Company (PITC)	The BOD PEPCO Decision circulated vide ED (L&CA) letter# 441-47/Secy/PEPCO/BOD/M-45/I-20 dated May 6, 2010. The company was incorporated with SECP on June 02/2010	BOD
		181.	Private Power & Infrastructure Board (PPIB)	Government <b>Notification</b> dated 2.8.1964.	Board
28.	Prime Minister's Office	182.	Board of Investment (BOI)	Established under the Board of Investment Ordinance, 2001.	BOD
		183.	National Disaster Management Authority (NDMA)	Initially under Ordinance XL 2006 NDMA Act 2010	Commission Chairperson and Members
29.		184.	Privatisation Commission	Established under the Privatization Commission Ordinance, 2000	Commission Chairperson and Members
30.	Railways	185.	Pakistan Railway Advisory & Consultancy Services Limited (PRACS)	Companies Act 1913 as amended	BOD
		186.	Pakistan Railways Freight Transportation	Companies Ordinance 1984	BOD

			Company Limited (PRFTC)		
		187.	Pakistan Railways Academy Walton	Inherited from India	Nil
		188.	Railway Constructions Pakistan Limited (RAILCOP)	Companies Act 1913 (amended by Companies Ordinance 1984)	BOD
31.	Religious Affairs & Inter Faith Harmony	189.	Evacuee Trust Property Board	Subordinate entity. Established under the Evacuee Trust Properties management & Disposal Act, 1975	Board
32.	Revenue	190.	Directorate General Training Customs	Training Institute	Nil
		191.	Directorate General Training Inland Revenue Services	Training Institute	Nil
33.	Science & Technology	192.	COMSATS University, Islamabad (CUI)		BOG
		193.	National University of Science & Technology (NUST)	NUST Act, 1997.	BOG
		194.	National University of Technology, Islamabad (NUTECH)	National University of Technology Bill, 2017	BOG
		195.	Pakistan Council of Scientific & Industrial Research, Islamabad (PCSIR)	PCSIR Act 1973 as amended vide Ordinance of 1984.	Governing Body
		196.	Pakistan Engineering Council, Islamabad (PEC)	Act 1975 (V of 1976)	Governing Body
		197.	Pakistan National Accreditation Council, Islamabad (PNAC)	PNAC 2017	BOD

		198.	Pakistan Science Foundation (PSF)	PSF Act 1973	Board of Trustees
		199.	Pakistan Standard & Quality Control Authority, Karachi (PSQCA)	PSQCA Act 1996	BOD
		200.	Pakistan Scientific & Technological Information Centre	Subsidiary of PSF and should be removed from list	Pakistan Scientific & Technological Information Centre
		201.	STEDEC Technology Commercialisation Corporation of Pakistan Pvt. Ltd., Lahore (STEDEC)	Established in 1987 under Companies Act. Incorporated under Companies Ordinance 1984.	BOD
34.	Water Resources	202.	Indus River System Authority	IRSA Act 1992.	Authority Chairperson and Members
		203.	Water and Power Development Authority (WAPDA)	WAPDA Act, 1958 Amended in 1994	Authority Chairperson and Members

## **CHAPTER 6 THREE TIERS IN THE FEDERAL SECRETARIAT**

1. A concept paper for restructuring the Federal Ministries and Divisions was prepared in October 2018 by the Task Force on Restructuring of the Federal Government. The Prime Minister had desired that this paper should be discussed at a consultative session of key ministers before it was presented to the Cabinet. The PM chaired the session and it was decided that it was not an appropriate time for carrying out the restructuring of the Divisions/ Ministries. In the first instance, it is imperative to restructure the 16 types of organizational entities working under the federal Ministries such as attached departments, companies and corporations, statutory bodies and tribunals etc. Consequently, a major exercise of the reorganization of these entities was undertaken and approved by the Cabinet on July 9, 2019.

2. A number of entities mainly of commercial nature have been placed on privatization list as the Government does not enjoy any particular advantage in running these businesses. Some other entities that are to be retained for strategic reasons have to undergo restructuring and follow the best practices of good governance—autonomy, transparency, autonomy so that they can operate efficiently and effectively. To this effect, the Public Financial Management (PFM) Law, enacted for the first time after independence, has delegated financial powers and autonomy in budget making and execution to the Autonomous Bodies and Executive Departments. The Cabinet Committee on State owned Enterprises headed by the Finance Minister has adopted the recommendations made by the Implementation Committee. They would also be monitoring the progress on a regular basis.

3. The division of work among the (a) Ministries / Division (b) Autonomous Bodies and Executive Departments and (c) regulatory bodies has been clarified. The reorganization along with the delegation of powers under the PFM Law once fully in place, would reduce the workload on the Federal Ministries/Divisions which would now mainly be involved in policy making, goals and performance indicators for these bodies and holding them accountable for results. The autonomous bodies and their boards would carry out implementation of policies, projects and programs approved by the Government. The regulatory bodies would act independent of the Ministries / Divisions. Most of these regulatory agencies would be located in the Cabinet Division.

4. Another initiative taken by the present Government is to introduce E-Office and Web portals loaded with manuals and codes for all the Ministries/Divisions by early 2021. Accordingly, the need for support staff engaged in manual file and record keeping, referencing and other routine matters would be drastically reduced. The staff rendered surplus would be paid out of a Surplus Pool until they are absorbed in regular positions, retrained, resign or retire.

5. In view of the above-mentioned developments i.e. the reorganization of the Federal Government organizational entities, delegation of financial powers and greater operational autonomy to the attached (Executive) Departments and Autonomous Bodies, introduction of E-Office and Web Portals, it is the right time that we should revisit the present configuration of the Ministries and Divisions in the Federal Government<sup>3</sup>.

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The present paper does not include President Secretariat, PM Office, National Assembly Secretariat, Senate Secretariat and other bodies such as Supreme Court, ECP, NAB ,Wafaqi Mohtasab etc.in the proposed restructuring. Once the Main Secretariat is reorganized, we can approach these bodies too.



6. There are essentially two main changes we propose in this paper (a) substitute the present complement of personal staff officials by quality officers from grade 17 to 21 (b) reduce the hierarchical tiers in the Federal Secretariat from five to three

7. The running of Civil Administration costs about Rs 450 billion annually of which Rs 260 billion is the wage bill and 190 billion for operating expenses. A decade ago, the wage bill was only Rs 50 billion. The pension bill is growing explosively and is likely to equal the wage bill in a few years. The total sanctioned strength of the civilian employees at the Federal level (excluding Autonomous Bodies) was 491,860 in 2009 and has risen to 663,234 by 2019—an increase of 35 percent. 85 percent of the total wage and salary bill is claimed by the support staff who account for 95 percent of the total employees while 15 percent goes to the officers in Grades 17-22 who form 5 percent of the total strength. The introduction of e-government should reduce the need for support staff which, in turn, would lower the recurring expenditure of running of the Federal Government.

8. To effect budgetary savings the staff to officer ratio in the Federal Secretariat needs to be reduced. It is currently 4.11 but eighteen Divisions have this ratio above 5 all the way up to 12. The details are given in Annex I. The ratio of 4:1 should be accepted in the first instance as the benchmark for staff deployment in the Federal Secretariat and those rendered surplus to the requirements would be placed in a surplus pool for later absorption, retraining, redeployment, retirement, voluntary separation. This should be accompanied by immediate freeze on new recruitment against the posts in BPS 1-16 in the Secretariat. Exceptional cases for deviation from this benchmark can be considered by the Cabinet Committee on Institutional Reforms.

9. As discussed below, this ratio should be gradually brought down further to 2:1 by substituting the Private Secretaries, Assistant, Clerks, Steno typists etc. in the offices of the Ministers, Secretaries, Joint /Additional Secretaries and Deputy Secretaries by highly qualified Staff officers drawn from Grades 17-22. An informal survey shows that the Ministers and senior officers would be better served with such a substitution as these Staff officers would add value by assisting in collecting the data, analyzing the issues under consideration and carrying out spade work.

10. It is further proposed that the hierarchy in each Division be reduced from five tiers to three – Deputy secretary (BPS 19/20), Joint Secretary (BPS 20/21) and Secretary (BPS 22). In few Divisions such as Finance, the workload may justify a position of Special Secretary (BPS 22). BPS 19 officer can be appointed as D.S. and BPS 20 as J.S. in Division where the workload is not that heavy. The concept of Broad-banding is now used liberally in many organizations including GOP such as Senior Joint Secretary /Additional Secretary and Additional Secretary in-charge of a Division.

11. It is proposed that a Deputy Secretary should head a Section in a Ministry/Division in place of a Section Officer. Each Deputy Secretary would have two staff officers in grade 17/18 assisting him in his duties. These staff officers would not initiate any noting or summaries but gather data and references to the relevant law and rules for the use by the Deputy secretary. The present complement of subordinate staff of Superintendents, assistants, UDCs, LDCs would be abolished. Only one Naib Qasid would be assigned to each D.S.

12. Each Joint Secretary would have two staff officers in Grade 18/19 in his office to assist him in his duties. The present complement of subordinate staff except a Naib Qasid would be abolished.

13. Each Secretary would have two staff officers in Grade 20/21 in his office to assist him in his duties. The present complement of subordinate staff except a Personal Assistant and Naib Qasid would be abolished.

14. Each Minister/Minister of State/Advisor would have one Technical Advisor, one Staff Officer in Grade 21, one Public Relations Officer, one Protocol Officer, one Private Secretary, One Driver and Security Guards.

15. At present, there are 3376 sanctioned posts is BPS 17-22 in the Secretariat. If the proposed configuration is accepted, this total number would reduce to 2460 as detailed in the following two categories. This new strength will be very close to the current working strength (2520) of officers in the Federal Secretariat.

i) The proposed strength of the main Federal Secretariat would be:

	Number
Secretary Grade 22	40
Joint Secretary Grade 21/20	140
Deputy Secretary Grade 20/19	630

ii) The total number of Staff officers serving in the secretariat hierarchy at the different tiers would be:

	Number
For Minister in Grade 21	30
For Secretary in Grade 20/21	80 (2 to 1)
For Joint Secretary in Grade 19/20	280 (2 to 1)
For Deputy Secretary in Grade 17/18	1260 (2 to 1)

16. It may be noted that there is a huge discrepancy in the staff strength of the Divisions in the same clusters and a review of the staffing pattern in each Division is called for and the gaps, redundancies and missing skills is identified. Some divisions have large executing agencies, but their own policy formulation work is much limited e.g. Revenue Division has a strong agency i.e. FBR with 20,631 employees but the main Division at the Secretariat consists of only 34 staff and officers. In order to bring homogeneity, each Division will have at least the following positions either in the rank of J.S. or D.S. depending on the workload.

- i) Chief Finance & Accounts Officer
- ii) Chief I.T. Officer
- iii) Chief Human Resource Officer

17. There is an immediate need to appoint Chief Technical Officers in all the technical Divisions of the Federal Secretariat. These Divisions include Aviation, Communication, Climate Change, Housing and Works, Information Technology, Law and Justice, Maritime,

Power, Petroleum, Railway, Science and Technology and Water Resources in addition to these posts. Other Divisions may also choose to appoint a CTO if they feel the need.

### **Issues for Discussion**

- i) Whether the three-tier structure of the Division from the present five-tier structure would improve speed and quality of decision making?
- ii) Whether the proposal to appoint staff officers attached with the Minister, Secretary, Joint Secretary and Deputy Secretary as proposed in paras 14-17 above in place of the present complement of subordinate staff would expedite the disposal of business and effect savings?
- iii) Whether the staff-officer ratio of 4:1 should be enforced in the first instance in the Divisions which exceed this ratio and then bring it down to 2:1 in the next three years if the proposals in paras above are accepted. Those retiring, resigning or leaving the staff jobs in Grade 1-16 in the Federal Secretariat and non-technical staff in the attached (Executive) departments should not be replaced and those posts abolished. The savings in the wage bill, thus effected, should be used to increase the salaries of officers in Grades 17-22.

### **Present Status**

18. This working paper/ proposal was discussed and considered by Cabinet Committee on Institutional Reforms on 14th January, 2021. Mr. Shafqat Mahmood, Chairman of the CCIR appreciated the idea and informed that Ministry of Federal Education and Professional Training was already implementing a three-tier structure as given below. After the ratification by the Cabinet, Establishment Division has been advised to examine alternate proposal for reducing the tiers of the Federal Government and submit the recommendation for the consideration of the CCIR. Now, Establishment is preparing a mechanism for its implementation as pilot project in few selected Divisions.

### **Proposed Three Tier Structure**

1. Secretary (Grade 21-22) Additional Secretary (Grade 20-21) Joint Secretary (Grade 19, 20)	Staff Officers (Grade 20) Staff Officers (Grades 19,20) Staff Officers (Grades 17, 18, 19)
2. Secretary (Grade 21-22) Joint Secretary (Grade 20, 21) Deputy Secretary Grade 19, 20)	Staff Officers (Grades 20) Staff Officers (Grades 19 – 20) Staff Officers Grades 17, 18, 19)

**ANNEX- I**

<b>Ratio of Working Staff and Officers in Divisions</b>				
<b>S.NO.</b>	<b>DIVISION</b>	<b>BS 1-16</b>	<b>BS 17-22</b>	<b>RATIO</b>
1	<b>Aviation</b>	61	15	4.07
2	<b>Cabinet</b>	641	94	6.82
3	<b>Climate Change</b>	108	34	3.18
4	<b>Commerce</b>	347	73	4.75
5	<b>Communications</b>	87	20	4.35
6	<b>Defence</b>	340	52	6.54
7	<b>Defence Production</b>	164	27	6.07
8	<b>Economic Affairs</b>	367	82	4.48
9	<b>Establishment</b>	630	139	4.53
10	<b>Federal Education</b>	105	21	5.00
11	<b>Foreign Affairs</b>	1725	455	3.79
12	<b>Finance</b>	967	387	2.50
13	<b>Housing and Works</b>	138	21	6.57
14	<b>Human Rights</b>	175	35	5.00
15	<b>Industries and Production</b>	247	48	5.15
16	<b>Information and Broadcasting</b>	359	28	12.82
17	<b>Information Technology</b>	95	21	4.52
18	<b>IPC</b>	179	36	4.97
19	<b>Interior</b>	444	75	5.92
20	<b>Kashmir Affairs and GB</b>	77	21	3.67
21	<b>Law and Justice</b>	371	50	7.42
22	<b>Maritime</b>	115	32	3.59
23	<b>Narcotics</b>	95	18	5.28

24	<b>National Food</b>	142	35	4.06
25	<b>National Health</b>	182	64	2.84
26	<b>National History and Literary Heritage</b>	88	17	5.18
27	<b>National Security</b>	16	7	2.29
28	<b>Overseas Pakistanis and HRD</b>	210	33	6.36
29	<b>Parliamentary Affairs</b>	132	34	3.88
30	<b>Postal Services</b>	26	8	3.25
31	<b>Petroleum and Natural Resources</b>	226	56	4.04
32	<b>Planning Development and Reform</b>	497	260	1.91
33	<b>Poverty Alleviation</b>	54	8	6.75
34	<b>Power</b>	85	33	2.58
35	<b>privatization</b>	63	8	7.88
36	<b>Railways</b>	151	50	3.02
37	<b>Religious Affairs</b>	240	41	5.85
38	<b>Revenue</b>	26	7	3.71
39	<b>Science and Technology</b>	150	25	6.00
40	<b>Textile</b>	114	25	4.56
41	<b>Safron</b>	108	16	6.75
42	<b>Water resources</b>	17	9	1.89
	<b>Total</b>	<b>10364</b>	<b>2520</b>	<b>4.11</b>

## **CHAPTER 7 FOUR OCCUPATIONAL STREAMS FOR THE FEDERAL SECRETARIAT**

1. The Federal Secretariat comprises 40 Divisions and each Division is headed by a Federal Secretary. Presently, government of Pakistan is following a generalist model for the Secretariat, whereby, career civil servants rise through the ranks and hold the position of the Federal Secretary. These position in Secretariat start from the induction level at BS-17, which is known as Section Officer.

2. As of now, no watertight policy is followed for the posting of the officer(s), rather any officer is allowed posting in any Division, subject to availability of the vacancy and any demand for his services. Some, informal assessment of the individual is though carried out, but if the borrowing and lending Divisions are comfortable with the individual, this posting gets materialized and is executed by the Establishment Division. Therefore, this assessment remains informal to a great extent, and objective suitability remains elusive. Personal desire for posting in any particular Division, if can be managed by individual, takes precedence over the academic qualification, background and experience. This is a double edge sword and, in some circumstances, officers also end up at unwanted Divisions, because Establishment Division is also trying to fill in vacancies for the entire federal government. This gives rise to mismatch between the core competencies of the officer and the requirements of the job. Under the present system, an officer having background of Finance may end up in Religious Affairs or Culture Divisions, and someone with no experience of trade may find himself dealing with complex trade negotiation or managing issues of the circular debt, as the case may be.

3. This has necessitated the categorization of the Federal Secretariat into distinct clusters, so that officers having requisite academic background, profile and experience can be posted in a cluster of relevant and related Division. The purpose of this exercise is to inculcate specialization in the Federal Secretariat to improve the quality of the decision making and service delivery. The clustering of Divisions/ Ministries under four distinct stream and limiting rotation, promotion and posting within the confines of the chosen streams would equip the generalists who already possess breadth of experience and management expertise with some domain knowledge and a degree of specialization enhancing their decision-making capabilities.

4. The uniformity of compensation would no longer create a tilt towards some Ministries/ Divisions which is the case at present. Employees make their best efforts to be posted in the Divisions with relatively lucrative compensation irrespective of the fact whether their skillsets and background experience fits in with the job requirements or not. The result is that there are too many square pegs in round holes. This scheme would promote limited specialization as the movement and transfers would take place within a limited cluster of Division/Ministries. This controlled rotation in identical or related subject matter Ministries would nurture some degree of specialization among the generalist officers, who primarily dominate the officer grade positions in the Federal Secretariat. An ideal situation would be if the provincial Secretariat are also organized along the same clusters. The rotation and transfer policy along with induction of Provincial Service officers in the Federal Government and the deputation permissible under section 10 of the Civil Servants Act can strengthen this process of limited specialization, acquisition, and updating of competencies and skills in those subjects.

5. The current Federal Ministries/Divisions can be rearranged in the following clusters.

## **CLUSTERS OF DIVISIONS**

### **CLUSTER A: Technical Ministries / Divisions**

- i) Aviation
- ii) Communications
- iii) Climate Change
- iv) Housing & Works
- v) Information Technology
- vi) Law and Justice
- vii) Maritimes Affairs
- viii) Power
- ix) Petroleum
- x) Railways
- xi) Science and Technology
- xii) Water Resources

### **CLUSTER B: Economic Ministries / Divisions**

- i) Commerce
- ii) Economic Affairs
- iii) Finance division
- iv) Industries
- v) National Food Security
- vi) Planning, Development
- vii) Privatization
- viii) Revenue

### **CLUSTER C: Social Sectors Ministries / Divisions**

- i) Federal Education
- ii) Human Rights
- iii) National History & Literacy
- iv) National Health
- v) Overseas Pakistanis
- vi) Poverty Alleviators
- vii) Religious Affairs

### **CLUSTER D: General Management Group of Ministries / Divisions**

- i) Cabinet
- ii) Defence
- iii) Defence Production
- iv) Establishment
- v) Foreign Affairs
- vi) Information, Broadcasting
- vii) Inter-Provincial Coordination
- viii) Kashmir Affairs
- ix) National Security
- x) Narcotics Control
- xi) Parliamentary Affairs
- xii) States and Frontier Regions

xiii) Interior

**Present Status**

6. The Federal Cabinet has approved this categorization of the officers into four streams and presently, Establishment Division is implementing the scheme for the officers of Office Management Group, only.



## **PART-2: REFORMS DEFERRED**

## **CHAPTER 8 WORKING PAPER ON REORGANIZING THE FEDERAL SECRETARIAT**

1. In 2010, the 18th amendment to the Constitution abolished the concurrent list and devolved the functions of 17 Federal Ministries<sup>4</sup>. The main functions of the Federal Government after the 18th amendment are listed in Annex I. These, inter alia, include Defence, External Relations, Finance and Currency, Communications, Commerce and International Trade, Electricity, standard setting, Superior Judiciary, Research and Development etc. Most of these are public goods and services. After the 7th NFC award, the share of the Federal Government in the Divisible Tax pool has shrunk to around 40 percent while it has been heavily burdened with domestic and external debt servicing putting serious strains on fiscal balances.

2. Despite the devolution, low tax revenues and rising debt servicing burden the size of the Federal Government and therefore the expenditure on wages and salaries and pensions has been rising fast. It may be pertinent to point out that the following Ministries have re-emerged at the Federal level under the following names:

Education—Federal Education and Professional Training  
Health—National Health Services, Regulations and Coordination  
Environment—Climate Change  
Labour—Overseas Pakistanis and Human Resource Development  
Culture—National History and Literary Heritage  
Agriculture—National Food Security and Research

3. The Federal Government until 2002 had a small but effective Cabinet which consisted of 16-17 ministers. Since then, there has been a proliferation of Ministries and despite the devolution, there were 34 Ministries and 43 divisions when this Government took over compared to 41 Ministries and 46 Divisions before the devolution. The present Government has abolished two divisions and merged two. One new division on Poverty Alleviation and Social Protection was created.

4. A concept paper for restructuring the Federal Ministries and Divisions was prepared in October 2018 by the Task Force on Restructuring of the Federal Government. The Prime Minister had desired that this paper should be discussed at a consultative session of key ministers before it was presented to the Cabinet. The PM chaired the session and it was decided that it was not an appropriate time for carrying out the restructuring of the Divisions/ Ministries. In the first instance, it is imperative to restructure the 16 types of organizational entities working under the federal Ministries such as attached departments etc. Consequently, a major exercise of the reorganization of these entities was undertaken and approved by the Cabinet on July 9, 2019 and these reforms are being continuously monitored and implemented by a Cabinet Committee. As a result of this exercise, the number of organizational entities under the control of the Federal Government has been reduced from 441 to 332.

5. The starting point of the reform should be the Division and in the proposed configuration there should be only 33 Divisions down from 42 at present. Each Division can be headed by a Minister, Minister of State, or Advisor as laid down in the Constitution. It is suggested that the Special Assistants to the Prime Minister should assist the Prime Minister in

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<sup>4</sup> Education, Health, Agriculture, Culture, women, youth, Population, social welfare, Environment, Local Government, Labour and Manpower, Minorities, Youth, Zakat, Livestock, Tourism, Sports; Textile Industry with Commerce

overseeing, supervising evaluating and guiding the work of the Division, but not head the Division as they cannot be held accountable for their performance by the Parliament. At present 42 Divisions are headed by 26 Ministers, 4 Advisors (Commerce, Finance and Revenue, Climate Change, Parliamentary Affairs) and 5 Special Assistants to PM (Health, Overseas Pakistanis, Poverty Alleviation, Petroleum and Information) and 3 directly by the P.M. The SAPM can be given the status of the Minister or Minister of State and can attend the Cabinet meetings. Under the new set up, the 26 ministers and 4 advisors would continue to head the Divisions with the PM heading the existing 3 divisions.

6. The Ministries proposed for restructuring in the second phase are of two types :- (a) those which can carry out stand-alone activities and can remain intact in their present form (b) clusters of Division carrying out activities of similar or related nature. Coordination failures in Pakistan despite the existence of fora such as ECC have inflicted heavy costs on the economy as each Ministry works in silos without due regard to the linkages, interdependencies and synergies with the others. To illustrate, Infrastructure Development has been lopsided as most investment has taken place in Motorways and Highways to the neglect of the cheaper and accessible Rail transportation. Absence of inter – modal transport planning has made evacuation of goods from North to the ports in South quite exorbitant affecting the competitiveness of exports. Same is the case of Energy sector where Integrated Planning and Policy is missing and the country is suffering huge economic and financial losses. An attempt has therefore been made to introduce the concept of a few Ministries as a cluster of several Divisions. In such cases of multiple divisions, forming a Ministry it is suggested that a Lead Minister may be designated to head the Ministry with all the Ministers in Charge of the Divisions working with the Lead Minister chosen from amongst the Ministers or Advisors of the Divisions clustered. The concept of Lead Minister would apply only in eight cases (i) Defence, (ii) Energy, (iii) Finance, (iv) Human Development, (v) Human Rights & Poverty Alleviation, (vi) Infrastructure Development, (vii) Trade and Industry and (viii) Technology Development.

7. The running of Civil Administration costs about Rs 450 billion annually of which Rs 260 billion is the wage bill and 190 billion for operating expenses. A decade ago the wage bill was only Rs 50 billion. The pension bill is growing explosively and is likely to equal the wage bill in a few years. The total strength of the civilian employees at the Federal level was 491860 in 2009 and has risen to 663234 by 2019—an increase of 35 percent. 85 percent of the total wage and salary bill is claimed by the support staff who account for 95 percent of the total employees while 15 percent goes to the officers in Grades 17-22 who form 5 percent of the total strength. The introduction of e-government should reduce the need for support staff which, in turn, would lower the recurring expenditure of running of the Federal Government. The staff rendered surplus would be paid out of a Surplus Pool until they are absorbed in regular positions, retrained, resign or retire.

8. The existing structure of the Federal Ministries and the Divisions (Annex-II) has been reviewed by the Task Force which has come up with some proposals for a new configuration. The Task Force had adopted the following criteria for evaluating each Ministry and Division:

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- i) Which Divisions/Ministries are the focus areas and areas of emphasis in the Manifesto and the PM's public statements?
- ii) Which Divisions/Ministries have to perform the Constitutional obligation and serve as the touch points with other organs of state?

- iii) Which Divisions/Ministries provide Cross-cutting or support services required for the functioning of the Government as a whole?
- iv) Which Divisions/Ministries are the main instruments needed for external and internal security and national harmony
- v) Which Ministries are the key drivers for promoting economic growth?

9. The proposed configuration of the Ministries and Divisions which meet the above criteria stems from the following principles: -

- i) A compact and manageable number of Ministers add to the quality of discussion, debate and decision making by the Cabinet and bring about greater coherence in the affairs of the Government.
- ii) The Prime Minister has a better span of control and is able to monitor the performance of his Ministers more effectively. The introduction of Lead Minister in eight Ministries would relieve the PM from resolving inter Division conflicts and ensure better coordination.
- iii) Each Division should be organized on the basis of the volume of work, number of agencies to be supervised, a critical mass of active personnel working in the Ministry and identity in the nature of functions.
- iv) The current priorities and the scope of the future responsibilities should be correctly reflected and assigned due weightage.
- v) Overlapping, duplication and the need for continuous inter-ministerial coordination and consultation should be minimized.
- vi) There should be a clear demarcation between the Line Ministries and the Support Ministries (Cabinet Secretariat, Finance, Planning and Development, Information and Media, Law and Justice, Parliamentary Affairs)
- vii) Functions of similar and complementary nature should be grouped together e.g Railways and Communication dealing with surface Transportation be brought under one Division and lumped with the Division dealing with Air and Sea Transportation to form the Ministry of Infrastructure Development.
- viii) As more administrative and financial powers, functional and operational autonomy are delegated to the Executive departments and autonomous bodies the work load on the Division will be reduced to a considerable extent. This freeing up of time and resources can therefore be better utilized by achieving economies of scale.
- ix) Privatization, deregulation, transfer of activities to the provincial governments, mergers, winding up and liquidation of several entities have created an uneven impact on the residual size of each Ministry. It is therefore, necessary to realign each Ministry to a uniform bench mark.
- x) Some divisions have large executing agencies but their own policy formulation work is much limited e.g. Revenue Division has a strong agency i.e. FBR with 20631 employees but the main Division at the Secretariat consists of only 34 staff and officers.
- xi) The staff to officer's ratio (10364 staff and 2520 officers) for the Federal Government is currently 4.11 but eighteen Divisions have this ratio above 5 all the way up to 12. This ratio should be accepted as the benchmark for staff deployment in the Federal Secretariat and those rendered surplus to the requirements would be placed in a surplus pool for later absorption, retraining, redeployment, retirement, voluntary separation. Exceptional cases for deviation from this benchmark can be considered by the Cabinet Committee on Implementation.
- xii) This ratio should be gradually brought down to 3:1 by substituting the Private Secretaries, Assistant, Clerks, Steno typists etc. in the offices of the Ministers,

Secretaries, Joint /Additional Secretaries and Deputy Secretaries by fewer number but highly qualified staff officers drawn from Grades 17-22. An informal survey shows that the Ministers and senior officers would be better served with such a substitution as these Staff officers would add value by assisting in collecting the data, analysing the issues under consideration and carrying out spade work. Once this ratio is accepted as a benchmark it would be applied to the attached departments and the autonomous bodies<sup>5</sup> effecting major savings in the wage and salary bill and pensions.

10. Applying the above principles to the existing Ministries and Division it is proposed that first of all a distinction is made between the line Ministries and the support Ministries which provide back end services to facilitate and regulate the line ministries. The support Ministries are:

- i) Cabinet Division
- ii) Establishment Division
- iii) Finance, Revenue and Economic Affairs
- iv) Information and Broadcasting
- v) Law and Justice
- vi) Parliamentary Affairs
- vii) Planning, Development and Special Initiatives

11. Second, the number of divisions be reduced from 42 to 33 and the number of Ministries from 32 to 22. It may be relevant to point out that some Divisions have as few as 22 staff members on their strength which is highly sub-optimal from an organizational structure point of view. Our survey shows that at least 8 Divisions have around or less than 100 staff members. A scheme showing the mapping from the existing Ministries and Divisions to the proposed configuration is shown at Annex-III and Annex-IV. The salient features of the proposed changes are:

12. Cabinet Secretariat will continue to work directly under the Prime Minister with three Divisions;

- i) the existing Cabinet Division (with all regulatory agencies located here)
- ii) an expanded Human Resource Management Division replacing the current Establishment Division with the functions to formulate Human Resources policies for the entire Federal Government, directly manage the, All Pakistanis Services, set standards and norms for management of Federal Cadres and services and non-cadre employees of other Divisions, ensure that the policies, standards and norms are being followed. The HRM Division would also be the interface with the Federal Public Service Commission for recruitment into the Federal Government.
- iii) National Security Division. This Division has only 34 employees and should be folded within the Cabinet Division. The Secretariat function of the National Security committee should then be transferred to the Cabinet Division which also performs similar functions in respect of National Economic Council.

13. A new Technology Development Ministry consisting of the existing Science Technology (S&T) Division and Information Technology and Telecom Division be created to

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<sup>5</sup> For the attached departments and autonomous bodies, a further distinction has to be made separating staff working with domain knowledge such as teachers, health workers, technicians, accountants, police men etc. from those working in purely direct support functions to the officers

steer the country on the path of technological upgradation in the light of future interactive of economic and social developments. A major restructuring of our Science & Technology organizations has to be undertaken as there is a degree of overlap between the Ministries of S&T and IT at present.

14. Ministry of Human Development: Considering that Education, Health, Population, Welfare, Labor are provincial subjects there is hardly any need to have separate Ministries for each of these subjects at the Federal level in the future. However, the synergies between each one of these subjects are essential to design, develop, implement and monitor a human development strategy for the country in consultation with the provinces, private sector, NGOs and other stakeholders. While it is recommended that there should be separate Divisions for Education and Health for these subjects they should be all brought together under a Ministry of Human Development. This will highlight the importance of the present Government attaches to a more integrated and holistic approach to the development of country's human resources for reaping the demographic dividends in the future by providing training and skills.

15. Ministry of Human Rights, Poverty Alleviation and Social Protection: It will consist of two divisions - (a) Poverty Alleviation and Social Protection (b) Human Rights. It has become quite obvious that the present segmentation of the instruments of social protection and social safety nets among different ministries, agencies and provinces has proved to be inefficient and devoid of any tangible impact on the intended target population of the poor vulnerable and disadvantaged. Poverty Alleviation and Social Protection Division has already brought under one umbrella the existing government interventions scattered across the Government and to coordinates policies and programs with the Provincial Governments, private sector and philanthropic sector. The Ministry will also be designing new interventions that have proved successful in other countries. Human Rights Division is already seized of the problems of women, children, Minorities and Disabled but has fewer staff to justify its existence as a separate Division. Alternatively, the Ministry of Religious Affairs and Interfaith Harmony should be expanded to from Ministry of Religious Affairs and Human Rights with two divisions (1) Religious Affairs and Interfaith Harmony (2) Human Rights.

16. Ministry of Infrastructure Development: As Railways is being restructured to operate as an autonomous body and Highways are already developed and maintained by another autonomous body -National Highway Authority (NHA), and Ports and Shipping by autonomous trusts and authorities, Aviation by PIA and CAA it becomes feasible to form a single Ministry for Infrastructure Development with two divisions. The Division for Surface or Land Transportation will be formed by the merger of Communications, Postal Services and Railways Divisions. The Division for Air and Sea Transportation will be culled from the Aviation Division and the Maritime Affairs Division. This grouping will help optimize Inter-modal transport network for the country and also facilitate the coordination and interlink problems inherent in the development of the National Transport Corridor.

17. Ministry of Energy Development: The present fragmentation between Power and Petroleum along with past flawed policies and the huge burden of circular debt has made the industrial sector uncompetitive while forcing government to give budgetary subsidies for households creating stress on fiscal resources. The institutional infrastructure of Generation Companies, Transmission Company, Distribution Companies, the IPPs in private sector, Oil Exploration and Marketing Gas companies etc. require a more integrated energy development strategy policy framework and coordination. With the successful separation of policy making, regulatory and operational activities and ultimate privatization or corporatization of most of the large operational companies, it is now propitious to have a Ministry of Energy Development

with the two existing Ministries of Power and Petroleum becoming two divisions. The ensuing work load distribution will result in a more efficient and integrated development of hydrocarbon and alternate energy sources and allocation among competing energy supply sources.

18. Ministry of Trade and Industry: The two divisions – Commerce and Textile, Industries and Production – should be lumped together under the Ministry of Trade and Industry. The successful Japanese model of MITI in the 1960s and 1970s and that of Malaysia later on has a lot of parallels with the current stage of Pakistan’s development. The backward and forward linkages between the industrial production, import substitution and export diversification can be exploited in a seamless, boundary less stream navigated by this Ministry. The issues surrounding Pakistan’s competitiveness in global markets can also be sorted out by this Ministry in a concerted manner.

19. Ministries of Climate Change and Food Security: should be formed by the two respective divisions since most of the activities pertaining to crops, livestock, fisheries and also environment and climate change such as water supply, sewerage, solid waste disposal, forests resources etc. belong to the Provincial and Local Governments. This Ministry would make policies and plans for mitigation and adaptation, promote agriculture research and applications of new technology and develop national strategies for food security fix a futures risk due to climate change. Alternatively, a Ministry of Water Resources and Food Security could be created as most of the water resources are utilized for irrigation purposes in agriculture production.

20. Narcotics Division had traditionally been part of the Interior Ministry and should revert to that Ministry.

21. Ministry of Finance and Revenue should absorb the Ministry of Economic Affairs and consist of two divisions;

- i) Finance and Revenue.
- ii) Economic Affairs.

22. The two divisions – Defence and Defence Production have been together part of the Ministry of Defence in the past. It is suggested that the status quo ante be restored.

23. The future role of the Ministry of Information and Media that of the Information Service Officers requires a more in-depth study in light of the overwhelming dominance of private electronic media and the marginalization of the government owned channels. Other relatively successful models such as the spokespersons in the office of the Prime Minister or Key Ministries competent in their own respective professional fields could be tested as possible alternatives. There are no clear views on this subject which needs further explanation.

24. It is further proposed that the hierarchical tiers in the Federal Secretariat should be reduced from the existing five ---SO, DS, JS, AS and Secretary—to three—DS, JS and Secretary. Each officer would get staff officers in Grades 17 to 20 to assist them in their routine tasks replacing the existing battery of support staff.

## **Conclusion**

25. The purpose of this exercise of reorganizing the existing Divisions/ Ministries is manifold.

- i) Identify the focus areas and areas of emphasis of the present government and strengthen those Ministries/Divisions to deliver the outcomes efficiently, economically and effectively
- ii) Clarify the distinction between the line Ministries which are at the front end and the support Ministries which provide back end services to facilitate and regulate the line ministries
- iii) Bring about greater synergies, coordination and cohesion among the Divisions carrying out similar or related activities
- iv) Rationalize the distribution of work load among different Divisions as a result of devolution, privatization, deregulation, mergers, liquidation etc.
- v) Reduce the head count of Support staff and gradually transfer the savings to increase the compensation package of officers who are under paid at present.
- vi) Cut down the tiers of decision-making process from five to three and enhance the quality of staff assistance to the officers in the chain

## **Issues for Discussion**

- i) Whether the proposed reduction in the number of Divisions and Ministries is justifiable or not?
- ii) Whether the proposed eight clusters of Divisions under the Ministries are acceptable or not?
- iii) Whether the three-tier structure of the Division from the present five tier structure would improve speed and quality of decision making?
- iv) Whether the staff-officer ratio of 3:1 should be accepted as a benchmark for the Federal Government and enforced in a phased manner and be considered for future planning of staff recruitment and deployment. Divisions exceeding this ratio may be advised to provide justification to the Cabinet Implementation Committee.



**FUNCTIONS OF THE FEDERAL GOVERNMENT AS ENSHRINED  
IN THE LEGISLATIVE LISTS OF THE CONSTITUTION**

<b>S. No</b>	<b>Functions</b>	<b>Corresponding Divisions</b>
1)	Defence of Federation and Military	Defence and Defence Production
2)	Management of Cantonment Areas	Defence
3)	External Affairs including Treaties	Foreign Affairs, EAD,OPHRD
4)	Nationality, Citizenship, Naturalization, migration and emigration and International Travel	Interior Division
5)	Post and Telegraphs	Communications
6)	Telephones and Wireless	IT
7)	Broadcasting	Information and Broadcasting
8)	Currency, coinage and legal tender, foreign exchange, public debt including foreign debt, State Bank, Banking	Finance (through State Bank), EAD
9)	Federal Public Services and Federal Public Service Commission.	Establishment
10)	Federal Ombudsmen.	Law (Federal Ombudsman)
11)	Superior Courts, Administrative Courts, Tribunals	Law
12)	Libraries, museums, and similar institutions controlled or financed by the Federation	National History and Literary Heritage
13)	Federal Agencies for Research and Training (P&T)	S&T, FE&PT
14)	Education as respects Pakistani students in foreign countries and foreign students in Pakistan.	OPHRD
15)	Nuclear energy	Defence
16)	Maritime shipping and navigation, major ports, lighthouses, safety	Maritime Affairs

17)	Copyright	Commerce (IPO)
18)	Aircraft, air navigation, aerodromes, safety of aircraft	Aviation
19)	Carriage of Passengers and goods	Aviation, Maritime, Communications, Railways
20)	Opium Control	Narcotics
21)	Import and Export and inter provincial trade, quality of exports	Commerce
22)	Law of insurance and insurance business	Finance
23)	Stock exchanges and future markets	Finance (SECP)
24)	Corporations, that is to say, the incorporation, regulation and winding- up	Finance (SECP)
25)	National highways and strategic roads	Communications
26)	Federal surveys including geological surveys and Federal meteorological organizations	Planning
27)	Fishing and fisheries beyond territorial waters.	Maritime Affairs
28)	Works, land and Buildings	Housing and Works
29)	Establishment of standards of weights and measures	Industries
30)	Elections	Law
31)	Salaries, allowances and privileges of President etc.	Parliamentary Affairs
32)	Duties, Taxes on income, corporations, sales, trade, minerals, capital, transport etc.	Revenue
33)	Railways	Railways
34)	Minerals, Oil, gas etc	Petroleum
35)	Development of Industries, WAPDA	Industries and Production, Water Resources
36)	Electricity	Power
37)	Regulatory Authorities	Cabinet

38)	National Planning and Economic coordination	Planning
39)	Coordination of Scientific and Technological Research	S&T
40)	Census	Planning
41)	Police Force	Interior and Establishment
42)	Legal, Medical and other Professions	Law, NHS, S&T
43)	Standards for Institutions in Higher Education, Research, Scientific	FE&PT (HEC), S&T
44)	Interprovincial coordination	IPCC

**Divisions not covered above but with relevant constitutional provisions**

- i) Poverty Alleviation (Article 37, 38)
- ii) Human Rights (3, 33, 34, 36)
- iii) Kashmir Affairs (257)
- iv) Religious Affairs (Article 2, 31 etc.)

**Divisions not covered above and with no relevant provisions**

- i) National Food Security (38(b) partly)
- ii) Climate Change
- iii) National Security
- iv) National Health (38 partly)
- v) Privatization
- vi) SAFRON (FATA has been merged)

## EXISTING MINISTRIES AND DIVISIONS

MINISTRIES		DIVISIONS	
1.	<b>CABINET SECRETARIAT</b>	1.	AVIATION
		2.	CABINET
		3.	ESTABLISHMENT
		4.	NATIONAL SECURITY DIVISION
		5.	POVERTY ALLEVIATION AND SOCIAL PROTECTION
2.	<b>CLIMATE CHANGE</b>	6.	CLIMATE CHANGE
3.	<b>COMMERCE AND TEXTILE</b>	7.	COMMERCE
		8.	TEXTILE
4.	<b>COMMUNICATIONS</b>	9.	COMMUNICATIONS
		10.	POSTAL SERVICES
5.	<b>DEFENCE</b>	11.	DEFENCE
6.	<b>DEFENCE PRODUCTION</b>	12.	DEFENCE PRODUCTION
7.	<b>ENERGY</b>	13.	POWER
		14.	PETROLEUM
8.	<b>FEDERAL EDUCATION AND PROFESSIONAL TRAINING</b>	15.	FEDERAL EDUCATION AND PROFESSIONAL TRAINING
		16.	NATIONAL HISTORY & LITERACY HERITAGE.
9.	<b>FINANCE, REVENUE AND ECONOMIC AFFAIRS, NATIONAL HISTORY.</b>	17.	FINANCE
		18.	REVENUE
		19.	ECONOMIC AFFAIRS
10.	<b>FOREIGN AFFAIRS</b>	20.	FOREIGN AFFAIRS
11.	<b>HOUSING &amp; WORKS</b>	21.	HOUSING & WORKS

12.	<b>HUMAN RIGHTS</b>	22.	HUMAN RIGHTS
13.	<b>INDUSTRIES &amp; PRODUCTION</b>	23.	INDUSTRIES & PRODUCTION
14.	<b>INFORMATION, BROADCASTING</b>	24.	INFORMATION & BROADCASTING,
15.	<b>INFORMATION TECHNOLOGY &amp; TELECOMMUNICATIONS</b>	25.	INFORMATION TECHNOLOGY & TELECOMMUNICATIONS
16.	<b>INTERIOR</b>	26.	INTERIOR
17.	<b>INTER – PROVINCIAL COORDINATION</b>	27.	INTER – PROVINCIAL COORDINATION
18.	<b>KASHMIR AFFAIRS &amp; GILGIT BALTISTAN</b>	28.	KASHMIR AFFAIRS & GILGIT BALTISTAN
19.	<b>LAW AND JUSTICE</b>	29.	LAW AND JUSTICE
20.	<b>MARITIME AFFAIRS</b>	30.	MARITIME AFFAIRS
21.	<b>NARCOTICS CONTROL</b>	31.	NARCOTICS CONTROL
22.	<b>NATIONAL FOOD SECURITY &amp; RESEARCH</b>	32.	NATIONAL FOOD SECURITY & RESEARCH
23.	<b>NATIONAL HEALTH SERVICES &amp; REGULATION AND COORDINATION</b>	33.	NATIONAL HEALTH SERVICES & REGULATION AND COORDINATION
24.	<b>OVERSEAS PAKISTANIS AND HUMAN RESOURCE DEVELOPMENT</b>	34.	OVERSEAS PAKISTANIS AND HUMAN RESOURCE DEVELOPMENT
25.	<b>PARLIAMENTARY AFFAIRS</b>	35.	PARLIAMENTARY AFFAIRS
26.	<b>PLANNING, DEVELOPMENT AND REFORMS</b>	36.	PLANNING, DEVELOPMENT AND REFORMS
27.	<b>PRIVATIZATION</b>	37.	PRIVATIZATION
28.	<b>RAILWAYS</b>	38.	RAILWAYS
29.	<b>RELIGIOUS AFFAIRS AND INTERFAITH HARMONY</b>	39.	RELIGIOUS AFFAIRS AND INTERFAITH HARMONY
30.	<b>SCIENCE AND TECHNOLOGY</b>	40.	SCIENCE AND TECHNOLOGY

31.	<b>STATES AND FRONTIER REGIONS</b>	41.	STATES AND FRONTIER REGIONS
32.	<b>WATER RESOURCES</b>	42.	WATER RESOURCES

### PROPOSED MINISTRIES AND DIVISIONS

	MINISTRY	DIVISIONS	HEAD
1	CABINET SECRETARIAT	CABINET DIVISION	PRIME MINISTER
		HUMAN RESOURCES MANAGEMENT	
2	CLIMATE CHANGE AND FOOD SECURITY	CLIMATE CHANGE	ADVISER
		NATIONAL FOOD SECURITY AND RESEARCH	MINISTER
3	DEFENCE AND DEFENCE PRODUCTION	DEFENCE	MINISTER
		DEFENCE PRODUCTION	
4	ENERGY DEVELOPMENT	POWER	MINISTER
		PETROLEUM	SAPM
5	FOREIGN AFFAIRS	FOREIGN AFFAIRS	MINISTER
6	FINANCE, REVENUE AND ECONOMIC AFFAIRS	FINANCE, REVENUE	ADVISER
		ECONOMIC AFFAIRS	MINISTER
7	HUMAN DEVELOPMENT	FEDERAL EDUCATION & PROFESSIONAL TRAINING	MINISTER
		NATIONAL HEALTH SERVICES	SAPM
8	HUMAN RIGHTS AND SOCIAL PROTECTION	HUMAN RIGHTS	MINISTER
		POVERTY ALLEVIATION AND SOCIAL PROTECTION	SAPM
9	INFRASTRUCTURE DEVELOPMENT	SURFACE TRANSPORTATION	MINISTER RAILWAYS MINISTER COMMUNICATION
		AIR AND SEA TRANSPORT	MINISTER AVIATION MINISTER MARITIME
		HOUSING AND WORKS	MINISTER
10	INFORMATION MEDIA	INFORMATION, MEDIA AFFAIRS	MINISTER/SAPM
11	INTERIOR AND NATIONAL SECURITY	INTERIOR AND NARCOTICS CONTROL	MINISTER
12	INTER PROVINCIAL COORDINATION	INTER PROVINCIAL COORDINATION	MINISTER
13	KASHMIR AFFAIRS AND GILGITBALISTAN	KASHMIR AFFAIRS AND GILGITBALISTAN	MINISTER
14	LAW AND JUSTICE	LAW AND JUSTICE	MINISTER

15	OVERSEAS PAKISTANIS	OVERSEAS PAKISTANIS	SAPM
16	PARLIAMENTARY AFFAIRS	PARLIAMENTARY AFFAIRS	ADVISER
17	PLANNING, DEVELOPMENT, SPECIAL INITIATIVE	PLANNING AND DEVELOPMENT	MINISTER
18	PRIVATIZATION	PRIVATIZATION	MINISTER
19	RELIGIOUS AFFAIRS AND INTERFAITH HARMONY	RELIGIOUS AFFAIRS AND INTERFAITH HARMONY	MINISTER
20	TECHNOLOGY DEVELOPMENT	SCIENCE AND TECHNOLOGY	MINISTER
		INFORMATION TECHNOLOGY & TELECOMMUNICATION	MINISTER
21	TRADE AND INDUSTRY	COMMERCE & TEXTILE	MINISTER
		INDUSTRY AND PRODUCTION	ADVISOR
22	WATER RESOURCES	WATER RESOURCES	MINISTER



**ANNEX-IV**

<b>(I)</b>	<b>Ministries and Divisions to remain intact with some modifications</b>	
1	<b>Cabinet Secretariat</b>	1. Cabinet 2. Establishment (to be upgraded as HR Management Division) 3. National Security??
2	<b>Foreign Affairs.</b>	4. Foreign Affairs.
3	<b>Information and Media??</b>	5. Information and Media
4	<b>Interior</b>	6. Interior and Narcotics
5	<b>Inter-Provincial Coordination</b>	7. Inter-Provincial Coordination
6	<b>Kashmir Affairs &amp; Gilgit Baltistan</b>	8. Kashmir Affairs and Gilgit Baltistan
7	<b>Law and Justice</b>	9. Law and Justice
8	<b>Overseas Pakistanis</b>	10. Overseas Pakistanis (Drop Human Resource Development)
9	<b>Parliamentary Affairs</b>	11. Parliamentary Affairs
10	<b>Planning, Development and Special Initiatives</b>	12. Planning, Development and Special Initiatives
11	<b>Privatization</b>	13. Privatization
12	<b>Religious Affairs and Interfaith Harmony</b>	14. Religious Affairs and Interfaith Harmony
13	<b>Water Resources</b>	15. Water Resources
<b>(II)</b>	<b>Ministries with Clusters of Division</b>	
14	<b>Climate Change and Food Security</b>	16. Climate Change 17. Food Security
15	<b>Commerce and Industry</b>	18. Commerce and Textile 19. Industries and Productions

16	<b>Defence and Defence Production</b>	20. Defence 21. Defence Production
17	<b>Energy</b>	22. Power 23. Petroleum
18	<b>Finance, Revenue, Economic Affairs</b>	24. Finance and Revenue 25. Economic Affairs
19	<b>Human Development</b>	26. Education and National Heritage 27. Health Services
20	<b>Human Rights and Poverty Alleviation</b>	28. Human Rights 29. Poverty Alleviation
21	<b>Infrastructure Development</b>	30. Surface Transportation 31. Air and Sea Transportation 32. Housing and Works
22	<b>Technology Development</b>	33. Science and Technology 34. Information Technology & Telecom
<ul style="list-style-type: none"> <li>i. Ministry of State and Frontier Regions to be abolished</li> <li>ii. National Security Division merged into Cabinet Division</li> <li>iii. Narcotics Division merged into Interior Division</li> <li>iv. National History and Heritage merged into Education Division</li> <li>v. Revenue Division merged into Finance Division</li> </ul>		

## **CHAPTER 9 ABOLITION OF VACANT POSTS (BS 1-16) IN THE FEDERAL GOVERNMENT**

1. The Federal government has recorded an increase of 35 percent in its number of employees during the last decade rising from 492,000 to 663,000 (Annex-I). The number of employees of the Federal Government that were directly affected by devolution was 50,411. Thus, the base number for comparative purposes should be adjusted to 441,000. On this basis the expansion in the Federal Government employees during the last decade would be 50 percent.

2. The annual salary bill has risen three times during this period from Rs.89 billion to Rs.260 billion, while the pension bill is becoming unmanageable as its growth is much faster than the increase in salary bill. The Government structure is too lopsided with 95 percent of the employees falling in Grades 1-16 and accounting for 85 percent of the total salary bill while the officers form only 5 percent of the total employees. The Government has recently formed a Pay and Pension Commission to examine the pay structure and reform the pension system. The total pension bill in 2019-20 was Rs 342 billion (civilian 82; Military 260). In 2009-10 it was Rs 75 billion—almost five times compared to salary bill which was Rs 89 billion in 2009-10 and has risen only three times. This pension liability does not include the provincial governments, and if included the pensions bill is more than Rupees 1.1 trillion per annum. Still, some of the autonomous bodies would remain, out of this count, as well, because no centralized exercise to collate the entire pension data has been undertaken.

3. In the meanwhile, a review of the sanctioned and actual posts occupied in the Federal Government reveals that the vacancy ratio for the last five years has averaged about 10 percent. The latest survey shows that there are 81,479 vacancies in the Secretariat and attached departments (Annex-II, III and IV). In addition, there are 115,909 unfilled posts in the autonomous bodies. Of the total vacant posts in the Secretariat and attached departments as many as 71,737 are in BPS 1-16 grades.

4. It is proposed that in the first phase the Finance Division may be advised to abolish these 71,737 posts in BPS 1-16 grades and freeze fresh recruitment in BPS 1-16 grades. Any justification for exceptions to this policy would be examined first by the Establishment and Finance Divisions and then placed before the Cabinet Implementation Committee (CIC) of Reorganizing the Federal Government for final decision. One of the general guidelines to be followed is that the ratio of supporting Staff i.e., Private Secretaries, Superintendents, Assistants, Steno typists, Clerks, Drivers, Qasids and similar other staff) to officers in each attached department should be brought down to an average of 4:1 in the first phase and then to 3:1 that was prescribed and approved by the Government in 2001.

5. In the next round, the CIC may carry out this exercise in respect of the autonomous bodies and Corporations. Priority would be given to a review of the manpower deployment in the Distribution companies under Power Division.

### **Current Status**

6. The Cabinet Committee on Institutional Reforms (CCIR) considered the summary dated 3rd March 2021 submitted by the Finance Division regarding "Reorganizing the Federal Government proposal regarding Abolition of Posts" and decided as under:

- i) All Ministries/Divisions shall abolish posts in BPS 1-16 that have remained vacant for more than one year. However, the posts to be abolished will not include posts that are vacant due transfer/posting and positions meant for promotion. Moreover, the posts where recruitment process is already under process, shall also be exempted till finalization of the process.
- ii) The posts in BPS1 to 16 belonging to the Health, Education and Police Departments in the federal Government shall be exempted from abolition being the operational nature of such departments
- iii) All Principal Accounting Officers (PAOs) of all Ministries/ Divisions shall carry out an exercise to identify the posts for abolition as mentioned in sub para ( i) of the decision and intimate within four weeks to CCIR.

**Expansion in the Federal Government Employees**  
**(Secretariat and Attached Departments)**

<b>Year</b>	<b>Sanctioned Posts</b>
2008-09	<b>491,860</b>
2013-14	<b>500,382</b>
2017-18	<b>660,657</b>
2018-19	<b>663,234</b>

**Federal Government Employment 2018-19**  
**(Secretariat, Attached Department and Autonomous Bodies)**

	Sanctioned			Filled-in			Vacant		
	Officers	Staff	Total	Officers	Staff	Total	Officers	Staff	Total
Secretariat Total	5,769	21,494	27,263	4,302	18,510	22,812	1,467	2,984	4,451
Attached Departments	30,890	605,081	635,971	22,615	536,328	558,943	8,275	68,753	77,028
Autonomous Bodies	80,346	434,828	515,174	68,459	330,806	399,265	11,887	104,022	115,909
<b>Total</b>	<b>117,005</b>	<b>1,061,403</b>	<b>1,178,408</b>	<b>95,376</b>	<b>885,644</b>	<b>981,020</b>	<b>21,629</b>	<b>175,759</b>	<b>197,388</b>

### Secretariat and Attached Department Employees

	Secretariat			Attached Department			Grand Total		
	Officers	Staff	Total	Officers	Staff	Total	Officers	Staff	Total
<b>Sanctioned</b>	<b>21.16%</b>	<b>78.84%</b>	<b>27,263</b>	4.86%	95.14%	635,971	5.53%	94.47%	663,234
<b>Filled - In</b>	<b>18.86% of total filled</b>	<b>81.14% of total filled</b>	<b>83.7% of total</b>	4.05%	95.95%	87.9%	4.63%	95.37%	581,755
<b>Vacant</b>	<b>32.96% of total vacant</b>	<b>67.04% of total vacant</b>	<b>16.3% of total</b>	10.74%	89.26%	12.1%	11.96%	88.04%	81,479

## Sanctioned and Filled Posts in Each Division

S. No.	Division	SANCTIONED STRENGTH			ACTUAL WORKING			VACANT		
		BS1-16	BS 17-22	Total	BS 1-16	BS17-22	Total	BS 1-16	BS 17-22	Total
1	Aviation	76	19	95	61	15	76	15	4	19
2	Cabinet	738	136	874	641	94	735	97	42	139
3	Climate Change	140	52	192	108	34	142	32	18	50
4	Commerce	364	93	457	347	73	420	17	20	37
5	Communications	90	22	112	87	20	107	3	2	5
6	Defence	367	78	445	340	52	392	27	26	53
7	Defence Production	170	36	206	164	27	191	6	9	15
8	Economic Affairs	428	115	543	367	82	449	61	33	94
9	Establishment	843	179	1022	630	139	769	213	40	253
10	Federal Education & Professional Training	119	33	152	105	21	126	14	12	26
11	Foreign Affairs (total)*	1983	545	2528	1725	455	2180	258	90	348
12	Finance	1060	492	1552	967	387	1354	93	105	198
13	Housing & Works	154	31	185	138	21	159	16	10	26



<b>14</b>	<b>Human Rights</b>	226	45	271	175	35	210	51	10	61
<b>15</b>	<b>Industries &amp; Production</b>	287	73	360	247	48	295	40	25	65
<b>16</b>	<b>Information and Broadcasting</b>	409	36	445	359	28	387	50	8	58
<b>17</b>	<b>Information Technology and Telecommunications</b>	118	24	142	95	21	116	23	3	26
<b>18</b>	<b>Inter Provincial Coordination</b>	251	59	310	179	36	215	72	23	95
<b>19</b>	<b>Interior</b>	479	136	615	444	75	519	35	61	96
<b>20</b>	<b>Kashmir Affairs &amp; Gilgit Baltistan</b>	90	28	118	77	21	98	13	7	20
<b>21</b>	<b>Law &amp; Justice</b>	451	82	533	371	50	421	80	32	112
<b>22</b>	<b>Maritime Affairs</b>	149	42	191	115	32	147	34	10	44
<b>23</b>	<b>Narcotics Control</b>	99	20	119	95	18	113	4	2	6
<b>24</b>	<b>National Food Security &amp; Research</b>	180	57	237	142	35	177	38	22	60
<b>25</b>	<b>National Health Services Regulations &amp; Coordination</b>	205	83	288	182	64	246	23	19	42
<b>26</b>	<b>National History &amp;</b>	95	23	118	88	17	105	7	6	13

	<b>Literary Heritage</b>									
<b>27</b>	<b>National Security</b>	17	11	28	16	7	23	1	4	5
<b>28</b>	<b>Overseas Pakistanis and Human Resource Development</b>	260	53	313	210	33	243	50	20	70
<b>29</b>	<b>Parliamentary Affairs</b>	160	35	195	132	34	166	28	1	29
<b>30</b>	<b>Postal Service (now Communication)</b>	41	11	52	26	8	34	15	3	18
<b>31</b>	<b>Petroleum and Natural Resources</b>	268	101	369	226	56	282	42	45	87
<b>32</b>	<b>Planning, Development &amp; Reform</b>	641	331	972	497	260	757	144	71	215
<b>33</b>	<b>Poverty Alleviation and Social Safety (ex-Statistics)</b>	71	12	83	54	8	62	17	4	21
<b>34</b>	<b>Power</b>	123	40	163	85	33	118	38	7	45
<b>35</b>	<b>Privatisation</b>	66	11	77	63	8	71	3	3	6
<b>36</b>	<b>Railways</b>	190	50	240	151	50	201	39	0	39
<b>37</b>	<b>Religious Affairs and Inter-faith Harmony</b>	263	48	311	240	41	281	23	7	30
<b>38</b>	<b>Revenue</b>	35	11	46	26	7	33	9	4	13
<b>39</b>	<b>Science and Technology</b>	164	45	209	150	25	175	14	20	34

<b>40</b>	<b>Textile (Now commerce)</b>	144	33	177	114	25	139	30	8	38
<b>41</b>	<b>States &amp; Frontier Regions</b>	122	29	151	108	16	124	14	13	27
<b>42</b>	<b>Water Resources</b>	29	16	45	17	9	26	12	7	19
	<b>Totals</b>	<b>12165</b>	<b>3376</b>	<b>15541</b>	<b>10364</b>	<b>2520</b>	<b>12884</b>	<b>1801</b>	<b>856</b>	<b>2657</b>

## **CHAPTER 10 EMPOWERMENT OF SECRETARIES’ COMMITTEES AND STRENGTHENING CABINET SECRETARY**

1. There is a widespread impression that federal government business suffers from a fragmented approach. Consultation inter-se-among Ministries/ Division is patchy, unsystematic and not as smooth or frequent as it should be. Effective coordination is lacking and conflict resolution mechanism among the Ministries is not satisfactory. Inter-ministerial matters therefore linger on causing delays. Even relatively mundane inter-Ministerial dispute /differences have to be resolved at the highest levels. In the provinces, this role is being performed by the Chief Secretary. To improve the quality of overall decision making and relieve the highest decision makers from the drudgery of mundane affairs of the state, it is proposed to strengthen the offices of the Cabinet Secretary and also make effective use of the Secretaries’ Committee.

2. The role of Cabinet Division is, inter alia, to provide support for holding meeting of the Cabinet, Cabinet Committees and promote inter-Ministerial / inter –Divisional coordination through Secretaries Committee. Cabinet division is also responsible for administrative structures of the government, ensuring adherence to the rules of Business and monitoring implementation of decisions made by the cabinet and its committee. Similarly, Establishment Division is responsible for all human resources and personnel management policies and their implementation in the public sector, both these Divisions are directly under the control of the Prime Minister.

3. The role of these important Divisions, which constitute Cabinet Secretariat, has dwindled with the passage of time and they are unable to perform their assigned functions efficiently and effectively. There is a need to restore an avenue for the secretaries of the government to get their operational difficulties resolved to improve coordination among various Ministries and to develop a low-cost dispute and conflict resolution mechanism. This, in turn, would have a positive impact on the overall performance of the government to get their operational difficulties resolved to improve coordination among the various Ministries at the operational level in day-to-day matters can be resolved by bringing about two important structural changes.

- i) The first change is to strengthen the office of the Cabinet Secretary by making her /him first among equals and vesting him with the same powers as enjoyed by the Chief Secretary at the provincial level. This practice will neither be novel in case of Pakistan as it was in force for several decades, nor will it be unique as both India and UK are very much following it. To make this office effective, the senior most secretary of the Government should be made the Cabinet Secretary for a fixed tenure. The secretaries can turn to him for advice, counselling and guidance while the Prime Minister may seek his advice on matters of important consequences.
- ii) The second change is to tap on the collective wisdom and experience of the Federal and Provincial Secretaries by making extensive use of the Secretaries Committee. The present tendency of over centralization of decision making by pushing most of the problems and even straightforward issues in their lap can be curbed by delegating some specified powers of inter-ministerial coordination and dispute resolution to these committees. This will strengthen the leadership qualities of the Secretaries as they will work as a collective team and force them to take decisions not on the basis of narrow considerations of protecting their turf but in the larger national interests. This will also

free up the time of the PM and CMs who will be able to resolve to devote quality time to more contentious and difficult issues that cannot be resolved at the Secretaries level and to exercise strategic oversight. It is also believed that the inordinate delays that occurs in the decision making will also be reduced through this process.

### **Present status**

4. Pursuant to this paper, the Secretaries Committee has been revitalized and is now meeting quite regularly. Moreover, some changes have been introduced in the Rules of Business, 1973 to institutionalize the added role of the Secretaries Committee. Due to divergent issues on the enhanced role of the Cabinet Secretary, the proposal at Para 3(i) has still not been implemented.

## **PART-3: REFORMS UNDER REVIEW AND DELIBERATION**

## **CHAPTER 11 DEFINITIONS OF THE AUTONOMOUS BODY, CONSTITUTIONAL BODY AND EXECUTIVE DEPARTMENT**

**Autonomous Body** means any of the following, namely:

- i) An entity incorporated under the Companies laws, a statutory corporation, trust, society registered under any law for registration of societies; or
- ii) A body formed under any law or legal or executive instrument; or
- iii) Any educational or research institution, college or university; or
- iv) A body corporate, or a regulatory body; or
- v) A fund, mudaraba or musharika; or
- vi) An office of the Federal Government other than a Ministry, Division, Executive Department or a Constitutional Body, Court or Tribunal; or
- vii) Any other juridical body; If it takes its own decisions independent of the Federal Government but receives binding policy directives or directions from the Federal Government; or whose ownership, wholly or partially vests in the federal government.

**“Constitutional Body”** means a body or institution established under the Constitution or which derive powers directly from the Constitution and includes the office of the Auditor General of Pakistan; **“Executive Department”** means a department which has direct relation with a Ministry/Division and has been declared as such by the Federal Government

## **CHAPTER 12 POWER AND FUNCTIONS OF THE EXECUTIVE DEPARTMENTS AND AUTONOMOUS BODIES**

### **Executive Departments**

1. The Attached Departments shall be re-designated as Executive Departments. They will be the executing arms of the Ministries in addition to the autonomous bodies and shall be subject to all Government rules, regulations, instructions and orders. The main criteria of designating or setting up an Executive Department are as follows:

- i) They form an integral part of the operations and implementation of the Ministry's policies, programs and projects; and
- ii) They are fully dependent for their finances and manpower on the Government and require constant guidance, collaboration and support from the Ministry, its agencies or other parts of the Government.

2. Other existing entities such as subordinate offices should either be absorbed

3. Within the Division or the Ministry if the nature of their work is policy support or should be transformed into Executive Departments if the content of their responsibilities are mainly operational.

4. Employees of the Executive Departments would continue to be governed by their existing service rules, regulations and other terms and conditions.

### **Functioning**

5. Executive Departments will report to their Ministry; specifically, to the Minister-in-charge through the Secretary of the Division concerned. The Head of the Executive Department will prepare an Annual Work Plan and Budget that will be reviewed and approved by the Ministry. All operational decisions pertaining to the planning, programming, phasing, and resourcing of Executive Departments will be carried out by the Head of the Executive Department. He/she will be delegated the powers of the Principal Accounting Officer by the Finance Division if there is ample justification to do so. The Budget for the Executive Department will be transferred to the department at the beginning of the year. The goals and targets assigned to the Executive Department and their outcomes will be monitored by the Minister and Secretary jointly and the Head of the Department will be held accountable for the results.

6. The Executive Department can commission expert advice on various issues from different Ministries/Divisions and from within the Division itself but the processing of files as a matter of routine and seeking of prior approvals by the Ministry shall not be required.

7. The EDs shall be delegated adequate financial and administrative powers to be able to manage the resources assigned to them i.e., financial, material and human and produce tangible results. They will propose 3 years rolling medium term budgets for the planning and facilitating of service delivery arrangements. Their audit rules shall be suitably modified so that the responsibility for compliance with the financial rules, adherence to budgetary discipline and prudent use of resources lies with the Head of the Executive Department and not the Secretary of the Division.



8. The Minister-in-charge shall be responsible for policy guidance, whereas, the Secretary of the Division shall be responsible for oversight, monitoring and prescribing operational targets of Executive Departments and holding the Head of Department accountable for outcomes and results.

### **Autonomous Bodies**

9. The autonomous bodies shall be entities distinct and different from the Executive Departments of the Government. Autonomous bodies shall retain such legal status as has been conferred upon them under applicable law and shall perform such regulatory, operational, corporate, promotional, research and development or quasi-judicial functions as entrusted to them by the Government.

10. For the purpose of establishing or converting an entity or an organization as an autonomous body, the following shall be looked into:

- i) The relative significance of the goals and objectives for which it has been set up;
- ii) Its relative importance in the economy, governance, social sector, regulation and technological development;
- iii) Its size and scale of operations, particularly the capacity to execute mega projects on behalf the Government;
- iv) Its capacity to generate its own revenues, whether partially or fully;
- v) Its requirement to attract skills and expertise from the private sector;
- vi) Its business model as a fully owned state enterprise or partnership with the private sector; promotion of public - private partnership for infrastructure development, human resource development, scientific and technological advancement: and
- vii) Whether it is a training, skill development, research or higher education institution;

11. The controlling Ministry/ Division Government shall provide guidelines for smooth functioning and operation of the autonomous bodies.

### **Organizational Structure**

12. Each autonomous body shall be headed by a Chief Executive, who shall be its Principal Accounting Officer if so, determined by the Finance Division.

13. Each autonomous body shall be, governed by a Board of Directors, where such Board exists or is established. Such Board shall be appointed by the Ministry/Division. The membership of the Board shall be drawn from persons who have demonstrated eminence in their professions such as law, engineering, accountancy, economics and finance, strategic management, academia, business, or other relevant fields. Due care should be given to adequate representation of the Government and where applicable, the Provinces on the Boards. Members of the Board shall meet the fit and proper criteria as prescribed by the Government/SECP/SBP as applicable or laid down in the statutes or rules of the autonomous body.

### **Powers of the Boards**

14. The Boards of autonomous bodies shall, without limitation, exercise full powers subject to the following guidelines:

- i) In cases where the Government has to make financial commitments, a senior officer of the Ministry of Finance of the status not less than Grade-21 should be a member of the Board. He should be authorized, prior to the meetings, to take positions on behalf of the Government provided all papers for discussion at the Board meeting are received at least 15 days prior to the meeting while those requiring budgetary allocations at least one month in advance. No reference will be made to Finance Division, later.
- ii) In cases where the entire OR partial expenditure is borne by the Government, the representative of the Ministry of Finance on the Board would carry veto powers in matters that commit or create future financial liabilities for the Government. The Board can, however, appeal to the Ministry of Finance against the decision of their representative on the Board.
- iii) No references need to be made to the Administrative Ministry concerned after the Board's decision except in the matters of budgetary allocations or approval of development schemes or legislative business or parliamentary oversight or international coordination, or any other allied matter.
- iv) The procedure prescribed by the Government for budget submissions and allocations and processing of development schemes shall be followed where the autonomous bodies are seeking subsidies, grants, loans, equity injection, grant-in-aid, financial relief or guarantees or other types of financial assistance from the Government.
- v) Where the autonomous bodies are using their own financial resources the Board of Directors will have full authority, including without limitation, to approve the annual business plan and the Budget and monitor their execution.

## **HR Management**

15. The autonomous bodies shall recruit their employees in a transparent and merit-based manner through an open competitive process. The Boards of the autonomous bodies shall formulate rules providing for induction, promotion, training, discipline, remuneration and others term, and conditions of their employees with no pension liabilities for the Government.

16. Provided that in cases where the Government is providing subsidies, grants or any other financial assistance to the autonomous body, remuneration packages of employees shall be subject to the approval of the representative of the Ministry of Finance on the Board.

17. Save as otherwise provided under any other law for the time being in force, employees of autonomous bodies shall not be treated as civil servants; provided that the terms and conditions of existing employees working in autonomous bodies shall not be altered to their disadvantage. Civil servants may be inducted in an autonomous body on deputation for specified periods if the need arises, whose allowances have to be approved by Finance Division.

## **Audit**

18. The Audit of the autonomous bodies shall be carried out both by external auditors as well as the Auditor General of Pakistan. For the purposes of the reports of the Auditor General and for appearances before the Public Accounts Committee, the Chief Executive of the autonomous body will be fully accountable in cases where he is the Principal Accounting Officer.

## **Procurement**

19. The procurement of goods and services by autonomous bodies shall be made in an open, transparent and competitive manner in line with rules and regulations of the Public Procurement Regulatory Authority (PPRA). However, without compromising openness, transparency and competition, where the autonomous body deems appropriate, the procurement rules of autonomous bodies may be modified and adopted to suit their particular business needs. In such cases, the AB shall prepare alternate procurement rules, and submit it to PPRA Board through controlling Ministry/Division. Thereafter, the controlling Ministry/Division shall submit these rules, along with recommendations of the PPRA Board, to the Federal Cabinet for approval.

## **Functioning**

20. The Federal Ministry, under whose jurisdiction an autonomous body falls, shall at the beginning of each financial year, enter into a framework agreement with the autonomous body, specifying the goals and targets to be achieved, the financial and human resource likely to be available and the key performance indicators. The autonomous body shall prepare an Annual Performance Report which will be placed before the Parliament.

21. All regulatory bodies will enjoy quasi-judicial powers and shall be governed by their relevant statutes. The Ministry concerned will have no representation in the agency's governance structure. The Ministry/Division will have no oversight or monitoring role over regulatory bodies as carried out in case of other autonomous bodies. All regulatory bodies, except for those in the financial sector, will be clustered under the Cabinet Division. The Cabinet Division will only provide policy guidelines as approved by the Cabinet and ensure implementation of the said policy guidelines by the autonomous bodies. All legislative and parliamentary business and international coordination activities except those of purely technical nature will be channelled through the Cabinet Division to the Prime Minister / Cabinet.

## **CHAPTER 13 CONCEPT PAPER FOR REORGANIZATION AND REVITALIZATION OF SCIENCE AND TECHNOLOGY IN PAKISTAN**

1. The present system of Research and Development in Science and Technology (S&T) is highly fragmented, overlapping and unfocused. It lacks coordination, collaboration and application to the real problems faced by the country. At the Federal level, there is a sharp boundary between Defence and Civilian research organizations. Within Defence, SPD had done some remarkable and path breaking work but it has not spilled over to dual technology use for the economy at large. Ministry of Defence production (MoPD) is also assigned responsibilities for research and has Defence Science and Technology Organization (DESTO) but it lacks resources—human, financial and organizational—to make any meaningful impact. The exception is PAF Kamra. SUPARCO works on space research under the SPD. Pakistan Atomic Energy Commission has had successful track record but it has also been shifted to SPD. Another organization that has made significant contribution is NASSCOM. Chief of Joint Staff is supposed to provide the coordinating role within Defence complex and it is to be established whether that is in fact happening. It is also not obvious whether the Defence organizations are using universities such as NUST, PIAS, IST, Air University, Bahria University for outsourcing studies that cannot be undertaken in house. Contract work given to the private sector firms has not reached a high pitch. In most countries the Defence sponsored research has proved to be precursor for most technological advances that have been subsequently applied for larger use to the economy.

2. Within the civilian structure there is a division between the Federal and provincial governments. Let us begin with the most critical sector upon which our food, exports, employment and manufacturing are dependent. Agriculture research is being carried out by Pakistan Agriculture Council (PARC) and its National Agriculture Center (NARC) with 44 different institutes scattered throughout the country under MNFS, PRCWR under MoST, NIAB and NIBGE etc under PAEC, PCCC under Textile, Ministry of Climate Change, Agriculture and Veterinary Science Universities under HEC and 66 provincial research institutions. A study in 2007 estimated that there were as many as 123 such institutions carrying out research on crops, horticulture, animal husbandry, fisheries and forestry. What is the impact of these institutions? Since 1990s Pakistan's agricultural productivity has either stagnated or declined—the most glaring example being that of Cotton whose production has come down from 14-15 million bales to 9-10 million bales while India has doubled its production from 17 million bales to 37 million.

3. The above example is symptomatic of a much larger question that is the public S&T research institutions have failed to perform for a variety of reasons which have been amply documented and need not be repeated here. As the 21st century is that of knowledge economy we have to rethink drastically about S&T in a holistic manner rather than persist with the present silo mind set which is based on turf protection and preservation by the incumbent custodians of these organizations.

### **VISION**

4. The vision of the national research system is to build a national capacity for innovation and application of innovation in key sectors of the economy through a coordinated, collaborative and unified national platform to improve Pakistan's competitiveness and the living standards of Pakistan's population.

## **STRATEGY**

5. Pakistan ranks 105 out of 129 countries in Global Innovation Index far behind India 52 and Sri Lanka 89. There is very little possibility for Pakistan to make socio economic progress unless it improves its national eco system and capacity for knowledge creation, assimilation, adaptation and application in a holistic interlinked manner.

6. The strategy would begin with teaching STEM subjects in our schools by making their learning interesting, experiential and explicative of day to day activities and applicative to the real world problems. Rote learning, memorization and reproduction of materials at examination have to be substituted by critical thinking and analytical understanding. Science laboratories have to be equipped and science teachers particularly female have to be recruited, trained and remunerated for this purpose.

7. At the next stage the colleges and universities would create more places and facilities for expanding enrolment in these subjects particularly in Life Sciences, Natural sciences, ICT, materials and other emerging technologies. Faculty members should be attracted from the best universities in the world and allowed liberal research facilities such as setting up their own labs. HEC and PSF should allocate substantial amounts for competitive research grants and innovation centred challenge funds. India ranks 8th in the world in terms of number of students graduating in science and technology.

8. Public research institutes have to form integral part of the respective sectoral Ministries who would assign problems to the scientists for studies and recommending solutions. Collaboration and pooling of similar or allied or complementary area specific expertise, equipment and facilities available in the universities, private research institutions and other institutions should be given preference in the award of research projects by the sectoral ministries. Most researchers have gravitated towards universities due to better salary and career prospects. Only 8 percent are working in public research institutes, this disparity would have to be removed to attract and retain talent in research organizations outside the universities.

9. Pakistan's expenditure on R&D is negligible in relation to the country's requirements and has been drastically cut down compared to the 1990s. Government has to increase allocations but tie these down with output and performance.

## **ORGANIZATION**

10. To bring about the above shift and implement the stated strategy, if agreed, would require a complete overhaul and restructuring of the organizational architecture of S&T system. At the apex would be a high powered National Science and Technology Commission (NSTC) headed by the President of Pakistan and consisting of the Federal and provincial Ministers of all S&T related subjects including Defence Production and SPD, private sector representatives and a few eminent scientists. The NSTC would be the highest direction setting body integrating all areas of S&T in the country under a unified national platform. The MoST would act as the Secretariat of the Commission and would be assisted by an Executive Committee consisting of the Secretaries of key ministries--- Agriculture, Energy, Industries, ICT , Water Resources, etc Chairman HEC and senior heads of leading S&T organizations. For this purpose the present structure of MoST has to be completely revamped and a new organizational architecture has to be built in which the Ministry is an apex body coordinating the Federal, provincial, universities, private sector research at national level drawing its mandate from the NSTC and collaborating with bilateral, regional and international scientific organizations at the global level.

11. At the provincial level, Science and Technology Councils on the same pattern would be formed for coordination of all research oriented departments, institutes, universities and the private sector. S&T departments would act as the secretariat and implementing agency for the councils.

### **PROPOSED FUNCTIONS AND RESPONSIBILITIES OF MoST**

- i) A unified national platform for S&T management in Pakistan that brings all ongoing public and private research in different sectors under one umbrella i.e. of NSTC
- ii) Formulate national research plans, policies and standards and seek funding from national budget and international donor agencies (creation of endowment funds is recommended so that the funding can be made regular and independent)
- iii) Prioritize within the approved plan and establish Innovation Promotion Fund for financing priority research projects on a competitive basis, appointing expert committees and expert panels and arranging the peer review, supervision, implementation and Evaluation of these research projects
- iv) Plan and oversee the spread of STEM education and supporting infrastructure and teaching faculty at school, college and university levels in close coordination with the provincial education and S&T departments and HEC
- v) Support professional science academies and associations in their outreach activities and science literacy campaigns particularly using the media and internet
- vi) Develop National Science Centres that include Technology and Science Parks, Museums, national laboratories in emerging technologies with open access and sharing of S&T resources
- vii) Promote collaboration among research institutes, universities. NAVTC, TEVTA and enterprises to undertake research projects applicable to national development priorities and provide funding for Manufacturing Innovation Centres for industrial application of new technologies
- viii) International S&T exchanges and open cooperation in innovation capacity building, bringing in high-end foreign experts in their fields for joint research projects, training and dissemination of new knowledge
- ix) Set up Challenge Funds for young scientists who have just completed their PhD degrees to incentivize them to work on problems and constraints facing different sectors of the economy

### **PROPOSED ACTION PLAN**

- i) Make the Pakistan Science Foundation (PSF) the funding arm of NSTC for all R&D support from the Federal Government on the model of NSF in US. This can be initiated by making an endowment fund of Rs10billion for PSF. HEC funding for R&D may also be linked to recommendations of PSF.
- ii) Pakistan Council of Science and Technology (PCST) should be redesigned for promotion of STEM education and scientific literacy, National Science Parks, Technology Parks, National Science Research Centres. Five-year funding for these initiatives has to be committed through PSDP, Provincial ADPs, Private sector and international donor agencies
- iii) Both PSF and PCST should be strengthened by increasing the numbers of quality and experienced scientists, making them financially and operationally autonomous, raising their annual budget and offering MP1 scales to the heads of these institutions
- iv) Reorganize the Secretariat of MoST by setting up separate cells for (a) Policy formulation, monitoring and implementation including Human resource

- Development of Scientific manpower (b) Industry-academia-research institute-Technical and vocational training linkages (c) Coordination between Federal Ministries and their research institutes and provincial departments and their institutes, universities, Technical and Vocational training institutions and R&D organizations; (d) International cooperation and exchange programs
- v) Transfer the existing sector specific research institutions to respective sectoral Ministries to forge linkage between application of research to policies and programs.

12. However, the governance structure of all these bodies has to be revisited.

- i) PCSIR to Ministry of Industries
- ii) PRCWR to Ministry of Water Resources
- iii) PSQCA to be placed with Cabinet Division as other regulatory authorities
- iv) CWHR to Ministry of Works and Housing
- v) NIO to Ministry of Maritime affairs
- vi) NIE to Ministry of ITT –PCRET to Ministry of Energy
- vii) PHA to Ministry of Commerce
- viii) COMSAT, COMSTECH, ECO Science to Ministry of Foreign Affairs
- ix) STEDEC can play a major role in commercialization of patents and innovations on the lines of India's National Research Development Corporation (NRDC)

13. Institutes which are at present missing or are future oriented should be set up under the MoST. The Knowledge Economy task force would recommend such institutes but examples that come to mind are Palaeobotany, Metallurgy and new materials, Geomagnetism, Quantum computing, Artificial intelligence, Nano Science and Technology, etc. A few of such centres have been established in the universities and the MoST institutes would bring them together through its convening power.

## **CHAPTER 14 RESTRUCTURING OF THE MINISTRY OF COMMERCE**

1. Exports and remittances are the backbone of the economy of Pakistan. Over the last decade, Pakistan's export has been hovering between \$ 20-25 billion per annum. Pakistan has one of the lowest exports to GDP ratio in the world, and in terms of trade agreements, Pakistan is one of the economically isolated countries of the world as it has only three FTA's. The present government has been trying hard to enhance exports and remittances. Prime Minister of Pakistan routinely heads the meetings of the National Export Development Board (NEDB) and issues personal directions to the Commerce Ministry.

### **PEMANDU Consultants Report**

2. World Bank has also carried out a study by engaging PEMANDU Consultants in 2019. The consultants highlighted Malaysia's trade, investment and industrial ecosystem which is led by the Ministry of International Trade and Industry (MITI) and its organizational structure. Industrial Development, International Trade and Investment streams in Malaysia are combined under single leadership. Similarly, Japan's trade, investment and industry components all fall under a single entity: the Ministry of Economy, Trade and Industry (METI). All vice Ministers answer to a single METI Minister. The strengths and areas of improvement needed in the current structure of the three Ministries of Pakistan (Commerce, Textile and Industries & Production) and Board of Investment were studied and it was found that alignment was required to eliminate duplicate functions to improve linkages and data collection of the private sector and to create a one-stop investment facilitation window for investors. The absence of Industrial policy as well as the absence of an export-oriented Tariff policy, that was in line with industry needs was also pointed out by the consultants.

3. The consultants opined that in Pakistan trade, investment and industrial development was spearheaded by the Ministry of Commerce and Textile, Ministry of Industries and Production (MoIP) and the Board of Investment (BOI), disjointly. They suggested that if the synergies of trade, industry and investment Ministries were combined, economic competitiveness could be created. It was proposed that three Divisions and BOI would be integrated into one Division, which would be looked after by a single Minister or the Prime Minister. The consultants recommended merger of Commerce, Industries and Board of Investment (BoI).

4. On the basis of their recommendations, Commerce and Textiles Divisions have been merged, and Board of Investment has started a closer collaboration with regards to attracting investment from abroad. However, on the merger of the Industries and Commerce, as is the case in some of the developed countries of the world and East Asian countries, there has not been much progress.

### **HR of Commerce Division**

5. There is no denying the fact that Pakistan needs to have more economists- people who can understand the domestic economy, its linkages with external world and how it affects the domestic growth, FDI and domestic investment, availability of finance, industrial zones, various SBP financing scheme, and on the top international trade.



6. Reorganizing Commerce Division to perform above stated functions is prerequisite to making Pakistan an export-oriented country and in this availability of technical and professional sound HR is the starting point. At the moment, bulk of the posts in Commerce Division are manned by Secretariat Group and officers are posted by Establishment Division. Despite being cadre head of the Commerce and Trade, and administrative head of the Division, Secretary Commerce is not empowered to posts offices against these Secretariat posts, which constitute bulk of the HR of the Division. This is unlike FBR, MoFA and other divisions, where, postings up to BS-20 are made by the administrative heads. This always results in higher number of vacant posts, as Establishment Division keeps struggling to find suitable officers. In order to overcome, this situation, Commerce Division resorts to adhoc measures, for example the substantive posting of any CTG officer is in any different organization of the Commerce Ministry, but he is assigned additional charge in Ministry on officiating basis. In addition to this, foreign postings of the officers also remain a continuous challenge for the Division, as these posting are frequently challenged in the court of law.

7. In view of the above, there is need to provide trained and specialized HR to man the affairs of the Commerce Ministry in the wake of the changing global scenario, complexity and interconnectedness of the economies. Managing the affairs of the Commerce Ministry by Establishment Division, just like any other Division with a generalist pool of officers may not serve the needs of the time and there is need to empower Secretary Commerce while making use of specialized cadre, which he controls.

### **Present Status**

8. Ministry of commerce was advised to present this case before the Cabinet Committee on Institutional Reforms and accordingly this presentation was made on 31st March, 2021. The CCIR advised the Commerce Ministry to bring a formal summary, on the proposed restructuring plan including reservation of posts in the Commerce Ministry for cadre officers of Commerce and Trade Group.

## **CHAPTER 15 CABINET COMMITTEE ON INSTITUTIONAL REFORMS (CCIR)**

The CCIR has been constituted in July, 2020 by the Prime Minister to give a focused attention to the reform's agenda of the government. CCIR has been holding its meeting, quite regularly and 23 meetings have been held as of 20<sup>th</sup> August 2021. CCIR has taken numerous decisions pertaining to Rules of Business, Reorganizations of the Federal Government and restructuring of the institution. The Prime Minister and Cabinet also refer such matters to CCIR for its consideration. The notification and ToRs of the CCIR are copied below;

### **Notification**

**No. F.5/10/2020-Com** in terms of rule 17 (2) of the rules of Business, 1973 the prime Minister has been pleased to continue the Cabinet Committee on Institutional Reforms (CCIR) with immediate effect. The composition of the CCIR will be as under: -

- i) Mr. Shafqat Mahmood, Minister for Federal Education and professional Training  
Chairman
- ii) Minister for Defence  
Member
- iii) Minister for National Food Security and Research  
Member
- iv) Special Assistant to the Prime Minister on Establishment  
Member
- v) Adviser to the Prime Minister on Institutional Reforms and Austerity  
Member
- vi) Special Assistant to the Prime Minister on Petroleum

### **By Special Invitation**

- i) Secretary, Establishment Division
  - ii) Secretary, Finance Division
  - iii) Secretary, Law and Justice Division
  - iv) Special Secretary, Cabinet Division
  - v) Secretary of the Ministry / Division concerned (on invitation)
1. The Terms of reference (ToRs) of the Committee are Annexed.

### **Terms of reference (ToRs) Cabinet Committee on Institutional Reforms (CCIR)**

- i) Work out an implementation strategy /work plan in consultation with the task force taking into consideration the following aspects.
  - a. Cost benefit analysis specific to the entities concerned
  - b. Expected outcome of the proposed transformation with reference to service delivery
  - c. Constitutional and legal ramifications/ considerations.
  - d. Issues pertaining to terms and conditions of Civil servants and impact of the re-organization exercise on career progression of existing Civil Servants.

- ii) Determine the size, composition and staffing of the Federal Government Secretariat, attached Departments and autonomous bodies and monitor its implementation after the approval of the Cabinet.
- iii) Suggest an appropriate hierarchical organization i.e tiering within each Ministry / Division, attached departments and autonomous bodies.
- iv) Design a modern public service structure for the Federal Government including human resources policies incorporating principles of good governance; and
- v) Simplify and redesign the rules of businesses, other rules and business processes including the measures to introduce e-governance to improve the efficiency in disposal of government work. Cabinet Secretary would act as the Secretary of the Committee and regularly submit the minutes of the Committee for the ratification by the Cabinet

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## Introduction

The Civil Services of Pakistan consist of cadres in All Pakistan, Federal and Provincial Services, and it may include ex-cadre and non-cadre personnel. They serve mainly in the field, Provincial and Federal Secretariats and the attached departments. Some of them work in corporations, public enterprises, autonomous bodies. Others are categorized as public servants. The total strength of the employees working in the government is around 4 million (excluding the Defence Forces).

2. The last major reform of the Civil Services had taken place during Bhutto period when the previous structure of categorizing them in Class I, II, III and IV, was replaced by a new structure in which all Civil servants were categorized in 1-22 (BPS) pay scales by clubbing a variety of jobs in one single pay scale/grade. For example, a school teacher and a clerk were placed in the same scale without taking into consideration the labour market conditions or relative importance of the job. Whenever salary increases or allowances were granted, they had to be given across-the-board to all the employees falling in that grade.

3. An evaluation of human resource policies and their management and implementation pursued since the 1973 reforms reveal a number of weaknesses. The withdrawal of constitutional guarantee for security of service along with deep salary compression led to poor quality of intake. The best and brightest were no longer attracted to the public sector. Consequently, the institutions manned by mediocre and pliable civil servants decayed eroding the delivery/capacity of the Government. Reforms are now badly needed to regain the lost prestige and efficiency of civil services. These reforms have to cover the whole value chain of human resource policies. Recruitment method and intake have outlived their utility, training has no connection with future responsibilities, career progression of the majority of cadre officers is automatic and unhindered. Performance appraisal is highly subjective and does not distinguish between good and poor workers and has no link with annual salary increments. There is too much distortion in the structure as 95 percent of the civil servants belong to Grades 1-16, consuming more than 80 percent of the annual wage bill of the Federal Government. Their usefulness, efficiency and output are open to serious question. E-Governance and Business Process Engineering would further reduce their numbers. A clear-cut policy on attrition and non-replacement in Grades 1-16 has to be developed. Compensation packages for officer grades are below while those of the support staff are higher than their comparators in the private sector. Specialists and technical experts have been marginalized in decision making process, business processes and rules of business are outdated and use of modern IT tools is scarce. Transparency and internal accountability mechanisms have become weak over time and as a result NAB, FIA, Judiciary and media have started playing an aggressive role instilling fear and reinforcing tendency for non-action by honest civil servants.

4. One of the main weaknesses of the present system is that once you have passed the Central Superior Services Examination at age of 25-28 years there is no compulsion to upgrade your skills or knowledge. Career advancement is divorced from competencies or behaviour displayed in the conduct of your duties. Posting and placement policy do not encourage these officers to develop expertise and specialization in any of the clusters of Government Ministries/departments. One day you may be Secretary Religious Affairs, the other day Secretary Industries and Production and third assignment may be Secretary Health.

5. The officers next-in-line i.e. Additional, Joint and Deputy Secretaries are also mainly drawn from generalist cadres. While some bright, sharp intellect individuals do make an effort

to learn on-the-job and excel but this is a random and risky way of policy making. Lack of technical expertise to scrutinize and examine complex proposals, projects and concession agreements worth billions of rupees emanating from the attached departments and autonomous bodies does not ensure value for money and adequate returns to the exchequer. It has been observed that in some technical Ministries, one or two qualified officers call the shots and the Minister and Secretary are excessively dependent upon them, exceptions notwithstanding. The Cabinet decision to appoint Technical Advisers in Minister's office in 17 Ministries is a step in the right direction but the present system of placement and postings has to be overhauled.

**Medium term:**

6. The whole value chain of (i) Induction and Recruitment (ii) Training (iii) Performance Evaluation (iv) Career Progression and Promotion (v) Compensation and Benefits (vi) Retirement and (vii) Internal accountability is proposed to be strengthened. It must be emphasized that all these components in the value chain are interlinked and have to be strengthened together. The virtuous cycle can only be achieved if action is taken on all these components, simultaneously. Increasing pay and salary without fixing the performance evaluation system would go waste. It would be at the same time difficult to recruit talent if the salary structure is not attractive. If promotions are not based on skill and knowledge acquisition and performance on the job, mediocrity would not be eliminated. To meet the needs of the future, we have to enhance our reliance on one's skillset and performance and divorce the existing seniority cum fitness and cadre based system.

**Short term:**

7. First, in order to completely redesign the current performance management system a beginning can be made by introducing performance agreements between the Prime Minister and the Ministers in charge of the Divisions. These agreements would contain major goals for the year and the key performance indicators agreed upon mutually. These indicators would then be used for evaluating the performance of each Ministry.

8. Second, is the revamping of the selection process of the Chief Executives/Managing Directors of key public sector enterprises and organizational entities. An open, transparent, competitive process based on merit along with adequate remuneration would be able to attract high calibre candidates and enable the Government to select the right person for the right job. The person selected would be given performance targets and held responsible for the results.

9. Third is the security of tenure for the officers in high-ranking positions. Too frequent transfers impair the learning on the job and thus capacity to take considered and well-informed decisions. The fear of arbitrary transfers also deters the ability to render frank and candid advice or refuse to carry out inadvisable orders of the superiors.

10. Fourth, in the Federal Secretariat there are at least 17 Ministries that would benefit from infusion of technical expertise at Additional/Joint Secretary level. A survey of the Ministries reveals that the existing deployment of technical expertise at these levels is scanty. It is proposed that the posts specifying job description academic qualifications, work experience, eligibility criteria should be advertised widely and opened up to all the serving officers of the Federal and Provincial governments as well as to the private sector. The selection would be made by the Federal Public Service examination. These posts have to be excluded from the Cadre strength of the Secretariat as we cannot afford to create additional posts due to austerity measures.



11. Finally, the specialized skill sets of officers such as engineers, scientists, agriculturists, public health experts, educationists, economists working in the Government get obsolete with the passage of time as there is no provision for refresher courses or systematic training to catch up with the latest developments in their respective fields. The Government has to hire expensive consultants or rely upon donors to design, prepare and implement development projects. Post induction, mid-career and continuous professional development courses need to be organized for Ex cadre and non-cadre officers and their career progression linked to their training outcomes and on the job performance.

## **Guiding Principles for the Prime Minister’s Task Force on Civil Service Reforms**

12. The Prime Minister’s Task Force on Civil Service Reforms was notified on the 28th of August 2018 and entrusted with the responsibility to evaluate the performance of the federal civil service and propose reforms to improve civil administration and public service delivery. The task force has evaluated various service policies and rules relating to the areas of induction and recruitment, training for civil servants, performance management measures, promotion rules, compensation packages, the Efficiency & Discipline Rules, 1973 and Rules of Business to bring about amendments that will enhance efficiency, performance, and accountability over the long run. In addition to these broad themes, the Task Force has also considered more specific initiatives including rules to ensure security of tenure for officers and the introduction of a National Executive Service within the federal bureaucracy.

13. The general guidelines and principles which the Task Force has taken into consideration in its reform efforts are enumerated below. The reforms that have already been introduced and those that are in the pipeline have been envisioned keeping in mind a need for:

- i) Evaluation of the entire value chain of HR policies of civil servants as part of the reforms initiative including induction & training policies, performance management, promotions, and career planning, pay and compensation and discipline & accountability
- ii) Open, transparent merit – based recruitment to all levels and grades of public services with Regional Representation as laid down in the constitution.
- iii) Performance – based promotions and career progression for all public sector employees with compulsory training at post induction, mid-career, and senior management levels.
- iv) Equality of opportunity for career advancement to all employees without preferences or reservations for any particular class.
- v) Replacement of the concept of Superior Services by equality among all cadres and non-cadres of public servants.
- vi) Grant of a Living wage and compensation package including decent retirement benefits to all civil servants.
- vii) Strict observance of security of tenure of office for a specified period of time.
- viii) Separate cadre of regular Civil Services at All Pakistan, Federal, Provincial and District levels co-existing with contractual appointments.

- ix) Creation of an All-Pakistan National Executive Service (NES) for senior management positions drawn through a competitive process from the Federal, Provincial and District Level Civil Servants and outside professionals.
- x) Introduction of three specialized cadres under the NES for Economic Management, Social Sector Management and General Management.

## Progress Achieved

14. At the Federal level, we identified that in the civil service reform would adopt the “whole value chain of policies” approach in an integral manner. This value chain starts with (a) Induction and Recruitment and extends to (b) Post induction and mid-career Training (c) performance Management (d) Career progression (e) Compensation and Benefits and finally (f) Retirement and Severance. Each one of these topics was analysed at length by the sub groups of the Task Force, discussed at the whole Task Force meeting, discussed at consultative sessions with stakeholders and then crystallized in form of recommendations. As the task force had a diverse group of membership there were at times heated discussions, some members withdrew or resigned and others expressed strong dissenting views. Criticism was levied that the Task Force was dominated by the PAS officers and had little representation from other services and the Chairman himself was an ex CSP officer. The PAS officers dominated because the ex officio members i.e. the Chief Secretaries and Federal Secretaries all belonged to that service. Non official members were drawn from among the academia, private sector, also retired civil servants belonging to PFS, PSP, IRS. More than 80 consultative sessions held at Quetta, Karachi, Lahore, Peshawar and Islamabad including training institutes were attended by more than 2,200 officers from all services, cadres, ex cadre and non-cadre. Their views were incorporated while finalizing the recommendations.

15. The Task Force was of the view that unless the elements of this value chain were not revamped any structural changes such as creation of National Executive Service would not make much sense. So, it was proposed that each of these items and allied policies should be taken for the consideration of the Cabinet for their approval.

16. So far, the Policies which have been approved by the Cabinet pertain to selection of heads of public sector corporations and bodies, Training of officers, Performance Management, Promotion Policy, Rotation and Directory Retirement rules. The status of progress made up to date is as follows:

- i) A transparent procedure for selection of Chief Executives, Managing Directors and heads of public sector organizations and enterprises through an open merit based competitive process has been put in place since 2019. Sixty two such positions have been filled so far following this procedure which is aimed at finding the right person for the right job.
- ii) Systematic training of ex cadre and non-cadre officers on the lines of the Cadre services has been made mandatory for promotion. Mid-career and senior management training courses at National Institutes of Management (NIMs) have been divided in two parts—the first half would be common training course at NIMs while the second part would take place at the Specialized Training Institutions (STIs) in their respective professional fields.
- iii) For Performance Management, key performance indicators (KPIs) for goals for the year would be agreed upon by the officer and the supervisor replacing the present highly subjective evaluation process. Only top 20, percent would be placed in Outstanding category and their annual increments would be twice as much as those of the fully satisfactory categories. Those who get below average performance reports would get no increment.

- iv) Promotion for senior posts would no longer be based on seniority but on the past performance reports, training institutions' assessment and evaluation by Selection Boards about the potential of the candidates to occupy higher positions. Rotation among Provincial and Federal Governments for All Pakistan Service officers would form part of the eligibility for promotion to the next grade.
- v) Under the Directory Retirement Rules which have been notified, Officers who have been superseded or shown unsatisfactory performance consistently would be retired after completing twenty years of service by independent Boards.
- vi) In order to attract specialized and technical skills of high order from among the private sector and overseas Pakistanis two new streams of recruitment have been opened up. Management Positions (MP) scales and Special Professional Pay Scales (SPPS) scales with attractive packages much beyond the existing BPS scales have been introduced. These positions would be filled purely on merit through an open competitive process, policy guidelines have been developed to recruit, remunerate, evaluate their performance have been issued. A cabinet Committee considers the proposals for conversion of the posts to MP and SPP scales and decides on the basis of justification and rationale for such conversion.
- vii) To assist the Ministers in-charge of technical Ministries, 14 posts of Technical Advisers with expertise in that Ministry's business have been created in the Minister's offices
- viii) It has been decided to induct the officers of the Provincial Civil Services into the Pakistan Administrative service at grade 19 through the Federal Public Service Commission

17. The proposals that are yet to be approved by the Cabinet are as follows:

- i) Induction and Recruitment: After thorough discussion with the Federal Public Service Commission the proposals for Induction and Recruitment have been finalized and would be submitted soon for Cabinet's approval. The initial screening tests and selection of mandatory electives to match the requirements of the occupational group at CSS examination are the innovative feature of the proposed recruitment system
- ii) For Pay and compensation a study has been completed by PIDE but a Pay and Pension Commission has been formed to review all proposals for rationalizing salary structure and the current system of pensions.
- iii) Amendments in Efficiency and Discipline Rules and the Federal Services Tribunal for making internal accountability more effective were finalized by the Task Force and are under review by the Establishment Division for presentation to the CCIR and the Cabinet
- iv) A proposal is under consideration to recruit technical experts on pre identified grade 20 positions in those Divisions and Ministries that deal with complex technical issues. The existing recruitment rules for ex cadre positions would have to be revised so that the existing technical positions in various grades can be filled through hiring of suitably qualified, skilled and experienced persons from the private sector instead of promotion only

- v) The Cabinet, just like the Musharraf Government and his chief Ministers and the Prime Minister at that time, did not agree with the proposal on the Security of tenure and adopted a policy for Federal Secretaries to be selected by a committee consisting of Ministers and Secretaries that would recommend a panel of three candidates to the Prime Minister against each vacant post. The selected officers would have a fixed tenure for two years but could be removed in the initial six months on the recommendation of the Minister incharge. This action has been criticized by many civil servants as it yields undue political influence in the appointment of the Secretary of the Division. The counter argument given by the Cabinet members was that if they were to be held accountable for results according to the performance contract signed with the Prime Minister, they should have a say in selecting the team leader of their management team. In their opinion this would minimize frictions and tensions that may hinder smooth functioning of the Ministry.

18. The Cabinet has formed a Cabinet Committee on Institutional Reforms (CCIR) that meets regularly to monitor implementation of these reforms, consider new ideas and proposals in four areas (a) Restructuring of the federal government (b) Strengthening selected key institutions of governance (c) Civil Service Reforms and (d) Business Process Reengineering. The Committee consists of three Ministers, one Adviser, two Special Assistants and Secretaries Cabinet, Establishment, Finance and Law Divisions. The decisions of CCIR are considered by the Cabinet for ratification.

**Composition and Sub-groups of the Prime Minister’s Task Force on Civil Service Reforms**

The Prime Minister was pleased to approve the constitution of the Task Force on Civil Service Reforms through notification on 28<sup>th</sup> August 2018. At present, the Task Force comprises of:

- i) Dr. Ishrat Husain, Advisor to PM on Institutional Reforms and Austerity – Chairman
- ii) Mr. Shahid Kardar, VC Beacon House National University
- iii) Dr. Sania Nishtar, Heart file
- iv) Mr. Suleiman Ghani, Retired Federal Secretary
- v) Dr. Nadeem ul Haq, former Deputy Chairman, Planning Commission
- vi) Mr. Salman Akram Raja, Lawyer
- vii) Mr. Ali Cheema, LUMS
- viii) Mr. Umair Javed, LUMS
- ix) Mr. Ejaz Ahmed Qureshi, Former Federal Secretary
- x) Ms. Naheed Durrani, Secretary, Ministry of Climate Change
- xi) Syed Nadeem Hussain Rizvi, FBR
- xii) Ms. Aisha Farooq, FBR
- xiii) Mr. Muhammad Tahir Khan, National Police Academy
- xiv) Secretary Cabinet or his nominee
- xv) Secretary Establishment or his nominee
- xvi) Secretary Planning or his nominee
- xvii) Secretary Finance or his nominee
- xviii) Chief Secretary / Additional Chief Secretary, Punjab
- xix) Chief Secretary / Additional Chief Secretary, Sindh
- xx) Chief Secretary / Additional Chief Secretary, KPK
- xxi) Chief Secretary / Additional Chief Secretary, Balochistan

## **Sub-Groups of the Task Force on Civil Service Reforms**

### **Performance Management, Promotion and Career Planning**

- Mr. Shahid Kardar (lead)
- Ms. Tasnim Aslam
- Mr. Salman Akram Raja
- Ms. Naheed Shah Durrani
- Secretary Establishment
- Secretary Finance
- Secretary Planning

### **Induction & Recruitment**

- Mr. Nadeem ul Haq (lead)
- Mr. Suleman Ghani
- Mr. Umair Javed

### **Training and Learning**

- Mr. Suleman Ghani (lead)
- Mr. Nadeem ul Haq
- Mr. Umair Javed

### **Pay and Compensation**

- Mr. Shahid Kardar (lead)
- Mr. Nadeem ul Haq
- Mr. Javed Sikander, Planning Commission

### **Discipline and Accountability**

- Mr. Salman A. Raja (lead)
- Secretary Establishment
- Mr. Shaukat Ali, Secretary Food, Punjab

### **Ex-cadre / Technical Civil Servants**

- Secretary Establishment
- Ms. Naheed Shah Durrani
- Mr. Javed Sikander, Planning Commission

**PART 1: APPROVED REFORMS UNDER  
IMPLEMENTATION**



## **CHAPTER 1 TRAINING**

1. Federal civil servants in Pakistan are inducted through the CSS Competitive Examination and are provided post induction training at Civil Services Academy, which is called Common Training Program (CTP) and Specialised Training Program (STP) at respective training academies of all the Occupational Groups. Later in the various stages of service, mandatory training programs including Mid-Career Management Course (MCMC), Senior Management Course (SMC), National Management Course (NMC) are attended by the civil servants. There is however, increasing consensus on the fact that these courses are not always able to build the skills and expertise, required for carrying out next level responsibilities.

2. In addition to civil servants recruited through CSS, other non-cadre or ex-cadre civil servants also serve in the federal government and form a majority of the total. Out of approximately 29,000 federal civil servants, only 6000 who are recruited through the CSS were receiving training under the prevalent system.

3. To make improvements to the general training regime and expand training to ex-cadre and non-cadre officers of the federal government, a summary was presented to the Federal Cabinet by the Establishment Division which was approved in September 2019. According to the decision of the Federal Cabinet recorded in detail in this section below, all non-cadre and ex-cadre federal civil servants will receive post induction training for 3-6 months in relevant areas of general management along the structure of the Common Training Program. The tenure of MCMC/NIM/SMC will be split into two for specialists whereby they will receive a portion of domain specific training at Specialised Training Institutes (STIs). For ex-cadre officers this training will be arranged by their parent Ministries. The NSPP will act as a standard setter for all training institutes in the country and to attract high-calibre, well qualified trainers to the NSPP, the incentive structure offered to its employees will be revised. Lastly, according to the decision of the Federal Cabinet, all training institutes within the country will be made autonomous and run by independent Board of Directors which will comprise of individuals from the academia, private sector, development practitioners, retired civil servants etc. Linkages between these institutes and foreign universities will also be made to encourage research, academic development and enhanced professional networking.

## **1.1. WORKING PAPER OF THE TASK FORCE ON NATIONAL TRAINING STRATEGY FOR CIVIL SERVICES**

1. The responsibilities for imparting training to civil servants are at present divided among various Ministries/divisions/agencies. Establishment Division is the agency of the Government of Pakistan that is responsible for recruitment to the Central Superior Services (CSS) examination, held annually through the Federal Public Service Commission (FPSC). Establishment Division also organizes common training for the new recruits into these services, through NSPP and manages specifically four services/ occupational groups i.e Pakistan Administrative Service, Police Service of Pakistan, Secretariat and Office Management Group. Training of CSS selected cadres is entrusted to the AGP, FBR, Commerce, Railways, Defence, Information, Foreign, Postal Services Ministries.

### **Present Status of Training Profile:**

2. Management training for civil servants takes three main forms

#### **Pre-Service Training:**

i) **Common Training Program (CTP)** for CSS Probationers:

The Civil Services Academy Walton, provides pre-service training to Grade 17 officer appointed as probationers to the Central Superior Services. CSA is now a constituent unit of the National School of Public Policy (NSPP).

ii) **Specialized training Program (STP):**

The CSA, Upper Mall provides specialized training program for PAS probationers. In addition, there are 10 other specialized training institutions providing training to the probationers selected for other Central Superior Services.

#### **In-Service Training:**

i) **Secretariat Training Institute (STI):**

STI provides both probationary and in-service training to the directly recruited and promoted section officers of the Federal Government. The training of officers and staff of the autonomous bodies under Federal Government has also been included in its purview.

ii) **Pakistan Provincial Services Academy (PPSA):**

PPSA, Peshawar was established to impart pre-service training to the probationary officers of the Provincial Civil Service cadre. Provincial Civil Service officers of all the four provinces of Pakistan viz the Punjab, KP, Sindh and Balochistan were being trained in the academy. Governments of Punjab & Sindh have now made their own arrangements.

iii) **National Institutes of Management Institutes (NIM)**

NIM administers in service training courses of 14 and 16 weeks for Middle managers and senior managers serving in the Federal and Provincial Governments belonging to both cadre and non-cadre and ex cadre services. Successful completion of these courses serve as a pre-condition for promotion of the participating officers from 18 to 19 and 19 to 20 grades, respectively.

iv) **Pakistan Academy for Rural Development (PARD), Peshawar:**

PARD arranges in-service training on selected topics/issues for Federal and Provincial Government Officers. The academy 's training program in the past comprised regular eight-week courses for Tehsil, District and Divisional level officers.

**v) National Defense University (NDU):**

NDU provides a few seats to civil service officers of BS- 20 for training which is considered equivalent to training at NMC

**vi) National Management College (NMC)**

NMC is an apex-level in-service institution catering exclusively to the training of senior officers of BS-20 drawn from all the civil services. The training at NDU and NMC is a pre-requisite for promotion to BS-21.

**Training Abroad:**

3. Training of “selected personnel” is arranged by the respective Ministries/ Divisions through their own foreign courses or by EAD through technical assistance programs abroad. This training is totally ad hoc, unstructured without any relevance to career planning. For example, under the Public Sector Capacity Building project financed by the World Bank, officers in BS 17-19 were sent under Professional Development Program for obtaining master’s degrees and senior officers in BS-20/21 attended the Kennedy School at Harvard under Executive Development Program During 2006=2011. Most of the officers upon return were not placed in posts that could benefit from their newly acquired skill sets and knowledge to boost the capacity of the Ministries/agencies.

4. The Federal Public Service Commission recruits 1400 or more specialists or technical persons annually, for non-cadre officer positions in BS-17 and above, in different Ministries of the Government in contrast to 260 officers in the generalist cadre services and cadres. No systematic effort is made for either post-induction or in-service training of these officers who are controlled by different Divisions and Ministries.

5. The Board of Governors of NSPP had at one time decided on the introduction of Common Training Program (CTP) for ex-cadre officers, after their initial recruitment by the FPSC. It is not known as to what happened to that subsequently. More than 60% officers of the Federal Government belonging to ex-cadre positions do not undergo any training in their career to upgrade their technical skills. This huge gap has seriously impaired the capacity of the Government in designing and implementing projects and programmes requiring specialist inputs. Now, on the recommendation of the Task Force, training of ex-cadre officers has been initiated.

6. Similarly, the Provincial Governments have not accorded priority or resources for the continuous training of their officers – both generalists as well as specialists. The demands arising out of the devolution to local tiers of government, have made so obvious that the officers at District and Tehsil levels lack the capacity, in planning, managing, operating and delivering public services in a cost effective and efficient manner.

**Transfer of foreign training to Establishment Division from EAD**

7. On the recommendation of the CCIR, Establishment Division has initiated process for the transfer of foreign trainings from Economic Affairs Division. A summary has been initiated for the purpose.

## **Proposed Strategy for Training**

8. Training has been accorded inadequate attention in the management and development of human resources deployed in the Civil Services. Historically, post induction training for the civil servants selected for Central Superior Services had been the main focus of attention. More recently, the formation of National School of Public Policy (NSPP) has spurred management training at middle and senior level positions and links have been established between performance at training courses and promotions. The following are the goals of a new strategy for training of civil servants across all disciplines, cadres, professions at the three tiers of the Government

- i) Strengthen the institutional infrastructure, delivery, incentives and standards of training of STIs
- ii) Transform NSPP into an apex institution setting standards, curriculum, pedagogy, assessment methods for all STIs
- iii) Expand in service training opportunities for the majority of officers working outside the cadre services and
- iv) Upgrade the quality of training institutions in the Provincial Governments, particularly for capacity building at the local government level.

How can these goals be achieved?

### **(a) Management of training at the Federal and Provincial Governments**

9. In view of the importance, expanding role and growing responsibilities in the field of training, the management of this function at the Federal and Provincial Government levels requires consolidation and reorganization. The Establishment Division, renamed as Human Resources Management Division (HRM) and the Services Departments in the provinces to be similarly renamed and revamped would be responsible for a decentralized training model under which the policies, standards, monitoring would be administered by the HRM. They would also ensure that all eligible officers have been afforded the relevant training opportunity at the opportune time at various stages of their career. The actual design, development and delivery of training courses would be carried out by the NSPP and the STIs as the case may be.

10. The responsibilities of the cadre controlling Ministries and all other Ministries which have ex cadre or non-cadre officers working under their control would be as follows:

- i) Carry out Training Needs Assessment (TNA) of all cadre and ex-cadre officers.
- ii) Select and place the participants in various training courses according to TNA and career advancement requirements.
- iii) Monitor, track and maintain, an updated scorecard of training received by each officer.
- iv) Advise training delivery institutions to design and organize training courses, workshops to fill in specific skill gaps.
- v) Utilize the academic institutions and non-government training institutions, to augment the training resources in the public sector.

- vi) Coordinate all public sector training institutions, for optional utilization of the training infrastructure and resources available.
- vii) Undertake impact assessments of training courses after regular interval.

It is suggested that until such time that a Training Wing is formed, the existing Management Services Wing, under the Establishment Division, can be strengthened and upgraded to perform this role and handle additional work assigned to it.

**(b) Training of ex-cadre officers**

11. The Engineers, Accountants, Economists, Medical Doctors, Educationists, Agriculture experts, Scientists, Financial Analysts etc. who form the bulk of officers' grades in the Federal and Provincial Governments, should be provided in-service training in their respective professions after certain intervals of time. The successful completion and certification of the prescribed courses should be made a pre-requisite for promotion to the next grade.

12. There are some existing institutions that can be mandated to design these training courses, while in other cases new institutions such as an Engineering Academy may be set up for the design and delivery of professional in-service training. The details of the ex-cadre employees of the Miniseries are at Annex-I.

**(c) Training of Provincial Officers**

13. The Provincial Governments are setting up the Provincial Management Academies for the training of their newly inducted generalist officers. These academies should be asked to expand their activities to in-service training, on the lines of the Federal Government. As the majority of the officers of these Governments and District Governments are in the field of education, health, police, agriculture, engineering and municipal services, professional training of these officers should also be made mandatory and linked to their promotion.

**(d) Incentives, facilities and standards in specialized and professional training institutions**

14. To attract best staff members to serve as faculty members in various training institutions, it is necessary to bring the compensation, incentives and facilities admissible to them at par with those offered at the constituent units of NSPP. It is proposed that the decisions taken by the NSPP Board of Governors in respect to its constituent units on salaries, allowances, facilities, additional points etc. should also be made applicable to all training institutions. In return, the standards of instruction, pedagogy, testing and certification in all these institutions should meet the standards prescribed by NSPP. We expect that as the NSPP units have begun to attract officers of high calibre to work as instructional staff, these incentives will be able to add quality staff to other specialized training institutions also.

**(e) Governance structure of training institutions**

15. There is a great deal of variation in the current governance structure of the training institutions, ranging from subordinate offices to autonomous bodies. We recommend that all training institutions should be autonomous bodies with their own boards of directors, chaired either by the Minister or Secretary of the Division or Department concerned, but consisting of eminent persons in their fields. The Board should enjoy the financial, administrative and operational powers to manage the training institutions in an effective manner.

16. These training institutions should also be mandated to develop the capacity for policy research in their respective areas of expertise and thus provide inputs to the Ministries in their policy formulation work. As these institutions would be offering better remuneration than is available in the regular Ministry, they will be able to attract the right kind of skills, which can in turn be used by the Ministries to their advantage.

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## **1.2. PROPOSALS OF THE TASK FORCE ON TRAINING FOR CIVIL SERVANTS**

### **Introduction**

1. It is widely perceived and believed that the quality of public administration has gradually decayed and is unable to serve the needs of the people. Doubts over competence, capacity and behaviour of civil servants have frequently been voiced from both inside and outside the bureaucracy and is one of the most vocalised concerns regarding the institution.

2. Capacity building within the bureaucracy is strongly linked to the training of officers at post-induction stage and subsequently throughout the career. Training courses for civil servants ought to become an integral part of developing competencies required to carry out the responsibilities of the job in addition to on-the-job training and mentoring and coaching by the supervisors. Career progression and advancement depends both on performance on-the-job as well as training achievements. Given the due weightage given to training in acquiring competencies as well as career progression, it is necessary to review the current training system, identify its deficiencies and weaknesses and propose changes for the future.

3. It is widely accepted that current training modules are too general in nature to instil skills that may assist them in the next-in-line job or career path later. At an early stage in their career, the domain knowledge should form a large part of training with attention to behavioural competencies and some time devoted to managerial skills including soft skills. As the officer progresses on the career ladder, the mix between these three competencies keeps on altering and at the Grade 21/22 levels, greater emphasis is placed on leadership competencies. At present the courses often fail to enhance the social and inter-personal adroitness of trainees. Additionally, training courses are currently standardised, following a one-size-fits-all approach that does not allow for improvement in areas specific to the needs of individual officers.

4. In light of these concerns, a survey was conducted to solicit the opinion of future and serving civil servants on their experience of training offered to them. The pre-service survey concerned probationers at the Civil Services Academy prior to their first posting. Batches from the past three years (2015-16, 2016-17, 2017-18) were surveyed in this exercise during their Common Training Program (CTP) covering the entire population of probationers. A sample of the officers at training while in service were also surveyed during their MCMC, SMC and NMC courses. The questions sought the respondents' views on the current training curriculum and the utility of those modules to their individual learning and future job requirements. The questionnaires also asked respondents on their opinions of the kind of topics that ought to be added to the curriculum to help them advance further.

### **Evidence**

5. The results of the survey identified the following challenges currently facing the government on training:

- i) Courses are based on general content that has limited relevance to specialised work that civil servants are assigned at their jobs
- ii) Training courses do not nurture specialisation in different sub-fields of policy which is the need of the hour given the changing nature of government

- iii) The current training system focuses overwhelmingly on mid-career and senior civil servants and is wanting in the realm of training imparted to lower ranks who form the vast majority of government servants in the country and also often form the interface between the government and the public

6. The responses signalled a mismatch between the content taught at the courses and the skills and knowledge required on the job following the conclusion of the courses. There was also a general lack of enthusiasm among trainees about their courses which are considered more a requirement to complete for future promotions than an exciting interval in the careers of civil servants providing an opportunity for the enhancement of their individual competencies. The younger respondents from the batches at CSA advocated for more courses on topics including time management, stress management and writing skills. Additionally, civil servants in service noted that the gap between the CTP and the MCMC was too wide and shorter, more specialised courses in between this period would help bridge gaps in knowledge and skills. The surveys found a need for the incorporation of IT in the training modules at these courses. Among senior and mid-career civil servants there was a significant lack of IT skills needed for swift coordination and efficient administration.

7. The results of these surveys signal ample space for reform in the area of training for civil servants. The Task Force has therefore offered the following proposals:

**i. Improvement in Pre-Service Training:**

There is a need to inculcate soft skills at the pre-service stage during the Common Training Program and the Specialised Training Programme. These skills include but are not limited to writing skills, stress management, public speaking, media management and interface with the general public. Civil servants at the lowest grades often have the greatest exposure to the public and hence, it is imperative that the government invest in improving their skills in terms of communicating the government's policies and interacting with the public.

**ii. Self-identification of deficiencies and access to online courses:**

Arguably one of the best ways to increase the value of training for civil servants is to allow for the self-identification of areas where they may feel challenged and wanting in specific skills. Standardised courses run the risk of failing to offer value addition to all candidates equally. Tailor made programs in accordance to the specific needs of individual officers may offer greater dividends not only for the individual concerned but for the government in general in the long run.

Additionally, online courses would allow officers to avail training and skill enhancement while on the job. Whereas the current training courses require them to leave their stations and be physically present at a training institute, online courses would allow greater flexibility, more specialisation and may be a more efficient way to increase the capacity of individual officers.

**iii. Linking training to postings:**

While training is linked to promotion, there is a need to link training to postings as well. This would directly challenge the current standardised curriculum offered at training institutes. Training modules tailored to the specific needs of different occupational groups as well as the primary subject of previous, current and future postings of



individual officers would allow for greater specialisation in their fields and also a shift towards a more academic focus on the subject at hand. The first few years following independence, the country's bureaucracy was able to create much academic value in the form of papers and publications. A similar culture that would give weightage to value addition would go a long way in returning the bureaucratic set-up to its former repute.

#### **iv. Bifurcation of Training courses**

The present Mid-Career Management course (MCMC) and Senior Management Course (SMC) spread over 10 weeks and 14 weeks are offered at the National Institutes of Management (NIMs) for potential Grade 18 and 19 officers respectively. While these generalized courses are useful for networking across functional groups and also provide common foundational courses, simulations and research opportunities they need to be bifurcated in two parts. The first part would be the Common course for all participants on the same lines as offered by the NIMs while the second part would be conducted by specialized training institutions (STIs) tailor made for bringing the officers up to date in their areas of specialization and equip them with skills and competencies to shoulder the responsibilities for the next job.

#### **V. Improvement in training infrastructure:**

Physical infrastructure in the form of IT labs and libraries need to be improved at training institutes. Additionally, the existing IT infrastructure and learning equipment needs modernisation. Ease of access to journals is important if an academic culture is to be promoted at training institutes.

#### **vi. Returning prestige to the task of training officers:**

It is noted that appointments at training institutes is a matter of much prestige in other institutions of the state, most notably in the military. However, in the civil service, despite financial incentives and locational advantages, postings and leadership roles at training institutes are not considered to be rewarding posts instead they are more often viewed as a step down by most officers. A more permanent solution in the form of better human resource at these training facilities is required to make them attractive options for qualified and dynamic staff.

### **Conclusion**

8. This working paper is the result of the work done by a sub-group within the Task Force on Civil Service Reforms. A stock-take event was also held with the partnership of the Ministry of Planning, Development and Reform and UNDP Pakistan where the plan for future reforms in the area of training, among others, was discussed and deliberated upon. The proposals offered in this working paper are an amalgam of the thoughts and ideas shared at these forums and are meant to inform future work by the Task Force on this matter.

9. Training rightly remains an important component of the promotion criteria for officers and this pivotal position it is given ought to be mirrored in its relevance to future performance and postings as well. To optimise the advantages reaped from the current training regime, it is imperative to consider amendments and improvements in the current system to tailor it to the needs of the coming generations.

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### **1.3. PROPOSALS DISCUSSED BY CABINET ON TRAINING**

1. The following proposals were placed before the Federal Cabinet:

- i) Post-induction training for 3-6 months in the areas of government organisation structures, procedures, rules, regulations, soft skills such as team building, inter-personal and communication skills etc. would be imparted to those entering the Federal Government in ex or non-cadre positions. This training will be organised by the National School of Public Policy (NSPP) at Islamabad, Karachi, Lahore, Peshawar, and Quetta.
- ii) The tenure of MCMC/NIM/NMC courses will be split into two parts for specialised cadres, one part at the MCMC/NIM/NMC followed by domain specific training at the Specialised Training Institutes (STIs). For ex-cadre specialists, the relevant Ministry/Division would arrange domain specific training courses linked to promotion.
- iii) The NSPP will be an apex body for standard settings, monitoring and quality assistance. The selection of participants, design, context and delivery of courses would be decentralised to the respective training institution.
- iv) To attract high caliber officers of integrity, behavior and competence, the selection method of faculty, directing staff and the incentive structure of proposed Specialised Training Institutes shall be brought at par with that of NSPP.
- v) All the training institutes shall be made autonomous with their own Boards of Governors drawn from academia, practitioners, retired civil servants etc. Linkages with leading universities and research organisations shall be established.

#### **Cabinet Decision**

2. The Cabinet at its meeting held on September 17, 2019 approved the proposal of (i) Post – Induction training for 3 – 6 months in the areas of government organization structures, procedures, rules & regulations: -

- i) Regulations, soft skills such as team building inter-personal and communication skills etc. would be imparted to those entering the Federal Government in ex or non-cadre positions. This training will be organized by National School of Public Policy (NSPP) at Islamabad, Karachi, Lahore, Peshawar and Quetta.
- ii) The tenure of MCMC/NIM/NMC courses would be split into two parts for specialized cadres, one part at the MCMC/NIM/NMC followed by domain specific training at the Specialized Training Institute (STIs). For ex-cadre specialists, the relevant Ministry/Division would arrange domain specific training courses linked to promotion to the next grade.
- iii) The NSPP will be an apex body for standard settings, monitoring and quality assistance. The selection of participants, design, content and delivery of courses would be decentralized to the respective training institution. To attract high caliber officers of integrity, behaviour and competence, the selection method of Faculty, Directing Staff and the incentive structure of proposed Specialized Training Institute shall be brought at part with that of NSPP.

- iv) All the training institutes shall be made autonomous with their own Boards of Governors drawn from academia, practitioners, retired civil servants etc. Linkages with leading universities and research organization shall be established.

**Current Status**

- 3. MCMC has been split.
- 4. Training sessions for Ex. Cadre were initiated in 9 Ministries in April 2020 but later postponed due to COVID.

**Action by: Establishment Division/Nine Divisions**

## Annex-I

STRENGTH OF EX-CADRE OFFICERS WORKING IN MINISTRIES/ DIVISIONS/ DEPARTMENTS									
Sr. No.	DIVISIONS		17	18	19	20	21	22	TOTAL
1	Aviation Division	Sanctioned	510	180	53	18	2	1	764
		<b>Actual</b>	<b>372</b>	<b>146</b>	<b>30</b>	<b>11</b>	<b>2</b>	<b>0</b>	<b>561</b>
2	Cabinet Division	Sanctioned	26	109	30	15	3	2	185
		<b>Actual</b>	<b>54</b>	<b>23</b>	<b>9</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>88</b>
3	Climate Change Division	Sanctioned	20	32	15	5	2	1	75
		<b>Actual</b>	<b>13</b>	<b>18</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>39</b>
4	Commerce Division	Sanctioned	217	139	63	23	4	1	447
		<b>Actual</b>	<b>59</b>	<b>47</b>	<b>26</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>142</b>
5	Communications Division	Sanctioned	373	149	65	28	10	0	625
		<b>Actual</b>	<b>196</b>	<b>76</b>	<b>8</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>487</b>
6	Defence Division	Sanctioned	4804	1386	369	47	8	2	6616
		<b>Actual</b>	<b>3387</b>	<b>972</b>	<b>238</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>4619</b>
7	Defence Production	Sanctioned	38	48	22	8	2	1	119
		<b>Actual</b>	<b>31</b>	<b>16</b>	<b>6</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>58</b>
8	Economic Affairs Division, Islamabad.	Sanctioned	11	26	5	9	2	1	54
		<b>Actual</b>	<b>10</b>	<b>12</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25</b>
9	Establishment Division	Sanctioned	115	149	60	26	4	2	356
		<b>Actual</b>	<b>97</b>	<b>62</b>	<b>20</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>187</b>
10	Federal Education & Professional Training Division	Sanctioned	3297	1022	481	36	1	0	4837
		<b>Actual</b>	<b>2615</b>	<b>881</b>	<b>389</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>3909</b>
11	Finance Division	Sanctioned	2960	1839	290	175	44	8	5316
		<b>Actual</b>	<b>1642</b>	<b>1134</b>	<b>36</b>	<b>27</b>	<b>7</b>	<b>0</b>	<b>2846</b>

12	Foreign Affairs Division Main, (Including Pakistan Missions Abroad), Islamabad.	Sanctioned	88	164	130	109	40	12	543
		<b>Actual</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>
13	Housing & Works Division	Sanctioned	369	104	29	8	2	0	531
		<b>Actual</b>	<b>285</b>	<b>97</b>	<b>23</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>405</b>
14	Human Rights Division	Sanctioned	52	26	12	4	0	2	96
		<b>Actual</b>	<b>42</b>	<b>18</b>	<b>7</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>71</b>
15	Industries & Production Division	Sanctioned	39	14	11	6	2	1	73
		<b>Actual</b>	<b>10</b>	<b>6</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44</b>
16	Information & Broadcasting Division	Sanctioned	47	23	16	7	0	0	93
		<b>Actual</b>	<b>40</b>	<b>23</b>	<b>9</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>79</b>
17	Information Technology & Telecommunications Division	Sanctioned	22	24	5	3	1	1	56
		<b>Actual</b>	<b>18</b>	<b>13</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>34</b>
18	Inter Provincial Coordination Division	Sanctioned	84	36	22	8	5	2	157
		<b>Actual</b>	<b>44</b>	<b>14</b>	<b>11</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>76</b>
19	Interior Division	Sanctioned	2801	1006	448	63	21	3	4342
		<b>Actual</b>	<b>1797</b>	<b>637</b>	<b>336</b>	<b>49</b>	<b>0</b>	<b>0</b>	<b>2819</b>
20	Kashmir Affairs & Gilgit Baltistan Division	Sanctioned	18	6	4	2	1	1	32
		<b>Actual</b>	<b>12</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>20</b>
21	Law & Justice Division	Sanctioned	150	91	57	21	154	10	483
		<b>Actual</b>	<b>87</b>	<b>57</b>	<b>41</b>	<b>12</b>	<b>98</b>	<b>9</b>	<b>304</b>
22	Maritime Affairs Division	Sanctioned	27	26	9	5	1	1	80
		<b>Actual</b>	<b>17</b>	<b>10</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42</b>
23	Narcotics Control Division	Sanctioned	132	63	27	12	3	1	238
		<b>Actual</b>	<b>70</b>	<b>26</b>	<b>6</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>105</b>
24	National Food	Sanctioned	193	65	41	19	2	1	321

	Security & Research Division	<b>Actual</b>	<b>106</b>	<b>43</b>	<b>25</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>185</b>
25	National Health Services Regulations & Coordination Division	Sanctioned	1419	495	181	86	2	0	2183
		<b>Actual</b>	<b>970</b>	<b>161</b>	<b>72</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>1248</b>
26	National History and Literary Heritage Division	Sanctioned	61	29	13	7	0	1	111
		<b>Actual</b>	<b>44</b>	<b>14</b>	<b>8</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>71</b>
27	National Security Division, Islamabad.	Sanctioned	4	1	2	1	2	1	11
		<b>Actual</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
28	Overseas Pakistanis and Human Resource Development Division	Sanctioned	60	59	24	6	11	2	162
		<b>Actual</b>	<b>51</b>	<b>32</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>93</b>
29	Parliamentary Affairs Division, Islamabad.	Sanctioned	19	3	7	3	1	1	34
		<b>Actual</b>	<b>6</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>
30	Petroleum Division	Sanctioned	172	67	31	6	1	0	277
		<b>Actual</b>	<b>127</b>	<b>38</b>	<b>23</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>190</b>
31	Planning Development and Reform Division	Sanctioned	656	330	180	66	12	2	1246
		<b>Actual</b>	<b>343</b>	<b>211</b>	<b>134</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>727</b>
32	Poverty Alleviation and Social Safety Division	Sanctioned	19	2	5	2	1	1	30
		<b>Actual</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
33	Power Division	Sanctioned	10	1	5	1	0	0	17
		<b>Actual</b>	<b>10</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>12</b>
34	Privatization Division	Sanctioned	2	4	3	1	0	1	11
		<b>Actual</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
35	Railways Division	Sanctioned	749	420	104	56	12	3	1344
		<b>Actual</b>	<b>177</b>	<b>196</b>	<b>89</b>	<b>41</b>	<b>0</b>	<b>0</b>	<b>512</b>
36	Religious Affairs	Sanctioned	46	29	19	7	2	1	104

	and Inter-faith Harmony Division	<b>Actual</b>	<b>39</b>	<b>25</b>	<b>17</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>87</b>
37	Revenue Division	Sanctioned	700	1046	459	258	82	10	2555
		<b>Actual</b>	<b>152</b>	<b>343</b>	<b>19</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>519</b>
38	Science & Technology Division Islamabad.	Sanctioned	3	10	12	1	0	0	26
		<b>Actual</b>	<b>3</b>	<b>2</b>	<b>10</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>16</b>
39	States and Frontier Regions Division	Sanctioned	58	21	11	6	1	1	98
		<b>Actual</b>	<b>41</b>	<b>10</b>	<b>5</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>60</b>
40	Water Resources Division	Sanctioned	17	22	14	8	3	0	64
		<b>Actual</b>	<b>11</b>	<b>10</b>	<b>8</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>34</b>
<b>Grand Total</b>		Sanctioned	20388	9266	3334	1172	444	78	34712
		<b>Actual</b>	<b>12986</b>	<b>5390</b>	<b>1636</b>	<b>369</b>	<b>111</b>	<b>9</b>	<b>20742</b>

## CHAPTER 2 PERFORMANCE MANAGEMENT AND PROMOTIONS

1. The prevailing system of performance management has proved to be inadequate as it was highly subjective and did not allow for a robust, quantifiable and objective assessment of individual performances. Most of the evaluation reports had upward bias as most of the officers end up receiving outstanding or very good ratings at their Annual Confidential Report. This system failed to differentiate high performing individuals from mediocre and poor or below average. The annual increments were given to every one across the board and thus these were disincentive to work hard and put in best efforts.

2. *The Task Force developed proposals to abandon the present Annual Confidential Report (ACR) and replace it with an objective based key performance indicators driven performance evaluation report (PER); forced ranking system is to be introduced and yearly increments / bonuses tied to measures performance.*

3. These proposals were finalized and presented by the Establishment Division to the Federal Cabinet which approved the summary in September 2019. The approved changes as detailed below also include a performance contract, which the Prime Minister will enter into with every Minister in the Cabinet. The performance indicators against which officers will be assessed will derive from these contracts agreed upon between the PM and his/her Ministers. The targets set for officers will be objective and measurable so as to effectively assess their performance against those indicators. Officers will be ranked according to a forced ranking system whereby a ministry or cadre will be allowed to place 20% as Outstanding, 30% as Very Good, 30% as Good, 10% as Average and 10% as Below Average. The officers who will attain outstanding will earn twice as much as the rest in the form of merit increment. Those falling below average will not earn any increment. Priority in allocation of government housing will be given to the top 20%.

4. The new PER itself has also been restructured to include sections dedicated to (1) Objectives and goals for the year, (2) Key Performance Indicators, (3) Evaluation by the Reporting Officer and (4) Development / Training needs. These reforms aimed at retaining only those who are performing well and effectively filter out over time those officers whose performance is not up to the mark.



## **2.1. WORKING PAPER OF THE TASK FORCE ON PROMOTION POLICY AND PERFORMANCE EVALUATION**

1. The current legal framework for promotion of civil servants is provided in the Civil Servants Act 1973 and the Civil Servants (Appointment, Promotion and Transfer) Rules. Two broad criteria for promotion of Civil Servants under these rules are, promotion on the basis of seniority cum-fitness and selection on merit. Posts in BS-19 and higher are selection posts. Promotion to posts in BS-19 to 21 is processed through the prescribed Selection Boards, on the criteria of excellence and comparative merit. Promotion to posts in BS-22 is made on merit by the High-Powered Selection Board headed by the Prime Minister. Posts in BS-17 to 18 are non-selection posts. Promotion to these posts is processed through Departmental Promotion Committees, on the criteria of seniority-cum-fitness. Integrity and performance in the existing grade are key factor in determining a civil servant's fitness for promotion.

Following are the eligibility criteria for an officer to be considered for promotion:

- i) Minimum length of active service for promotion to higher grades.
- ii) A clear disciplinary record.
- iii) Required Performance Evaluation Report (PER) threshold.
- iv) Successful completion of training course

2. The present Promotion Policy in its execution has proved to be unsatisfactory as an instrument for incentivizing civil servants. There are no objective indicators to evaluate performance, making it difficult to implement it in a transparent and uniform manner. Accordingly, decisions taken in almost every promotion related meeting are challenged in the superior courts. Civil Servants file frequent writ petitions, challenging their supersession, creating legal difficulties and challenges for the government. There is therefore a need to re-visit the promotion policy to make it a more effective tool of performance management and career planning. The main issues arising out of promotion policy are as follow: -

- i) There is no mention of evaluating integrity which is one of the criteria in the Promotion Policy although PER forms require the supervisory officer to comment on integrity. In absence of any objective evaluation method, reliance is placed on reports of intelligence agencies. This practice is against the basic principles of fair play and justice, as the officer concerned is neither aware of the allegations against him nor is provided an opportunity to respond to the allegations contained in the Intelligence Report. This inevitably lands the Government in a legal imbroglio. Officers superseded on the basis of a negative intelligence report contest the decision taken against them on the grounds that they were neither provided the reasons for the decision nor an opportunity to defend themselves.
- ii) The present Promotion Policy provides, that for promotion to posts in BS scales 19, 20 & 21, a civil servant must successfully complete mandatory training at NSPP, NDU or NIM. Although the weightage for performance in these trainings has recently been enhanced, there is a need for making training as a conduit for acquiring certain skills and leadership qualities that would help them in discharge of their duties at the next level of responsibility. There is a need to bifurcate the generalized managerial training and introduce specialized training particularly for ex cadre and non-cadre officers.

- iii) There are no guidelines governing an officer's career profile, although diversity of experience is considered one of the factors for promotion to the next grade. There are plenty of instances when officers have been superseded for not possessing meaningful or diversified experience required for higher responsibilities. This appears to be an unjust criterion since the career planning mechanism in the Establishment Division and Services Departments in the provinces is weak and cannot ensure that a civil servant is able to acquire diverse professional experience in the span of his or her career.
  - iv) Though merit is recognized as the basis of promotion to higher posts, the existing policy does not clearly explain the factors and considerations governing selection on merit, other than laying down the eligibility criteria which in itself is not sufficient. The present system of quantification of Annual Confidential Reports (ACRs) and the threshold required for consideration for promotion suffer from serious flaws. The large weight attached to the required threshold for ACR for promotion purposes, has resulted in a scramble by the reportees, to force their assessing officers to award them the qualifying marks for meeting the required threshold. The PER system itself is highly subjective, contains irrelevant and non-measurable attributes and is a stick used by some of the immediate superiors, to force obedience and obsequiousness among their subordinates. A flawed PER system and the undue weight assigned to the PER have rendered the promotion policy an ineffective tool for career development.
3. There has been some realization about the flaws in the current promotion policy and some of the steps initiated recently are as following:
- i) In order to provide representation to all groups in the Federal Secretariat and place officers with diverse experience, SRO 88(1)/2014 dated 10-02-2014 was issued to amend Civil Services of Pakistan (Composition and Cadre) Rules, 1954. Resultantly groups which had limited prospect of promotion have benefitted from the apportionment of share in Federal Secretariat. Services/Groups like Railways, Information, Commerce & Trade, Military Lands and Cantonment have been apportioned BS-22 posts for the first time for incentivized performance of officers in these cadres. This policy needs to be extended to provide opportunities for career progression to specialists in non-cadre and ex cadre streams who are presently excluded.
  - ii) Establishment Division carried out an extensive exercise in specifying the Job Description for each post (BS-17 & above) accompanied by Key Performance Indicators (KPIs) with specific weight assigned to each KPI depending upon its importance in 2015. A New Annual Assessment Report (AAR) Form for BS-17 & 18 officers was prepared by Establishment Division. After consultation with all the stakeholders, a summary was sent to the Prime Minister Office to implement the newly designed AAR Form from 1st January 2016. The AAR was intended to make the assessment objective since evaluation was proposed to be made numeric instead of generic with 60% of weightage proposed to be assigned to KPIs. Management Services Wing was assigned the task to facilitate Ministries/Divisions in the process of formulation of KPIs for their BS-17 & 18 positions. This proposal could not be approved, however.

- iii) Establishment Division also obtained approval of the Competent Authority for making the promotion to posts in BS-19, a selection post on the grounds that over-reliance on PERs did not allow the best candidates to compete for senior positions. Establishment Division also got the weightage of training enhanced to 35 percent to reduce reliance on the PER's.
- iv) The weightage given to performance at various training levels was enhanced with a view to decrease reliance on PERs for the purpose of promotion.

### **Proposed Way Forward**

4. All the above steps, important as they are, do not achieve the purpose of revamping the entire promotion policy. To rationalize the criteria for promotion and to ensure strict observance of merit and transparency, the following recommendations are made:

- i) An objective quantifiable, measurable, and verifiable Performance Management System (PMS) should be introduced in place of the existing system.
- ii) Posts up to grade 18 would remain as non-selection posts. Promotion could take place on seniority-cum-fitness, integrity, and performance in these grades. Grade 19 and above posts would be selection posts. Promotion would be made on the basis of performance and competencies acquired as reflected in the revised PERs and training appraisal reports.
- iii) Training for promotion to Grade 19 to 20 would be geared more towards behavioral and operational competencies including knowledge of areas in which the officer wishes to specialize. At the other end, promotion from Grade 21 to 22 would require greater emphasis on leadership competencies i.e. inter-personal, teamwork, communication skills, etc.
- iv) Past performance as reflected through PERs quantification and synopses should give weightage to performance only in the last two grades and to a few recent assignments.
- v) Career planning for officers belonging to various Services/ Groups is to be effectively managed by the Establishment Division and by administrative heads of other Services/ Groups. All Services/ Groups should have clearly defined career paths, so that career planning for each officer is in his professional and organization's overall interest. Career paths need to be defined and the officers are posted in different positions in accordance with the plan for the individual. The terms like well-rounded experience, hard and difficult assignments also require clarity in Estacode, to help in evaluation and design of an officer's career.
- vi) Recourse to intelligence agencies reports about an officer's integrity should only be made if the officer is provided an opportunity to explain and respond to the allegations contained in the report.
- vii) The working of the Central Selection Board needs to be strengthened. A large Board consisting of senior officers drawn from diverse backgrounds and experiences would offset the personal biases and prejudices of a Board consisting only of a few members. The risk of officers making approaches to a limited number of Board members is also mitigated this way. But the Board members should be encouraged to speak candidly, backed by evidence and specific instances. The discussion at the

Board should remain strictly confidential and only the decision should be recorded in the minutes. Board members should make a collective judgment by gauging demonstrated performance, breadth of experience and training assessments. The Board should be able to judge an officer's capacity, leadership qualities and potential to shoulder higher responsibilities, as reflected through career pattern and performance in difficult and challenging assignments.

viii) Civil servants who are in specialist cadres such as doctors, teachers, professors, research scientists and incumbents of purely technical posts, should also be governed by the above criteria, for the purpose of promotions to posts involving administrative responsibilities. In case of posts involving purely professional and technical duties, two streams of promotions should be considered. One- the structural promotions against vacancies and the other-professional promotions on the job where excellence and achievements in professional duties need to be recognized and rewarded.

5. Establishment Division is requested to

- i) Review the existing system of promotions and guidelines provided by superior courts in this regard.
- ii) Evaluate the proposed way forward in the paper and make recommendations for the overhaul of promotion policy.
- iii) Indicate legal, procedural, and administrative changes required to implement the recommended promotion policy.
- iv) Present its findings to the entire task force and revise recommendations on the basis of its feedback.

### **New Promotion Policy**

6. Over the past three years, a major objective of the government has been to create a system whereby promotions within the civil service are based on merit and performance. In this manner, it is aimed that only those civil servants whose performance and reputation merits promotion to the highest policy-making positions in the government should be elevated to those grades whereas the rest should either continue to serve in their current grades or be asked to resign in the case of adverse reports, consecutive super-session by promotion boards or continuously unsatisfactory performance.

7. The rules stipulate the criteria for the composition of Central Selection Boards, Departmental Selection Boards and Departmental Promotion Committees as well as the subjects under consideration of the relevant boards. It lays down the powers of the appointing authority who may accept or reject the recommendations of the Board. Perhaps the most salient feature of the rules is the eligibility criteria for consideration for promotion which is dependent on the fulfilment of length of service required for promotion to a post, satisfactory completion of mandatory training, possession of qualification and experience for a post, fulfilment of all mandatory conditions of the rotation policy, fulfilment of policy for field posting, and of any other terms and conditions in force. The rules state the weightage of various factors in promotion decisions with the following breakdown: 40% for 'Quantifications of PERs', 30% for 'Training Evaluation Reports' and 30% for 'Evaluation by CSB and DSB'.

8. The rules also lay down the conditions for deferment as well as the conditions for supersession of an officer. In addition, the rules state the conditions for consideration for promotion after deferment/supersession. In this manner these rules lay out an effective mechanism to filter good candidates from the average performers and end the elevation of officers who are not fit for promotion.

### **Current Status**

9. With this background, the government has notified new promotion policy- in more objective assessment in the shape of giving more weightage to the reports of the mandatory training and collective assessment of the members of the Board has been accorded. The policy was challenged in the court of law, but Islamabad High Court has upheld the policy. Now, all the promotion boards are being held in line with the principles of the new Promotion Policy notified by the Establishment Division.

## **2.2. PROPOSALS DISCUSSED BY THE CABINET ON PERFORMANCE MANAGEMENT SYSTEM AND DECISIONS**

1. The recommendations presented to the Cabinet were as follows: -

- i) The PM would enter into a performance contract with each Minister, with specific goals and targets to be monitored periodically. The performance goals of the officers working under the Ministry would be aligned to add derived from these performance contracts.
- ii) Performance evaluation would be driven by a set of objectives / targets agreed between the officer and supervisor for the year. Key performance indicators that would be measurable and verifiable would be used to determine whether the agreed goals have been achieved or not. Each division can evaluate the officers in accordance with the following restrictions:
  - 20% Outstanding
  - 30% Very Good
  - 30% Good
  - 10% Average
  - 10% Below Average
- iii) Those placed in outstanding category would earn twice as much in the form of annual merit increase as compared to those placed in other categories. Those falling below average would receive no merit increase. In allocation of government housing priority would be given to the top 20%.
- iv) A new PER proforma based on the job description is being developed which would consist of the following entries:
  - Objectives and goals for the year
  - Key Performance Indicators
  - Evaluation by the Reporting Officer
  - Development / Training needs

### **Cabinet Decision**

2. The Cabinet at its meeting held on September 17, 2019 approved the following proposals:

- i) The PM would enter into a performance contract with each Minister, with specific goals and targets to be monitored periodically. The performance goals of the officers working under the Ministry would be aligned to and derived from these performance contracts.
- ii) Performance evaluation would be driven by a set of objectives/targets agreed between the officer and supervisor for the year. Key performance indicators that would be measurable and verifiable would be used to determine whether the agreed goals have been achieved or not. Each Division can evaluate the officers in

accordance with the following restrictions: 20% Outstanding, 30% Very Good, 30% Good, 10% Average and 10% below average

- iii) Those placed in outstanding category would receive twice as much in form of annual merit increase as compared to those placed in other categories. Those failing below average would receive no merit increase. In allocation of government housing priority would be given to the top 20%
- iv) A new PER proforma base on the job description is being developed which would consist of the following entries:
  - Objectives and goals for the year
  - Key Performance Indicators
  - Evaluation by the Reporting Officer
  - Development/Training needs

### **Current Status**

3. Performance agreements were signed between the PM and the Ministries in January, 2021 and are being reviewed every quarter. Now, SAPM on Establishment is getting detailed agreements prepared in consultation with all Ministries for the remaining period of the present government.

### **2.3 GUIDELINES FOR PERFORMANCE MANAGEMENT SYSTEM<sup>1</sup>**

1. The purpose of a robust performance system is to develop high caliber human resources in public sector and mainly in the civil services rewarding those who do well in their jobs, counsel and develop those who are weak and weed out those who continue to remain indifferent and underperform in delivering their work objectives. Training, skill upgradation, career progression and compensation would be linked to performance outcomes.

2. The current system of Annual Confidential Reports (ACRs) does not distinguish between good, weak and poor performers. The Reports are highly subjective in nature and driven by and large by the biases, whims and caprices of the supervising officers rather than on evidence and facts. In an effort “not to make ripples” most of the reporting officers end up awarding outstanding, excellent and high commendatory reports indiscriminately. The annual increments are granted across the board without any reference to actual performance on the job. An overall organizational culture of mediocrity is incubated due to lack of recognition for high caliber work, undifferentiated career progression or compensation differential.

3. The weakness of the current performance appraisal process is further compounded by a lack of consistency across departments in their appraisal systems. This makes it further difficult to highlight what constitutes across the same grade employees good performance over those that are mediocre or worse. A lot of litigation and heartburning among the employees has arisen due to the absence of clear criteria under the current system with measurable indicators. The lowering of weightage to performance appraisal in the promotion policy has been necessitated due to highly uniform nature of reports tilting excessively towards one extreme -- outstanding and excellent. As soon as the new objective based and Key Performance Indicators( KPI ) driven performance appraisal system is put in place , due consideration would be given to increase the weightage of Performance appraisal reports in the Promotion policy..

4. If the present ACR system is allowed to continue along its current path, this will inevitably lead to a further lowering of standards, resulting in a badly equipped workforce which lacks the confidence, motivation and skills to meet the demands of modern government responsive to the service delivery needs of the common citizens, and an economy that can compete in the international arena. Indeed, one would only need to look at developing countries such as those in the ASEAN block as well as states such as China, and the way in which they are working to ensure their public administrations evolve effectively to deal with the challenges of bringing prosperity to the majority of their population while participating in a dynamic global economy.

5. The primary objective therefore is putting in place an effective performance management and appraisal system that would hopefully bring the desired improvements in public service delivery , facilitate ease of doing business, reduce the regulatory overburden and develop an institutional mechanism for individual accountability. Performance appraisal would also enable the public sector organizations to identify, from within their workforce, those requiring trainings and capacity building so that they perform the jobs more efficiently and effectively. At the same time capacities are built to ensure that higher positions are manned by individuals with the right attitudes, skill sets and knowledge. For the reasons, amongst the

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<sup>1</sup> These guidelines would apply to all Government Ministries, departments, autonomous bodies and other public sector organizations which are not following an open, transparent, objective based key performance indicators driven appraisal system.



various facets of institutional reforms, performance evaluation of government officers is considered as critical.

6. The Cabinet concurred that the core deficiencies in the present performance evaluation system include lack of connection between the performance goals of the Ministry/Division/Executive Department and performance evaluation of officers serving there. Furthermore, the present performance evaluation system is highly subjective and dependent upon the whims of the supervising officer as hardly any distinction is made among good, satisfactory and poor performers. Performance on the job has no link with annual compensation awards, as everyone is given the same amount of increment & increase in salary and the same quantum of honoraria, if any. Moreover, the present PER proforma does not provide any substantive information about the officer's capability or potential for the future

7. The Cabinet therefore decided to revamp the Performance Management System by introducing the following measures: -

- i) The PM would enter into a performance contract with each Minister, with specific goals and targets to be monitored periodically. The performance goals of the officers working under the Ministry would be aligned to and derived from these performance contracts.
- ii) Performance evaluation would be driven by a set of objectives / targets agreed between the officer and supervisor for the year. Key performance indicators that would be measurable and verifiable would be used to determine whether the agreed goals have been achieved or not. Each Division can evaluate the officers in accordance with the following restrictions:
- iii) 20% Outstanding, 30% Very Good, 30% Good, 10% Average and 10% below average.
- iv) Those placed in outstanding category would receive twice as much in form of annual merit increase as compared to those placed in other categories. Those falling below average would receive no merit increase. In allocation of government housing priority would be given to the top 20%.
- v) A new PER proforma based on the job description is being developed which would consist of the following entries: -
  - Objectives and goals for the year.
  - Key Performance Indicators.
  - Evaluation by the Reporting Officer.
  - Development/Training needs.

### **Guiding Principles**

4. The vision for Pakistan's civil service through an effective performance management of its public servants will underpin and shape the way in which the public sector delivers public goods and services. This will bring Pakistan's civil service at a closer par with its international counterparts. The guiding principle is to put in place and implement a strengthened performance management process that acts as a development tool for the human resources, discerns clearly good performer from indifferent and poor one and sets out parameters and metrics that are transparent, objective and unbiased. Subsequently it is the capability,

motivation and skills of the workforce, which will form one of the main drives for achieving the long term goals of civil service reform package. The proposed framework of performance Management System would be driven by the following guidelines.

- i) A move towards an open and transparent appraisal system, ensuring that post holder and reporting officer are clear about both objectives, and the way in which they link up with the overarching work plan of the organization/Ministry/Department and the medium term budgetary framework. This will ensure that there is clarity from the outset regarding objectives and that these are realistic, achievable and also challenging. Both parties would discuss these goals and agree to these before they are noted in the appraisal process. The mid-year review would be used to ensure that objectives remain up to date and relevant to the work plan, and that good progress is made on these. The end of year performance report would then be an accurate and realistic assessment of the individual's performance.
- ii) Greater ability to effectively manage poor performance. The need to identify those officers who regularly achieve and surpass objectives over those who do not, is crucial in shaping how an organization develops. The lack of consistency in separating good officers from those that may lack skills to deliver agreed work objectives should involve corrective action to tackle this issue.
- iii) Need to address issues surrounding under performance, where reporting officers can set out clearly with the officer, where the areas of under performance lie, address the underlying problem and set out more realistic goals if necessary. If left unchecked, both poor and under performance would result in an environment where capable employees are stretched beyond capacity to meet deadlines and cover work that other areas of the organization have failed to deliver. In addition, factors such as the lack of recognition of significant achievements and success will also mean that the civil service is unable to harness the strengths of high caliber individuals, who have a strong potential for future leadership within the organization.
- iv) Highlight any skills gaps and how best to address these. Effective performance management will always seek to address the training needs of the workforce; enhancing and development core skills so that individuals and the organization are fully equipped to deliver objectives and strategic aims. Subsequently the remit would also include a focus on the continued development of both individuals and teams.
- v) Promote consistency in the appraisal process, so that personnel across departments are monitored using the same criteria. Consistency will also work to remedy any motivational issues; so that the workforce is confident in the subsequent opportunities for career progression will be routed through a clear and fair process. This would also enable the workforce to take an active interest in developing transferable skills, that would further aid in career progression.
- vi) Monitor and evaluate all staff, across the grade structure to distinguish between those who do their jobs well, those who lack skills to do the jobs as effectively as they would wish and those who deliberately under perform.
- vii) Informed decision making to ensure that the relevant courses and training are made available to individuals and teams, while ensuring that value for money is also factored into the business case for training.

- viii) An appellate system would be put in place in which grievances from staff against unfair or biased report would be addressed and resolved.

**Responsibilities of Reporting Officer:**

5. The Reporting officers will require good inter personal skills, a fair, un biased and objective attitude and a high level of integrity in making this system work. The ability to both praise work done well, as well being constructive when addressing problems surrounding poor or under performance. They should exhibit clear leadership in coaching, counselling, motivating and managing staff expectations whilst empowering staff to carry out their work without creating undue impediments.

6. One of the key indicators of the reporting officer's own performance would be the compliance by the given deadlines by which reports are to be submitted. The outcomes of the appeals against the decisions would also be taken into account in the performance appraisal of the reporting officers while they would also be provided coaching and counselling.

## **CHAPTER 3 DIRECTORY RETIREMENT**

1. In order to ensure effective performance management of civil service, it is very important that an incentive structure be devised that rewards top and statistically performing officials and weeds out those who are not performing well. Unfortunately, such mechanisms are completely absent in the public sector of Pakistan and it is presumed that working for the government till the age of 60 is a vested right. Due to the non-removal of inefficient staff, the promotion prospects of incumbents are also adversely affected leading to further loss of motivation. The Civil Servant Act 1973 did allow for the compulsory retirement of officials after 20 years of service. However, this provision was never utilized due to the absence of relevant rules. The Establishment Division has recently notified landmark Directory Retirement Rules that address this problem.

2. After due consultations with all stakeholders, the Civil Servants (Directory Retirement from Service) Rules 2020 were notified by the Establishment Division on April 15th, 2020. Multiple meetings of the various boards have been held under these rules. The rules aim to identify and ultimately remove inefficient officials through a well-defined process so that productivity in the Federal Government can improve. The criteria for this action have been clearly defined under the rules so as to minimize bias and safeguard against persecution and political victimization. The long-term impact of these rules will result in significant improvement in the overall efficiency of the civil service in the Federal Government.

3. The salient features of the rules are:

- i) Mandatory evaluation of every official/officer after completion of 20 years of service.
- ii) Multiple Retirement Boards have been formulated to evaluate personnel in various pay scales.
- iii) Identified civil servant will be provided an opportunity of personal hearing.
- iv) The person retired under these rules will be eligible for pension and other benefits
- v) The criteria for retirement under these rules include adverse PERs, supersession in promotion boards and involvement in corrupt practices.

### **Current Status**

4. The Establishment Division has notified these rules and now they have to ensure their effective implementation.

## CHAPTER 4 EFFICIENCY AND DISCIPLINE RULES

1. The presence of adequate mechanisms of internal accountability are critically important to maintain the effectiveness and integrity of a civil service. In the Pakistani context, such rules did exist in the form of the Civil Servants (Efficiency and Discipline) Rules, 1973 (E&D rules). However, these rules were never updated to reflect the changing governance methodologies and therefore had become ineffective, over the passage of time. The vacuum created by the non-effectiveness of these rules was filled through the creation of various external accountability bodies which further complicated the situation by creating unrest and apprehensions in the Civil Service leading to loss of motivation and an unhealthy environment of fear. The solution to this problem lies in strengthening of internal accountability mechanisms which are transparent, just and representative.

2. To address these issues, the Establishment Division started a comprehensive exercise to revise the E&D rules. The Task Force of the PM on Civil Service reforms also examined this area thoroughly and made its own set of recommendations which were forwarded to the Establishment Division. The Division also consulted various other relevant stakeholders and took input from them. The end result of this exercise was an extensive revision of the E&D rules which were notified on 11th December, 2020 and are now in effect. The salient features of the new rules are:

- i. In order to solve the problem of in-ordinate delay in the finalization of inquiries the redundant tier of Authorized Officer has been abolished. Now there are only two tiers the Authority and the Inquiry officer.
  - ii. Clear timelines have been notified so that the inquiries and E&D processes are not delayed.
  - iii. Plea bargains and voluntary return of ill-gotten wealth have now been classified as misconduct.
  - iv. The rules and processes have been made more transparent and clearer.
  - v. The concept of “living beyond means” has been introduced to ensure integrity of civil servants.
3. The much-needed revision of the E&D rules will go a long towards establishing a culture of integrity and competitiveness in the civil service of the federal government. It will also reduce the unhealthy ingress made by external accountability bodies by strengthening the internal accountability mechanisms. The quality and pace of disciplinary proceedings will improve which will result in more effective accountability. All of these are expected to directly contribute towards improvements in public service delivery.

### **Current Status**

4. Establishment Division to monitor the process and outcomes of E&D proceedings and to ensure their timely closure. Federal Services Tribunal Act needs to be revised also.

## CHAPTER-5 SECURITY OF TENURE

1. One of the most important problems facing bureaucracy is the frequent transfer of civil servants. This undermines service delivery because managers are often not able to stay in place long enough to complete the tasks assigned to them or institute and sustain reforms. This issue has been discussed in the Task Forces and there is a general consensus among the members that tenure of any posting should be around three years, which is regarded as normal time frame, and this needs to be respected. Whimsical transfers before normal time period should be avoided, and officer can only be posted out before this on disciplinary matters. Subsequent conversations with the civil servants of all grades and backgrounds have fortified the belief that the first step towards de politicization of bureaucracy lies in ensuring the sanctity of tenure. The arbitrary, punitive, and whimsical nature of transfers has been a major driver of unquestioned loyalty to the ruling class. It is also pertinent to point out that important initiatives of the Government and the policies, programs and projects could not be implemented within the stipulated time or within the projected cost envelope because of the lack of continuity in the tenures of key civil servants. Instances were brought to the notice of the Commission where Provincial Secretaries were transferred after an average stint of 6 months. Short tenures also make it very difficult to hold officers accountable for their performance and undermine service delivery to the citizens.

2. An essential ingredient to empower civil servants and hold them accountable for results is a guarantee of stable tenure. Among other things this would definitely enhance the productivity of a civil servant as the security of tenure would enable an officer to deliver in a more professional manner. Empowered civil servant can be transformed into an effective instrument for innovation in service delivery.

### Proposals to the Cabinet on Security of Tenure

3. If there is one single action that can make a positive difference to the quality of governance in the country, it is to effectively enforce the policy related to security of tenure given in the Estacode, which is:

*“The normal tenure of an officer on the same post should be three (03) years. Posting of an officer on the same post beyond the normal tenure will require concurrence of the competent authority, in each case”.*

4. The Supreme court decision in Anita Turab case has already laid down the principles that protect an officer from premature transfer from the post before completion of the stipulated tenure.

5. It is recommended that the Prime Minister/Chief Minister at the federal/provincial level should decide regarding posting of Secretaries/Heads of Departments and autonomous bodies/ Commissioners and Deputy Commissioners/ IG, DIG and District Police officers at the federal/provincial/district level on the basis of consideration of a panel of three officers proposed by the Establishment Division or S&GA Department as the case may be. Once the officer has been selected through this process he/she should not be transferred until the completion of the tenure i.e. 3 (three) years.

6. Only in cases where a disciplinary action is initiated against the officer for corruption, negligence of duties, insubordination, misconduct, or failure to meet the performance targets assigned to him/ her etc. and evidence has been established, the Prime Minister/ Chief Minister



## **CHAPTER 6 ROTATION POLICY FOR PAS AND PSP OFFICERS**

1. Pakistan Administrative Service (PAS) and Police Service of Pakistan (PSP) are two of the All-Pakistan Services (APS) as defined in Article 240 of the Constitution. These services were created to manage the affairs of the federal and provincial governments with the vision that these officers, through their working experiences in the Federal and Provincial Governments, will be able to contribute more effectively towards national integration and cohesive/representative policy formulation. To achieve this vision, it is important that a comprehensive Rotation Policy for these officers be developed. The previous policies suffered from various problems including non-rotation of All Pakistan Services (APS) female officers, non-linkage of rotation with promotions and shortage of APS officers in the underdeveloped provinces of the country.

2. The Establishment Division through extensive consultations with all the stakeholders drafted and notified a new rotation policy for APS officers to address the issues. The Rotation Policy for PAS/PSP Officers 2020 was notified on 5th August, 2020. The salient features of the policy are:

- i) Male officers will serve in the province of first allocation till their promotion to BS-18 or 5 years from the date they join the province. Similarly female officers will also serve until their promotion on BS-18 or 3 years from the date they join the province.
- ii) No transfer, on any grounds will be made before the completion of the prescribed period.
- iii) No PAS/PSP officer in BS-20 or above shall be allowed to serve in a province for more than ten years and officer who complete ten years of continuous service will be reallocated to another government.
- iv) Promotion of officers has been linked to mandatory rotation.
- v) Wedlock policy will not be applicable on PAS/PSP officers for any relaxation in rotation policy.
- vi) No exemption will be given on basis of gender.

### **Current Status**

3. In accordance with the policy, 22 officers of All-Pakistan Services in BS-20 have already been transferred to various governments in the first phase. The rotation of officers will continue and be done bi-annually as per the laid-out criteria. It is envisioned that the new Rotation Policy will provide for a more equitable distribution of officers in various governments and also alleviate the issue of shortages. The concept of All-Pakistan Services will be strengthened and all officers will be provided adequate opportunities to serve across the federation before they are appointed at senior positions in the governments.



## **CHAPTER 7 INDUCTION OF PMS OFFICERS INTO PAS**

1. Pakistan Administrative Service (PAS) is one of the All-Pakistan Services as defined under the article 240 of the Constitution. In order to make the Pakistan Administrative Service more representative of the provincial bureaucracies, there had been demand to induct officers of Provincial Services into PAS. In light of this demand, the Civil Service of Pakistan (Composition and Cadre) Rule, 1954 were amended in 2014. However detailed rules could not be drafted to outline the induction process and therefore the induction never materialized.

2. After 2018, the IRC arranged multiple meetings with all the stakeholders on this agenda. Visits were made to all the provincial headquarters and detailed deliberations were held with members of the provincial services. The Establishment Division also became actively involved in this area and conducted its own set of consultation with all the provinces. A final comprehensive meeting was held on July 20th, 2020 in PM office with the representatives of all the various provincial civil service officers' associations. In that meeting too, this issue was discussed. The minutes of the meeting are attached in the annexure.

3. As a result of all these discussions, the Establishment Division notified the PMS/PCS induction into Pakistan Administrative Service Rules, 2020 on 23-02-2021. These rules are a landmark achievement towards enhancing the representation of provincial officers in the All-Pakistan Service PAS. As per these rules, the process for the first ever induction of PMS officers into PAS for 51 posts has been initiated by the FPSC.

4. The salient features of the new rules are:

- i) PMS/PCS officers of the four provinces, AJK and Gilgit Baltistan will be eligible to apply for induction into PAS after having served 12 years or more in BS-17 and above and who are currently in BS-19.
- ii) Induction of these officers will be made in BS-19 as per provincial/regional quotas
- iii) Induction shall be made on the recommendation of the FPSC so as to ensure merit and transparency.
- iv) FPSC will make recommendation through a competitive process that will involve a written examination of 300 marks and an interview of 100 marks.

5. As a result of these inductions, in addition to the enhanced representation of provincial officers into PAS, the promotion prospects of the PMS/PCS officers will also improve. The induction will strengthen national integration and also improve the capacity of PAS service through the utilization of region-specific experiences of the inducted PMS/PCS officers.

### **Current Status**

6. FPSC is holding induction examination for PMS/PCS officers.

## **CHAPTER 8 SELECTION PROCESS OF THE CHIEF EXECUTIVES IN PUBLIC SECTOR ENTITIES**

1. Federal Government of Pakistan has 460 constitutional bodies, statutory corporations, state owned enterprises, regulatory bodies, financial institutions, listed and unlisted companies, autonomous bodies etc. These organizations play a critical role in the economic and social life of the country. Until such time that reform plans for these organizations are finalized or their future is decided, it is essential that a transparent, merit-based System of the selection of the Chief Executives of these bodies is put in place immediately giving credibility to the present government in meeting its commitment for institutional strengthening.

2. With this background, a discussion was held to chalk out a procedure for the merit based, transparent and competitive selection for head these entities. The purpose was not only to protect the meagre resources of the state, but also their financial turnaround.

3. With lots of deliberation in the Task Forces, with Establishment Division, Ministry of Law and Justice, a selection process of Chief Executives / Administrative Heads of Statutory Bodies, Autonomous /Semi-Autonomous Bodies, Corporation, Public Sector Companies and Banks governed by Banking Nationalization Act has been developed, which has also been approved by the Federal Government. A Summary of these guidelines is as under: -

### **Cabinet Decision**

4. The Cabinet in its meeting held on March, 19, 2019 approved the following selection process for the appointment of Chief Executive/ Administrative Heads of the entities:

- i. There shall be a Selection Committee constituted for the purpose of Selecting Chief Executives/Administrative Heads of the entities. The Selection Committee shall be a recommending body for proposing a short list of suitable candidates. The composition of the committee would vary with the nature of the organization and the job. The Selection Committee shall consist of:
  - a. Minister In charge of the Administrative Division under which the institution falls as per rules of business, 1973 as Chairman. (Where the charge of a Ministry/Division is held by Prime Minister, the selection committee shall be headed by a Minister In-charge/Minister of State/Adviser/Special Assistant to the Prime Minister, as nominated by the Prime Minister).
  - b. Secretary of the Administrative Division under which the institution falls as per Rules of Business, 1973 as member.
  - c. One to three experts having domain knowledge to be nominated as Member by the concerned Minister In Charge.
  - d. The non-executive Chairman of the Board of Directors or a senior member of the Board of Directors of the institution in cases where such board exists; and where such Board does not exist, a person to be nominated by the Minister in Charge as member.
- ii. The concerned Ministry/Division will carry out the Secretariat functions including preparation of the records of all the candidates eligible for interview, recording and

circulation the minutes of the Committee meeting and preparing the short list approved by the Committee.

- iii. Each requisitioning Ministry/Division shall furnish job description, eligibility criteria and skills required for the job. The Selection Committee will decide the evaluation parameters for the job. The concerned division will place a public advertisement in the leading newspapers and post advertisement on the relevant websites of the Government.
- iv. The concerned Division will submit the list of eligible candidates to the Selection Committee for initial review. After this initial review, the concerned Division will arrange interviews for the shortlisted candidates. The Chairman of the selection committee will forward a list of 3 to 5 candidates to the appointing authority.
- v. The appointing authority can select any one of the candidates recommended by the Selection Committee. The appointing authority, if not satisfied with the recommended candidates, shall ask for a fresh panel. The Chief Executive thus selected will be appointed on contract for a fixed tenure as prescribed in the relevant law or as advertised.
- vi. In case an officer working in the Government or Armed Forces is selected for the job of Chief Executive and he/she decides to opt for the associated compensation package he/she would have to seek premature retirement or resign from the Government.

## **II. Amendments in Legal Framework:**

- i. Amendment in Para 1(i) of Establishment Division's O.M No. 6/4/96-R-3, dated
  - ii. 10-05-1997 by replacing the entry in third column (Selection Procedure) with "Selection Committee constituted with the approval of the Federal Government";
  - iii. Amendment in Establishment Division's O.M No. 1(72)/2002-E-6, dated 12th October, 2018 as amended from time to time by replacing the Selection Board with "Selection Committee" – constituted with the approval of the Federal Government";
  - iv. Appointments in Statutory/Regulatory Bodies shall continue to be governed under the rules, If framed, made under the relevant statues and if there are no rules and until such rules are framed, the appointments shall be regulated as provided in the cases of Autonomous/Semi-Autonomous/MP Scale appointments as at Para (i) and (ii) above;
  - v. Matter will be referred to Securities & Exchange Commission of Pakistan for amendment in Rule 5(2) of the Public Sector Companies (Corporate Governance) Rules, 2013 and consequential/ancillary amendments.
5. The Cabinet further desired that requisite amendments in the rules/regulations may be made at the earliest in the light of aforementioned decisions to enable initiation of recruitment process for shortlisted SOEs.
6. The Cabinet at its meeting held on November 17, 2020 approved that the concerned Ministry/Divisions, in order to lend transparency shall, in the first instance, advertise the post, and in case no suitable candidate is found the matter may be placed before CCIR for allowing or otherwise, recruitment to the said post through headhunting.

7. The Cabinet further directed that Establishment Division shall explore the possibility of selection of a panel of headhunting firms to be used by the Ministries/Divisions, instead of separate engagement of headhunting firm in every single case, to save time and cost.

#### **Current Status**

8. The process is being followed and 62 CEOs/MDs have so far been appointed on merit in a transparent and competitive manner. Moreover, selection of the panel of Head-hunting firms pending with the Establishment Division.

### **SELECTION MADE UNDER THE NEW PROCEDURE AS OF JULY, 2021**

#### **I. CEOs/MDs**

<b>Sr.#</b>	<b>Post</b>	<b>Ministry/Division</b>	<b>Name</b>
1.	President NBP	Finance	Mr. Arif Usman
2.	Chairman, SECP	-do-	Mr. Amir Khan
3.	Chairman, NIT	-do-	Mr. Adnan Afridi
4.	President ZTBL	-do-	Mr. Shahbaz Jameel
5.	CEO Pak Kuwait	-do-	Mr. Mubashar Maqbool
6.	CEI Pak. Brunei.	-do-	Ms. Aysha Aziz Khan.
7.	Chairman, NEPRA	Cabinet Division	Mr. Touseef Farooqi
8.	Chairman, EPTB	Religious Affairs	Dr. Amir Ahmed
9.	CEO Pak Iran	Finance Division	
10.	VC PIDE	Planning & Development	Dr. Nadeemul Haq
11.	DG Debt management	Finance Division.	Mr. A. Rahman Warriach
12.	Chairman BISP	PASS	Ms. Sania Nishtar
13.	MD PTV	Information & Broadcasting.	Mr. Aamer Manzoor
14.	Member OGRA	Cabinet Division	Mr. Mohammad Arif
15.	Chairman, Strategic Planning Unit.	NSD	Mr. Moeed Yusuf
16.	Chairman PTA	Cabinet Division	Maj. Gen. Amir Azeem
17.	Exec. Director NITB.	IT & Telecom Div.	Mr. Shahabat Ali
18.	Chairman PQA	M/o Maritime	Mr. Admiral Hassan Nasir Shah
19.	MD, PPIB	Power Division	Mr. Shahjahan Mirza.
20.	CEO, AEDB	Power Division	Dr. Rana Jabbar
21.	CEO, TDAP	Commerce	Mr. Arif Ahmad Khan
22.	MD, NEECA	Power	Ms. Nida Rizwan Farid
23.	Director, Debt Management.	Finance Division	Mr. Umar Zahid
24.	CEO, EXIM Bank	-do-	Mr. Irfan Bukhari
25.	CEO, PPP Authority	-do-	Malik Ahmed Khan
26.	ED, National Power Parks management co.	Industries & Production Division.	Mr. Ali Javed Hamdani
27.	CEO, Engineering Development Board.	-do-	Mr. Raza Abbas Shah

28.	CEO, PIDC	-do-	Mr. Rizwan Bhatti
29.	Federal Insurance Ombudsman	Law Division	Mr. Khawar Jameel
30.	CEO, National Insurance Corp.	Commerce Division	Mr. Khalid Hamid
31.	Chairman, Pakistan Academy of Letters	Federal Education & Profession Training.	Dr. Yusuf Khuskh
32.	CEO, National Productivity Organization.	Industries Division.	Mr. Alamgir Chaudhry
33.	Chairperson Tariff Commission.	Commerce Division	Robina Athar
34.	CEO, SMEDA	Industries	Mr. Hashim Raza
35.	MD, OGDCL.	Petroleum Division	Mr. Shahid Salim Khan
36.	MD PSO	-do-	Syed Mohammad Taha
37.	MD, PMDC.	-do-	Mr. Farhan Shafi
38.	MD, GHPL	Power Division.	Mr. Masood Nabi
39.	President, SME Bank	Finance Division.	Mr. Dilshad Ali Ahmed
40.	MD, PESB	IT & Telecom Division	Mr. Osman Nasir
41.	CEO, Agro Food Processing.	Industries Division	Mr. Munawar Hussain
42.	Chairperson, CCP	Finance Division	Ms. Rahat Kaunain
43.	DG, NIE	Science & Technology Division.	Mr. Irfan Rabbani
44.	DG, PNCA	-do-	Ismat Gul Khattak
45.	CEO, USF	IT & Telecom Division	Mr. Haris Mahmood
46.	MD, PARCO	Petroleum Division	Mr. Shahid Mahmood Khan
47.	Chairman, Federal Board of Intermediate and Secondary Education.	Education Division.	Mr. Qaiser Alam
48.	Executive Director, Postal Life Insurance Corporation.	Commerce Division.	Mr. Naeem Akhtar
49.	Executive Director, Frequency allocation Board.	Cabinet Division.	Brig. Tahir Mahmood.
50.	MD, House Building Finance Corporation.	Finance Division.	Mr. Imran Ahad
51.	Chairman, State Life Insurance Corporation.	Commerce Division	Mr. Shoaib Javed Hussain
52.	MD, STEDEC	Science and Technology Division.	Mr. Amjad Awan.
53.	DG, National Institute of Oceanography	Science and Technology Division.	Dr. Samina Kidwai.
54.	MD, Sui Northern.	Petroleum Division.	Mr. Ali Javaid Hamdani.
55.	MD, Sui Southern.	Petroleum Division.	Mr. Imran Farouqi.
56.	DG, HDIP.	Petroleum Division.	Dr. Saeed Jadoon.

57.	CEO Pakistan Stone Development	Industries Division	Mr. Babar Miraj Shami
58.	MD, National Transmission Development Corporation	Power Division	Mr. Azaz Ahmed
59.	Chairman NADRA	Interior Division	Mr. Tariq Malik
60.	Chairman OGRA	Cabinet Division	Mr. Masroor Khan
61.	CEO Sindh Infrastructure Development Co	Planning Division	Mr. Nadeem Lodhi
62.	CEO Karachi Tools	Industries Division	Mr. Mansoor Ahmed

## II. Other Senior Executive positions

Sr.#	Post	Ministry/Division	Name
1.	Commissioner, SECP	Finance Division	Mr. Farukh Sabzwari
2.	Member, CCP	-do-	Ms. Shaista Bano
3.	-do-	-do-	Ms. Bushra Malik
4.	DG, Debt Management	-do-	Mr. A. Rahman Warraich
5.	Director, Debt Management	-do-	Mr. Umar Zahid
6.	Director Debt Management	-do-	
7.	Member, CCP	-do-	Mr. Mujtaba Lodhi
8.	-do-	-do-	Mr. Shamaila Lone
9.	Commissioner, SECP	-do-	Ms. Sadia Khan
10.	Member, Tariff Commission	Commerce Division	Ms. Anjum Assad Amin
11.	Member Gas	OGRA	Mr. Muhmmad Arif
12.	Member Oil	OGRA	Mr. Zainul Abedin
13.	-do-	-do-	Mr. Mohammad Saleem
14.	Chief Economist	Planning Division	Mr. Mohammad Ahmed Zubair
15.	CIO	FBR	Mr. Mansoor Azam

## **CHAPTER 9 MP AND SPP SCALE POLICY**

1. Attracting specialized and well-qualified human resource to the public sector has been a struggle due to lower pay packages and limited career progression opportunities. These recruitment efforts are particularly important at the highest grades where officers are responsible for major policy making decisions that heavily impact ordinary citizens. To amend the existing policies governing the recruitment of specialized human resource and to attract experienced and well-qualified professionals, the Government of Pakistan introduced the Management Positions (MP) and Special Professional Pay Scales (SPPS) Policies. These scales were comprehensively revised in June, 2020 to align the needs of the public sector and skillset of the private sector.

2. The MP Scales Policy, 2020 provides for the appointment of qualified professionals from the open market on a tenure basis against MP Scale positions within the Ministries/ divisions and their subordinate, attached semi-autonomous, autonomous, and regulatory bodies across the federal government. Prior to this, Finance Division was regarded as the custodian of the MP Policy, but that was limited only to the admissible perk and privileges and pay package. So there existed a void, which needed to be bridged. As matters relating to HR, are fall in the domain of the Establishment Division, therefore, now the control and amendment, in it has been entrusted to Establishment Division. Policy in June, 2020 has been notified by Establishment Division and later amendment in the Policy also by the same Division.

3. To ensure that the positions indicated as MP scale are identified appropriately, the policy provides for a detailed needs assessment that must be carried out prior to the finalization of the status of these posts. This assessment includes a justification by Ministries requesting these posts, a collaborative effort by the Finance and Establishment divisions prior to the creation of MP scale posts and the provision of thorough terms of reference for the requested appointments.

4. The policy requires easy public access to the advertisement for such posts which should be included in at least two national dailies. Upon application, a Scrutiny Committee, comprising of officers from within the relevant department, is empowered to consider applications against the eligibility criteria and shortlist eligible candidates for further consideration. The Selection Committee is responsible for interviews and meeting all requirements of the recruitment process for the selection of names to be considered by the Prime Minister for the final decision. The policy further offers details on the specification the terms and conditions for these posts, performance evaluation for selected professionals and contract extension.

5. As the primary aim of the creation of MP Scales is to recruit talented and well-qualified professionals from the open market, officers of the civil service will not normally be considered for these positions however, those who meet the criteria may apply. It is hoped that through the implementation of this policy, specialist expertise can be brought into the Divisions and departments of the federal government to assist in providing more targeted service delivery, integrating efficient practices from the private and non-profit sectors in public sector operations and introducing technological solutions and best practices to tackle challenges relating to public service provision.

### **Special Professional Pay Scale Policy**

6. The Government notified a SPPS policy in April, 2019 to attract top professionals in the public service. These scales attract better remuneration than the MP Scales and are designed

to attract top of the line professionals from across the world. Generally, hiring process for both these polies is similar.

### **Revisions of Policy**

7. The MP Policy has been extensively revised in June, 2020 to expand its coverage and utility. The academic qualification and experience have been updated and standardized. In order to allow room for any deviation in the criterion, a committee headed by the Secretary Establishment Division has created to tackle such specific issues. With these changes in the Policy, now more and more institutions and organizations are adopting the MP Policy for hiring experts from the private sector. In addition to this, due to its being an all-encompassing document, some of the organizations like Planning Commission and Pakistan Bureau of Statistics have adopted the recent MP Policy, by shunning the departments policies for HR hiring.

8. Recently, CCIR has also recommended that all civil servants can also have one posting in MP in their entire career, which is not allowed as of now. Establishment Division has been tasked to work out its modalities. The matter is presently with the Secretaries Committee.

### **Current Status**

9. Regular appointments are being made under MP and SPP Scales.



## **CHAPTER 10 CONVERSION OF POSTS INTO MANAGEMENT AND SPECIAL PAY SCALE**

1. There is a regular need for contractual appointments of experts in the Federal Government for various positions. To attract the best talent from the market, there are two primary categories of special pay scales that are available A) Management Pay Scales (MPs) 1, 2 and 3 B) Special Pay Scales (SPPS) 1,2 and 3. The criteria for appointment under MPs has been defined under the MP Scales policy 2020 as updated by the Establishment Division vide OM no. 1/3/2020-E-6/E-8 dated 24th May, 2021. The selection criteria for appointment under SPPS have also been defined by Establishment Division vide OM No.1/11/2018-E-6 dated 03.12.2019. These two policies clearly outline the processes involved in the creation of new MP and SPPS scale posts.

2. The two policies mentioned above deal with the creation of new posts in special pay scales. However, a need was felt by the Federal Government to create a new process whereby existing senior posts can be converted into these special pay scales. Through this process the Ministries and Division would be given the flexibility to hire technical and management experts in lieu of their vacant senior positions. The Federal Cabinet in its meeting on 10th December, 2019 and 14th January, 2020 decided to create a new Cabinet Committee to convert existing posts into these special pay scales. The members of the Committee were notified as follows by the Cabinet Division vide notification no. F.2-CM-2020-D dated 20th February, 2020.

- i. Adviser to the Prime Minister on Institutional Reforms and Austerity as Chair
- ii. Federal Minister on Federal Education and Professional Training
- iii. Secretary Establishment Division
- iv. Secretary Finance Division

3. The Committee in its first meeting decided that the IRC would serve as the Secretariat for this committee for the purpose of receiving proposals, circulating working papers and recording minutes of the meeting. After deliberations, it was also decided that the Committee would consider proposals drafted as per a specific working paper the specimen of which is as below: -

### **Specimen of the proposal for conversion of posts**

- i. Title of the post with BPS
- ii. Is this a promotion post as per existing rules (Y/N)
- iii. Description of organization with annual budget and total employees (max 45 words)
- iv. Job Description for the post (max 45 words)
- v. Rationale for conversion of the post (max 45 words)
- vi. Proposed education qualifications
- vii. Proposed experience requirements
- viii. Proposed five Key Performance Indicators with annual targets
- ix. Is there any suitable serving officer available in the Division for the post?

4. Since its inception the committee has met multiple times and existing posts have been converted into more than 25 posts in special pay scales. Details are given below:

S #	Ministry	Department	Conversion of Post into MP/SPS Scale
1.	Ministry of Federal Education & Professional Training	Academy of Education planning & Management (AEPAM)	Conversion of Director General BS- 21 From basic pay scale to <b>MP-I Scale</b>
2.	Auditor General of Pakistan	Auditor General of Pakistan / DAGP	The committee approved the <b>creation of 10 posts of MP Scales</b> (5 in MP-I and 5 in MP-II)
3.	Ministry of Science & Technology	Pakistan Council of Scientific & Industrial Research (PCSIR)	Conversion of the Chairman PCSIR into <b>MP -I Scale</b>
		Pakistan Science Foundation (PSF)	Conversion of the 01 post of PSF into <b>MP -I Scale</b>
4.	Ministry of Inter Provisional Coordination	Pakistan Sports Board	Conversion of post of Director General Sport Board BS-20 into <b>MP-II Scale</b>
5.	Ministry of Railways	Pakistan Railway Accounts Department	Conversion of five posts to <b>MP-I Scale</b>
6.	Ministry of Commerce	State Life Insurance Corporation	Enhancement of pay scale of Chairman SLIC from <b>MP-I to SPSS -I</b>
7.	Ministry of Water Resources	Pakistan Commission for Indus Water (PCIW)	Post of Pakistan Commissioner for Indus water BPS -21 to SPS –III
8.	Ministry of Planning & Development & Special Initiative	Planning Commission of Pakistan	Conversion of the post of Chief Economist into Special Professional Pay Scale
9.	EOBI	Ministry of Overseas Pakistanis and HRD	Chairman EOBI into MP-1
10.	Ministry of Commerce	PRCL	CEO PRCL into SPPS-3
11.	Establishment Division	MS Wing	Two posts of DGs have been converted into MP-1

## **CHAPTER 11 TECHNICAL POSITIONS IN FEDERAL SECRETARIAT FROM PRIVATE SECTOR**

1. Federal Secretariat comprises 40 Divisions dealing with the policy making in the domain of economic, technical, social and general management. These Divisions provide secretariat support to the Federal Government comprising Prime Minister and Cabinet. These Divisions are interconnected and rely heavily on the mutual consultations and collective wisdom for the decision making, which has a legal backing derived from the Rules of Business, 1973. Posts in the Federal Secretariat are primarily manned by cadre officers of PAS, Secretariat and OMG, who are all generalists. Some posts in BS 21 and 20 have been allocated for all other Occupational Groups and services as notified by Establishment Division in April, 2015.

2. The Federal Government in view of the rising complexity of decision-making can benefit from the breadth of knowledge, integrated view of cross-functional linkages and the management skills of the generalists and in-depth specialized knowledge and advise of technical experts. The binary of ‘generalists vs specialists’ in 21st century world is outdated. A hybrid model relying on the two is required to curb complacency, promote innovative thinking and transfer best practices from private and non-government sector. Pakistan has so far followed Career Based Senior Executive model rather than Positions Based Senior Executive Service. Both these models are prevalent in many countries.

3. A brief description with their pros and cons is summarised below:

### **Career-Based Senior Executive – Global perspective**

- i. Found in Pakistan, France, Italy, Japan, South Korea, Malaysia, and Spain.
- ii. Recruitment at the entry level through competitive examinations.
- iii. They are trained and groomed to become elite corps and then put on an accelerated career trajectory.
- iv. The advantage of its closed nature is that there is common culture and value system, and an enviable degree of esprit de corps, a combination that facilitates excellent communication across the governmental spectrum.

### **Position-Based Senior Executive Service (SES)**

- i. Found in Australia, Belgium, New Zealand, UK, USA, Netherlands.
- ii. The appointments to identified senior positions are made from a wider pool comprising all civil servants who are qualified to apply as well as those applicants from the private sector with relevant domain competency and experience.
- iii. Its openness is its basic strength. All professional cadres in the government and even those outside the government can compete for selected top positions.
- iv. This makes it possible for lateral entrants to bring in their own work culture which enables renewal and adaptiveness in government organizations.
- v. However, the bulk of appointments in the position-based system is from among career civil servants.
- vi. In the American SES, only 10% of the positions are filled up by “outsiders”. In Australia, recruitment to the SES from outside the Australian Public Service has ranged from 25% in 1992-93 to 14% in 2000-01. 20% of Korea’s career-based SES is now recruited from the open market.

## **Comparison**

4. Career management is more decentralized in the position-based system as compared with the career-based system. While members of the career-based SES are employed from the time of recruitment to the age of retirement, the position-based SES is on the basis of contracts. In both cases, performance standards are stipulated in advance and appraised rigorously.

## **Emergent Trends in Governance**

5. With the passage of time, the governance has become complex and specially with the emergence of modern finance and technologies, unprecedented growth of Information and Communication Technologies, interconnectivity of the global economies, the pace of change has become very fast. Technologies become obsolete within days. Civil servants hired by Government of Pakistan are career civil servants and are not exposed to the working of private sector.

## **Proposal of Inducting Technical Experts in the Federal Secretariat**

6. In view of the above, there is need to open up the Federal Secretariat for the private sector academia and thinktanks to improve the quality of the decision making in the secretariat. This induction can be at mid-level i.e., at BS 19 and 20 and for 3-5 years tenure. In this first go, some seats can be allocated for induction from the private sector especially in the technical and economic Divisions of the Federal Secretariat.

## **Current Status**

7. Accordingly, Establishment Division has chalked out a scheme to hire few technical experts from private sector, having relevant background, skills and experience to work as Deputy Secretary and Joint Secretary in the Federal Secretariat. For the purpose, Establishment Division has earmarked ten posts of Joint Secretaries and Deputy Secretaries each. The hiring process is underway.

## **CHAPTER 12. TECHNICAL ADVISERS IN SELECTED MINISTRIES TO ASSIST MINISTERS**

1. As stated earlier, Government decision making process is a complex and multifaceted phenomenon. The key to a successful government is its ability to make informed and technically sound strategic decisions. In today's world of specialization and technological advancement, one way of doing such decision making is by seeking the advice of high-level domain experts. Globally, there is an established system of soliciting policy advice from specialists at the Ministerial level in addition to the support from the civil service. Countries with better rating in governance indices such as United Kingdom, Canada and Norway have been using this system successfully. The present Government has made increased use of Task Forces consisting of experts drawn from the private sector, academia, practitioners, retired civil servants etc.

2. This one-off arrangement, to be meaningful, has to be followed up with implementation of recommendations of the Task Force approved by the Cabinet. Some of the actions would require technical and domain knowledge and expertise. As the Minister Incharge would be responsible for delivery of results and held accountable, he/she would need some high level technical advisory support to examine the proposals submitted by the Ministry, to assess the feasibility of the Task Force recommendations and thus to make informed decisions. Therefore, it was felt that there was a need for a Technical Adviser in the Minister's office that can assist them in these examinations.

3. According to the Rules of Business also, the Minister has a twofold duty to assist the Prime Minister in the formulation of policy on one hand, and on the other the business of the division for which he is responsible would be disposed of under his authority. It is therefore imperative that the Minister's judgement regarding a policy choice is based upon sound comprehension of the issue as well as an awareness of the alternate strategic choices. Secretary to the relevant Ministry or Division is an important policy link and is also the execution arm of the government. However, by the very structure of existing civil service, a secretary rarely has the technical expertise required to advise comprehensively on important policy decisions. Technical Advisors in the Ministers' office can therefore strengthen the office of the Ministers by providing sound technical advice during the process of policy formulation, policy review and monitoring of progress and evaluation of results.

### **Decision**

8. The Prime Minister approved this proposal on a summary moved by Establishment Division. Initially 15 posts were created on 21st February, 2019, which were later increased to 17 posts, in the following Ministries:

- i. Finance Division
- ii. Ministry of Science and Technology
- iii. Ministry of Federal Education and Professional Training
- iv. Ministry of Energy (Petroleum) Division
- v. Ministry of Power Division
- vi. Ministry of Water Resources
- vii. Establishment Division
- viii. Aviation Division
- ix. Ministry of National Food Security & Research
- x. Ministry of Maritime Affairs

- xi. Ministry of Industries & Production
- xii. Ministry of Information Technology & Telecom
- xiii. Ministry of Information & Broadcasting
- xiv. Ministry of Climate Change
- xv. M/o of National Health Services, Regulation & Coordination
- xvi. Commerce and Textile Division (Two Posts)

### **Current Status**

9. So far, only Ministry of Federal Education and Professional Training has recruited a Technical Adviser, while process is underway in Aviation, Information and Maritime Divisions. Establishment Division has vetted ToRs of 14 Divisions for Technical Advisers. Establishment Division may be authorized to transfer these positions from those where there is reluctance or indifference to the Ministries, who are interested in availing the services of such advisers.

**PART II REFORMS UNDER REVIEW AND  
DELIBERATIONS**

## **CHAPTER 13 INDUCTION AND RECRUITMENT**

1. The existing system of recruitment to the Civil Services of Pakistan due to the standardized nature of the civil service examinations, with little focus on the specialized areas of service, is inadequate in so far as the vast majority of applicants who join the civil service are not equipped to deal with the domain specific requirements of their respective occupational groups. Induction into two different modes (a) induction at entry level i.e Grade 17 for 12 occupational groups (Cadres) through a competitive Central Superior Services (CSS) examination held every year (b) ad-hoc selection at Grade 17-21 for Ex-Cadre and non-Cadre Vacancies as and when these arise. Those recruited through the central Superior Services are generalists and rise to occupy most managerial positions in the District and Provincial Administration, Police, Federal and Provincial Secretariats, Foreign Office, Audit and Accounts, Revenue Collection, Railways, Post Office, information Military Lands and Cantonments, Trade and Commerce Ministries and departments. Ex –Cadre and Non-Cadre officers also recruited through the Federal Public Service Commission are specialists and consist mainly of teachers, health professionals, engineers, accountants, IT experts, economists, scientists, agriculture researcher etc.

2. For this reason, the Task Force on Civil Service Reforms proposed changes to the induction system for the civil service. A study was conducted involving fresh recruits undergoing their Common Training Program soliciting their views on the existing examination and recruitment system. This study fed into the proposals presented later for consideration and discussion by the Task Force.

3. To begin with, it was found that the FPSC recruitment cycle has elongated and stretches over 1 to 1.5 years keeping the vacancies open for extended period. Multiple consultative sessions and meetings were held with representatives from the Federal Public Service Commission and the Establishment Division on the need to introduce a possible screening test for the CSS examination as well as integrate technology driven solutions in order to reduce the workload on the FPSC.

4. The proposals pertaining to the CSS examination posit a system based on three distinct stages. At Stage 1 a Screening Test is to be carried out to filter out those who are non-serious candidates and only the serious applicants meeting certain threshold advance to the next stage. This stage is predicted to significantly lower the total number of eligible candidates moving forward. Stage 2 will comprise of mandatory subjects to be taken by all candidates similar to those taken presently with the addition of Public Administration and Governance. Stage 3 will comprise of examinations in elective/optional subjects that will align the service group with the preference of the Candidates. This stage will require applicants to choose from different subjects that will act as pre-requisites for placement in different occupational groups. A detail of these stages agreed upon jointly by the IRC, Establishment Division and the FPSC are detailed ahead in this section.

5. The Federal Cabinet was presented with these proposals on which it expressed some reservations. However, the proposal will be taken back to the Cabinet by the Establishment Division following further work on the details.



## **13.1. PROPOSALS OF THE SUB-GROUP OF THE TASK FORCE ON CIVIL SERVICE INDUCTION**

### **Introduction and Rationale**

1. Contemporary tasks of the civil services involve formulation, implementation, and oversight of public policy, as well as administration of the delivery of essential services. There is considerable consensus that absence of domain-specific knowledge, as well as a failure to recruit high-quality talent has resulted in the decline of civil service performance in these key areas. These failings justify the rationale for the policy proposals, which seek to inculcate mechanisms that will help draw in high-quality talent into government service, reduce the burden of domain-knowledge training on under-resourced General and Specialized Training Institutes (GTIs and STIs), and retain the positive spill overs of quality and stability that accrue through generalist recruitment. For the purpose of clarity, it must be mentioned at the outset that these proposals concern FPSC-led recruitment into the occupational groups of the Civil Services through the Competitive Examination (CSS).

### **Baseline Analysis**

2. The current mechanism of recruitment aimed at attracting talent at a young age for pursuing a generalist career path carries little space to channel substantive, domain specific knowledge. Candidates appearing for the CSS undertake exam in subject combinations that have little relationship with their occupational group preferences (and ultimately, allocations). While the FPSC has introduced structured rules to the way optional exam subjects can be chosen, the persistence of particular subject combinations with little relevance to the knowledge-requirements of civil servants for particular occupational groups remains an unsettled issue.

3. Data from exam performance review, examiner reports, and profile of appearing candidates shows that most candidates struggle to clear the exam; candidates from a select group of high-ranked public and private-sector universities perform better than others; a large number of applicants drop out of the process given that only 50% of those who register actually appear at the exam. While the concerns regarding quality of CSS candidates mirror a larger crisis of learning in Pakistan's education sector, it is proposed to maximize benefits from the Competitive Examination within the given constraints.

### **Principles of Reform**

4. It is proposed that the induction process should be geared to test three distinct aspects for determining a candidate's suitability. These are: i) problem-solving, analytical, and articulation ability; ii) domain-specific knowledge; and iii) cognition, aptitude, and motivation.

5. The testing process should be designed in a way to reduce the burden on FPSC and its chosen examiners. Currently, examiners have to go through all sections of nearly 11,000 candidates appearing for the CE, which creates problems of consistency, quality, and equitable treatment.

### **Proposed Reforms**

6. Four different stages in a sequence would be utilized to select the most suitable candidates for various occupational groups. At stage one, the existing compulsory section of the Competitive Exam would be converted into a screening test open to all applicants for determining problem-solving and analytical ability, along the lines of a standardized exam

(SAT/GRE). It can include coverage of subjects such as Pakistan Studies and Islamic Studies but should primarily be used to test candidates' ability to solve basic logical and mathematical problems, as well as English language comprehension. An additional English composition section can also be added to test the candidate's articulation ability.

7. Performance/outcome in the compulsory section will be valid for three years, along the lines of other standardized tests. Cut-off thresholds would be used in a way that adequate number of candidates become available in proportion to the regional quotas for subsequent stages. To illustrate this point if rural Sindh has 10 vacancies to fill, there ought to be a pool of at least 50 candidates emerging out of the screening test.

8. Candidates clearing the compulsory exam or Stage 1 will be subjected at Stage 2 to a range of psychometric evaluations to determine their aptitude and motivation towards government service. These exercises can draw in from the experience of generalist recruitment in other countries, where candidates take several sets of psychometric tests, including the Perry Public Service Motivation test, which determines pro-social motivation of civil servants.

9. Candidates who clear the second stage of evaluation – i.e., psychometric testing – can then become eligible to sit for a range of domain-specific optional exam clusters i.e., Stage 3. These exams will be administered separately and consist of a combination of subjects relevant to the requirements of different occupational groups. Candidates can appear for as many optional exam clusters as they prefer, but successful allocation to linked occupational groups can only happen if a candidate has appeared for its respective cluster. In the first instance, four exam clusters are proposed – one Public Administration for (PAS, OMG, PG, MLCG, RCTG, IG), second for Public Finance, Commerce, and Trade for (IRS, PCS, PAAS, CTG), third for Pakistan Police Service for (PSP) and fourth for Foreign and International Affairs (FSP).

10. Level of knowledge testing in each cluster will be at introductory university level. Over time, this will lead to a series of advantages:

- i. It will shift the burden of imparting introductory specialized knowledge from the Specialized Training Institutes on to the candidates
- ii. It will eventually influence the curricula of higher education institutions as they cater to growing demands in these specialized subjects
- iii. Will partially resolve problem of residual dissatisfied talent being allocated to occupational groups perceived to be misaligned with their preferences and aptitudes.

11. At the final stage i.e., Stage 4, interviews would be conducted by the Federal Public Service Commission to prepare the list of selected candidates in order of merit and make allocations to different service cadres.

12. To summarize the present, one single competitive examination system would be replaced by the separate cluster-based examinations. An additional stage will be introduced i.e., screening test which would subsume the existing compulsory part of the written examination.

## **13.2 OUTLINE OF THE PROPOSED CSS EXAMINATION SYSTEM**

1. The Federal Public Service Commission (FPSC) is mandated under sub-section (1) of Section 7 of the Federal Public Service Commission Ordinance, 1977, to conduct tests and examinations for recruitment of persons to All-Pakistan Services, the civil services of the Federation and civil posts in connection with the affairs of the Federation in basic pay scales 16 and above or equivalent.

2. The FPSC employs two methods of recruitment: (i) Central Superior Service (CSS) Competitive Examination annually for posts belonging to 12 Occupational Groups under All-Pakistan Service and civil services of the federation; and (ii) General Recruitment for selection against other civil and ex-cadre posts in basic pay scale 16 and above in various Ministries, as and when a requisition is furnished to the FPSC. The current structure of CSS Examination is in vogue since 2000.

3. Currently, the Competitive Examination comprises of four components:

- (i) Eligible candidates appearing in written examination comprising 6 compulsory subjects (English Composition, English Essay, Pakistan Affairs, Current Affairs, Everyday Science, Islamiat and 6 optional subjects to be selected out of 40 subjects.
- (ii) Candidates qualifying the written examination are eligible to take (i) medical examination; (ii) psychological examination; and (iii) viva voce.

4. The number of applicants for the CSS Examination has been rising unabated. It has increased from 9,056 in CE-2009 to 24,008 in CE-2018, an increase of 165 percent. Out of this, actual eligible candidates taking the Competitive Examination has risen from 5,707 in CE-2009 to 11,887 in CE-2018, a growth of 108 percent. This tremendous growth is generating various challenges including: (a) checking around 12000 examination answer-sheets by an examiner which compromises assessment objectivity; (b) completion of all four components and group allocation takes around 14-16 months; however, some candidates, even after completing all four components successfully, do not secure any group allocation because of non-availability of vacancy; and (c) lowers the aggregate pass percentage every year due to higher denominator (number of candidates taking the examination).

5. Many countries have reformed their civil service examination moving to use of modern techniques for selection such as Australia, Canada, Malaysia, Singapore, South Korea, and United Kingdom. Most SAARC countries while sticking to conventional written examination have introduced screening Test before candidates can undertake main examination. India has introduced Civil Services (Preliminary) Examination-Papers I and II of 200 marks each; likewise, Bangladesh, Sri Lanka, Malaysia have introduced similar preliminary tests. This filters non-serious candidates and allows only quality candidates to take the main examination. It also helps in reducing the time cycle to complete the process.

6. Secondly, FPSC allocates Occupational Services/Groups to the successful candidates based on their merit, candidates' choice ranking and provincial quota. Nevertheless, there is a general perception the current system results in a relatively skewed distribution of talent to certain service groups and some important services get successful candidates who are quite low in the merit list. Proposals have been in the field for conducting separate examination for each service/group or cluster of services/groups inviting candidates with similar academic background. Blending the CSS Competitive Examination with Domain Specific and/or Cluster Based will allow induction of officers who are likely to have academic background. Many

countries have now adapted domain based competitive examination or recruitment. The pros and cons of this option are as under:

**Pros:**

- Close match between educational qualifications and requirement of the aspired job.
- Improved response to job-specific training.
- Greater potential for specialization in a particular field leading to enhanced efficiency and professionalism.
- Transparent and merit based.

**Cons:**

- Reduction in talent pool and selection base.
- Reduction in career options as well as horizontal movement for candidates
- Talent may remain unevenly distributed.

7. The Federal Public Service Commission, after intense deliberations on the Task Force's recommendations, proposes the following:

- (i) **Civil Service Screening Test:** A Civil Service Screening Test (CSST) of 200 Marks of three hours twenty minutes duration may be introduced from Competitive Examination-2020 with a qualifying threshold of 33 percent or 66 marks. Only the candidates qualifying the CSST may be allowed to take the CSS Written Examination of that year in the ratio of 1:20 subject to availability (top 20 qualifying candidates for 1 vacancy in respective domicile/quota). There will be no ceiling on number of attempts for taking CSST within eligible age prescribed for the CSS Competitive Examination. It will standardize the quality of candidates appearing in the CSS examination and will reduce the time-cycle. Proposed Scheme of CSST is at Annex-I.
- (ii) **Proposed Clusters:** The current 12 Occupational Services/Groups may be re-grouped under three clusters: (a) Administrative and Diplomatic Services including PAS, PSP, FSP, and OMG; (b) Finance and Accounts Services including IRS, PCS, C&T, PAAS; and (c) Support Services including Postal, Railways, ML&CG, and Information Group.
- (iii) **Domain Specific and/or Cluster Based Examination:** To ensure that the candidates opting for different Occupational Services/Groups can demonstrate semblance of skills and knowledge which are essential to meet the requirements of that Service/Group, it is proposed that:
  - (a) All candidates will take four compulsory subjects of 300 Marks which may be restructured as follows:
    - (i) English Precise and Composition 50 Marks
    - (ii) English Essay 100 Marks
    - (iii) Islamiyat or Comparative Study of Major Religions 50 Marks
    - (iv) Public Administration and Governance 100 Marks

- (b) In addition to compulsory subjects, a candidate shall be required to take 9 subjects of 900 marks including (i) mandatory subjects prescribed for the relevant domain preferred by him/her under Cluster I, II and III below; and (ii) remaining subjects can be selected from the General List of Optional subjects (Annex-V).

#### Cluster/Domain Specific Subjects

Cluster-I	Marks	Cluster-II	Marks	Cluster-III	Marks
<b>Pakistan Administrative Service</b>		<b>IRS/PCS/C&amp;T</b>		<b>Postal/Railways</b>	
Economics	100	Economics	100	Business Admin.	100
Political Science	100	Business Administration	100		
Law	100	Corporate Law	100		
<b>Police Service of Pakistan</b>		<b>PAAS</b>		<b>ML&amp;CG</b>	
Political Science	100	Accounting & Auditing-I	100	Town Planning & Urban Development	100
Criminology	100	Accounting & Auditing-II	100		
Law	100	Business Admn.	100		
<b>Foreign Service of Pakistan</b>				<b>Information Group</b>	
International Relations	100			Journalism & Mass Communication	100
International Law	100			Sociology	100
Economics	100				
<b>Office Management Group</b>					
Political Science	100				
Economics	100				

- (c) Or A candidate may choose 9 subjects from Clusters I, II and III subjects to make up 900 marks to become eligible for consideration for more than one Service/Occupational Group. The proposed scheme is iterated below:

S.No.	Subjects Chosen from Cluster I	Marks	Eligibility of a Candidate for Consideration for:
1.	Law	100	PAS
2.	Economics	100	

3.	Political Science	100	
4.	Criminology	100	PAS, PSP
5.	International Relations	100	PAS, PSP, FSP and OMG
6.	International Law	100	
	<b>Total</b>	<b>600</b>	
7.	Business Administration	100	IRS, PCS, C&T, Postal Group and Railways Group in addition to above
8.	Corporate Law	100	
9.	Accounting & Auditing-I/II	100	PAAS in addition to above
OR	Journalism and Mass Communication	100	Information Group
OR	Town Planning and Urban Development	100	ML&CG

### Explanation

8. If a candidate aspires for PAS, he/she shall mandatorily take Economics, Political Science and Law. In addition to this, (i) he/she can choose Criminology, International Relations and International Law which will make him/her eligible for consideration for PAS, PSP and FSP; (ii) he/she can choose Criminology, Business Administration and Corporate Law in addition to above subjects to become eligible for consideration for PAS, PSP, IRS, PCS, and C&T and so on.

- (d) A candidate shall not be allowed to repeat the domain subject from the General list of Optional Subjects.
- (e) A Candidate shall not be allowed to opt for more one subjects from amongst Urdu, Punjabi, Sindhi, Pashto, Balochi, Persian and Arabic

### OR

9. Alternately, all candidates may be asked to take a combination of domain related (a minimum of three subjects) and six subjects in addition to compulsory subjects. The disadvantage is that he/she will not be considered for more than one domain.

10. Federal Public Services Commission shall propose necessary enabling provisions in the CSS Competition Examination Rules for vetting by the Ministry of Law and Justice to operationalize the approved proposal and prescribe syllabus for each stage of the Examination including Preliminary Examination and Domain based Competitive Examination and related measures.

### Psychometric Evaluation:

11. To determine candidates' aptitude and motivation towards civil service, psychometric evaluation of the candidates qualifying the written examination is now generally used in most developed and developing countries. This system will help in augmenting the existing Psychological Assessment System of FPSC which lacks the required skills-set as well as requisite capacity. The FPSC proposes to commission a study and identify manpower, logistics

and development of testing modules to implement this initiative. A PC-II will be prepared to seek approval of the competent forum along with allocation of resources.

**Automation and MIS in FPSC.**

12. The exponential increase in the workload of the FPSC during the last five-seven years makes it is essential to digitalize the whole system of the Commission including Computer Based Testing, developing in-house Questions Bank, Case Studies, and equip it with modern tools and techniques. While the Commission has been undertaking internal reforms, it is important to transform the Commission. Research and Development capacity of FPSC also needs to be enhanced. To achieve this objective, it is proposed that a comprehensive scheme is prepared separately for seeking approval of the concerned forum.

### 13.3 AGREED REFORMS IN CSS EXAMINATION

1. The Prime Minister's Task Force on Civil Service Reform has proposed reforms in the CSS examination system to include a screening test for determining problem solving and analytical abilities, psychometric evaluation to determine the aptitude and motivation towards civil service and domain specific written exam separate for clusters. Each cluster is proposed to have subjects relevant with respective occupational groups / services. Allocations have to be linked with passing the exam of respective cluster.

2. After inclusive deliberations and multiple consultation sessions with the Task Force, the Commission recommends following measures for adoption and implementation of the reform proposals:

- i. **Screening Test:** It is direly needed to introduce a preliminary screening test for CSS Competitive Examination. It will bring the number of candidates to a manageable scale, substantially curtail the CSS exam time scale cycle, and will save logistic hassle / costs. It will also help to improve standardization in assessment besides improving applications versus appearance ratio. The contents of the screening test, sifting mechanism from all quotas and relevant details have been worked out in draft amendment rules. The screening test may be implemented w.e.f. CSS CSS 2020.
- ii. **Domain specific cluster-based exam:** Keeping in view the need to bring some kind of academic relevance to the opted service group and the sheer number of candidates giving preference to certain occupational groups within the CSS cadres, it is proposed to segregate the CSS cadres into three clusters and to allocate mandatory subjects for each cluster having a nexus with the general functions of the respective services. The move is likely to push the selection process from a very broad generalisation to a certain degree of domain specification.
- iii. **Psychometric evaluation:** To determine candidates' aptitude and motivation towards civil service, FPSC intends to gradually introduce psychometric evaluation to augment the existing Psychological Assessment System. However, FPSC currently lacks the capacity to implement the same as the requisite skill sets are scarce even in the local market. A detailed study would be required to institute and strategize implementation of this initiative.
- iv. **System Automation / MIS:** The exponential and disproportionate increase in the number of applicants, archaic paper-based system of subjective examinations and limited use of I.T. etc. are some of the challenges that the Commission seeks to address. To serve its clientele with credibility in a transparent and effective manner, the Commission suggests addition of ICT based initiatives relating to Computer Based Testing (CBT) and Development of Question Bank. Research and Development capacity of FPSC also needs to be enhanced. A proposal has been worked out and a PC-I will be initiated for it in case of approval.



**Current status**

3. The proposal for introducing these changes in the CSS exam are being finalized by Establishment Division in consultation with the FPSC. Due to transfer of Secretary, Establishment and sudden death of Chairman FPSC with Covid-19, the deliberations have taken longer than usual. Once finalized, Establishment Division will submit the case for introducing these changes in the CSS Examination.

**Proposed Scheme for Civil Service Screening Test (CSST)**

1. The CSST shall consist of one paper of 200 marks.
2. Duration of the Test shall be three hours twenty minutes
3. The CSST shall be based on **Multiple Choice Questions** (MCQs), each carrying one mark, and will examine the candidates in the following subjects:

<b>Subjects</b>	<b>Sub-Percentage</b>	<b>Percentage</b>
<b>English</b> (Grammar Usage, Comprehension, Vocabulary)		<b>30</b>
<b>General Abilities</b>		<b>30</b>
<b>Section 1.</b> Basic Arithmetic, Algebra & Geometry	10	
<b>Section 2.</b> Logical Problem Solving and Analytical Abilities	10	
<b>Section 3.</b> Mental Abilities	10	
<b>General Knowledge</b>		<b>30</b>
Section 1. Everyday Science	10	
Section 2. Current Affairs	10	
Section 3. Pakistan Affairs	10	
<b>Islamiat or Comparative Study of Major Religions</b>		<b>10</b>
<b>Total</b>		<b>100</b>

4. The Federal Public Service Examination shall notify the Syllabi for CSST separately for wide dissemination.
5. The topics listed in the syllabus are only indicative for the general guidance of the candidates and cannot be deemed as exhaustive list.
6. There will be no limit on the number of times a candidate can appear for the Screening Test if he or she is within the age limit prescribed for the CSS Competitive Examination. The three chances for the candidates to appear in the main examination will remain intact.
7. The standard of question would be what is expected of a person who, has a keen sense of awareness and is knowledgeable, without having done any specific subject specialization.
8. The threshold for qualifying CSST shall be 33 percent marks or 66 marks.
9. Answer sheets shall be marked through **Optical Mark Reader Scanners** to achieve optimal level of efficiency and accuracy.
10. Candidates not qualifying the CSST shall not be eligible to take the main CSS Examination

11. The CSST shall be only for the purposes of selecting candidates who would be eligible to take the Main CSS Examination and the marks obtained in the CSST shall not be counted towards the final merit of the candidates.

## **CHAPTER 14 PAPER ON REORGANISATION OF TRAINING & POLICY RESEARCH INSTITUTES**

1. A survey of the Federal Government training institutions was carried out which revealed that there were 35 training institutions under various Ministries that are engaged in training of civil servants of all kinds. National School of Public School has seven institutions under its control for conducting National, Senior, Mid-Career and Post induction training courses

### **Need**

2. These training institutes have been developed in an adhoc fashion with no overarching study of the need of the modern economy. It is therefore, proposed to first identify the priority areas for training, assess whether the existing institutes meet the future requirements, streamline them, and come up with new institutions to fill in the gap.

3. The main thrust of the proposals contained in this paper, just like the earlier papers on Recruitment and Training, is that the specialists and professionals in Ministries now referred to as 'ex-cadre' receive no systematic training for upgrading their technical and professional skills. This neglect has a major negative effect on the quality of investment and operations of our development projects. As discussed in several meetings of the Task Force good policy and governance work requires specialists. Several missing institutes which cater to the needs of these specialists and cluster around the key components of our future economic and social development are therefore to be set up. The existing physical infrastructure facilities available in the Government as a whole have to be reorganized and reconfigured for setting up these institutes but the main emphasis is to build up the faculty, curriculum, pedagogy, assessment, and testing and to link them with career progression in an integral manner.

4. In China, Korea and Japan where rotation of officers in the Ministries takes place at regular intervals these research and training institutes have provided continuity in domain expertise and policy innovation. The substantive inputs into policy formulation, identification, and design of projects etc. by these institutes have improved the quality of decision making.

### **Financial Loss**

5. The Government incurs financial losses year after year due to cost overruns, poor designs, weak engineering specification, inadequate supervision, and cost controls. The engineers working for the Government after receiving their first degree are seldom exposed to the latest techniques of project management and new developments in materials, processes etc. As two-third of the public sector development expenditure is incurred on energy and infrastructure there is need to establish new training institutes for these sectors with the objective of upgrading the technical and managerial skills of the staff involved in the formulation and implementation of the development projects in these fields. Similarly, medical doctors, teachers, agriculture and livestock specialists, economists and financial experts etc. working in the Federal Government have to keep themselves abreast of the latest developments in their respective fields

### **Soft Skills**

6. The other missing ingredient of training of civil servants in Pakistan is the inculcation of soft skills – values, and ethics, attitudes, orientation, inter-personal skills, team building, communication skills and respect for citizens. Even if it is assumed that many of our civil servants may have improved technical, managerial skills and professional knowledge through

training courses their behaviour and attitudes need to be altered. Soft skills training in values and attitudes should not only form part of their training but the practice of these skills in their jobs should be part of the criteria for promotion.

### **Principles**

7. The basic underlying principle of the proposed re-organization is to combine training, continuing education, and policy research as a critical service arm to the Ministries. These institutions (a) will provide post-induction, refresher, mid-career, senior management training courses, workshops, and seminars, (b) will be responsible for on-the job training and evaluation and (c) carry out policy research. The merger of policy research and training functions under a single institution will have several advantages:

- i. the scarce expert resources will be pooled with a critical mass available in a field
- ii. training will benefit from research inputs while research studies will fill in the knowledge gaps identified by the participants and the policy makers.
- iii. physical infrastructure facilities will be commonly shared and operational costs minimized.
- iv. administrative burden of overseeing multiple institutions on the Ministry will be reduced.
- v. linkage with the universities research institutes and think tanks would be strengthened.

### **Governance Structure**

8. The existing training and research institutes classified by their size, importance and potential have been re-grouped into eight main clusters. Each cluster institute will be an autonomous body governed by an independent Board of Directors and a Chief Executive reporting to the Board. They will be run by boards of directors consisting of learned, professional and eminent citizens with no political affiliation. The board will oversee and review administrative and financial performance of the institution. The Secretary of the Division would chair the Board to ensure that the training imparted by these Institutes is relevant and policy research work is responsive to the needs of the Division. In absence of this arrangement, it is quite possible that the Institutes may turn into academic institutions. There will be an academic advisory committee consisting mainly of academics and professional domain experts in their respective field for reviewing the curriculum, research and pedagogical tools and assessment methods.

### **Financial Autonomy**

9. The institutes would enjoy financial autonomy and be allowed a single line budget. The representative of the Ministry of Finance (MoF) on the Board of Directors will enjoy the powers of veto on only those proposals that create any future unfunded financial liabilities that may have to be picked up by the Government of Pakistan. The Annual Budget proposals submitted to the MoF will be accompanied by a Business Plan and all new proposals have to be justified on the basis of this plan. However, once the government budgetary grant is approved by the Parliament for the Institute the Chief Executive will have the delegated powers to manage the budget including the powers of re-appropriation from one head to another and no references will be made to the Ministry of Finance for their prior approval or concurrence. The development budget proposals will be processed and approved by the DDWP or CDWP according to the size of the project. The Planning Commission will be responsible for

monitoring and evaluation of the development projects of the Institute. An annual report including the achievements and financial statements will be presented to the Parliament as a tool for accountability. Auditor General of Pakistan will be responsible for the annual audit of the Institute. The income generated by the Institute including grants, donations, fees etc. will form part of the budget of the institute that will be approved by the Board of Directors and operated by the Chief Executive and can be spent on the activities included in the Business Plan approved by the BoD. While training institutes will have their own budgets within the national budget, they may raise money in 3 ways:

- i. Each ministry will be charged for the candidates sent but at a subsidized cost. Each ministry will need to show that training expenditures are about 2% of their total annual costs.
- ii. Provincial and local government may also participate in these institutions at the same cost as the federal employees.
- iii. Private sector and civil society members can attend courses but at a fee that covers cost.

### **Staffing**

10. The hiring and firing powers in respect to staff of all grades regular or contractual will vest with the BoD and no references or prior clearances for recruitment, promotion, termination will be necessary from the Establishment Division. The service rules, guidelines and the procedures for recruitment, promotion, termination and human resource management policies for the Institute would be formulated by the BoD in consultation with the representative of the Establishment Division on the Board.

11. The staff will essentially comprise of

- i. Professors of practice: Well-known retired professionals who have worked in the sector including the officers on deputation from Government Ministries/departments who meet the specified eligibility criteria
- ii. Professors and lecturers: In keeping with HEC eligibility requirements capable of research, policy analysis in the respective domains.
- iii. RAs and administrative supporting staff
- iv. Guest Lecturers: Guest lectures will be part of core curriculum

### **Course Offerings:**

12. The course structure will be carefully determined in consultations with Ministries, academia, think tanks, domain experts. It will be flexible and will vary according to the specific job requirements of the selected participants. The offerings may vary from

- i. A day to two weeks specific to the particular needs that have been identified in Performance Evaluation Reports under Development needs.
- ii. Customized courses on specific skills or domain knowledge as required by departments and agencies
- iii. Regular mid-career mandatory courses for career progression: These courses would be a mix of Generalized courses presently offered by NSPP and NIMs and those proposed for Specialized Training Institutions (STIs) that would be heavily weighted for promotions, career path planning and performance requirements. All career officers

will be provided opportunities to attend these courses and reflected in their performance reports. Not taking a course in the year for which they were nominated and failing to keep the attendance will make them ineligible for promotions, merit increases and performance-based rewards.

13. Each institute will be required to show some research, arrange annual conference and show clear contribution to policy debates.

### **Incentive Structure**

14. The incentives for the teaching staff and researchers at all the reconfigured proposed institutes would be comparable to those provided to the NSPP instructors provided they are selected on merit through a transparent and competitive basis. To attract the best talent to these institutes the salary structure of the instructional and research staff will be detached from the Basic Pay Scales (BPS) and determined by the Board of Directors. The cadre or ex-cadre officers deputed to serve in these institutes would also be given extra points for their promotion. These incentives would be able to attract the best and the brightest serving officers to these training institutes. Those securing the top positions at the training courses can be retained by the Institutes as faculty members for a fixed tenure. Foreign Trainings would also be targeted at those who are willing to serve as the faculty members at these institutes.

15. For the trainees the performance at the various training courses will be linked to their promotion. This linkage will bring the best out of the participants provided the contents, pedagogical tools, assessment systems are robust and related to the jobs they are going to perform subsequently.

### **16. Proposed Training and Policy Research Clusters**

- i. National School of Public Policy (NSPP) with its constituent colleges, institutes and centres will serve as the apex organization for delivering managerial and leadership training for officers of cadres and services and ex-cadres at Grades 17 to 20. It will also carry out research in the areas of public policy, public administration issues, civil services etc. also produce case studies and also hold policy debates. Affiliation or collaboration with institutes such as the Institute of Public Policy Research in the UK or LKY School of Public policy in Singapore may be established for this purpose The common post-induction training of the newly recruited officers both cadre and ex-cadre will be organized at the Civil Service Academy, Walton followed by training at the STIs. The NIMs and National Management College will conduct mid-career and senior management and leadership courses. The present mid-career, SMC and NMC courses would be split into two parts—one for all officers for a limited duration to be offered by NIMs and NMC on the existing lines and the other to be offered for domain knowledge by the respective specialized training institutions described below. The NMC course would pay greater attention to Leadership competencies particularly team building and teamwork across the Ministries/ agencies, soft skills and may incorporate best practices from other developing countries while MCMC and SMC course would build up the competencies including behavioural and operational for shouldering the managerial responsibilities at the next grade. Duplication and overlapping by changing the labels of the courses should be avoided. Pedagogical tools such as case studies prepared by the NMC staff should be encouraged in addition to syndicate reports, individual term papers, presentations on select topics. Assessment methods need to be standardized across training institutions.

- ii. Institute of Fiscal Policy and Financial Management (IFPPM); This institute will cater to the specialized needs of the fiscal and financial managers of the Federal Government at all levels – post induction, mid-career, refresher, senior workshops – and also carry out research in fiscal policy, domestic resource mobilization, taxation, audit and accounts and debt issues.
- iii. The existing Audit and Accounts Academy, Income Tax Academy and Customs & Excise Academy will become training arms with expanded responsibilities for policy research in their respective areas. The officers of the National Savings, Debt Office and the different Wings of the Ministry of Finance, Revenue Division, Economic Affairs Division will be trained at this Institute.
- iv. Energy Policy Institute (EPI); The institute will be responsible for the technical training, and policy research needs of the Ministries of Water and Power, Petroleum and Natural Resources, WAPDA, NEPRA, OGRA, PPIB and the organizations working under these Ministries. The Hydrocarbon Development Institute, ENAR Petro-tech Services, should become part of this institute. Professional Training Courses for new recruits, mid-career officers and senior officers in technical fields to upgrade their knowledge and skills and familiarize them with new technologies, techniques and processes would be carried out by the institute. Policy research in all the areas of energy will be part of its mandate.
- v. Infrastructure Policy Institute (IPI); This institute, like Energy Policy Institute will meet the specialized training needs of the Ministries of Railways, Water reservoirs and infrastructure, Communications, Ports and Shipping and Civil Aviation and Infrastructure project facility. Training and research – will form the basic mandate of this institute.
- vi. NTRC, Pakistan Railways Academy will become part of the IPI. Professional training of infrastructure engineers and technicians at post induction, mid-career, refresher and senior managers level will be provided by IPI. As public-private partnerships in infrastructure is likely to be the most common mode in the future the Institute will have a multidisciplinary approach in which engineers, lawyers, economists, cost accountants and planners work together to develop model concession agreements, monitoring and enforcement tools and exit strategies.
- vii. Human Development Policy Institute (HDPI): will serve the Ministries of Education, Health, HUMAN Rights, Social Protection. The existing Academy of Educational Planning and Management, Health Service Academy, National Institute of Science and Technical Education, Pakistan Manpower Institute, National Institute of Labour and Training, National Institute of Population Studies will become part of the HDPI and restructured.
- viii. Industrial and Trade Policy Institute (ITPI); This institute will serve the Ministries of Industries and Commerce, Pakistan Institute of Management, Pakistan Institute of Trade and Development, NPO will become part of ITPI and restructured.
- ix. Agriculture and Environment Policy Institute (AEPI); This institute will serve Ministries of Food Security, Climate Change and Water Resources (consumption & usage) Agriculture Policy Institute will become part of AEPI and restructured. The Social Sciences Wing of PARC and the proposed API will have to develop a



collaborative research agenda with clear division of labor for policy inputs and long-term research studies.

- x. National Police Academy; will continue to function its present form under its Board of Governors. The NPA will have to develop the capacity for policy research that can be of aid to the Interior Division NACTA and Law Enforcing Agencies

In addition to the above eight major training and policy research institutes the following training institutions should be retained as attached departments of the Ministries concerned.

- i. Foreign Service Academy: The orientation of Foreign Service Officers has to be completely changed and they should be groomed to become effective in economic and commercial diplomacy. The present division of work between Foreign Services Officers focusing on bilateral political affairs only and other Ministries handling Commerce, Information needs to be revisited. Except for a few key missions this artificial division is neither cost effective nor meaningful.
- ii. Planning & Development: Pakistan Planning and Management Institute
- iii. Information & Broadcasting Information Services Academy

17. These institutes and their facilities should also be made available for training of the Provincial Government officers as well as those of the autonomous bodies. In some instances, such as Energy or Infrastructure or Human Development mixed training in which private sector participants attend the courses along with public sector may prove useful.

18. Policy research at these institutes should be carried out by the regular staff of the Institutes, the specialized staff hired for specific assignments projects, the contractual staff, visiting research fellows and also in collaboration with other universities academic and research institutions. A few serving officers should also be allowed paid research stints on competitive basis.

## CHART SHOWING EXISTING AND PROPOSED TRAINING INSTITUTES

S. No.	EXISTING	PROPOSED
1.	National Management College	Constituent Colleges, Institutes and Academies of the National School of Public Policy
2.	National Institute of Management (NIM), Lahore.	
3.	National Institute of Management (NIM), Peshawar.	
4.	National Institute of Management (NIM), Quetta.	
5.	National Institute of Management (NIM), Karachi.	
6.	National Institute of Management (NIM), Islamabad.	
7.	Civil Service Academy	
8.	Secretariat Training Institute	
9.	Academy of Educational Planning and Management	Human Development Policy Institute
10.	Pakistan Manpower Institute.	
11.	Health Services Academy	
12.	National Institute of Population Studies	Pakistan Health Research Council
13.	National Research Institute of Fertility Control	
14.	Agriculture Policy Institute	Agriculture, Food and Environment Policy Institute
15.	Academy for rural Development	
16.	A.H.K. National Centre for Rural Development.	
17.	Pakistan Railway Academy	Infrastructure Policy Institute
18.	National Transport Research Centre	
19.	Eco Postal Staff College	
20.	Audit and Accounts Academy	Institute of Fiscal Policy and Financial Management.
21.	D.G. of IRS Training	
22.	D.G. of Customs Training	
23.	Pakistan Institute for Trade and Development.	Industry and Trade Policy Institute
24.	Pakistan Institute of Management.	

25.	Engineering Development Board.	
26.	Pakistan Industrial Technical Assistance Centre.	
27.	Fertilizer Research Institute.	
28.	National Productivity Organization	
29.	Pakistan Planning and Management Institute (PPMI)	PPMI
30.	Information Services Academy (ISA)	Proposed Media University
31.	Foreign Service Academy (FSA)	FSA
32.	National Police Academy (NPA)	National Police Training and Research Institute
33.	National Police Bureau (NPB)	
34.	National Academy for Prisons Administration (NAPA)	NAPA
35.	Hydrocarbon Development Institute of Pakistan (HDIP)	Proposed Energy Policy Institute

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## CHAPTER 15 CAREER PLANNING AND PROGRESSION

1. Core issues plaguing the civil servants from induction to retirement have been cited frequently by reform commissions and these inter alia include outdated recruitment mechanism, politicization, demoralization, corruption, lack of relevant expertise and knowledge, fluidity in job descriptions and subjective evaluations. Establishment Division worked on the identified problems and keeping in view the firsthand knowledge of issues faced and probable measures which can mitigate the problems being faced in the career planning of officers, a set of recommendations was developed. Following recommendations on career progression of civil servants of Pakistan Administrative Service (PAS), Police Service of Pakistan (PSP) and Office Management Group (OMG)/Secretariat Group are placed for consideration:

### **Induction**

**Percentile scores:** Disparity of marks between sciences and social sciences may be removed in the CSS exam as this allows candidates with pure sciences to score exceptionally high marks without affording the same opportunity to candidates appearing in humanities. There is no required parameter of pure science in government service, which should give the advantage in scores. Percentile scores may be introduced to ensure equal opportunity.

**Provincial Quota:** Special quota with limited number of seats for least developed areas may be based on educational background and not on domicile alone. Twelve years of education in area of domicile and earning two degrees can be a mandatory requirement for special dispensation through provincial quota.

**Upper Age Limit at 28 years:** Younger officers have a better chance of absorbing core ethical values and moral standards. They are devoid of cynicism and more receptive to grooming and public service idealism.

**Removal of age relaxation policy for government servants:** There is no justification for keeping the upper age limit flexible to accommodate existing government employees and negating fundamental right to equal opportunity in employment. Existing qualification should be sufficient to allow second or third attempt at changing groups or service without further age relaxation. Government officers should not be above 28 years of age at the time of CSS exam.

### **Pre-Service Training**

**Behavioral and Psychological examination:** Psychological support and counselling should be available on campus. Periodical psychological evaluation should form part of profile evaluation by professional experts and not faculty. Sanctioned posts among all governments. Least rotated officers will be transferred to highest shortage government. Gender concessions and wedlock policy will not apply for female officers.

**Language Learning:** Officers must have relevant field experience and knowledge of one local language to have a better understanding of the socio-cultural context at the end of 4 to 6 years.

**Innovation:** Developing innovative means to improve service delivery with lasting impact is highly recommended especially so as ICT tools are available to improve systems. This can be a bench mark for public service delivery evaluation along with other performance indicators. The innovation can be recorded as success or failure and linked with the case study at each place of posting, which is to be developed by individual officers for teaching at CSA, MCMC, SMC and NMC levels.

**Tenure Security:** The offices have to feel secure in their place of posting with focused devotion to duty without apprehensions of sudden replacement or external interference. If current practice of frequent transfers without justification is not curtailed, officers will continue to seek alternate networks for career progression. Public service delivery and performance indicators become irrelevant in such circumstances

**Placement in Federal and Provincial Secretariat:** PAS and PSP officers can have tenures in Federal and Provincial Secretariats to gain experience at the policy level. This would give a career break and relieve exhaustion of continuous field experience. OMG officers shall complete two tenures in Federal Government in two main Ministries of diverse sectors. These can form groups for two tenures specialization in two distinct areas.

### **Recommendations**

- i. The Central Superior Services will be replaced with The Central Services of Pakistan. Other professionals such as Engineers, Doctors etc. who have a critical mass of numbers to form a pyramidal structure may also be grouped under separate cadres.
- ii. Service Rules for each cadre would be framed in a manner in which cadre posts at each level, career paths, promotion ladder and eligibility criteria are clearly laid out. New Service Rules will be made if they do not already exist and existing Service Rules will be reviewed if they are not in line with the above- mentioned objectives.
- iii. Future Placement and postings would be based on the following criteria:
  - Nature of experience gained
  - Expertise acquired
  - Appraisal reports of the training institutes
  - Dossier of Performance Evaluation Reports
- iv. On the pattern of selection of commercial attaches/counselors, all foreign postings (except those in foreign missions where officers belonging to the Foreign Service of Pakistan are posted) and foreign training facilities, should be filled in through an open, competitive process in which any officer meeting the eligibility criteria can apply. Upon the completion of the foreign assignment the officers may be appointed in the Ministry/Ministries that require their skills for a period of 3 to 5 years.
- v. Promotion Policy should be clearly codified based on the following criteria:
  - a) Past experience record including fulfilling rotation policy if applicable
  - b) Appraisal reports of the Training Institutes
  - c) Ratings given at Performance Evaluation
  - d) Marks given by the Selection Board including that of reputation and integrity
- vi. Vacant posts in Grade 19 to 21 in Federal Secretariat should be filled through a competitive internal job vacancy system which would be open to all officers in that grade. The Minister, Secretary of the Division and Secretary Establishment would interview all the candidates, review their service record and select the candidate to fill the vacancy.
- vii. Technical Adviser posts have been created in 17 Ministries and some of them are moving ahead with recruitment. It is proposed that these 17 Ministries should surrender a few posts in Grade 19 to 21. These posts would then be advertised by the FPSC to select technical experts from the private sector, academia, overseas Pakistani etc.

## CHAPTER 16 PAY AND COMPENSATION

One of the critical components of the integrated Human Resource value chain is the compensation and benefits package offered by the Government. Since 1973 reforms, Civil Services have failed to attract, retain and, motivate the best talent from our universities and higher educational Institutions as the balance between job security and compensation has been disturbed. The damage done by unified pay scales where a neurosurgeon and a Private Secretary are placed in the same grade or a teacher and a clerk enjoying the same compensation has proved detrimental to the morale and motivation of Civil Servants. It is impossible to raise the salary of professionals who should earn premium because of their education, skills, and experience as such, because any raise automatically increases the salaries of those all placed in the grade, indiscriminately.

2. Another major distortion that has been created in Government employment is that 95% of the work force in the Federal Government belongs to Grades 1-16 i.e., support staff category. They consume 85 % of the total salary and allowances bill. It is also worth noting that their compensation is much higher than that of their counterparts in the Private Sector. On the other hand, the compensation paid to officers in Grades 17-22 accounts for only 15% of the total wage bill and their take home pay is much lower than their peers in the private sector. In addition, there are disparities within the Government Ministries and agencies where some of them are paid twice as much in the same grades as other. This creates heart burning and dissatisfaction and lowers the overall productivity. There is another myth that the perk in form of subsidized government housing jacks up the total benefits for the higher-grade of civil servants. It is a matter of fact that only 15 percent of the officers receive this perk while 85 percent get paid partly sum in the form of House rent allowance.

3. The other explosive bomb threatening the public finances of the country is ever expanding pension bill. Pay as you go scheme currently is in force with generous and liberal benefits to the individual and survivor family members and increase in life expectancy is proving to be a severe drain on public exchequer. Pension reform, if not undertaken immediately, would soon outstrip the total revenue collection.

4. Acknowledging a need to consider changes to the existing compensation scheme in place, the Task Force on Civil Service Reforms formed a sub-group on Pay and Compensation comprising of Mr. Shahid Kardar, Dr. Nadeem-ul-Haque and Mr. Javed Sikander (Planning Commission). Following detailed discussions and research, the sub-group presented its findings and recommendations in the working paper added below in this section.

5. In addition to the work done by this sub-group, a more detailed study on civil servant's compensation was commissioned by the government and led by a team of researchers based at the Pakistan Institute of Development Economic (PIDE). This team and project was headed by Dr. Nadeem-ul-Haque who is part of the Task Force on Civil Service Reforms. The PIDE study has been completed and published. Its findings are controversial and have been referred to the Pay and Pension Commission for review and discussion.

6. To ascertain the degree to which any changes can be brought about the compensation system in place for civil servants, a Pay and Pension Commission has been formed and notified on 13<sup>th</sup> November 2020. The Commission is headed by Ms. Nargis Sethi who is herself an experienced former civil servant. The Commission is currently working on producing its report and recommendations with regular meetings convened under the leadership of Ms. Sethi. The report once complete will be presented to the Prime Minister and be placed before the Federal Cabinet for its decision and/or feedback. The composition of the Commission is at Annex-I.

## **16.1 WORKING PAPER ON RATIONALIZING PAY AND COMPENSATION**

Before the introduction of unified pay scales through the civil services reform in 1970s, the pay was linked with the position held by the officer and the level of responsibilities assigned to him or her. An equal pay, irrespective of the level of professional responsibility and output has served as a disincentive for civil servants. Each job was placed within a particular scale, with the result that officials with widely different functions, level of responsibility, skill intensity and divergent job descriptions ended up at the same point in the scale. This created several problems; one, that the government was unable to signal its policy priority in terms of sectoral governance; two, pay revisions could not be done optimally since any substantive and realistic pay increases would have to be done across the board for all the civil servants and the cost of doing so would be exorbitant leading to strong inflationary pressures ;three , the government could not pay adequate premium to meet skills in short supply and thus compete in the local labour markets; fourth, the compression ratio was lowered dramatically. The PIDE study has estimated that the compression ratio of basic pay scales and allowances fell dramatically after the introduction of the Unified pay scales i.e. from 25 in 1970s to 10 in recent times. In other countries the average ratio is 1:30. The result has been pay stagnation, erosion of the purchasing power of higher level of civil servants due to inadequate remuneration, and inability to recruit high skilled human resources. The myth about extensive perks is also not proven by evidence. The perks in non-monetary terms allowed to higher civil servants are discretionary, selective, and inequitably distributed limited to only 15 percent of the total civil servants creating heart burning and demotivation among the majority who do not enjoy these benefits. The situation has been exacerbated in the last ten years by introducing variable allowances and exceptionally high pay packages for a chosen few among the same group of civil servants without any transparency in the process of selection for those coveted posts. Those excluded are trapped in a low expectation equilibrium, where there is no incentive for working harder or disincentive for not working to their optimum capacity. The average efficiency and productivity of civil servants has consequently taken a deep dive downwards.

2. Under the old pay regime there was a trade-off between job satisfaction, job security on one hand and low pay. Those who were driven by job satisfaction and job security made a deliberate choice in favour of low compensation. Since the 1973 reforms where job security was taken away and uncertainty about career progression has increased this equation has broken off. Talented young men and women who still would like to join the public service under a conducive working environment are no longer interested. Another major constraint is the skewness in the compensation package in favour of Grades 1-16 staff who get higher salaries relative to their private sector counterparts based on comparable skill sets. 85 percent of pay and allowances in the Federal budget therefore accrue to this group while the more qualified and skilled officers in Grade 17-22 who get much lower than their comparators in private sector receive only 15 percent of the total wage bill. Accordingly, this paper is an attempt to propose measures aimed at rationalizing the entire scheme of pay and compensation so that talented young men and women are not only attracted to join civil service but are also retained and motivated.

### **Situation Analysis**

3. Pakistan's Federal Government has an actual staff strength of close to one Million, excluding the Armed Forces. During last five years from 2012-13 to 2016-17, the size of the Federal Government, excluding the Armed Forces and Autonomous Bodies, in respect of its sanctioned and actual strength of employees shows increases of 5.73% and 5.26% (on average

basis) respectively. Size of Federal Government in respect of sanctioned and actual strength is 649,176 and 570,553 posts on 1st July, 2016. Sanctioned and actual strength of employees in 2016-17 in respect of 203 autonomous / semi-autonomous bodies / corporations / authorities under the Federal Government are 488,667 and 396,053 posts respectively<sup>2</sup>. So, the Civilian Work Force in federal government is divided as follows **based on the actual strength as of July, 2016:**

Autonomous Bodies	396,053
Federal Government	453,019
Civilians paid out of Defence budget	117,533
<b>Total</b>	<b>966,605</b>

4. Public sector is no longer the major employer in the country but has expanded employment despite retrenchment of many activities in wake of privatization of state-owned enterprises, liberalization, deregulation and growth in employment opportunities in the private sector. Another way is to examine the claims the public-sector places on the country's resources. Federal Government wage bill as a percentage of Total Government expenditure was about 3%-4% of the total government spending, but this is more a reflection of the low salaries paid to the Government officers. However, given the precarious fiscal position of the Government, due to large subsidies paid for petroleum, power, wheat, railways, transport and aviation services, the additional burden imposed by a revision of the compensation package for civil servants should be manageable within the prudent limits of fiscal deficit.

5. In terms of the budgetary outlays, the total estimated wage bill of the Federal Government for running of Civil Government stands at Rs.242 billion for FY2018-19. If the pensions are included, the total amount increases to Rs.324 billion. This accounts for 8% total current expenditure, excluding the foreign loan payments. The challenge for the policy makers is therefore to rationalize the compensation and benefits package, without breaching this budgetary ceiling.

6. A further division of the civil servants by BS scales shows that more than 95% of them are working in BS 1-16 scales, while less than 5% percent are occupying BS 17-22 position. The Table below shows the scale wise distribution of support staff in the Federal Secretariat. The unskilled and low skilled workforce accounts for more than one half of the Federal Government employees. There is thus an obvious case for rationalizing the service structure to make more financial resources available for compensating the officers' cadre better.

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2 Annual Statistical Bulletin of Federal Government Employees 2016-17, PPARC, Establishment Division, Government of Pakistan



## BPS Scale - Wise Distribution of Federal Secretariat Employees Supporting Staff Percentage Share

BPS	Percentage (%)
BS - 1-4	28.36
BS-5	23.23
BS-6	10.98
BS-7	10.28
BS-8	2.63
BS-9	7.53
BS-10	-
BS-11	3.22
BS-12	-
BS-13	-
BS-14	4.88
BS-15	-
BS-16	6.32

### Earlier Approaches

6. Pay and Compensation benefits that the civil servants receive have remained an active area of interest within the domain of previous reform agendas. There has been a consensus nevertheless that the benefits of a decent living wage, far exceed its costs over time. Some of the previous efforts at rationalizing the salary and compensation for the civil servants are reproduced below along with specific recommendations made during these efforts.

7. A study by Faiz Bilquees<sup>3</sup> in 2006 argued that the widening gap in the emoluments of government employees versus the public-sector corporations and private sector employees has a strong bearing on the motivation and ability to work. Similarly, the Pay and Pension Committee 2004 had carried out a comparison of the public-sector employees with those working in identical or similar positions in the private sector and found that public sector wages have fallen significantly behind and “the gap at senior levels is unacceptably large and suggests that a higher rate of growth of senior level compensation is justified, to both recruit the needed talent and to retain it”. NCGR in its recommendations for the Civil Services Reforms advocated a differentiated approach, to not only enhance the salaries of civil servants but also to make up the large gap in wages of the senior level civil servants. The present practice of a uniform, across the board, adhoc increase is not helping resolve the problem.

8. One of the ways the Federal (and the Provincial as well) government has tackled the issue of inadequate compensation, is to institute MP scales, award special, post and project allowances to officers occupying certain specified positions. However, the proliferation of MP scales, particularly to serving and retired government officers is needed to be brought under a system which ensures that transparency is introduced in the process of selection for these posts,

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<sup>3</sup> Bilquees, Faiz., 2006. Civil Servants’ Salary Structure. PIDE Working Papers, 2006:4. Pakistan Institute of Development Economics, Islamabad.

guidelines are issued, and criteria are laid down. Equal opportunities should be available to all aspirants, rather than to a chosen few. There is no harm in attracting experts from outside the Government to fill in the skill gaps, but they should be brought in for a fixed tenure on contract basis, in a well laid out, transparent manner. Their performance on the job should be evaluated based on the objective indicators and those who do not meet those indicators should be dispensed with.

9. National Commission on Government Reforms (NCGR) focused on the benefits of increased compensation and their quantification. It observed that although all the benefits were not measurable, some of them were quite obvious e.g. reduction in corruption and leakages, as those driven by the needs of maintaining a minimum lifestyle, would no longer be tempted if they were paid well. Second, an increase in efficiency and productivity arising out of better employee satisfaction would improve the service delivery to the citizens. Third, the waste and callousness in government spending that arises from an indifferent attitude of those involved in these activities would be minimized. Other complementary reforms such as introduction and adoption of e-Government, business process re-engineering, leaner government and accountability measures would reinforce the benefits.

10. NCGR, after a thorough analysis, recommended the following as way forward in terms for revising the compensation structure of the civil servants:

- i. Include the three (Special Relief Allowance, Ad-hoc, relief and Special Additional Allowance) in the Basic Pay. This amounts to a 40% increase in Basic Pay of Civil Servants. Because it is absorption of current allowances, it does not add to expenditures on the pay side; but it has an upward effect on pension liabilities. However, this is compensated by the proposed Parametric Pension Reforms.
- ii. Increase the Regular Allowances i.e. Housing, Conveyance; Khidmat; Qualification Pay, Senior Post Allowance, Entertainment Allowance.
- iii. Introduce Parametric Reforms and Proposed Systemic Reforms in the Pension System for current employees. as spelled out in the Report of the Pay and Pension Committee (PPC)
- iv. Significantly increase Human Resource Management capacity in the government, beginning with the Establishment Division. This “capacity” will positively impact on increase in productivity.
- v. Introduce Pay for Performance in selected Divisions, Education and Health Departments of the Federal and Provincial Governments beginning in 2008-09 and expand the programme to the entire Federal Government in a few years.
- vi. Introduce a TWO- PART Compensation Increase System comprising (i) inflation adjustment; and (ii) Merit (against performance).

The inflation component should be automatic and related to (not necessarily equal to) the increase in CPI. Such an adjustment should be available to all employees, to adjust their compensation for increase in the price level.

The merit component should be reserved for the better performers. A Bell-Curve Forced Ranking System may be considered on a pilot basis in a few Divisions. The merit component should be significantly (a multiple) larger than the inflation component.

- i. Introduce indexing for pensions to maintain purchasing power of pensioners.

- ii. Initiate JOB-CONTENT Evaluation in a few divisions and broaden the programme over a few years.
  - iii. Introduce Health Insurance for government employees. This should be done in phases spanning over a few years.
  - iv. Introduce the link of Housing Allowance with Home Ownership. This will also be a multi-phase activity.
  - v. Revise MP Scales and all MP contractors should have Performance Contracts.
  - vi. Professional Comparators Surveys should be carried out after every three years, to provide information for structural changes in the level and composition of compensation. Those Surveys would also be useful for periodic adjustments in MP Scales.
11. In view of the importance of delivery of essential public services, security of life and property and easy access to justice, the 2010 Pay and Pension Commission recommended exclusion of the Departments of Education, Health, Police (including Civil Armed Forces) and Judiciary from the Basic Pay scales. These departments would have their separate pay scales which would also include an element of scarcity premium based on local labour market conditions. To illustrate this point if female science teachers are not available in Awaran, they should be paid a premium over and above their point in the pay scale compared to their counterparts in Quetta.
12. Various proposals/suggestions were considered in the meetings of the Task Forces to review the pay package of the civil servants. Broadly, following is the crux of the discussion:
- i. Review the existing system of pay and compensation given to the civil servants through Uniform Pay Scales. A gradual process of delinking some positions such as Teachers at all levels, Health professionals, Scientists, Engineers, Town planners Architects and Technologists from the Unified Pay scales and having their own pay scales may be introduced over a specified period of time. Universities, Tertiary medical hospitals, Metropolitan Corporations, Scientific and Research organizations etc. should be allowed to set their own compensation packages,
  - ii. Evaluate the regime of Special Pay Scales such as MP Scales and Project Allowances with a view to bring them under a transparent and uniform system
  - iii. Identify a proposed way forward in the light of work done by previous Commissions/Committees and make recommendations for the overhaul of Pay and Compensation policies.
  - iv. Indicate legal, procedural, and administrative changes required to implement the recommended promotion policy.
  - v. Present its findings to the entire task force and revise recommendations based on its feedback.

### **Pension**

13. Another issue, which is becoming serious in Pakistan is the payment of the pension. In Pakistan, pension is paid out of the tax revenue and government is following defined benefit scheme. Civil servants are not required to make contribution for this. Now, the pension bill for the federal and provincial governments is increasing at alarming speed, which appears to be

unmanageable in the coming years. In order to tackle this problem, just like other developed countries, there is a need to establish a pension fund and move away from the defined benefit scheme.

**Decision**

14. In order to deal with both issues of pay and pension, the Federal Government has notified a Pay and Pension Commission headed by Mr. Nargis Sethi. The composition of the Commission is at Annex-I. The report of the Commission is awaited.

**Formation of the Pay and Pension Commission**

GOVERNMENT OF PAKISTAN  
FINANCE DIVISION

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No. F. 1 (1) Imp/2020-498

Islamabad, 13<sup>th</sup> November 2020

**NOTIFICATION**

Subject: CONSTITUTION OF PAY AND PENSION COMMISSION, 2020

In compliance of the orders of the Prime Minister's Office vide u.o. No. 836/SPM/2020, dated 12-11-2020 the revised composition of the Pay and Pension Commission is as follows:

**PRIVATE MEMBERS**

- |     |  |             |
|-----|--|-------------|
| 1.  | Ms. Nargis Sethi,<br>Former Federal Secretary  | Chairperson |
| 2.  | Mr. Muneer Qureshi<br>Retired Civil Servant  | Member      |
| 3.  | Ms. Nazrat Bashir<br>Retired Civil Servant   | Member      |
| 4.  | Mr. Habib Ullah Khan<br>Retired Civil Servant  | Member      |
| 5.  | Mr. Saud Mirza<br>Retired Civil Servant  | Member      |
| 6.  | Dr. Masood Akhtar Chaudhry<br>Retired Civil Servant  | Member      |
| 7.  | Mr. Mehfooz Ali Khan<br>Retired Civil Servant  | Member      |
| 8.  | Dr. Noor Alam<br>Retired Civil Servant   | Member      |
| 9.  | Vice Admiral Shah Sohail Masood (R)<br>Vice Admiral Pakistan Navy,<br>MD Bahria Foundation | Member      |
| 10. | Brig. (R) Mohammad Ashraf  | Member      |

- Veterans of Pakistan
11. Ms. Nausheen Ahmed Member  
Company Secretary, ICI (Pakistan) Limited
12. Mr. Aquil Raza Khoja Member  
Private Sector

**MEMBERS (EX-OFFICIO)**

13. Secretary Member  
Finance Division, Government of Pakistan
14. Secretary Member  
Establishment Division, Government of Pakistan
15. Secretary Member  
Defence Division, Government of Pakistan
16. Secretary Member  
Finance Department, Government of Punjab
17. Secretary Member  
Finance Department, Government of Sindh
18. Secretary Member  
Finance Department, Government of Khyber  
Pakhtunkhwa
19. Secretary Member  
Finance Department,  
Government of Balochistan
20. Secretary Member  
Finance Department, Government of AJ&K
21. Secretary Member  
Finance Department,  
Government of Gilgit Baltistan
22. An Officer of BS-21 of the Member  
Auditor General of Pakistan
23. An Officer of BS-21 of the Member  
Controller General of Accounts

24. Director General PP&A, GHQ Member  
Defence Division, Government of Pakistan

25. Joint Secretary Member / Secretary  
Finance Division, Government of Pakistan

2. Finance Division O.M.No.F.1(1) Imp/2020-164, dated 16-04-2020 stands amended to the above extent.

  
(Faisal Nadeem)  
Accounts Officer (Imp)

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## **CHAPTER 17 NATIONAL EXECUTIVE SERVICE (NES)**

In the year 2002 the Establishment Division (Estab.) initiated a proposal for the creation of an Economic Management Group (EMG) in response to the Chief Executive's directive to study the feasibility of creating an economic cadre of officers in the Federal Government.

2. The Establishment Division articulated the need for creating streams of professional Civil Servants to staff policy-formulation positions in the Federal Government. The basic idea was to competitively select and specially train competent individuals to pursue predetermined patterns of career growth and invigorate the Federal Government with the required quality and capacity for policy formulation.

3. The proposal of the Estab. was placed before the Cabinet in its meeting held on 21st August 2002, and it was decided that a holistic view of all the professional streams should be taken and the proposal should be finalized in coordination with the National Reconstruction Bureau, (NRB), and submitted to the Cabinet by mid-September 2002.

4. The NRB, in the meantime, had also prepared a paper on "Reconstruction of Civil Services - A New Framework", dealing with the entire spectrum of Civil Service Reforms. A presentation was made to the Cabinet on 6th November, 2002, where it was decided that since the politically elected government would be in place shortly, it would be appropriate to present the Reconstruction proposals (including NES) to the incoming Cabinet for decision.

5. The issue of Civil Service Reforms remained dormant, until the National Commission for Government Reforms (NCGR) was mandated to look at the reorganization of Civil Services of Pakistan in a holistic manner. A framework paper outlining the proposed reorganization of the Civil Services of Pakistan, at All Pakistan, Federal, Provincial and District levels was produced by the NCGR.

6. The present paper elaborates upon one of the most critical components of the proposed framework i.e. the NES. An earlier draft was deliberated by the Federal Secretaries' Committee on 22nd December, 2006 and recommendations made by the Sub-Committee of the Secretaries finalized in April, 2007 were incorporated in this revised draft. The Secretaries Sub-Committee endorsed the need for creating a N.E.S and made many useful suggestions that form part of the present proposal.

7. The purpose of creating a NES is to identify, develop and place the best talent in policy making positions by drawing upon the entire pool of Civil Servants and other talent from the entire country irrespective of their original cadre, service or affiliation. This presumes that there will be no barriers to entry in NES either for any group or cadre of the Civil Servants or to any suitable professionals from outside the Civil Services. The only stipulation is that the candidates should meet the pre-specified eligibility criteria and then cross the hurdle of a competitive process open to all. The objectives of good governance emphasize responsiveness to the complex problems faced by the Public and place persistent demands on the capacity and intellectual endowments of policymakers in the government. Furthermore, the jobs in public sector require highly specialized skills in economics, social development, technical professions, regulation and human resource management. The selectees for the high-level jobs have to prove that they possess a mixture of substantive knowledge and skills combined with leadership traits. The future knowledge-based economy can be effectively managed by individuals who are able to demonstrate, display and practice these attributes.

8. The proposal for the NES was placed before the Task force on Civil Services Reforms in 2019 which was of the view that in the first instance, reforms in Training, Performance



Appraisal, Promotion Policy, and Retirement Rules may be undertaken. The reforms would enable the competitive process for NES to make the selection for NES more effective and objective.

9. As the decisions have now been taken on the reforms of Training, Performance appraisal, Promotion Policy, Retirement Rules the proposal is being resubmitted to the members of the Task Forces on Civil Services Reforms and the Implementation Committee on Reorganizing the Federal Government for their review and comments. A meeting would be scheduled once the present public health restrictions are relaxed. Alternatively, a meeting through video link would be arranged if the separation remains unchanged.

**Rationale and justification:**

10. The present mode of the superior civil services that attract young men and women through an open competitive examination and spend 30-35 years serving the government had worked reasonably well in the first few decades after Independence. The challenges of the 21<sup>st</sup> century for public service have become more complex. At the same time the Superior Services are no longer attracting the best talent at the time of entry. Both the numbers of talented candidates appearing at the examinations and the quality of the final selectees are on a downward slope. There is a general dissatisfaction among the citizens on the responsiveness of the civil servants in the delivery of basic public goods and services. Although a more broad-based program of reforms in the judiciary and local government would address some of these issues in a holistic manner the current role, responsibilities and incentives of the civil servants require rethinking and redesign. Majority of the civil servants are also not satisfied with their working environment – poor compensation, political interference, fear of NAB, the media and judiciary, frequent postings and transfers and a general feeling of insecurity and absence of support from the Government.

11. Therefore, this model of assured career path on the basis of an entry examination at a young age is no longer applicable or sustainable any longer. A new hybrid model which nurtures, promotes and draws upon the expertise and domain knowledge and combines it with the broad-based experience, leadership traits and the ability to synthesize different perspectives and policy inputs is therefore proposed as the way forward. Leadership traits are not exclusively located within any one group but can be found across the groups too. There are examples in Pakistan where a medical doctor has managed a tertiary hospital and medical college in a highly effective and efficient manner and an engineer has successfully led WAPDA. The same organization i.e. WAPDA has also been successfully led by several illustrious officers belonging to the Civil Service of Pakistan. The lessons from these examples lead us to infer that an amalgam of traits such as strategic leadership with execution capability, motivating human resources and managing finances prudently, and broad understanding of the larger context in which policy decisions are taken –internal and external –should form the core of the NES, burying the present adversarial binary—generalist vs specialist. NES would draw upon the skills and experiences of both the generalists as well as specialists who exhibit the above traits.

12. Many countries across the world have employed the model of what is generally referred to as a Senior Public Service (SPS). Countries including Britain, Japan, South Korea and Singapore in addition to others all have their own versions of senior public services distinct from each other in regard to the degree of openness the system offers. Career-based and position-based systems exist across the world, where career-based systems consist of senior officers recruited into an elite permanent bureaucracy and promoted to the SPS overtime. This

system often does not offer room for recruitment to individuals from local and provincial bureaucracies or to those beyond the government. A position-based system, by contrast, is often considered more open as it allows for recruitment from within the elite bureaucracy but is also accessible to other public servants at different levels of government and to private sector candidates with appropriate experience. The proposed hybrid model i.e. The National Executive Service is aimed at combining the advantages of Career-based and position-based systems.

13. The bureaucracy at the higher levels, faces a three-pronged issue. Firstly, the requisite specialist skills needed to serve the government in different fields are lacking among the cohorts recruited even after spending decades in the service. As only this elite group of officers rises to occupy key policy making positions, the lack of domain knowledge sometimes dilutes the quality of work they are able to produce. Secondly, there is a mismatch between the skills that officers possess and the jobs they are assigned to do. The prior qualifications and work experience of an officer are rarely taken into account when placement or posting or promotion decisions are made with the result that the skills and experience of an officer in a certain field remain underutilized or misallocated as they do not fit in with the job requirements. A third issue has to do with the frequent and haphazard rotation of generalist across a wide variety of fields from Religious Affairs to Finance without allowing them time and space to acquire competency in any particular cluster of policy making.

14. The pull and push towards few posts that are considered more prestigious and lucrative than others further distort the allocation process. This new hybrid model in the shape of a National Executive Service (NES) would overcome these weaknesses to some extent. The broad based and open competition among a large number of candidates possessing different skill sets would enrich the quality of intake. The linkage of past performance and training outcomes to the selection process for NES would hopefully force the prospective candidates to improve their efficiency and productivity and invest in their training seriously. The clustering of Division / Ministries under four distinct streams and limiting rotations, promotions and postings within the confines of the chosen stream would equip the generalists, who already possess breadth of experience and management expertise with some domain knowledge and a degree of specialization enhancing their decision-making capabilities. The uniformity of compensation and much lucrative package for every one selected under NES would no longer create a tilt towards some Ministries/Divisions. A National Executive Service (NES) that will value specialization, properly post people where they are most suited and be above occupational group allegiances and hierarchies existent today, can be an effectively address some of these issues.

15. The next question that arises is; How would this cadre be carved out? All Pakistan Services would be expanded to include a new cadre i.e. National Executive Service (NES). The existing posts in the Federal Secretariat and some posts of the Provincial Secretariats would form the core of the NES cadre, to begin with. The loss of these posts from the existing cadres of All Pakistan Services and the federal Services would be offset by adding equal number of posts in the equivalent grades to their respective cadres so that their promotion posts are in no way adversely affected. (Para 52 below). Future recruitment to the Officer management group (OMG) and the Secretariat Group would no longer be necessary after the creation of NES (more details in the following paras).

16. Recruitment to NES would take place through an open, transparent process conducted by the Federal Public Service Commission (FPSC). The FPSC Chairman is already the

Chairman of Central Selection Board for promotions from Grade 19 to 20 and Grade 20 to 21. The FPSC would select the candidate on the basis of: -

- i. Academic Qualification: Higher qualification will be given additional weightage
- ii. Performance appraisal reports
- iii. Training outcome
- iv. Written examination
- v. Structured Interviews
- vi. Psychometric tests

17. There are several options for selection to NES, the number of streams within this service and the tiers of government which will be manned by officers belonging to the NES. An analysis of the various options on each one of these issues is presented in paragraphs below

### **Strategic Options**

#### **Selection to NES**

18. The guiding principles for selection of NES would be: -

- i. Open, transparent, merit based, performance driven process.
- ii. (b). Provide equality of opportunity for all genres of civil servants who meet the eligibility criteria without any consideration of the initial mode of recruitment.
- iii. The selection would be conducted by the Federal Public Service Commission only.
- iv. Regional representation and quotas for women and minorities would be observed.

19. Three different options for selection into NES have been analysed. Each of these options has advantages and disadvantages which are summarized in the following paragraphs:

#### **Option-I:**

20. Each existing cadre (All Pakistan, Federal and Provincial Service) is apportioned a fixed quota of posts based on their cadre strength for induction into the NES. Competitive examination and interviews will be held by the Federal Public Service Commission but will be restricted to the pool of eligible candidates belonging to the particular services e.g. If Pakistan Customs Service (PCS) has three vacancies in NES to be filled in, only the officers belonging to the PCS meeting the eligibility criteria will compete for these three vacancies. Candidates from other services/ cadres will not be eligible to compete for these vacancies. The examination and interviews will be common for all the candidates from all services / cadres but the final induction will take place according to the respective allocation of vacancies for each service. To further clarify this point let us assume that there are 10 vacancies to be filled in the National Executive Service (NES) in a particular year. 03 vacancies are to be filled in from the Pakistan Custom Service (PCS), 02 from Pakistan Foreign Service (PFS), 02 from Police Service of Pakistan (PSP), 02 from Provincial Services and 01 from Inland Revenue Service (IRS). Only officers from these services who meet the prescribed criteria will be eligible to appear at the examination and, if qualified, will be called for the subsequent interview. The allocation of 10 positions in NES will follow the pattern of vacancies available for each service/cadre. In the above example in case no candidate from PCS qualifies the written examination or the

interview the vacancy will be carried forward to the next round for allocation to PCS and the induction to NES this time around will be limited to only 07 positions. In other words, there is no cross over of positions from one service to another.

**Advantages:**

- (1) There will be support for the creation of NES from all the existing services/ cadres as they will retain their entitlements and benefit from the earmarked quotas and reservations proposed for each service/ cadre.
- (2) The assurance of reservations in NES will continue to attract those candidates, who are driven by the prospects of pre-determined career path to the highest grade positions without any barriers, to join the services/ cadres at Grade-17 level
- (3) The possibility of entering top policy positions through a competitive process could promote a culture of improved performance and acquisition of knowledge and skills among the aspiring junior and mid-level officers.

**Disadvantages:**

- (1) The pool from which NES officers would be drawn will be much smaller and limited reinforcing the present 'exclusive' and 'entitlement-based progression' inherent in the superior services concept and violate the principles of open, merit based, performance driven selection.
- (2) It would also violate the principle of equality of opportunity for all civil servants irrespective of their initial selection mode. The majority of the officers serving in non-cadre or ex-cadre positions will become ineligible for induction into the NES reinforcing the present state of widespread de-motivation and de-moralization and exclusion of technical experts and specialists from policy formulation process.
- (3) Regional representation will not be ensured fuelling the grievances of the smaller provinces against non-representation at top policy making positions.

**Option-II:**

21. Civil servants belonging to cadres, non-cadre, ex-cadre, public sector entities and the Provincial government can enter the NES through an open competitive process conducted by the Federal Public Service Commission (FPSC) keeping the existing regional representation quotas intact. The candidates will have to fulfil the eligibility criteria of years of experience, professional qualifications, past performance record etc. The FPSC will prepare a list of successful candidates in order of merit taking the regional representation and quotas for women and minorities into account and recommend allocation into the various streams of NES. Upon successful selection to the NES the officers will sever their connections with their previous services/ cadres/ posts/ organizations and become part of the NES. Their inter-se seniority in each NES stream will be based on the merit list prepared by the FPSC.

**Advantages:**

- (1) NES will be able to broaden the intake by opening up the recruitment to attract the best possible talent from Occupational Groups, provincial civil services, ex-cadre, non-cadre, specialists and technical experts based on merit, competence and transparency providing equality of opportunity to all. The possibility of attaining higher positions on the basis of merit and performance rather than legacy of initial recruitment would,

hopefully, end the present inertia and motivate a vast majority of officers outside the Superior Services towards greater diligence and make tangible contribution in their respective fields

- (2) Regional representation and quota system will redress the grievances of the smaller provinces for non – representation at top policy level positions and non-participation in higher level decision making.
- (3) The attraction of fast-track career prospect by induction into NES will upgrade the overall quality and performance of the Civil Servants in the lower grades aspiring for entry into NES.

**Disadvantages:**

- (1) The loss of opportunities for automatic advancement without any barriers that is available at present to the incumbents of the existing occupational groups recruited through Central Superior Service examination may create resentment among these who believe they are under contractual obligation to occupy the positions which are being taken away to form the NES cadre.
- (2) The design of the written examination and structured interviews may have to be carefully thought through to eliminate biases to favour any particular cohort of candidates.

**Option-III:**

22. The recruitment to the NES may be opened up both to the public sector as well as private sector instead of civil servants only. They have to go through the same competitive process-written examination and interviews conducted by the Federal Public Service Commission.

**Advantages:**

- (1) Open competition would bring in talented professionals who have gained experience outside the Government to bring in their knowledge and expertise in the service of the Government.
- (2) Private sector inductees may bring in fresh ideas and skills to improve the existing government processes and also enrich the decision-making process.

**Disadvantages:**

- (1) Striking equivalence of eligibility criteria between the Civil Servants and the outsiders may invoke some controversy e.g. is Senior Vice President of a small company with a headcount of 20 eligible to compete along with others in similar position in large firms having several hundred or thousand employees? Huge variation and diversity in the designations in the private sector may create difficulty in tightening the eligibility criteria and make a level playing field for all the applicants. It is possible, given the increased propensity to legal recourse, that the Government may find itself embroiled in protracted litigation.
- (2) There may be difficulty in designing an examination and interview process that adequately tests the substantive knowledge, skills and leadership qualities of the candidates coming from various professional backgrounds in the private and public sector.

- (3) The induction of those from the private sector who are not familiar with the government rules, regulations, procedures may risk the outcomes of the decision-making process outweighing the benefits of substantive knowledge and skills they bring in.

### **Preferred Option:**

23. Having examined the advantages and disadvantages of all the three options, the Option-II is recommended at this stage. NES may be opened up to all civil servants in the Federal and Provincial public sector employees- cadre, non-cadre and ex-cadre, autonomous bodies, attached department, state owned enterprises, corporations, companies etc. A number of NES positions in technical Ministries may be reserved for direct recruitment from outside the civil service where the requisite qualified and experienced individuals are not available. Option II will ensure induction of best possible human resources for policy making positions and for development management. It will also help in nurturing professional competence, self-confidence, a sense of pride and spirit de corps. There is likely to be a shift in the future from mediocrity to excellence. By broadening the scope to the Provincial Civil Servants and ex-cadre and non-cadre officers, the superior-inferior services dichotomy, and the feeling of a denial of opportunity for advancement will disappear gradually and so will the inter-se rivalries among the various cadres/ services for maintaining or enhancing their respective quotas and entitlements. Instead of a zero-sum game in which all services / cadres are fighting for the pieces of a fixed pie the culture of competition and merit will produce a positive sum game in which anyone crossing the hurdle is selected without any regard to his or her previous service, cadre or non-cadre affiliation.

24. One of the main benefits of adopting this option will be that the Federation will be strengthened, and a sense of participation and national cohesion will be promoted. At this juncture of our national life after the transfer of autonomy to the provinces, better distribution of divisible pool of financial resources and broader regional representation at the higher echelons of decision making, will make a significant difference in keeping the forces of polarization and confrontation under control. The loss of a few positions on merit far exceeds the huge benefits that will accrue due to enhanced trust and confidence in the Federation. Just to give an example, calculations show that at the C.S.S. examination held in 2000 if all the candidates were selected strictly according to the merit list ignoring regional representation the deviation from those actually selected would have been 31 out of 204 posts i.e., about 15 percent. In other words, 85 percent of candidates were selected on pure merit. This deviation should be acceptable to accommodate the candidates from the backward regions of the country. For NES it is more likely that the extent of deviation from pure merit-based selection will be even lower – perhaps 10 percent which is within an acceptable range.

### **Streams of NES**

25. The next strategic choice relates to the number of streams within the NES. There is no hard and fast rule that can provide the correct number of streams. The futile debate on generalists vs specialists that has been a constant refrain of every Commission/ Committee on Civil Service Reforms in the past need not be revisited. It may be recognized that there is a continuum between technical skills and knowledge on one end, to strategic management and leadership at the other. The NES streams should therefore strike a balance between technical expertise and leadership qualities tilting more towards the latter for the positions of Secretary. There can be several streams which may lead to too much sub-specialization or there could be one stream that consists of everyone who qualifies through the competitive process. The options examined in this paper are:

**Option-I:**

One stream only to begin with, and subsequently creating more streams as required.

**Advantages:**

This option would by and large maintain status quo in the postings and placements at the positions of Joint Secretary and above except that the competition for entry would be broad based and open to all civil servants.

**Disadvantages:**

In this age of specialization, the emphasis on continuing with a single generalist cadre that can move across all the 44 Divisions of the Federal Government and the Provincial Governments seems to be misplaced.

**Option-II:**

Create four streams within NES, i.e., Economic Management, Social Sector Management, Technology Management and General Management.

**Advantages:**

- (1) An inclusionary and expansive approach providing opportunities to domain knowledge experts also to advance to senior positions will boost their overall level of morale, efficiency, and productivity at lower tiers.
- (2) Some degree of specialization and sectoral knowledge will have a positive impact on the quality of decision making. The matching between the skill sets possessed by an officer and the job requirements would be much easier to strike.
- (3) The acceptance of service structure is likely to be broad based as there is no discriminatory or preferential treatment for any group of officers.

**Disadvantages:**

- (1) The General Management Group officers will have a larger base and more opportunities for rotation among Ministries.
- (2) The promotion prospects to Grades-21 and 22 may not be uniform or equal for all three streams of NES.
- (3) The encadrement of positions within each stream may prove to be controversial particularly in borderline cases which may fall within more than one stream.

**Preferred Option:**

26. The preferred option is to set up four streams forming NES as it would open up senior executive positions to competition among all Federal and Provincial governments irrespective of their previous background and affiliation. This option would also promote limited specialization as the movement and transfers would take place within a limited cluster of Division/Ministries. The current Federal Ministries/Divisions can be rearranged in the following clusters. While the Ministry of Foreign Affairs would retain its current status with no changes envisaged.

Economic		Social Sectors		General Management		Technical	
1.	Finance and Revenue	1.	Poverty Alleviation & Social Protection.	1.	Cabinet Division	1.	Science & Technology
2.	Planning & Development	2.	National Health Services	2.	Establishment Division	2.	Information Tech. & Telecommunication
3.	Economic Affairs	3.	Federal Education & Professional Training	3.	Defence Division	3.	Petroleum
4.	Industries & Production.	4.	Human Rights	4.	Defence Production Div.	4.	Power
5.	Commerce & Textiles	5.	National History & Literacy Heritage	5.	Information, Broadcasting & Communications.	5.	Housing & Works
6.	National Food Security	6.	Overseas Pakistanis	6.	Interior	6.	Climate Change
7.	Privatization	7.	Religious Affairs.	7.	Parliamentary Affairs	7.	Law & Justice Division
8.	Revenue			8.	Inter-Provincial coordination	8.	Aviation.
9.	Board of Investment			9.	Kashmir Affairs & GB	9.	Communication.
				10.	National Security Division	10.	Railways.
				11.	Narcotics Control	11.	Water Resources.
				12.	States & Frontier Regions.	12.	Maritime Affairs.

The Present configuration of the Ministries/Divisions proposed to be placed under the four streams of NES is placed at Annexure-I.

### **Tiers of Governments to be manned by NES**

27. The third strategic choice relates to the placement policy of NES at various tiers of government. Either the scope of the NES can be limited to the Federal Secretariat only or expanded to man posts at all three tiers of the government, i.e., Local, Provincial, and Federal levels. This choice is extremely important as it relates to inter-governmental relationship, and



also affects the constitution/structure of the service to be created. At the Federal Secretariat there will be three hierarchical tiers (i) Deputy Secretary NES-III (ii) Joint Secretary NES-II and (iii) Secretary NES-I. At the Provincial Secretariat also there will be three tiers (i) Deputy Secretary PES-IV (ii) Additional Secretary PES-III and (iii) Secretary PES-II. Chief Secretary, Chairman Planning and Development Department, Additional Chief Secretaries and other designated positions in the provinces will be in NES/PES-I. These two options are analysed below:

**Option-I:**

NES (including its streams), to man only the posts at the Federal Secretariat.

**Advantages:**

- (1) There will be a neat separation of officers belonging to the Federal and Provincial Governments and the Provincial Governments can choose the officers for their Secretariat without prior clearance or requisition from the Federal Government.
- (2) The intimate knowledge of the working and many rotational opportunities at the Federal Ministries would speed up fostering of specialization.
- (3) The management and development of the officers of NES would be much easier and effective due to the limited size of the workforce in the NES.

**Disadvantages:**

- (1) The absence of inter change of the officers between the Federal and Provincial Secretariats may make decision making at the Federal level more abstract, remote from the ground realities and non-responsive to the needs of the public at large.
- (2) The harmony between the different Federating Units and the emergence of a national outlook based on varying perspectives of the provinces may be harmed.
- (3) The silo like, isolated mentality may give rise to more fractious and adversarial relationship between the Federal and the Provincial Governments. The experience gained by working at more than one level of government instils a sense of realism and appreciation of other government's position and viewpoints.

**Option-II:**

NES (including its streams), to man the posts at both the Federal and Provincial Secretariats, Executive Departments. The Provincial Secretariat positions will be open to both the NES as well as the Provincial Executive Service (PES) officers in the following ratios:

NES/PES-I 80:20 between NES and PES

NES/PES-II 40:60 between NES and PES

NES/PES-III 20:80 between NES and PES

PES-IV 100% for PES

In case the Federal Government cannot place the requisite numbers of NES officers at the disposal of the Provincial Governments the ratio can be adjusted to accommodate PES officers

**Advantages:**

- (1) The true spirit and nature of the constitutional provision about an All-Pakistan Service will be adhered to.
- (2) The continuous flow and exchange of officers between the Federal and Provincial Government would bring about coherence and consistency in national policy making in national policy formulation and execution which is proving to be difficult since the 18<sup>th</sup> amendment.
- (3) There will be greater national integration and better appreciation of the problems facing the various geographical regions and segments of the society.

**Disadvantages:**

- (1) The Provincial Governments will lose the freedom to select officers of their choice to manage the policy making positions and will remain to some extent dependent on the Federal Government.
- (2) The reluctance of many officers living comfortably in the Provincial headquarters to move physically to Islamabad may deprive the Federal Secretariat of quality manpower.
- (3) The strains on managing a large number of incumbents, training them and looking after their welfare can pose some problem.

**Preferred Option:**

28. The preferred option is Option II, as the sharing of NES positions between the Federal and the Provincial Governments offers many advantages. The most persuasive argument in favour of this option is that the policy making at the highest level in the Federal Government will not be divorced from an intimate knowledge, understanding and appreciation of the issues, constraints and problems faced at the Provincial and Local Government levels. This integration is absolutely essential for generation of policy proposals that are feasible, widely acceptable and practicable.

**Regional Representation and Quota Preservation:****Option-I.**

The NES cadre recruitment would follow the existing practice of regional representation and quotas for women, minorities and disabled. The latest Cabinet decision of 17<sup>th</sup> January 2020, on regional report laid down below would be applied to the recruitment of NES Cadre also: -

Merit	7.5%
Punjab	50%
Urban Sindh	7.6%
Rural Sindh	11.4%
KP	11.5%
Balochistan	6%
FATA	3%

GB	1%
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**Advantages:**

- (1) The backward regions of the country would have representation in higher policy making process.
- (2) A more coherent national viewpoint would inform the decision-making process due to diversity of experiences among those formulating policies.

**Disadvantages:**

- (1) The concept of merit-based cadre would be diluted as the quality of intake may not always match the expected threshold.
- (2) There may be a disincentive for some potential talented candidates who may otherwise qualify but cannot make it due to quota restrictions.

**Composition of NES Cadre:**

29. The NES Cadre would be carved out of some posts belonging to Pakistan Administrative Service (PAS) drawn from the Federal and Provincial governments. The NES cadre would be expected to include the following posts of the Federal Secretariat: -

- 40 Secretary/Special Secretary or equivalent NES-I.
- 159 Joint Secretary or equivalent NES-II.
- 284 Deputy Secretary or equivalent NES-III.
- 483 Total

30. Along with those in the Provincial governments, the total initial strength would be around **800**, divided among the four NES streams. All the posts outside NES Cadre would be open to the NES members, non-NES members, employees of the Provincial Governments autonomous bodies, executive departments and private sector under the existing rules. No changes are envisaged in that.

**Current Occupational Group and the NES**

31. Officers belonging to the existing occupational groups would have a choice to make when they reach Grade-19 after completing minimum 10 years work experience. They can either continue to serve in their respective cadres and move up vertically (the strength and posts in Grades 20-22 of the existing cadres would remain intact) or appear at the competitive examination for entry into NES. If an officer is selected for NES he/she has to sever the link with his/her original cadre. If he/she is unsuccessful in getting into the NES stream he/she would continue to remain a part of the original cadre retaining his/her seniority.

32. In order to allay the apprehensions of the young officers belonging to the Pakistan Administrative Service which would lose a large number of Grade 20-22 posts in the Federal and Provincial Secretariats to which they have been entitled under the present rules, there would be a need to add new posts in Grades 20-22 to the Cadre of PAS. For example, as the new local government system with more devolved powers and financial resources is implemented, the posts of Chief Operating Officers (COOs) of all Metropolitan Corporations

the highest non-elected executive can be added to the Cadre of PAS in Grade 22. While the posts of Director General of Development Authorities or similar bodies can be placed in Grade 21 in PAS Cadre. The posts of COOs of the Municipal Corporations, Municipal Committees and Tehsil Councils in Grades 21 and 20 would provide another avenue for career progression of PAS Officers at the same pace as they are experiencing now. The introduction of NES would therefore no longer adversely affect the career prospects or progresses of PAS Officers to higher grades even if they do not opt for the NES. In actual practice, it is expected that a large number of PAS officers would opt for NES due to the experience they gain and the outlook they develop by serving in the field and the secretariat. The mechanics of actual division of the posts between PAS and the Provincial Executive Service in the Provinces would have to be worked out.

### **Unresolved Issues and Supporting Infrastructure for NES.**

33. A number of issues will need to be resolved and supporting infrastructure put in place before the NES can take off. These issues and support system requirements are discussed below:

(a). **Eligibility Criteria:**

The eligibility criteria for applying for the NES and appearing at the competitive examination will have to be developed in light of the proposed structure of the service. Any officer belonging to the All Pakistan, Federal, Provincial Government who has completed 10 years of service in Grades 17-18 with minimum prescribed academic qualifications and satisfactory performance record can appear at the NES examination. The performance record, the training record and assessments the number of rotational assignments, should form part of the eligibility criteria for in-service candidates while similar criteria have to be developed for the outsiders.

(b). **FPSC Examination / Tests Procedure**

- (1) The FPSC would conduct the process of selection by combining a written examination, structured interview and psychometric test with performance record and training outcome. What weightage should be given to each of the five components of the selection process is a question that needs discussion.
- 2) Type of Written Examination. Since the NES visualizes more than one specialized stream, EMG, SMG, TMG and GMG focus of the exam will be on testing the analytical abilities of the candidates as applied to the real-world issues facing the policy makers. For example, the written examination could contain several parts the most important being preparation of a summary on a particular issue proposing and analysing the various options and recommending a certain course of action. The evidence, reasoning and logic behind the recommendation would form the crux of the testing. The second part of the written examination could contain questions or analysis pertaining to the particular stream. However, candidates should be allowed to appear for all the four streams and not limited in their choice.
- (3) Interviews. The interview should be structured in a way that is able to gauge the communication skills, motivational skills, team building, conflict resolution, inter personal and leadership skills. The present practice of the Commission members asking questions that tests memory recall of facts and figures needs to be replaced by more sophisticated techniques of probing and assessing the potential of the candidates for occupying high-level decision-making positions.

- (4) Psychometric tests. Psychometric tests should be designed and administered to assess the stability, emotional quotient and problem-solving skills, the attitudes and values of the candidates. Those who exhibit personality disorders or attitudes that are not conducive to benign organizational culture should be screened out.
- (5) Capacity Building of FPSC. The FPSC will have to build its own in-house capacity to undertake the NES selection process. The composition of the membership, the criteria for selection of members, the process through which the members are chosen, the tenure of office and the reorganization and upgrading capabilities of the staff of the Federal and Provincial Commission are some of the critical issues that need to be addressed.

**(c). Restructuring of Establishment Division to Handle NES.**

- (1) The Establishment Division must build up its Human Resource Management (HRM) capacity to manage computerized record keeping of individual officers ranging from recruitment, post induction training, performance appraisal reports, career history, mid-career, senior level and foreign training assessments, inventory of skills and promotion not only for the NES, but also for all officers, working in the Federal Secretariat.
- (2) **Career Planning (CP).** The CP Wing needs to be further strengthened and computerized to carry out an effective career planning, not only of the NES, Pakistan Administrative Service, and the Police Service but for all other officers working in the Federal Government in close coordination with the parent departments. Job descriptions will have to be developed for all non-cadre and ex-cadre jobs involving technical / professional / specialized skills.
- (3) **Identification of Posts for NES.** A very deliberate process of identification of posts for inclusion in NES needs to be carried out by the Establishment Division for classification and allocation to different streams of NES. There will, invariably, be efforts and justifications by all Ministries/ Divisions / Departments / Autonomous Bodies, to include maximum number of posts of NES in their respective organizations. Interaction with all these organizations is very essential. However, Establishment Division will need to withstand the group pressures and identify the MINIMUM essential posts for NES. Although all the Secretariat positions would be included in the NES a few key positions of critical importance outside the Secretariat may also be included. Care should, however, be taken to ensure that all the professional and occupational groups/ services/ cadres have adequate number of positions at each grade in the pyramid of their own groups/service cadres and only positions in excess of this configuration may be transferred to the NES.
- (4) **Seniority Issues.** The issue of seniority creates all sorts of litigation at a mass scale. The Occupational Groups' vested interests and individual interests play a dominant role in these matters. Establishment Division must lay down clearly defined rules to avoid unnecessary and embarrassing litigations. Inter-se seniority would be determined from the date of joining the NES stream. Initial seniority before induction in the NES would become redundant.
- (5) **Promotion Issues.** Similarly connected to seniority is the issue of promotions to the next grade. The present system of CSB for promotion to Grades 20 and 21 and the High-Powered Selection board for Grade 22 would continue to remain in place for NES officer's promotions from MP III to MP II and from MP II to MP I respectively. Clear, fair, and transparent rules and regulations need to be laid down along with safeguards

against violations. The officers selected to NES would have at least 20 years to spend in this cadre before they retire. This will provide opportunities for several rotations, sharpen their experiential learnings, and overcome the present problem where most of the Secretaries are appointed only 2-3 years before their retirement. At this stage of the career, level of commitment does not keep up with the rigor of the job.

- (6) **Age Factor.** Should there be minimum age limit for induction into NES, as it has been noticed that most candidates from Provincial and Local Government Services get left out only because of age limits. Lower age limits tend to go in favour of CSS candidates compared to other candidates. Age limit, if prescribed must create a level playing field for all. In many countries age limits do not apply and younger people, if they qualify, are selected to top cadres and positions.

**(d). Training.**

- (1) Role of NSPP and other training institutions in the grooming and evaluation of NES must be specified. National Institutes of Management (NIMs), NSPP and all other training institutions should be asked to evaluate the candidates at their training courses for suitability to NES.
- (2) **Initial Induction Training.** There should be a post induction training organized by NSPP for the NES recruits. Assessment reports Performance at both post induction and mid-service training would be linked to promotion explicitly.
- (3) **Mid-Service Training.** The National Management Course should be revisited in the light of the NES's requirements and organized in a way that responds to the needs for shouldering higher responsibilities. Short duration courses on specific topics or skill development may be offered through the year.

**(e). Compensation Package.**

34. In order to make the NES attractive and at the same time keep the financial burden on the exchequer at a minimum possible level, the candidates at the first level (NES-III) must be given a monetized package of MP-III while the officers promoted as Joint Secretary (NES-II) should be given MP-II scale and Secretary (NES-I) MP-I scale. As the number of positions in the equivalent grade at the Federal Secretariat does not exceed 1300 the financial implications of this salary package will be quite modest. Those selected for NES cadre would have their pensions frozen at the last salary drawn in their previous post. They would also not be entitled to any Government housing.

**(a) Future of the Secretariat Group.**

35. While the terms and conditions of existing incumbents of the Secretariat Group would not be altered as they would be grand fathered, future recruitment to OMG and the Secretariat Group has to be discontinued for the following reasons: -

- (1) Grade 17/18 Section officers would no longer be required in the Federal Secretariat as the post of Deputy Secretary where the entry point would be equivalent to Grade 20.
- (2) E-Governance, shared filing and tracking system, fully loaded websites containing all rules, regulations, circulars, Office memoranda, notifications, all reference materials, and data banks would render the post of Grade 17/18 redundant.

- (3) As the posts of Staff Officers in Grade 18, 19 and 20 would be created to assist Deputy Secretaries, Joint Secretaries and Secretaries to promote horizontal rather than vertical hierarchy their job requirements would not fit in with those recruited as Section Officers.

36. The existing incumbents belonging to the OMG and SG would continue to have the same terms and conditions of service. That can compete for the NES cadre or selection for Staff officers or appointed against the vacancies in the Federal Government.

#### **Transition Plan:**

37. The creation of NES is interlinked with decisions on a number of critical issues without which the present proposal will not be able to make the desired impact. While a number of issues, have been discussed in the previous section there are at least three decisions for transition from the present system to the NES. These are:

- (i). Introduction of E-Government at the Federal and Provincial Secretariat for all transactions – horizontal and vertical. Recruitment to Secretariat Group and the posts of Section Officers would be discontinued once E-Government suite becomes fully operational.
- (ii). The pay structure of the NES has to be delinked from the BPS Grades and brought at par with MP-I, MP-II and MP-III. The existing incumbents can be given the choice to opt for the new scales or retain their grades along with their perks and facilities such as housing etc. A defined contribution scheme for NES officers will be introduced.
- (iii). The redesigned Performance Evaluation Reporting System (PER) that is open, goal-oriented, development needs-based system is put in place. A new promotion policy that gives weightage to the PERs, training and skills acquired, breadth and depth of experience and evaluation by the Central Selection Board will have to be put in place.
- (iv). In order to allay the concerns of the affected Cadres that their existing share and the total number of posts in BPS 20, 21 and 22 will not be reduced, the cadre strengths and composition of each group should be updated. Necessary posts will be created in the Federal and Provincial Government to maintain existing allocations.
- (v). In order to create minimum dislocation in the working of the government the existing incumbents of the Federal and Provincial Secretariats in Grade 20-22 will be given the option to be absorbed in the NES. This one-time initial recruitment into NES on NES-I and NES-II will expedite the institutionalization of NES. Applicants in BPS 20 and 21 that apply for NES-II in NES will be evaluated by the CSB and applicants in Grade 22 will be selected for NES-I by HPSB. This initial induction will only be on 50% of the seats i.e., 25 in NES-I and 150 in NES-II. Initial induction to NES-III on all seats will be done by FPSC through the proposed competitive process.
- (vi). Future vacancies in the NES cadre would be filled only through the proposed competitive examination process in NES-III.
- (vii). In order to improve transparency in postings, an online system will be implemented by the Establishment Division that will solicit applications for vacant posts in the Federal Secretariat. A high-powered board will then decide on the postings.

#### **Conclusion**

38. The creation of the NES as an All-Pakistan Service has certain clear advantages as it will be able to draw upon a large pool of talent from within the whole range of Civil Services through an open, transparent competitive process. Regional representation and provincial quota system will ensure that the smaller provinces have a sense of participation in the top-level decision making. The specialization in four streams will equip the members of the cadre with skills and knowledge required to analyze the complex issues of economy and society and formulate appropriate strategies and policies. Fast track promotion prospects and attractive compensation package will provide incentives for better performance, high quality output and minimize corruption and rent-seeking.

### **Issues For Discussion**

- (1). Whether a NES should be created in addition to the existing All Pakistan Services and Federal Occupational Groups?
- (2). Should the NES consist of four specialized streams?
- (3). Should the NES be an All-Pakistan Service sharing some posts in the Provincial Secretariats?
- (4). Is it advisable to delink the NES positions from the BPS grades and pay them monetized salaries in the MP scale?
- (5). Would the formation of NES raise the motivation, efficiency, and productivity of the Government at large or demotivate the Occupational Groups that would no longer be automatically entitled to occupy the posts under the NES?
- (6). Whether the existing incumbents of the posts in BPS 20-22 in the Federal and Provincial governments be given the opportunity to be absorbed in the NES or should they along with other eligible candidates be screened by the CSB and HPSB for induction?

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**NATIONAL EXECUTIVE SERVICE**

**Federal Secretariat All posts**

Secretary NES-I

Joint Secretary NES-II

Deputy Secretary NES-III

**Provincial Secretariat Shared with PES**

Secretary NES-II

Joint Secretary NES-III

**Selection by FPSC**

Economic and

Finance Group

Social Sector Group

General Management Group

**Annexure-I****PRESENT CONFIGURATION OF MINISTRIES/DIVISIONS PROPOSED TO BE PLACED UNDER FOUR STREAMS OF NES**

<b>A. Technical Stream</b>							
S.No.	DIVISIONS	17/18 (SO)	19 (DS)	20 (JS)	21 (AS)	22 (S)	<b>Total</b>
1.	Aviation	11	4	2	0	1	<b>18</b>
2.	Climate Change	10	5	3	1	1	<b>20</b>
3.	Communications	6	2	2	1	1	<b>12</b>
4.	Housing & Works	16	2	2	1	1	<b>22</b>
5.	Information Technology and Telecommunications	7	2	2	1	1	<b>13</b>
6.	Law & Justice	20	5	3	1	1	<b>30</b>
7.	Maritime Affairs	15	2	2	1	1	<b>21</b>
8.	Petroleum and Natural Resources	10	4	2	2	1	<b>19</b>
9.	Power	15	5	5	2	1	<b>28</b>
10.	Railways	0	0	0	0	1	<b>1</b>
11.	Science and Technology	8	2	2	1	1	<b>14</b>
12.	Water Resources	6	3	2	0	1	<b>12</b>
	<b>Total</b>	<b>124</b>	<b>36</b>	<b>27</b>	<b>11</b>	<b>12</b>	<b>210</b>

<b>B. Finance, Economic &amp; Trade Stream</b>							
S.no.	DIVISIONS	17/18 (SO)	19 (DS)	20 (JS)	21 (AS)	22 (S)	<b>Total</b>
13.	Commerce (incl Textile)	35	15	8	2	1	<b>61</b>
14.	Economic Affairs	45	16	8	2	1	<b>72</b>
15.	Finance	128	65	34	7	1	<b>235</b>
16.	Industries & Production	28	10	6	2	1	<b>47</b>
17.	Planning, Development & Reform	18	5	6	2	1	<b>32</b>
18.	National Food Security & Research	10	5	2	1	1	<b>19</b>
19.	Privatisation	2	1	1	1	1	<b>6</b>
20.	Revenue	4	2	1	1	1	<b>9</b>
	<b>Total</b>	<b>270</b>	<b>119</b>	<b>66</b>	<b>18</b>	<b>8</b>	<b>481</b>

<b>C. Social Sector Development Stream</b>							
S.No.	DIVISION	17/18 (SO)	19 (DS)	20 (JS)	21 (AS)	22 (S)	Total
21.	Federal Education & Professional Training	13	6	4	1	1	<b>25</b>
22.	Human Rights	4	2	1	0	1	<b>8</b>
23.	National Health Services Regulations & Coordination**	12	6	3	1	1	<b>23</b>
24.	National History & Literary Heritage	9	4	2	0	1	<b>16</b>
25.	Overseas Pakistanis and Human Resource Development	16	7	3	0	1	<b>27</b>
26.	Religious Affairs and Inter-faith Harmony	9	7	5	1	1	<b>23</b>
27.	Poverty Alleviation and Social Safety	7	3	1	1	1	<b>13</b>
	<b>Total</b>	<b>70</b>	<b>35</b>	<b>19</b>	<b>4</b>	<b>7</b>	<b>135</b>

<b>D. General Management Stream</b>							
S.No.	DIVISION	17/18 (SO)	19 (DS)	20 (JS)	21 (AS)	22 (S)	Total
28.	Cabinet	45	18	12	3	1	<b>79</b>
29.	Defence	42	11	6	3	1	<b>63</b>
30.	Defence Production	18	6	2	1	1	<b>28</b>
31.	Establishment	63	23	8	2	1	<b>97</b>
32.	Inter Provincial Coordination	14	7	4	2	1	<b>28</b>
33.	Interior	44	10	6	3	1	<b>64</b>
34.	Kashmir Affairs & Gilgit Baltistan	9	2	1	1	1	<b>14</b>
35.	Narcotics Control	9	3	1	0	1	<b>14</b>
36.	National Security	3	0	1	1	1	<b>6</b>
37.	Parliamentary Affairs	12	7	3	1	1	<b>24</b>
38.	Information and Broadcasting	8	2	1	1	1	<b>13</b>
39.	States & Frontier Regions	12	5	2	0	1	<b>20</b>
	<b>Total</b>	<b>279</b>	<b>94</b>	<b>47</b>	<b>18</b>	<b>12</b>	<b>451</b>
<b>For all streams</b>							
<b>Total (A+B+C+D)</b>		<b>743</b>	<b>284</b>	<b>159</b>	<b>51</b>	<b>39</b>	<b>1276</b>

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## 17.1 MINUTES OF SECRETARIES COMMITTEE MEETING HELD ON 03-09-2020

In the meeting of the Secretaries Committee held on 03-09-2020, the proposal on the creation of a National Executive Service was discussed in detail and a response by the Secretaries Committee on the rationale and modalities of such an effort were recorded in the minutes of the meeting as detailed below.

### Item No. 2

Case No. SCM/04/2/2020 Dated: 03-09-2020 Establishment Division	Proposal to create a National Executive Service (NES)
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2. The Secretary Establishment Division, briefed the members on the proposal to create a National Executive Service (NES). He informed the members that the proposal was the initiative of the Advisor to the Prime Minister on Institutional Reforms and Austerity. The Establishment Division was placing it before the Committee because the subject matter pertained to the mandate of the Division. The forum was informed that the paper elaborates upon one of the most critical components of the proposed framework that was initially deliberated upon by the Secretaries Committee on 22<sup>nd</sup> December 2006 and recommendations made by the Sub-Committee of the Secretaries Committee finalised in April 2007 were incorporated in this revised draft.

3. It was further informed that the purpose of creating an NES was to identify, develop and place the best talent in policy making positions by drawing upon the entire pool of Civil Servants and other talent from the entire country, irrespective of their original cadre, service, or affiliation.

### Key Features of The Proposal

#### Strategic Options:

Following Strategic Options, in the proposed scheme, were highlighted.

**Option I:** Each existing cadre (All Pakistan, Federal and Provincial Services) is apportioned a fixed quota of posts based on their cadre strength for induction into the NES. Competitive examination and interviews will be held by the Federal Public Service Commission but will be restricted to the pool of eligible candidates belonging to the particular services.

**Option II:** Civil servants belonging to cadres, non-cadre, ex-cadre, public sector entities and the provincial governments can enter the NES through an open competitive process conducted by the Federal Public Service Commission (FPSC), keeping the existing regional representation quotas intact. The candidates will have to fulfil the eligibility criteria of years of experience, professional qualifications, past performance record, etc.

**Option III:** The recruitment to the NES may be opened up to both the public sector as well as private sector instead of civil servants only. They have to go through the competitive process, written examination, and interviews, conducted by the Federal Public Service Commission.

**The preferred option** suggested by the Report is Option II.

#### Streams of NES:

Furthermore, the proposed scheme suggests following streams of NES.

**Options I:** One stream only to begin with and subsequently creating more streams as required.

**Option II:** Four streams within NES, i.e., Economic Management, Social Sector Management, Technology Management and General Management.

**The preferred option** is to set up four streams forming the NES, as it would open up senior executive positions for competition among all Federal and Provincial governments irrespective of their previous background and affiliation.

**Tiers of governments to be manned by the NES:**

4. The third strategic choice relates to the placement policy of NES at various tiers of the government. Either the scope of the NES can be limited to the Federal Secretariat only or it can be expanded to man the posts at all three tiers of the government, i.e., Local, Provincial and Federal levels. At the Federal Secretariat, it is proposed to have three hierarchical tiers (i) Deputy Secretary NES-III (ii) Joint Secretary NES-II and (iii) Secretary NES-I. At the Provincial Secretariat too, there would be three tiers (i) Deputy Secretary PES-IV (ii) Additional Secretary PES-III and (iii) Secretary PES-II. Chief Secretary, Chairman Planning and Development Department, Additional Chief Secretaries and other designated positions in the provinces will be in NES/PES-I. These two options are analysed below:

**Option-I:** NES (including its streams) to man only the posts at the Federal Secretariat.

**Option-II:** NES (including its streams) to man the posts at both the Federal and Provincial Secretariats and in Executive Departments. The Provincial Secretariat's positions will be opened to both the NES as well as the Provincial Executive Service (PES) officers. In case the Federal Government cannot place the requisite numbers of NES officers at the disposal of the Provincial Governments, the ratio can be adjusted to accommodate PES officers.

**Option-III:** The Provincial Secretariat would continue to be manned by officers from the Pakistan Administrative Service (PAS) and the Provincial Services, modified according to the present arrangements. Provincial Executive Service (PES) will eventually replace the Provincial Management Service (PMS).

**Preferred Option:** The preferred option, suggested by the Report, is Option-II.

**Regional representation and quota preservation:**

The NES cadre recruitment would follow the existing practice of regional representation and quotas for women, minorities and disabled.

**Future of the OMG and Secretariat Group:**

While the terms and conditions of existing incumbents of the Secretariat Group would not be altered, as they would be grandfathered, future recruitment to OMG and the Secretariat Group would have to be discontinued.

**Composition of NES Cadre:**

5. In case the preferred option of NES as an All-Pakistan Service of accepted, the NES Cadre would be carved out of some posts belonging to the Pakistan Administrative Service (PAS) drawn from the Federal and Provincial governments. The NES cadre would be expected to include the following posts of the Federal Secretariat:

- |                                  |        |
|----------------------------------|--------|
| a. Secretary or equivalent       | NES-I  |
| b. Joint Secretary or equivalent | NES-II |

**Issues For Discussion**

6. The Secretary Establishment Division highlighted the following issues for discussion:
- i. Whether a NES should be created in addition to the existing All Pakistan Services and Federal Occupational Groups?
  - ii. Should the NES be limited to the Federal Government only?
  - iii. Should the NES consist of four specialised streams despite uneven distribution of posts in different streams at the Federal level? This distribution may change if the provincial secretariat positions are included.
  - iv. Should the recruitment to NES be made observing the existing regional representation and quotas?
  - v. Is it advisable to delink the NES positions from the BPS grades and pay them monetized salaries equivalent to the present MP scales?
  - vi. Would the formation of NES raise the motivation, efficiency, and productivity of the Government at large or it would de-motivate the Occupational Groups that would no longer be automatically entitled to occupy the posts under the NES?
  - vii. Whether the existing incumbents of the posts in BPS 20-22 in the Federal and Provincial governments be given the opportunity to be absorbed in the NES or should they, along with other eligible candidates, be screened by the CSB and HPSB for initial induction?

**Discussion by the Secretaries' Committee**

7. The Secretaries Committee deliberated upon the matter in detail and raised several observations:
- i. The premise that bureaucracy is all about technical people holds no logic, as the bureaucracy is all about leadership required for helping policy makers in making prudent policies and ensuring the implementation.
  - ii. Statistics reveal that highly qualified persons from prestigious universities are entering the civil service for the past so many years. Therefore, the logic that the Superior Services are no longer attracting the best talent at the time of entry does not hold ground.
  - iii. The Institutional Reforms Cell should have come up with a strong proposal for reforming the civil services; inaction lies elsewhere, which has not been addressed.
  - iv. There is a need for an efficient and fair system of posting, transfer, and promotion of the civil servants, with some degree of autonomy from external factors, instead of creating further insecurity amongst the civil servants.
  - v. Many members raised the point that the proposal, if implemented, will bring about massive change without addressing the cause of the main problem. The need of the hour was to understand the problem, taking into account the modern-day challenges, and then carving out a solution.



- vi. The premise and solution are not related to each other. The proposal was neither on modern lines nor was it progressive.
- vii. Discontinuation of the Office Management Group would not be a viable option as history shows that the OMG / Secretariat Group was discontinued three times in the past and it created several difficulties for smooth running of the business of the federal government.
- viii. The proposal does not give explanation as to how the NES is going to deliver and improve service delivery.
- ix. The significance of generalists cannot be ruled out by the specialists. The need of general management to align and guide the work of specialists would always be there.
- x. The Civil Services in Pakistan are part of the Civil Services of the Commonwealth Countries, which is working reasonably well in its original shape in other countries of South Asia. The various attempts of reforming the Civil Services in Pakistan have not produced the desired outcomes, rather they have created a negative impact on the Civil Services.
- xi. It is not the issue of generalists versus specialists. Public Policy is a specialised subject. The Federal Secretariat does not necessarily have to be technical in nature as it helps the Federal Government in taking and implementing its decisions.
- xii. The Civil Service is a component of collective governance by the Federal Government. There was a need to understand the problem and then reform gradually. Moreover, the reform has to be carried out in a holistic manner; reforming just one segment would only lead to further confusion.
- xiii. It was also proposed by one of the members that on the model of the FBR reforms, the task to reform each service / group can also be taken up after the input from the Secretaries' Committee.
- xiv. A suggestion was given that the officers from mid-level bureaucracy should also be made part of the deliberations and their input / feedback on the proposal of NES should be considered while finalising it.
- xv. The forum was informed that the matter was discussed during the last Cabinet Meeting, and it was expected that the Secretaries Committee would deliberate upon the proposal and tender its suggestion within a fortnight. The members, however, showed concerns that the matter requires detailed evaluation and time of 10-15 days was not sufficient for such an important task.
- xvi. It was underscored that reform is an ongoing process and the Civil Services should seize the opportunity and suggest viable proposals for improving the performance rather than resisting the reform. There is always a room for improvement and instead of blocking every effort for reforming the services, a proposal should be worked out which is administratively viable, politically acceptable, and technically correct.
- xvii. In the end, it was suggested that a Sub-committee may be constituted for further deliberations on the proposal and to prepare a report, after incorporation of members' points of view, and submit it in the next meeting of the Secretaries Committee for consideration and finalisation.

## **Decision**

8. The Secretaries' Committee appreciated the intent of the proposal, however, considering the observations of the members, the Committee decided to constitute a Sub-Committee to evaluate the proposal in detail and to propose recommendations for further deliberation of the Secretaries' Committee in its next meeting. The Sub-Committee shall comprise of the following:

- |   |          |
|---|----------|
| 1. Secretary, Establishment Division                                    | Convener |
| 2. Secretary, Cabinet Division  | Member   |
| 3. Secretary, Human Rights Division                                     | Member   |
| 4. Secretary, Overseas Pakistanis & Human Resource Development Division | Member   |

## 17.2 RESPONSE TO SECRETARIES COMMITTEE BY THE IRC

The Secretaries Committee considered in its meeting on 03-09-2020, the Working Paper on the National Executive Service distributed by the Institutional Reforms Cell to solicit feedback from all relevant stakeholders. In response to the Committee's feedback, the Advisor to the Prime Minister on Institutional Reforms & Austerity, Dr. Ishrat Husain shared his thoughts in the letter re-produced below.

1. Let me begin by expressing my appreciation to the Secretaries Committee for their thoughtfulness and hard work they have put in responding to our request for reviewing and commenting on the proposal for establishing the National Executive Service (NES). Their commitment to reforms is unquestionable. The point is as to how we converge on a shared solution.
2. I realised that I should have placed this proposal in the much broader context of overall reforms. The attached document "*Reforming the Government in Pakistan: Rationale, Principles, Proposed approach and Progress update*" is an attempt to fill in this gap.
3. There is no doubt that the challenges facing the civil servants include political interference; fear of accountability, media, and judiciary; frequent postings and transfers and general feeling of insecurity and absence of support from the government are quite disturbing. The way out is to strengthen the systems and processes minimise the discretionary powers and that is the modest aim of the proposed reforms. It would be unrealistic to expect that at the end of these reforms everything would be hunky dory. We do not live in an idealistic world and may have to face challenges but to the extent that we can reduce the level of this stress it would be fruitful. For example, the NAB Ordinance promulgated by the present government that had excluded the misuse of authority and decisions taken in good faith without malice or self-gratification from the purview of NAB was welcomed by the civil servants by and large. Promotions to Grade 21 and 22 in last few years have been based on merit and not on politicians' sifarish. These promotions have also been upheld by the judiciary. Appointments of heads of public sector organisations are made in a transparent open competitive basis on merit and debated in the Cabinet. These small gains have to be consolidated and expanded in order to overcome the legitimate concerns of the civil servants. The frequency of transfers particularly in the provinces has been too rapid creating uncertainty as well as loss of accountability for results.
4. There is hardly any disagreement on the contents of paras 51 to 78 of the 'paper'. I would like to thank each one of you and your predecessors for your support and assistance in carrying forward this agenda of reforms. My interactions with the Secretaries during the course of design and implementation committee deliberations were highly useful and I learnt a lot during these sessions.
5. There are some misunderstandings which I would like to remove at the outset. The concept of the NES is indigenous and is not borrowed from anywhere else. The reference in the paper that we are trying to transplant the Senior Executive Service (SES) is totally inaccurate. Cabinet members under the US Presidential system are by and large experts in their respective areas and therefore the SES does not play that significant role as the checks and balances in the system are quite robust. Inter-departmental movement among SES officers is not the norm but rarity. All appointments above assistant secretary and equivalent have to be ratified by the Senate and become political appointments to be held at the discretion of the President. Our civil service model is based on the UK Parliamentary

system which itself has undergone radical changes over the last seven decades and is no longer a faint reflection of the legacy left behind in the Indian Subcontinent.

6. The functional model of the UK Civil Service is “To create a more skilled and unified organisation to transform services and achieve significant savings for the taxpayer, we are developing 10 specialist areas of expertise i.e., Commercial, Communications, Corporate Finance, Digital, Finance, HR, Internal Audit, Legal, Major Project Delivery and Property. These cross-government functions provide professional services and support to departments. The Civil Service is made up of 25 professions. Each profession has developed its own competency framework, which supports the wider civil service framework. The Civil Service is made up of a wide range of professional roles – from communicators and engineers to procurement managers and lawyers. There are currently 28 recognised professions, each led by a head of profession.
7. The other misconception widely shared by the officers of the PAS is that NES is an attempt to weaken and replace the PAS. Unfortunately, this is also far from the truth. NES is not intended to replace the PAS but to supplement it. All existing positions of Assistant Commissioners up to Commissioners in the field and many other encadred posts would be retained and augmented by the posts of Chief Metropolitan Commissioners (Grades 21), Chief Municipal Commissioners (Grades 20) and so on. We envisage that the proposed local government system approved by Punjab and KP would confer enormous administrative, legal, and financial powers to the local governments. For example, in Lahore, the directly elected Mayor would be assisted by the Chief Executive. All bodies such as LDA, WASA, Solid Waste Management, Urban Transit, Education, Health would work directly under the Metropolitan Corporation. The Chief Executive would also be the Principal Accounting Officer of the Corporation. Urban Property Tax has also been assigned to these corporations. Their responsibilities are going to be much wider in scope than that of the Secretary and the job satisfaction much higher. It is hard to foresee these major changes from the rear-view mirror and past practices where the Municipal Corporations were looked down upon with disdain. The cynicism and dissatisfaction with this proposed change is quite understandable. The underlying idea is that there is a clear need for highly talented officers to specialise in general management particularly in the delivery of services at the District and Divisional level. It is also not far from clear to me as to why a large proportion of NES posts would also not be taken up by PAS officers in the competitive process because of their qualifications, broad experience, and relative performance. NES posts in General Management sub cadre, in my humble opinion, are more likely to end up with the officers of this service. In case the NES is not extended to the provinces the posts of Secretariat belonging to their cadre would be retained. There are several posts outside the Secretariat which also fall within their domain. The perceptual difference in the relative importance of the Provincial and local governments can only be resolved in the context of the future responsibility of the Government toward its citizens. The centralised model of governance has been unable to touch the lives of the majority of the citizens and given rise to inequalities and elite capture. We therefore need our best and brightest to serve at the local level and that would make the difference.
8. I also disagree that the quality of CSS candidates has not gone down. In 1999, 10,000 candidates appeared and 1000 passed the examination for 126 job openings. The success rate i.e., the number of candidates for each job opening was 7.9%. The number of candidates in 2006 was down to 4125 and the success rate was 1.5 percent. By 2016 the success rate was down to 1% as out of 9643 who appeared only 202 qualified against 199 job openings. This empirical evidence solidly supports the contention that we are not able

to attract the best and the brightest as we used to do in the past. There has been some improvement in 2017 and 2018 in the number of candidates appearing.

9. The assertion that the entry level intake would suffer if those who join the PAS conceive that the doors for senior posts would not open automatically but they have to cross an entry barrier carries some weight as it has been expressed by some in our meetings too. Our consultations with the young officers including those who had just joined the Academy show a binary response. Those who were self-confident did not subscribe to this view but there were others who felt that they had joined the Service on the basis of guarantee / assurance that they could rise all the way to become Secretaries without any hindrance at any stage of their career. Our aim is to encourage and draw more of those young men and women who are confident of their abilities to surmount any barriers placed in their way and prove their worth. Credentials and high academic qualifications are not good predictors of subsequent on-the-job performance. Having dealt with many PhDs and foreign qualified master's degree holders in several international and national organisations it is my belief that they are good enough for entry level appointments but some of them pale into insignificance during the performance of duties in various complex assignments. PhD is only the first step in the long and arduous journey towards excellence but to place it as a proxy indicator of merit is highly problematic.
10. The NES paper clearly buries the flawed and emotive debate on the specialist's vs generalists as it has become totally outdated. In the 21<sup>st</sup> century we need a mixture of substantive knowledge and domain expertise, on one hand, and leadership, team building, communication, and conflict management skills with the ability to synthesize the diverse inputs into a coherent and consistent policy framework. The future knowledge-based economy can be effectively managed by individuals who are able to demonstrate, display and practice these attributes. These attributes are not necessarily limited to one of other group of practitioners but dispersed widely across a large segment. I have seen very successful CSPs officers who have headed WAPDA but also some engineers who have acquitted themselves admirably well in that job. To pre-determine or allocate any leadership position or circumscribe its boundaries is not very prudential.
11. To re-emphasize, we are by no means replicating any foreign model but suggesting some modifications in the existing structure for top managerial and leadership positions only. These positions involve skills and knowledge which are not confined to any particular group of people. The NES makes a departure by moving away from an exclusive to a more inclusive and diverse skill intensive approach by widening the pool from which the future leadership positions can be filled in irrespective of their initial entry allocation to an occupational group or any other post. What are the distinguishing features of the proposed NES?
  - i. There would be no automatic progression to the top positions (Grades 20-22) on the basis of an examination held at the entry level. Another barrier after 12-15 years' service has to be crossed and only those whose performance record is satisfactory, who have been appraised positively by the training institutions at different levels and have qualified at the written test and interview held by the FPSC would become eligible for top positions.
  - ii. NES would be open to all civil servants – cadre, non-cadre, ex-cadre, provincial services, autonomous bodies to attract the best talent and also provide equality of opportunity for every civil servant if he/she crosses the barrier. The prevalent

- demotivation and demoralisation among the majority of the serving officers that impairs the efficiency and productivity of the government would be minimised.
- iii. The four streams would promote limited specialisation and domain knowledge that would improve the quality of decision making.
  - iv. The existing adversarial tension between the generalist vs specialist would come to an end as everyone who is selected can aspire to rise to higher offices as there would be no pre-determined reservation or quotas.
12. All other considerations and modalities to shape the NES are unsettled and open to discussion and deliberation. The purpose of the paper was to present various options, analyse their pros and cons and propose a preferred option for each of the issue. The ‘paper’ has not addressed any one of these open issues as I believe they do not endorse the idea of this All-Pakistan Service in the first place. There is a lot of merit in their proposal to expand the scope of NES and include many other top positions which have been left outside the Secretariat and this can be a starting point for possible widening the scope of the proposal. I would certainly welcome the suggestions and thoughts of the Secretaries Committee on this.
  13. Let me address the three concluding paragraphs of this ‘paper’. The NCGR Report is no longer the starting point as the latest proposal on the NES reflects the post 2010 and current realities those of the coming years. Consultations were held widely at 50 different groups of 1400 civil servants at all the provincial capitals and Islamabad. Younger officers serving and in the Academy were also sought out specially to see their views.
  14. The Secretaries Committee paper mentions that the PCS and technical experts can be presently inducted in the federal secretariat, but this is a continuation of the present reservation centric approach of filling in the positions and the NES makes a fundamental departure from the existing approach.
  15. The NES paper does stress that service delivery at the local levels would improve when our best and brightest are asked to serve as heads of the administration coordinating all different agencies at the Metropolitan, Municipal, Town, Tehsil governments. Their contribution would be much richer for the welfare of the ordinary citizens compared to their prestigious posts in the Federal Secretariat. These officers should be placed in higher equivalent grades, incentivised, and empowered.
  16. We fully agree that further improvements in induction, training, placements, and incentives are pre-requisites for a successful transition to the NES. These reforms are at various stages of implementation and by the time the NES structure is erected these would have been functional. It is true, for example, that if we do not change our current Performance Evaluation System there will not be much gain by designing the proposed structure.
  17. While agreeing that the continuation of reforms during the last two years and their across-the-board implementation are necessary, but I respectfully differ that no structural changes are required. They are both necessary and sufficient for a meritocratic civil service required for strong institutions and effective government aimed at maximising welfare of the citizens of this country. My sense by talking to my colleagues in the Cabinet is that there is a strong political will to bring about these fundamental structural changes along with the incremental approach we are following in introducing the reforms in our Human Resource policies.

18. As a prelude to the creation of NES, the Establishment Division may be advised to immediately create four streams of existing officers working in the Federal Secretariat i.e., Economic, Technical, Social Sectors and General Management and place them in the respective stream of their choice matched with an assessment of their suitability. These officers can then rotate within the Divisions belonging to that stream and placed within the same cluster of divisions after they are promoted. Para 58 of the 'paper' alludes to this but does not develop the idea fully. A transparent and open mechanism to allocate these officers among the different streams can be developed for this purpose and this would be a major step forward. This experiment would also provide insights for the implementation and design parameters of the NES, if and when it is approved.

**Current Status**

19. For further deliberation and to devise a way forward, it was suggested by the Secretary's Committee to constitute a Sub-Committee headed by the Cabinet Secretary and comprising Secretary, Establishment Division; Secretary, Information Technology and Telecom Division; Secretary, Industries and Production Division; and Secretary, Overseas Pakistanis, and Human Resource Development Division, to hold a meeting with the Federal Minister for Education / Chairman CCIR, Advisor to the Prime Minister on IRA and SAPM on Establishment. However, this meeting has not taken place. For the time being, the matter has been put on ice.

## CHAPTER 18 NEGATIVE LIST OF APPOINTMENTS OF DUAL NATIONAL

The Cabinet in its meeting held on January 10, 2019 directed the Law Minister and Adviser to the P.M on Institutional Reforms to chalk out the negative list of positions/appointments, in light of the directions contained in Supreme Court of Pakistan's Judgment in the Dual Nationality Case.

2. The background of this issue is that the Supreme Court verdict in the dual nationality case (Suo Moto Case No. 3 of 2018) on 15th December, 2018, declared that persons with dual nationality could not retain important government positions as they should choose between a government job and a foreign nationality. The court also ordered the federal and provincial governments to develop criteria and Standard Operating Procedures requiring disclosure of the intent to seek such foreign nationalities and permanent residence permits and adopt methods to check such instances and enforce penalties for nondisclosure. Such criteria and standard operating procedures should also be incorporated into the existing Efficiency and Discipline rules/regulations etc. by way of amendment or be adopted independently.

3. The apex court had taken Suo Moto notice of the holders of dual nationality in government employment and among members of the judiciary and sought reports from registrars of the Supreme Court and high courts and the federal and provincial government departments about persons with BPS-17 and above. It had also constituted a committee to look into the matter. The committee was headed by the Director General of Federal Investigation Agency and included the Chairman of National Database and Registration Authority; Director General for Immigration and Passports; Secretary of the Interior Ministry, Additional Secretary of Establishment Division; and Member (Administration) of the Federal Board of Revenue.

4. The apex court proposed to the federal government that *“proper course would be for the parliament to consider that the government should formulate negative list(s) of posts within government service to which citizens holding dual nationality, or whose spouses are dual nationals, should not normally be appointed for reasons of safeguarding national security and/or vital national interest, except with the permission of the respective cabinets”*.

### Decision

5. The verdict had put the responsibility for formulating and implementing policies about persons with dual nationality on the federal and provincial governments. Accordingly, the Federal Cabinet at its meeting held on January 10, 2019, directed the Law Minister and Adviser to the Prime Minister on Institutional Reforms to chalk out the negative list of posts/appointments, in light of the directions contained in the Supreme Court of Pakistan's Judgement in the Dual Nationality Case.

### Current Status

6. The Minister for Law and Justice and Adviser to the PM on IRA finalized the list and submitted to the P.M Office, which referred it to the Secretaries Committee. The summary on this subject has not yet been submitted for the consideration of the Cabinet.

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## EXECUTIVE SUMMARY

One of the main areas of focus at the Institutional Reforms Cell (IRC) was to re-engineer the business processes in the Federal Secretariat. The current mode of functioning in the Federal Secretariat is suffering from the following major problems:

- i) Inordinate delay in the processing of work
- ii) Over centralization of powers
- iii) Delays in inter-ministerial communication

To alleviate these problems a three-pronged strategy was adopted with the following pillars:

- i) Automation
- ii) Delegation of powers
- iii) Streamlining operations and interdependencies

2. Automation of business processes is the most effective panacea for improving efficiency in the public sector of Pakistan. Numerous examples exist in the public sector of Pakistan where the use of latest Information Technologies (IT) have transformed service delivery and radically improved efficiency. Some recent examples include the automation of business processes in SECP, FBR and NADRA. These organizations have become trend setters in the public sector of Pakistan due to these reforms. Similarly, IT interventions spearheaded by Punjab Information Technology Board and Performance Management and Reforms Unit in Peshawar have radically enhanced performance of various sectors in the provincial governments of Punjab and Khyber Pakhtunkhwa. Therefore, the IRC, through the National Information Technology Board made a lot of effort to digitize the workings of the Federal Secretariat and implement e-governance reforms. The progress achieved over the last two and half years has been impressive. All Ministries and Divisions are now connected on the e-office platform. The workings of Federal Cabinet have also been automated. The details are discussed in this report.

3. Inter and Intra division delegation of powers is also critical in improving the functioning of the Federal Secretariat. IRC spearheaded multiple reforms in this important area. Firstly, through the landmark Public Financial Management Act 2019 important financial powers have been delegated to all the Principal Accounting Officers (PAOs). The Financial Adviser organizations have been disbanded and replaced by the offices of Chief Financial and Accounts Officer (CFAOs). In addition, new suboffices of Accountant General Pakistan Revenue have been created in 12 Ministries and Divisions to devolve pre-audit functions. To resolve the problems in Technical Supplementary Grants, the demand heads have also been revised and the latest financial budget of 2021-22 has been allocated under these new heads to empower the PAOs. Reforms have also been undertaken to streamline hiring of consultants and contract staff. In addition, reforms in the approval of new PSDP schemes have also been undertaken. This volume discusses these reforms in detail.

4. Lastly, to streamline operations and interdivisional consultations several reforms were initiated. The Rules of Business were rigorously studied and extensive changes in the rules of business were recommended by the Prime Minister's Task Forces. Many of these changes have been notified. The Estacode has been extensively revised for ease of use. The new version of Estacode has almost been completed. Other important reforms like a time limit on interdivisional communications are under final stages of approval. Model service rules are being designed by the Establishment Division to improve the recruitment and promotion policies in the organizational entities of the Federal Government. This report also discusses these reforms.

## **PART I: APPROVED REFORMS**

## **CHAPTER 1 AUTOMATION, DIGITIZATION AND E GOVERNMENT INITIATIVE**

1. The growing significance and advantages of digital governance have compelled states all around the world to adopt E-governance strategies to increase transparency, accountability, and effectiveness within the government. E-governance is now becoming an important part of statecraft in both developed and developing countries. E-governance has helped governments to establish a direct relationship with its citizens while disseminating necessary information regarding governmental operations and progress. Therefore, the IRC took the initiative of bringing the Federal Ministries/Divisions on board.

2. The initial work in this domain was started under the E Governance Directorate (EGD) which was established in 2002 to improve the ICT infrastructure in the country. The vision introduced by EGD was to incorporate E-governance in the federal government divisions and its organizations. Another primary aim of EGD was to deploy latest ICT facilities to improve service delivery. In 2005, the government manifested its support towards e-governance strategies by making them a part of five-year plan of federal government of Pakistan. However, all these efforts eventually fizzled out and not much progress was made on ground. A study performed in 2011 disclosed that 89 percent of respondents in the survey were expecting better E-services to be introduced in Pakistan, and only 11 percent were satisfied with the current services being offered by the government.

3. Under the direct directions of the Prime Minister, work on the introduction of E-governance in the Federal Secretariat was initiated in 2018 by the IRC. The design strategy and implementation were spearheaded by the National Information Technology Board (NITB). Landmark progress has been achieved in this domain in the last three years. NITB rolled out a new version of the e-Office suite in the Federal Secretariat to ensure efficiency, accuracy, effectiveness, good governance, transparency, and accountability in decision making. The e-office is now functional in all the forty (40) Ministries/Divisions in the Federal Secretariat and more than fifty (50) attached organizations. More than ten thousand five hundred (10,500) officials have been trained on this system. E-Office services are being provisioned through a secure and dedicated optical fiber network. This progress is unprecedented in the history of the public sector in Pakistan.

4. In addition, an innovative digital platform; the Pakistan's Citizen Portal (PCP) was inaugurated by the PM in 2018, for helping citizens launch complaints and provide suggestions for improvements in governance. According to the latest statistics almost 2.5 million citizens are registered with this portal. The estimated number of registered complaints through PCP is 2.1 million out of which 1.96 million have been resolved. In November 2018, the PM approved a 5-year plan designed to work on increasing digital transaction accounts and digital payments. A new micro payment gateway RAAST was launched by the State Bank for this purpose. Alongside these efforts the government has also launched digital health initiatives with the help of E-health cards at both national and provincial levels. The provincial governments have also made significant efforts towards E-governance and have initiated novel G2G (government to government), G2B (government to businesses) and G2C (government to citizens) and G2E (government to employees) services.

5. In the wake of the Covid-19 pandemic, the government has been effectively utilizing e-governance strategies for mobilizing its services. The government introduced geo-tracking app for facilitating consultation with telecommunication companies. With the help of E-services, authorities have been able to determine the hot spots of Covid-19 infections in the

country. Tele-consultations are also being provided to the patients who are infected as well as to non-infected individuals. The Ministry of Professional Education & Vocational Training signed an agreement with PTV to develop a Tele-school so that students may continue their education from home. Furthermore, a WhatsApp help line has also been launched to facilitate efforts to counter the Covid-19 pandemic. Disbursement of emergency cash amounting to over Rs 200 billion to 16 million households in a span of four months through the Ehsas program was also done digitally. The performance of this Ehsas program has been lauded internationally. All Covid-19 vaccinations are being recorded through a smart IT based system developed by NADRA.

6. During the last three years, NITB has developed several E-governance applications for better governance and service delivery. The major achievements of NITB are highlighted in the following table:

<b>E-OFFICE PROJECT</b>	<ul style="list-style-type: none"> <li>• E-Office is successfully implemented in all Ministries/Divisions in the Federal Government</li> <li>• The new version of e-office was designed in house by NITB</li> <li>• More than 50 organizations of the Federal Government are using e-office.</li> </ul>
<b>DIGITIZATION OF CABINET MEETINGS</b>	<ul style="list-style-type: none"> <li>• The meetings of the Federal Cabinet have been completely digitized and made paperless. A customized software and tablet PC was introduced by NITB and the whole process is now automated.</li> </ul>
<b>STRENGTHNING OF ICT INFRASTRUCTURE AND AUTOMATION OF PRESIDENT SECRETARIAT, NATIONAL ASSEMBLY AND SENATE</b>	<ul style="list-style-type: none"> <li>• The NITB has successfully implemented customized solutions for the President Secretariat, National Assembly and Senate</li> </ul>
<b>SOFTWARE DEVELOPMENT SERVICES</b>	<ul style="list-style-type: none"> <li>• Awardees’ database for cabinet division.</li> <li>• Multi instance case tracking system (MCTS) to automate the process of storing and tracking the legal cases.</li> <li>• Islamabad city app designed for android based mobile phones and available for download at Google play store and NITB &amp; CDA’s website</li> <li>• Online visa portal to automate and develop an online “Work Visa Application Processing System”</li> <li>• COMPLAINT MANAGEMENT SYSTEM to ensure the transparency of the project and to get feedback directly from the citizens</li> <li>• PC-I TRACKING SYSTEM to resolve the queries from ministries and departments regarding the delay in PC1 for CDWP Agenda</li> <li>• CASE TRACKING SYSTEM a web based “Case Tracking System” for the Attorney General of Pakistan</li> </ul>

	<p>to automate the process of tracking legal cases nationwide.</p> <ul style="list-style-type: none"> <li>• ONLINE TELEPHONE DIRECTORY a web-based Telephone Directory of the employees of the Federal Government</li> <li>• E-ORTHOPEDECS - The application mainly emphasizes on collection of patient's information, diagnosis of fracture types, X-rays, Doctor Decisions, Operations etc.</li> <li>• HUMAN RESOURCE MANAGEMENT SYSTEM (HRMS) developed and deployed as the centralized HR module for Ministry of Information &amp; Telecom (MOITT).</li> <li>• RESUME MANAGER (ONLINE JOB PORTAL) an online resume manager application that allows the candidate to directly apply for advertised position through the web</li> <li>• TAX DEDUCTION APPLICATION Federal Board of Revenue (FBR) had to ensure that the tax charged to the citizens by CMO is reported properly to the Government of Pakistan</li> </ul>
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5. **Cabinet Decision:** The Cabinet at its meeting held on March 19, 2019 approved the proposals in regard to:

- i) Detailed road map for implementation of E-Government in the Federal Government prepared by the NITB with revised timelines, as endorsed by the P.M's task force on IT & Telecom.
- ii) Position of the Chief Information Officer in MP – I Scale be re-designated as Chief Information Technology Officer (CITO) and located at the Ministry of IT & Telecom.

6. **Way forward:** E-governance is the single most effective remedy for improving efficiency in the public sector in Pakistan. Automation of business processes not only improves efficiency but also improves transparency, responsiveness, and accountability. The following recommendations are made by the IRC to continue the reforms in this area.

- i) E-Governance reforms face a lot of bureaucratic inertia and therefore they require solid backing of the highest administrative layer of any state. The commitment of the top political leadership is a must for successful E-governance reforms.
- ii) The head of NITB should be designated as the Chief Information Technology Officer and work under the direct supervision of the PM.
- iii) NITB should be made an autonomous authority and given adequate budget.
- iv) A permanent E-Office directorate should be established within NITB for maintenance and support of e-office software.
- v) The workings of all Cabinet committees should be automated on the same lines as that of the Cabinet.
- vi) All summaries for PM and the Cabinet should also be automated on the same lines as the automation of Cabinet meetings
- vii) A comprehensive file tracking system should be developed to monitor and expedite interdivisional movement of files.

- viii) NITB should develop in house capacity for development of software as and when needed by the Federal Government like the PMRU and PITB.
- ix) The Citizen Portal application should be effectively linked to the performance management and performance evaluations of all officers working in the Federal Government.
- x) A new GAN (Government Area Network) dedicated for secure G2G communications should be created by the NTC.
- xi) An IT cadre should be established for IT professionals working in the Federal Secretariat and they should have their own pay scales comparable to market salaries.
- xii) A high-level national database authority should be created to manage and analyze all citizen specific data and it should have full interconnection with all existing databases including NADRA, Passport, FBR, FIA, Police etc. Such a database is critical for enhancing national security and broadening of the tax net.

7. **Next Steps:** To make NITB an autonomous authority an ordinance was promulgated but that has since lapsed. A legislation incorporating the contents of the Ordinance needs to be passed through the Parliament. NITB should be given a core budget and a service agreed budget for its operations.

**Action by: Ministry of Parliamentary Affairs should expedite the legislation and Ministry of Information Technology and Telecommunication should spearhead the reforms.**



## CHAPTER 2 PUBLIC FINANCIAL MANAGEMENT

1. Prudent Public Financial Management (PFM) is one of the most important components of good governance. The Finance Division had devised a comprehensive PFM Reform Strategy in 2017 with the following three core challenges:

- i) **Fiscal Sustainability:** The Federal Government collects revenues to the tune of 13 percent of GDP, the bulk of which is transferred to the provinces. The remaining resources are insufficient to meet the necessary expenditures. In addition, loss-making Public Sector Entities (PSEs) put additional burden on the federal public finances.
- ii) **Budget Credibility:** The approved Federal budget should represent improved policy planning and implementation. It should also translate into effective service delivery to the citizens.
- iii) **Government's Investments (development budget):** The system of public investment management has become very inefficient over time and the emphasis on strategic planning has become almost non-existent. This is adversely affecting the provision of effective public services.

2. The PFM Reform Strategy identified the following six pillars to address these challenges:

- i) Fiscal Sustainability
- ii) Revenue Mobilization
- iii) Service Delivery and Results Based Management
- iv) Public Investment Management and Public Private Partnerships
- v) Transparency, Oversight and Accountability
- vi) Vertical Coordination between Federal and Provincial Governments in PFM.

3. The Prime Minister's Task Force on Restructuring of the Federal Government and Austerity took the lead in the implementation of the strategy and recommended the following priority areas:

- i) Carry forward the PFM Reform Strategy drafted by the Finance Division
- ii) Update and finalize the draft PFM law
- iii) Make the IFMIS/FABS/PIFRA system a more comprehensive tool for policymakers
- iv) Improve accounting and audit functions primarily through the independence and autonomy of the Auditor General of Pakistan and separation of audit and accounts
- v) Start the process of decentralization of financial management to line ministries, including institutionalizing CFAOs

4. Under the supervision, guidance and assistance of the Task Forces the Ministry of Finance was successful in getting the Public Financial Management Act passed by the Parliament in June 2019. This is the single biggest achievement towards sound financial management in the history of the public sector of Pakistan. The law has now been in effect for almost two years and is transforming the management of public sector finances in the country. It has also become the headworks for various other significant PFM reforms that are now underway. The achievements so far under these reforms are as follows:

- i) Updating of Financial Rules
- ii) Delegation of financial powers to Principal Accounting Officers (PAOs) including one line budget
- iii) Rationalization of demands under Budget 2021-22

- iv) Abolition of Financial Adviser (FA) organization and establishment of the offices of Chief Financial and Accounts Officers (CFAOs)
- v) Establishment of new sub offices of AGPR within the Ministry premises
- vi) Updated Manual for Development Projects for quicker approval of development projects and a new formula for release of funds
- vii) Upgradation of Financial Accounting and Budgeting System (FABS)
- viii) Passage of the Cash Management & Treasury Single Account Policy 2019-2029 and Rules 2020
- ix) Passage of the Financial Management and Powers of Principal Accounting Officers Regulations 2021

## **2.1: PUBLIC FINANCIAL MANAGEMENT ACT 2019: SALIENT FEATURES**

1. The PFM Act 2019 has transformed the financial management procedures and processes in the Federal Government and has also re-organized the organizational hierarchies involved in the expenditure of public finances. Some of the salient features of this act are as follow.
2. One of the most significant changes brought about by the PFM Act 2019 is the disbanding of the Financial Advisers' Organization (FAO). This organization had resulted in over centralization of management of public expenditure thereby leading to inefficiency and delays. Under the new regime the heads of federal ministries and divisions have been given full autonomy to independently utilize development and non-development funds under their jurisdictions. In accordance with Section 28 of the Act, the finance ministry recalled about 20 financial advisers and 42 deputy financial advisers from the Ministries and Divisions. They were replaced with Chief Finance and Accounts Officers (CFAOs) who now work under the direct supervision of the Secretary of the Division who is also the Principal Accounting Officer. The Secretaries now have full control over yearly budget allocations. The power to reappropriate funds would enable them to exercise time flexibility in their utilization of funds. This delegation of financial powers will align the performance objectives with the budgetary allocations and allow for better macro-economic, financial, and budgeting outcomes.
3. The new law has also introduced the important concept of Single National Treasury Account that binds the ministries, divisions and attached organizations not to keep public funds in commercial banks and all funds now remain in the government's single treasury account. These funds may be withdrawn by PAOs at any time in line with their allocations. The Finance Division has issued the Treasury Single Account Rules 2020 under Sections 30 of the PFM Act. The main objective of these rules is to ensure that emergent cash needs of the government are adequately catered for. The rules will also allow for careful management of the federal cash balance. The promulgation of these rules and the Single National Treasury Account will go a long way towards alleviating the problem of emergency borrowing by the Federal Government from private banks at high interest rates.
4. Under the new PFM Act significant changes have also been made to the existing development planning regime. In this regard the Ministry of Planning Development and Special Initiatives has issued an updated "Manual for Development Projects". The development projects have been trifurcated into three priority categories: (i) Projects which will have maximum contribution to economic development, (ii) Projects which will result in direct improvements in standards of living of the people and (iii) Projects that will connect the provinces and regions for national integration. For the first time, the project cost estimates will be done on market-based estimations and projects will be evaluated for quality assurance and technical viability. Approval mechanism of PC-1s and other planning guidelines have also been revised and streamlined to allow for more efficient operations. Powers for approval of projects up to Rs. 2 billion have also been delegated from the Central Development Working party (CDWP) to the Departmental Development Working Party (DDWP) which is headed by the Secretary of the Division. The development cycle has also been revised significantly. Under the new rules project cost overruns and delays will be investigated and properly audited.
5. The Finance Division under the PFM Act has also notified changes in the Budgetary cycle. New Financial Management and Powers of Principal Accounting Officers Regulations 2021 have also been issued by the Finance Division under Section 27 of the ACT. These regulations now provide clear guidelines for all PAOS in the Federal Government and will go

a long way in improving financial management, autonomy, and efficient monitoring. The rules have also been streamlined for creation of new PAOs which will allow for further delegation of powers by PAOs to organizations and offices under them.

6. **Way Forward:** Significant achievements have been made but a lot more work needs to be done. The PFM ACT 2019 in Section 29 stipulates the creation of a new office of Chief Internal Auditor under every PAO. This proposed reform is extremely important for scrupulous financial management in divisions and ministries and needs to be implemented at the earliest. As proposed by Section 27 of the ACT, commitment control systems also need to be introduced in the cash flows in the Federal Government. This reform is also very important and recommended for earliest implementation by the IRC. Lastly, as envisioned under Section 20 a sovereign wealth fund should be created through an Act of Parliament with the objective of holding institutions and public assets for sound management and maximization of returns.

7. **Next Steps:**

- i) AGPR should now switch over to online billing for all Government payments to ensure transparency, efficiency and accountability. RAAST should be used for all G2G and G2P payments.
- ii) E-procurement should be enforced by PPRA in the next 12 months.

**Action By: Ministry of Finance and AGP should lead these efforts**

## 2.2: REVISION OF FINANCIAL RULES

The Finance Division has undertaken a comprehensive exercise to update its rules, orders, and regulations under the supervision of the IRC. This has been done to streamline the management of public finances and to improve transparency and efficiency. A summary of changes is shown in the table below. All the updated rules and regulations have been placed at the Finance Division official website at their website address <http://www.finance.gov.pk/circulars.html>. A list of the revised editions is given below:

No.	Name of the Book
1.	Compilation of General Orders regarding allowances
2	Compilation of Pay Scales
3	Compendium of Pension Rules and Orders
4	Civil Service Regulations - CSR
5	Fed. Treasury Rules Vol-I, Vol-II
6	General Financial Rules Vol-I, Vol-II
7	Compilation of Travelling Allowance Orders
8	Revised Leave Rules 1980
9	GPF Central Services Rules
10	Revised System of Financial Control and Budgeting
11	Compilation of General Orders regarding TA
12	Fundamental and Supplementary Rules Vol-I, II

### **2.3: INCREASING THE EFFICIENCY, TRANSPARENCY, AND EFFECTIVENESS OF THE FINANCIAL ACCOUNTING AND BUDGETING SYSTEM (FABS)**

1. The Task Force examined the performance of FABS and found that the FABS, currently housed with the CGA, is being implemented to the extent that it captures receipts, budgets, and expenditure of the Governments. However, certain gaps remain in the usage of the FABS including detailed accounts of the self-accounting entities; delays in updating of data on the system; non-utilization of certain modules and the non-usage of the system for analytical and policy purposes.

2. Significant progress has been made to facilitate the CGA to overcome the present deficiencies in financial and human resource availability. The Finance Division has restored the budget head for FABS and has also approved a financial package for the restructuring of FABS. In addition, the FABS terminals in the Ministries/Divisions have been activated and have been handed over to the newly posted CFAOs. The utilization of existing modules for asset management and commitment accounting is also being piloted. Furthermore, significant work has been done at FABS for the development of new modules for online billing. Lastly, the SAP system is also being extended to Pakistan Railways and other self-accounting entities.

3. Sub offices of the AGPR have been established in 12 Ministries and Divisions and complete pre-audit functions have been devolved to these offices. These offices have been greatly appreciated by the Divisions. These offices now need to be replicated in all the remaining Ministries and Divisions in the Federal Government.

4. **Way Forward:** Firstly, there is a need to increase coverage of FABS to encompass the following:

- i) More frequent updating of information, especially on receipts and debt, including both foreign and domestic debt (including integrating DeMFAS), to allow for more comprehensive system and better cash management
- ii) All Self-Accounting Entities should be integrated with the system in a modular fashion where they retain their autonomy, but the Federal Ministry of Finance is able to monitor in real-time the total picture of the finances including the provinces and these self-accounting entities.

5. Improved budget management: While the modules to capture commitments and assets are available in FABS, these are not fully utilized. Also, FABS terminals are available with every ministry, but these are often just used for releases and little else – not even to track budget utilization frequently. For this, there is a need to encourage line ministries to fully use FABS to pull reports on budget utilization, as well as record commitments and assets, and manage their cash requirements better.

6. Improved project-wise reporting: Mapping of PSDP with project codes and cost centers has been done. There is a need for Ministry of Planning to work collaboratively with FABS and share information to ensure that PSDP and the development budget are comprehensively integrated into FABS.

7. Updating of NAM and Chart of Accounts: To adapt the accounting systems to the changing use of technology and systems, there is a need to update NAM to fully integrate the use of FABS in the government. Review and updating of the Chart of Accounts is needed to fully capture the expenditure details in line with the new NAM and the requirements of the line ministries.

8. Lastly as discussed before also, complete automation of the AGPR and provincial offices should be the end goal with the implementation of online billing throughout the federal and provincial governments. Several discussions with the various stakeholders including the CGA, AGPR, FABS and Finance Division have been held. Minutes of some of these meetings are attached in the Appendix A. Online billing will transform cash flow management in the public sector of Pakistan and will radically improve transparency, austerity, and efficiency.

**Action By: AGP, CGA and AGPR should lead these efforts**

## **APPENDIX A: INITIAL WORKING PAPER ON DECENTRALIZATION OF FINANCIAL MANAGEMENT**

1. This working paper served as the original roadmap for the Task Forces on PFM reforms. The goal was to devise a mechanism to empower line ministries to make and execute their budgets as per their needs, and to improve their ability to deliver services effectively.
2. The current situation at that time was identified to be suffering from the following issues:
  - i) Centralized control of financial management with Finance Division and AGPR
  - ii) Budget preparation and budget inputting at FABS done at Finance Division, with several iterations not being recorded
  - iii) Financial Advisers (FA) Organization used by Finance Division to maintain control over the financial management of line ministries.
  - iv) Chief Finance and Accounts Officers (CFAOs) restricted to managing audit paras, Departmental Accounts Committees (DACs) and Public Accounts Committee (PAC).
3. The Task Force subgroup proposed the following way forward:
  - i) **Annual budgeting:** FABS proposed ways of improving annual budget preparation by rolling out budgeting modules to the line ministries. This will allow better planning and budgeting, as well as save time and effort in Finance Division. The system will also be able to capture all of the iterations of the budget during the year which can help identify the flaws in the annual budgeting processes and enable decisions to correct them. However, it would be too costly to roll out FABS to the DDOs (cost centers), so there is scope for linking with the E-Office module proposed by NITB to provide cost-effective solutions for automating budget making processes from DDO to the Ministry.
  - ii) Chief Financial Officers (CFOs): There is need to work out the need for Chief Financial Officers (a professional accountant or financial management specialist), their exact job descriptions, the estimated cost to the Government, and then develop a plan for phasing out the FA Organisation and instituting CFOs. CFO may be appointed in each Ministry replacing current CFAO and the Financial Adviser to assist the Principal Accounting Officer to perform the following functions:
    - (a) Prepare Consolidated Annual Budget aligned with the MTBF of the Ministry
    - (b) Prepare quarterly and annual reports of finance and accounts to monitor periodic progress regarding Annual Budget and MTBF and Report to PAO
    - (c) Asset protection, financial management and propriety of receipts and expenditures assignment accounts, all procurement, maintenance and reconciliation of accounts and risk management within the Ministry/ Department
    - (d) Internal Controls in the Ministry/Department
    - (e) All matters relating to Public Accounts Committee and Departmental Accounts Committee, and
    - (f) Other such responsibilities that are notified by the PAO related to financial management
4. The CGA will still be responsible for preparing the appropriation and finance accounts and such other accounts as may be prescribed by rules for submission to the Auditor-General each year; however, practice of Pre-Audit, an instrument of rent seeking, should be discontinued.



i) **improvement in accountability mechanisms:** With increased decentralization, there is a need to improve accountability mechanisms to ensure fiscal discipline and improved service delivery. There is a need to strengthen output-based budgeting and develop accountability mechanisms in budget preparation and budget execution. Improving output-based budgeting includes reviewing the outcomes and outputs, aligning of budgets to the outputs and increasing the accountability of the outcomes, outputs, and budgets. This would involve strengthening the functioning of the Priorities Committee and increasing its scope to review outcomes, outputs, and indicators, as well as budgets comprehensively.

#### **Minutes of the Progress Review Meeting about reforms in Department of CGA held on 06-05-2021**

1. A meeting to discuss progress review of automation reforms in the department of the Controller General of Accounts (CGA) was held on 06-05-2021 at 1 PM in room 343A in Prime Minister's Office under the chairmanship of Adviser to the Prime Minister for Institutional Reforms and Austerity. The list of the participants is at Annex-1.

2. The Adviser started the meeting by welcoming all the participants and then inquired about the progress made in the automation reforms in the CGA office since the last meeting. The AGPR then informed the meeting about the progress on each of the reforms individually. He first elaborated on the progress made on linking the FABS payment system with NADRA and RAAST, the micropayment gateway of State Bank. He stated that the interlinking of the FABS with NADRA is almost complete but the FABS directorate is facing some problem in the interconnectivity of FABS with RAAST. The Deputy Controller General of Accounts (DCGA) further explained that the main issue between the interconnection of FABS with RAAST was of encryption of transactional data. Due to the customized security protocols of the State Bank, new modules are being developed by FABS using help from SAP to interconnect FABS with RAAST. 35% of the work in this regard has been completed and hopefully the issue will be resolved soon. The Chair offered the team from FABS his full support to resolve any communicational issues with the team at State Bank. DCGA welcomed the offer and stated that they are already in contact with State Bank and in case of any difficulty they will request the help of the Chair.

3. The DCGA also informed the Chair about the urgent need to expand the computing cores of the servers at FABS. DCGA shared that an amount of approximately \$670,000 will be needed for the procurement of this hardware. The Chair requested the SJS Finance to immediately setup a meeting between the FABS team and AFS (Budget) to resolve the issue and directed the Finance Division to provide all the necessary resources in the next budget to FABS. The Chair also requested the Finance Division to restore funds in the demand heads of FABS in the upcoming budget. The SJS Finance assured the Chair of the resolution of these issues at the earliest. The DCGA also brought to the notice of the Chair the pending arrears of SAP and informed that the vendor may go into litigation if the payment is not made soon. The Chair directed the Finance Division to also resolve this issue at the earliest since delay in validated payment to a reputed international vendor like SAP may bring disrepute to the Federal Government. SJS Finance agreed to discuss and resolve this issue in the meeting with AFS(Budget).

4. The DCGA then informed the Chair about the proposal to pilot online billing in one division of the Federal Government. He stated that since this is an extensive exercise, a detailed plan for the pilot needs to be prepared before its launch. He stated that for this purpose he has contacted some international organizations to learn from their experiences. He explained his discussion with the Malaysian Government's Supreme Audit agency and informed that the Malaysian agency has been using online billing for the whole government since 2010. The

Malaysian system was developed by SAP and they are very happy with its results. The installation of this system costed about \$30 million in Malaysia. Estimates about the cost for a similar system in Pakistan are around \$20 million. The DCGA also stated that they are also exploring the options of buying third party solution or the in-house development of software. On this the Chair unequivocally stated that the payment solution of the Federal Government is a critical system and the use of third-party piecemeal solutions or inhouse software development for such a critical system may create problems subsequently in the smooth operation of the system. The Chair appreciated the efforts of the DCGA to get feedback from international agencies and further advised him to request proper Technical Assistance from the Malaysian counterparts for this purpose. DS IRC then informed the committee that the IRC recently had a meeting with representatives from SAP about the subject of online billing. The SAP team had shared with the IRC a detailed plan for implementation of online billing in Federal Secretariat and they had also expressed their willingness to do a pilot in one division on pro bono basis. The Chair directed the CGA and DCGA to immediately make preparations to start a pilot in one division of the Federal Government. He stated that this pilot will be a major reform of critical importance. This pilot once initiated will create a lot of good will for the AGP and CGA office and will be appreciated by the Cabinet and the Cabinet Committee on Institutional Reforms (CCIR). The DCGA requested the Chair for two weeks to finalize the proposal for this pilot.

5. Lastly the AGPR informed the Chair about the latest status of the AGPR suboffices in the Ministries and Divisions. The AGPR submitted that 12 offices are already functional and the sub-offices in Defence and Industries and Production Division are under implementation. The Chair appreciated the excellent work done by AGPR in this regard.

6. At the end, the Chair stated that the first review of reforms in AGP office will be conducted by CCIR in June. It is important that we achieve significant progress on the discussed automation reforms before this meeting so that the CCIR and Cabinet are appreciative of the progress. The meeting ended with a vote of thanks.

### Decisions Matrix

S.No.	Decision	Responsibility	Timeline
1.	A meeting of DCGA, DG FABS, AFS (Budget) to be held as soon as possible to decide on allocation of resources for the hardware upgradation of FABS server in next budget and to also resolve outstanding payments to SAP	SJS (Exp) Finance.	Immediate
2.	Interconnection of FABS with RAAST	DCGA, DG FABS	Immediate
3.	Finalization of proposal to pilot online billing in one Division of the Federal Government	CGA, DCGA, DG FABS	Two weeks. Progress to be reviewed by CCIR in June
4.	Functionalization of suboffices of AGPR in the ministries recently selected by CCIR	AGPR	Immediate. Progress to be reviewed by CCIR in June

**List of participants of the Meeting 6-5-2021**

- i. Dr. Ishrat Husain, Advisor to the PM on Institutional Reforms & Austerity, Islamabad.
- ii. Mr. Farrukh Ahmad Hamidi, Controller General of Accounts.
- iii. Mr. Manzoor Ahmad Kayani, AGPR.
- iv. Mr. Aamer Mahmood Hussain, SJS, Finance Division, Islamabad.
- v. Mr. Shahzad Hassan, DCGA, FABS, Islamabad
- vi. Mr. Hasan Masud, DG FABS, Islamabad
- vii. Mr. Qamar Zaman, Joint Secretary, Institutional Reforms Cell (IRC)
- viii. Altamash Janjua, DS IRC.

**Minutes of Meeting with CGA office regarding restructuring of FABS held on 11th June 2021**

1. A meeting was held on 11th June 2021 in room 418-C of the Prime Minister's office regarding restructuring of the Financial Accounting and Budgeting System (FABS) of the Controller General of Accounts (CGA) office. The meeting was chaired by Adviser to the Prime Minister on Institutional Reforms and Austerity. The list of participants is attached at Annexure-1.

2. The Chair started the meeting by stating that all the requests of CGA Office in respect to creation of posts, budgeting allocations and payment of licensing fees have been approved. He, therefore, felt that the CGA office has now to deliver on the priority tasks assigned to them. He emphasized the need for the FAB system to be extended to cover all public financial transactions at the earliest to allow for real time cash flow monitoring for the Federal Government.

3. Deputy CGA (DCGA) then made a presentation on the restructuring of FABS. He stated that the committee in Finance Division, which was tasked with the future restructuring of FABS, had recommended that FABS be converted into a directorate and permanent posts under basic pay scales be created for its staff. He then discussed the proposal of special allowances for management and technical staff in FABS to retain the specialist manpower. On this proposal, the Chair opined that the special allowance should only be for the technical staff and not the management or non-technical staff. Considering the austerity measures in place and to maintain uniformity in pay scales of cadre officers, any special allowance for cadre officers will not be feasible. The Chair also suggested that the proposal should incorporate performance-based allowances for the technical staff in order to ensure that they remain motivated and keep their IT skills up to date with the latest trends.

4. In the meeting the issue of retaining essential specialists who may not be able to meet the requirement, for recruitment under regular BPS was also discussed. It was decided that the CGA office may explore the options of converting some vacant posts into special pay scales so as to retain such manpower. Another option discussed was the possibility of hiring consultants on short term basis. The Chair recommended to the CGA that he should maintain adequate budget under the head of short-term consultancy to hire such experts if and when needed. The Chair advised the CGA and his team to refine the proposal for strengthening of FABS under these guidelines and then bring a detailed proposal through a summary for the approval of the Cabinet Committee on Institutional Reforms (CCIR).

5. The AGPR then informed the Chair on the successful establishment of 4 new sub-offices in the Ministries/Divisions identified by the CCIR. This was appreciated by the Chair and he further directed the AGPR to undertake a work load analysis of bills being processed by the AGPR and identify the remaining Ministries/Divisions with the highest billing volume. AGPR agreed to undertake this analysis and submit a report in two weeks.

6. The issue of online billing was also discussed. The DCGA informed that significant work has been done on the development of new modules for this purpose. The AGPR volunteered to pilot online billing in his department and this was warmly received by the participants of the meeting. The Chair advised the CGA that online billing will be game changer for public financial management reforms and will bring a lot of good will to his office. He requested him to give special consideration to this area and initiate the pilot at the earliest.

### **DECISIONS MATRIX**

<b>S.NO.</b>	<b>ACTION</b>	<b>RESPONSIBILITY</b>	<b>TIMELINE</b>
1.	Finalize the proposal for restructuring of FABS	DCGA	Earliest
2.	Workload analysis of Divisions / Ministr for processing of bills by AGPR	AGPR	Two Weeks
3.	Pilot of online billing in AGPR	CGA	Earliest

### **Annexure-1**

#### **List of Participants in meeting on 11<sup>th</sup> June 2021**

1. Dr. Ishrat Husain, Adviser to the Prime Minister on IRA, PMO, Islamabad
2. Mr. Farrukh Ahmad Hamidi, Controller General of Accounts, Islamabad
3. Mr. Shahzad Hasan, DCGA, Islamabad
4. Mr. Hasan Masud, DG, FABS, Islamabad
5. Mr. Qamar Zaman, JS, IRC, PMO, Islamabad
6. Mr. Altamash Janjua, DS, IRC, PMO, Islamabad

## **CHAPTER 3 REFORMS IN HUMAN RESOURCE MANAGEMENT PROCESSES**

1. The main challenge in efficient human resource management in the Federal Government are the convoluted processes and rules involved in recruitment, promotions, and severance that the Ministries, divisions, and the organizations attached with the Federal Government have to follow. In this regard the IRC followed a two-pronged strategy. Firstly, a lot of focus was given to the role of the Establishment Division. It was proposed that the Establishment Division should be transformed into a Human Resource Management Division for the whole of the Federal Government and in this transformation the main driver should be the automation of business processes. To get the reforms started the Punjab Information Technology Board (PITB) and Performance Management and Reform Unit (PMRU) in Khyber Pakhtunkhwa were invited to study the business processes in Establishment Division. After comprehensive analysis they submitted their proposals to the division and as a first step, the Establishment Division selected PITB to digitize the career profiles of all officers belonging to the PAS, OMG, Secretariat and PSP cadre. This was the first big step towards the automation of Establishment Division. More work in this regard is ongoing and in the fiscal year 2021-22 significant funds have been allocated for the digitization of the Establishment Division. A lot of work was also done on the reform and restructuring of the Management Services Wing. These are discussed in detail separately.

2. The IRC also assisted and guided in the comprehensive updating of the Estacode and the Establishment Manual. The purpose here was to make the documents user friendly, up to date, easily accessible and electronically searchable. It was decided that the two documents will only retain the currently in vogue rules and regulations. The process is almost complete, and the new documents are near publication.

3. In addition, several other reforms have been implemented successfully and include the following:

- i) Streamlining of NOC requirement for appointments by Establishment Division
- ii) Drafting of model service rules for organizations and approval of pending service rules
- iii) New guidelines for management of surplus pool

### **3.1: UPGRADATION OF ESTABLISHMENT DIVISION AS INTEGRATED HUMAN RESOURCE MANAGEMENT DIVISION**

1. There is a lack of efficient Human Resource (HR) management in the Federal Government of Pakistan. The primary reason for this is the lack of a central agency to manage the human resource of the entire Federal Government in a coherent and consistent manner. The distortions, disparities and discrepancies in recruitment, promotion and compensation add to demotivation and agitation among the employees. There is no single place at which policies regarding human resource management value chain are formulated or monitored. The Establishment Division primarily manages the four cadres of PAS, OMG, PSP, and the Secretariat Group. The head of cadres for the other occupational groups are distributed amongst multiple ministries and divisions. More glaring is the lack of any centralized agency catering to the needs of the ex-cadre officers in the Federal Government which form the overwhelming bulk of officers in the Federal Government. These officers are being supervised by their parent ministries and most of them are being managed without any specially designed polices and career progression plans.

2. To fill in this vacuum it is proposed that the Establishment Division should be upgraded into a central Human Resource Management (HRM) Division for the complete Federal Government. The envisioned scope of the HRM division was proposed as follows:

- i) Develop the Human Resource Management Policies for the whole of Federal Government including all cadre and ex-cadre officers. This will include policies for Recruitment, Training, Performance Management, Career Progression including Promotion, Efficiency and Conduct and Retirement
- ii) Remain the primary cadre controller of the four Occupational Groups i.e. PAS, PSP, SG, OMG, while other cadres and ex-cadres are controlled by their respective heads
- iii) Assist the other cadre heads in administering the policies developed by the Establishment Division.
- iv) Function as the Data Bank Manager and ERP hub for HR in all Divisions
- v) Formulate Job Descriptions and KPIs for all Divisions
- vi) Identify the needs for restructuring of HR in Federal Government
- vii) Monitor Implementation of HR Policies and publish annual performance reports

3. **Way Forward:** In order to achieve this goal, it was proposed that the automation of business processes in Establishment Division will be the first priority. PITB has recently completed the initial digitization of all profile records of officers belonging to PAS, PSP, OMG, and Secretariat Group. In order to carry this automation forward it is recommended that either PITB or PMRU be further deployed to chalk out a detailed strategic time bound plan for implementation across the Ministries/Divisions. A state-of-the-art ERP system also needs to be developed for the Establishment Division with the help of PITB or PMRU. The system should be customized according to the business processes in all the sections and wings of Division. Digitization of all rules, policies, regulations, instructions, and guidelines etc. is also needed and should be completed at the earliest. This automation should firstly be introduced for the four cadres being managed by the division and all future postings and promotion boards should be done through this ERP. Integration of this ERP with the FABS module on HR should also be pursued as it will ensure consistency between pay roll and the head count maintained by the Establishment Division and Finance Division.

4. The ERP system should then be extended to all other Occupational Groups and ex-cadre officers. The rules and policies should be customized and embedded in the ERP. Later the Job Descriptions and KPIs for all officers should also be included in the ERP and their

performance management and PERs should be completely automated. A lot of work in this domain has been done by the PMRU and PITB and it is recommended that both of these public sector agencies should be involved in the full automation and digitization of the Establishment Division data procedure policies and operations.

**Action By: Establishment Division should continue these efforts**

### **3.2: REVAMPING OF THE MANAGEMENT SERVICES WING TO BECOME THE PIVOT FOR ORGANIZATIONAL DEVELOPMENT, CONSULTANCY SERVICES AND ADMINISTRATIVE REFORMS**

1. The IRC had recommended to the Establishment Division that a detailed study be conducted to reform and revitalize the Management Services Wing in the Division. In this regards a detailed study was conducted through the UNDP. Several meeting to discuss the consultancy report were held by the SAPM on Establishment Division and a number of follow up decisions have been taken. The salient recommendations of the report are summarized below and the complete report is attached in the Appendix B.

2. The Management Services Wing (MS Wing) was made part of the Establishment Division in 2001. The Wing was created with the vision that it will act as the management consulting arm of the Federal Government and propose organizational and human resource management reforms. It was to review the legal status of the organizational entities in the Federal Government and conduct studies to measure and manage their performance. The Wing was also supposed to provide expert advice in issues relating to the various components of effective human resource management value chain including service rules, compensation policies and recruitment and severance procedures and perform research. However, over time the MS Wing has become dysfunctional and overly bureaucratic. The dynamism and innovation needed in such a policy making institution has become totally absent.

3. The consultancy study was undertaken to propose a comprehensive action plan to reform and revitalize the MS Wing. It used primary and secondary research instruments including interviews of Member, DGs, Directors, Additional Secretary and SAPM Establishment. Relevant documents and reports about the past work done by MS Wing were also reviewed. Available literature on functioning of management services organizations in the region was also consulted. The study proposes institutional strengthening of the MS Wing on the following four pillars:

- i) Conducive legal and operational environment.
- ii) Strengthened role in civil service reform steering & knowledge management.
- iii) Enhanced performance through human & Institutional development.
- iv) Research promotion for public sector reform through collaboration & partnerships.

5. The study recommends a new vision for the organization which is: "To assist in development of an efficient and effective public sector apparatus for management consulting and public sector reforms which is responsive to government needs and geared to meet the emerging challenges of modernization of public sector governance in Pakistan". It also identifies the following key strategic goals:

- i) To act as premier management consultancy organization for the federal government for supporting an effective and efficient mechanism for structural and HR rationalization.
- ii) To act as reform custodian and follow up/M&E arm of the federal government to support public sector reform interventions.
- iii) To act as focal agency for undertaking functional review of federal government organizations and steering management reforms in public sector entities
- iv) To promote high value research and knowledge development in governance reforms through partnership building and cooperation with donors and premier research entities.



- v) To act as intellectual hub for promoting innovation and piloting best practices in public sector governance.
- vi) To act as capacity enhancement conduit for the public sector entities through training of human resource.

6. The report discusses in detail the actions needed to achieve all of the goals mentioned above and also proposes an implementation plan. The key recommendations from the report are:

- i) Amendments in the Rules of Business/Secretariat Instructions to add implementation force to MS wing's Recommendations.
- ii) Additional role for MS wing to act as implementation follow-up arm and reporting & lesson learning fulcrum of government on public sector reform programs (secretariat support to CCIR in close coordination with Institutional Reforms Cell (IRC)).
- iii) Taking lead on analytical work, development of working papers and follow up of the recommendations in close collaboration with IRC.
- iv) Functional Specialization within MS wing on pertinent themes of public sector reforms, e.g. HRD /HRM, organizational restructuring & rationalization, performance management, management consulting, reform tracking, M&E/KPIs, Knowledge management, communication system automation.
- v) Institutional restructuring of MS wing to transform its vertical hierarchy towards "Team Structure", which is based on specific technical skills, and which will be refined and constantly modified as per emerging needs of assignments from time to time.
- vi) Collaboration between MS wing & lead academic / operational research entities for improving quality and professional rigor in the outputs of MS Wing, including, adherence to well-designed donor/ partner collaboration strategy for linking with other technical assistance projects within Government.
- vii) Mainstreaming of management consulting role of MS wing through proactive outreach to clients about its in-house consulting capacities.
- viii) MS wing to operate based on annual work plans, to enable regular progress tracking and evaluations of results.

7. **Way Forward:** As proposed in the report the functional alignment of the various wings of the MS Wing has been completed. The following recommendations are made as the way forward:

- i) There is a need to make the MS Wing the permanent Secretariat for the CCIR. In this regard the placement of MS Wing in the Cabinet Division may be explored.
- ii) Existing senior posts in MS Wing need to be converted into MP-I pay scales in lieu of surrendering of vacant posts in the Wing in BS-16 and below. This will allow for the infusion of the badly needed expert human capital into the organization.
- iii) Rigorous capacity building of existing officers should be undertaken. Existing promotion rules of the Wing need to be revised to allow for promotions to be linked with higher relevant educational qualifications.

iv) The MS Wing should develop close links with the various international aid agencies to allow for closer cooperation and also assistance in procuring technical consultancies if and when needed.

**Action By: Establishment Division should lead the efforts to implement the agreed recommendations.**

### **3.3: REVISION OF THE ESTABLISHMENT CODE AND THE ESTABLISHMENT MANUAL**

1. Establishment Manual and Estacode are two documents that are published by the Establishment Division. The Estacode is a widely used document in the Federal Government and is a compendium of laws, rules, instructions, and orders for speedy and judicious disposal of human resource and personnel matters. Establishment Manual was created to provide historical background of the rules regulating service matters.

2. Unfortunately, over time, a growing duplication between the two documents has taken place. Therefore, it was decided that there is an urgent need to revise the two documents and to clearly delineate the contents of the Estacode and Establishment Manual and include the latest valid instructions in these documents. All outdated content needs to be removed and properly archived. In order to achieve the above goals, the following scheme was proposed:

i) Establishment Manual will contain only historical data and those regulations that are used sporadically.

ii) Establishment Code will contain all the latest updated laws, rules, regulations, policies, directives, instructions, circulars, office memoranda, procedures, and forms etc. that are currently in force and are used in day-to-day operations.

3. The table of contents of the Estacode was also revised to facilitate ease of use. It was also advised that relevant footnotes will be added in the two documents to explain the chronology of changes if any. Cross-references in text and hyperlinks in the online versions of the documents will also be provided.

4. The PPARC is currently undertaking the revision of the two documents. Several meetings have been held for this purpose. Initially the focus was on the revision of the Estacode since it is more widely used. The new table of contents of the Estacode and the minutes of the relevant meetings are attached in the Appendix B of this report. The revision of Estacode is expected to be completed by the end of 2021.

**Action By: Establishment Division to finalize and widely disseminate the revised Estacode and Establishment Manual and display prominently on its website.**

## **APPENDIX B: MANAGEMENT SERVICES WING**

### **Consultant Report on Revamping of the Management Services Wing to become the pivot of Organizational Development, Consultancy Services and Administrative Reforms**

#### **Executive Summary**

1. Management Services Wing (MS Wing) was made part of the Establishment Division in 2001. The wing acts as management consulting arm of the federal government, assisting ministries and divisions in determining legal status of entities, staff training, managing surplus pool, review & revision of recruitment policy and looking after devolution matters. Establishment Division commissioned an institutional assessment study with the purpose to revamp MS Wing. The findings of institutional assessment have highlighted several challenges and constraints which have historically hampered efforts for improving the performance of MS Wing in line with its declared objectives.

2. The study is based on primary and secondary research instruments including, literature review, data collection, focus group discussions and key informant interviews including, Member, DGs, Directors, Additional Secretary and SAPM Establishment. Relevant documents / reports including MS wing's role in implementation of 18th amendment was reviewed. Available literature on functioning of management services organizations from similar jurisdictions in the region was also reviewed. The assessment study was carried out at individual staff level, organizational level and the enabling -environment level.

3. Key recommendations based on the findings of this study include suggested amendments in the Rules of Business / Secretariat Instructions, revised role for MS wing to act as implementation arm for all public sector reform programs, functional specialization within MS wing, institutional restructuring of MS wing to transform its vertical hierarchy towards "Team Structure", based on technical skills, collaboration with lead academic / operational research entities, proactive outreach to client ministries / divisions about in-house consulting capacities and for administrative improvement, recommendation for effective operational and strategic planning coupled with regular progress tracking and evaluations of results.

4. Based on review findings the strategy proposed to transform MS Wing will help modernize it as a viable entity besides performing its mandates more effectively and efficiently. To achieve this revised vision, goals and objectives are being suggested. For the strategy roll-out a time-bound and prioritized institutional development plan is also being suggested. The plan is to fill existing gaps while simultaneously gearing it up to be responsive to technical assistance needs of public sector reform agenda of the government of Pakistan.

5. MS Wing institutional strengthening strategy is predicated upon four pillars guided by mutually complimentary principles. These key pillars include:

- i) Conducive legal and operational environment;
- ii) Strengthened role in civil service reform steering & knowledge management;
- iii) Enhanced performance through human & Institutional development;
- iv) Research promotion for public sector reform through collaboration & partnerships.

6. Implementation strategy for the proposed reform and revamping program will include putting in place a well-defined accountability and reporting provision for timely removal of identified hurdles, formulation of measurable KPIs and monitoring framework for tracking implementation progress, proper sequencing of mutually supportive and demand-based reform interventions and effective linkages and communication strategy.

7. A revision is suggested in vision of MSW as "To assist in development of an efficient and effective public sector apparatus for management consulting and public sector reforms which is responsive to government needs and geared to meet the emerging challenges of modernization of public sector governance in Pakistan" and strategic goals with corresponding key actions as given below are suggested.

**1. To act as premier management consultancy organization for the federal government for supporting an effective and efficient mechanism for structural and HR rationalization.**

**Key Actions:** Amendment in Rules of Business; Insertion at Serial No 10 of Schedule-II under Sub-rule 3(3) of Rules of Business to add "the recommendations of MS Wing tendered in areas of its mandate shall be binding on the recipient organizations unless contested by the recipient entity: provided, in case of the disagreement on recommendations by MS Wing, the matter will be decided through formal meeting between MS Wing and recipient entity, to be chaired by a designated Additional Secretary of the Establishment Division", is suggested.

**2. To act as reform custodian and follow up/M&E arm of the federal government to support public sector reform interventions**

**Key Actions:** MS Wing represented through a DG in all commissions / committees constituted for reforms and reorganization of public sector organizations. MS Wing should be notified as Secretariat for ICC and IRC and any future task force or entity mandated to implement public sector reforms.

**3. To act as focal agency for undertaking functional review of federal government organizations and steering management reforms in public sector entities**

**Key Actions:** MS Wing to be restructured to comprise work streams such as Human Resource Development, Organization Restructuring & Rationalization, Performance Management, Monitoring and Evaluation & Reform Tracking, Civil Service Reforms, Legal and Procedural Systems and ICT and E-Governance. Functional specialization should be followed by rationalization of support staff, revised operational systems for transitioning from a hierarchical organization to a flexible and efficient entity with expertise-based teams, formulation of effective communication and results dissemination strategy, strategic and operational level annual work plans, A comprehensive knowledge management system, continuous administration of capacity building programs and well defined policy for need based hiring of external experts.

**4. To promote high value research and knowledge development in governance reforms through partnership building and cooperation with donors and premier research entities.**

**Key Actions:** Strengthen PPARC for quality policy & researches outputs. Create linkages with lead academic and public policy research entities (including PIDE, PIM, LUMS, PERI and IBA etc.).

**5. To act as intellectual hub for promoting innovation and piloting best practices in public sector governance.**

**Key Actions:** Establish collaboration with international donors such as World Bank, UK Aid/FCDO, US Aid, and ADB etc. for research and innovations in public sector reform thematic areas. Establish dedicated innovation and best practices unit in MS Wing to steer the implementation of innovation award scheme.

**6. To act as capacity enhancement conduit for the public sector entities through training of human resource.**

**Key Actions:** Design and roll out short duration trainings and orientation sessions for the officials of federal government in areas of organizational development/restructuring, performance management, change management and innovation for improved service delivery; Collaborate with federal government training institutions for delivering tailor-made courses and orientation sessions on HRD themes during MCMC and SMC trainings.

Present institutional strengthening plan for MS Wing is proposed to be implemented through in-house resources as well as by hiring services of a competent consulting firm. The plan envisages various categories of interventions, including legal/policy amendments in existing framework, consulting support during transition, capacity building of MS Wing officers and creation of ICT strategy.

Funding for this reform program for MS Wing can be secured from donor or government sources. It is also proposed that roll out of the plan may be led by a dedicated Additional Secretary of Establishment Division or through Special Secretary, Establishment Division while overall guidance will be provided by a steering committee with representation from Advisor IRC and SAPM Establishment.

## **1. Introduction:**

Management Services (MS) Wing was made part of the Establishment Division in 2001. The wing is mandated to act as management consulting arm of the federal government. The Wing endeavors to introduce best practices in the realm of public administration and provides census data for improved decision making through Pakistan Public Administration Research Centre (PPARC). Additionally, it assists various ministries and divisions in determining legal status of federal entities, staff training, managing surplus pool, review & revision of recruitment policy and looking after devolution matters. The Wing has conducted several research studies with concrete recommendations on various management subjects of organizational structures, staffing, KPIs, recruitment policies for the federal government. In order to align MS wing with modern day best practice management consulting service delivery Establishment Division commissioned a study with the purpose to revamp MS Wing. The study aims to undertake broader purpose & capacity assessment of MS Wing for identifying gaps and weaknesses in its functioning. Based on the assessment, the present report suggests future strategy & structural changes required to transform it in a modern and smart organizations fully geared to perform its mandated and assigned responsibilities within federal government, especially related to public sector reforms.

## **2. Methodology:**

The present study has employed a mix of primary and secondary research instruments including, literature review, data collection, focus group discussions and key informant interviews. The expected output of the assignment was discussed and agreed in an interactive consultative session held with key stakeholders including, Member MS Wing, All DGs of MS Wing, Additional Secretary Establishment Division with Special Assistant to the Prime Minister on Establishment in Chair. Several one-to-one meetings and focused group discussions were held with key officials of MS Wing including, DGs, Directors and Assistant Directors. Review of relevant documents was also carried out. Information about specifics on functioning and performance of MS Wing over last ten years was collected through a comprehensive template, designed in line with information needs of the study template prepared by the consultant. An effort was also made to review available literature on functioning of management services organizations from similar jurisdictions in the region. Lastly, history of public sector reforms and MS Wing's role in the context of outcomes form

18th constitutional amendment-led devolution was also reviewed.

An effort was made to undertake institutional assessment at three distinct levels:

- i) **Individual level:** Covering awareness, knowledge, skills and competencies;
- ii) **Organizational Level:** Covering performance, current roles, responsibilities, mandate, organizational objectives and vision; coordination and linking or communicating with stakeholders, HRM, budget allocations, monitoring and evaluation (M&E) through KPIs etc. and;
- iii) **Enabling environment level:** Covering legal provisions, rules, SOPS, alignment and integration within government, political economy; political commitment and strategic level ownership among the leaders.

Findings of the exercise have been designed to cover all these dimensions for informed capacity assessment.

### **3. Key Recommendations from Institutional Assessment**

- i) Amendments in the Rules of Business/Secretariat Instructions to add implementation force to MS wing's Recommendations.
- ii) Additional role for MS wing to act as implementation follow-up arm and reporting & lesson learning fulcrum of government on public sector reform programs (secretariat support to CCIR in close coordination with Institutional Reforms Cell (IRC)).
- iii) Taking lead on analytical work, development of working papers and follow up of the recommendations in close collaboration with IRC.
- iv) Functional Specialization within MS wing on pertinent themes of public sector reforms, e.g. HRD /HRM, organizational restructuring & rationalization, performance management, management consulting, reform tracking, M&E/KPIs, Knowledge management, communication system automation.
- v) Institutional restructuring of MS wing to transform its vertical hierarchy towards "Team Structure", which is based on specific technical skills and which will be refined and constantly modified as per emerging needs of assignments from time to time.
- vi) Collaboration between MS wing & lead academic / operational research entities for improving quality and professional rigor in the outputs of MS Wing, including, adherence to well-designed donor/ partner collaboration strategy for linking with other technical assistance projects within Government.
- vii) Mainstreaming of management consulting role of MS wing through proactive outreach to clients about its in-house consulting capacities.
- viii) MS wing to operate based on annual work plans, to enable regular progress tracking and evaluations of results.

### **4. Future Strategy for Strengthening MSW's Functioning:**

Based on review findings, following strategy is being proposed to facilitate transformation of MSW so that it is enabled to modernize itself as a viable entity besides performing its mandates more effectively and efficiently. To achieve this end, revised vision and goals as well as strategic objectives have been assigned to MS Wing. These are based upon review of best practices on provision of management consulting support besides robust feedback received

during assessment phase. The report presents suggested actions which are doable, efficient and technically sound and are in sync with objectives of broader public sector reform vision of the government. In order to roll out the strategic vision and goals, a time-bound and prioritized institutional development plan has been developed to achieve purpose of the strategy. The plan seeks to address the existing capacity gaps within MS Wing while simultaneously gearing it up to be responsive to technical assistance needs of the ambitious public sector reform agenda of the government of Pakistan.

## **5. Key Pillars of MSW Strategic Plan for Institutional Strengthening**

MS Wing institutional strengthening strategy is predicated upon four pillars and is guided by five, mutually complimentary principles. These key pillars include:

- i) Conducive legal and operational environment;
- ii) Strengthened role in civil service reform steering & knowledge management;
- iii) Enhanced performance through human & Institutional development;
- iv) Research promotion for public sector reform through collaboration & partnerships.

The four key pillars will be implemented by adhering to the following principles:

- i) For every action and intervention under this plan, a well-defined accountability and reporting provision will be put in place so that implementation hurdles are timely identified and addressed.
- ii) Objectives and interventions under the proposed plan have been made clearly measurable through KPIs. The M&E plan will ensure tracking of progress and quantification of results achieved.
- iii) Institutional reform interventions have been designed to address the challenges in a mutually supportive and sequential manner.
- iv) The reform plan has been prepared on the basis of need assessment and key informant interviews which have highlighted the specific areas where institutional reform and capacity building are required.
- v) Horizontal and Vertical Linkages have been provided for simultaneously addressing diverse needs of various stakeholders towards common organizational development goals and objectives.

### **5.1 Strategic Vision**

*"MSW to be transformed as an efficient and effective public sector apparatus for management consulting and public sector reforms which is responsive to government needs and geared to meet the emerging challenges for modernization of public sector governance in Pakistan"*

### **5.2 Strategic Goals**

Institutional development and strengthening of MSW is proposed to be followed through working around six distinct goals, each translated into reform measures or key actions. These strategic goals include the following:



- i) To act as premier management consultancy organization for the federal government for putting in place an effective and efficient mechanism for structural and HR rationalization
- ii) To act as reform custodian and follow up/M&E arm of the federal government to support public sector reform interventions
- iii) To act as focal agency for undertaking functional review of federal government organizations and steering management reforms in public sector entities
- iv) To promote high value research and knowledge development in governance reforms through partnership building and twinning with donors and premier research entities
- v) To act as intellectual hub for promoting innovation and piloting best practices in public sector governance
- vi) To act as capacity enhancement conduit for the public sector entities through training of human resource.

### **5.3 Strategic Goals and Key Actions.**

#### **Strategic Goal 1:**

To act as premier management consultancy organization for the federal government for supporting an effective and efficient mechanism for structural and HR rationalization

#### **Strategic Goal 2:**

To act as reform custodian and follow up/M&E arm of the federal government to support public sector reform interventions

#### **Key Actions**

- i) MSW to be given due representation (not below the rank of Director General) in all commissions / committees constituted for reforms and reorganization of public sector organizations,
- ii) MSW to be notified as Secretariat for Implementation CCIR, Institutional Reforms Cell (IRC) and any future task force or entity mandated to implement public sector reforms,
- iii) MSW to establish electronic data base and knowledge repository, (to be updated periodically), covering deliberations, decisions and outcomes of the public sector reform initiatives from time to time in addition to ensuring implementation follow up & monitoring of the decisions being rolled out through IRC.
- iv) MSW to be notified as focal point for coordination with public sector reform cells dealing with issues of restructuring of public sector organizations

#### **Strategic Goal 3:**

To introduce functional specialization in MSW to help it act as an efficient focal agency for undertaking organizational review and for steering management reforms in public sector entities

## **Key Actions**

MSW to be restructured to comprise of following work streams:

1. Human Resource Development
  2. Organization Restructuring & Rationalization
  3. Performance Management
  4. Monitoring and Evaluation & Reform Tracking
  5. Civil Service Reforms
  6. Legal and Procedural Systems
  7. ICT and E-Governance
- i) Functional specialization within MSW to be complimented by rationalization of support staff as percentage of organizational overall strength
  - ii) MSW to revise its operational systems for transitioning from a hierarchical organization to a flexible and efficient entity where HR capacities are deployed as expertise-based teams from time to time for performing clearly defined roles and tasks.
  - iii) Core areas of expertise and technical capacities for consultancy services within MSW to be communicated to all public sector entities through a well-structured and focused communication protocol
  - iv) Annual Work Plan of MSW to be developed through a structured and formal annual outreach and engagement exercise after assessing consulting needs among federal government for implementation through in a time-bound and measurable fashion
  - v) Mechanism for dissemination of findings and outputs to clients and follow up on progress tracking and results sharing to be devised and implemented.
  - vi) Design and implementation of continuous learning and specialization plan to be developed & implemented for core team within MSW across technical skill sets of relevance as per MSW's mandate.
  - vii) Design and implementation of a capacity building plan to enhance key management capacities within MSW including Project Management Skills, Information Management System, Financial Management Skills, Personnel and Team Management Skills, Mentoring Skills, Political Consensus Building Skills and Leadership.
  - viii) Design and implementation of a capacity building plan to enhance key administrative capacities including ICT, Rules of Business & official procedures, office management capacities, performance management system, results-based Management, accountability for results.
  - ix) Policy and procedure for hiring external experts in addition to the in-house consulting team of MS Wing to be rolled out.

## **Strategic Goal 4:**

To act as research arm for issues in public policy and public sector governance

## **Key Actions**

- i. Function review of PPARC to be carried out to assess quality of research outputs and efficiency of the organization followed by implementation of an institutional development plan.
- b) Linkage and partnerships to be established between MSW and lead public policy research entities (including PIDE, Pakistan Institute of Management and other federal entities as well as provincial institutions including Punjab Economic Research Institute) to conduct applied research on themes of public policy and public sector reforms

## **Strategic Goal 5:**

To act as knowledge hub for promoting innovation and piloting best practices in public sector governance

## **Key Actions**

- i) To establish collaboration with international donors including World Bank (WB), FCDO/DfID, Asian Development Bank (ADB) and other premier public policy research institutions for undertaking action research and innovations within public sector reform thematic areas.
- ii) To establish dedicated Innovation and Best Practices Unit in MSW to steer the implementation of Innovation Award Scheme

## **Strategic Goal 6:**

To act as capacity enhancement conduit for the public sector entities through training of human resource.

## **Key Actions**

To design and roll out short duration trainings and orientation sessions for the officials of federal government in areas of organizational development/restructuring, performance management, change management and innovation for improved service delivery; b) To collaborate with federal government training institutions for delivering tailor-made courses and orientation sessions on HRD themes (relevant for MSW) during MCMC and SMC trainings

## **Implementation Arrangements for the Strategy**

Institutional strengthening plan for MSW is proposed to be implemented through in-house resources as well as by hiring services of a competent consulting firm. The plan envisages various categories of interventions, including legal/policy amendments in existing framework; roll out of restructuring plan for MSW through consulting support for transition and transformation; design and roll of restructuring and capacity building plan for MSW including development of training material and automation and ICT-related interventions. It is proposed that Establishment Division may provide funding for implementing institutional development plan through some existing grant or through a dedicated PC-1. It is pertinent to mention that the present capacity and strength of MSW may not be sufficient to start initial roll out and implementation of the institutional development plan; it would need to be augmented and strengthened through additional resources. It is also proposed that roll out of the plan may be led by a dedicated Additional Secretary of Establishment Division or through Special Secretary, Establishment Division while overall guidance may be provided by a steering committee with representation from Planning, Establishment Divisions and office of Special Assistant to Prime Minister.

## **APPENDIX C: REVISION OF ESTACODE AND ESTABLISHMENT MANUAL**

### **Minutes of the Meeting held for Updating the Establishment Code and Manual on 10-27-2020**

1. A meeting was held on 10-27-2020 at 10:00 a.m. in Room 343A of Prime Minister's Office under the chairmanship of Dr. Ishrat Husain Advisor to the Prime Minister on Institutional Reforms and Austerity (IRA), to discuss and finalize the updating of the Establishment Code (Estacode) and Establishment Manual (Manual) by Pakistan Public Administration Research Center (PPARC). The list of the participants is at Annex-1.
2. The Chair started the meeting and elaborated on the need to clearly delineate the contents of the Estacode and Establishment Manual. He explained that currently there is duplication in the two documents and there is a need to clearly separate their contents for ease of access and use by the reader. The Chair further advised that there is also a need to update and only include the latest valid information in these documents. All outdated content needs to be removed and properly archived. In order to achieve the above goals, the Chair directed that the following scheme be followed:
  - i) Establishment Manual will contain only Constitutional provisions, Acts/Ordinances and statutes of legislation.
  - ii) Establishment Code will contain all the latest updated rules, regulations, policies, directives, instructions, circulars, office memoranda, procedures and forms etc.
3. This scheme ensures that there is no duplication in the two documents.
4. The Chair further clearly directed that all information included in the two documents should be the latest information and relevant footnote should be added in the two documents to explain the chronology of changes if any. No outdated information should be part of the two documents. These directions of the Chair were agreed to by all the participants. To reduce the physical size of the documents, the Chair advised the PPARC to use cross-references in text and hyperlinks in the online versions of the documents.
5. DG PPARC and staff from PPARC then made a comprehensive presentation about the proposed contents of the Estacode and Manual in light of the directions of the Chair. The Chair identified some revisions which were duly noted by the staff from PPARC for correction. PPARC also recommended the continuation of existing separate handbooks for topics like financial rules, staff welfare etc. This was agreed to by the Chair. The Chair also appreciated the efforts made by the PPARC for this exercise.
6. The Chair then enquired from the PPARC about the status of collection of data. It was informed that relevant updated data has been collected from Finance Division and 2 wings of Establishment Division. Data from 5 wings of Establishment Division is awaited. The Chair advised the present Additional Secretary (AS) Establishment to act as the focal person in this regard and expedite the collection of all relevant data. He also requested the AS and DG to apprise him of the latest developments in this regard on monthly basis. The Chair directed the PPARC to upload the first completed electronic version of the drafts on the website of Establishment Division by 1st March, 2020. These drafts will then be shared with Secretaries Committee to obtain the views of the Secretaries.
7. DG PPARC proposed to the Chair that representative of the PPARC should also be involved in delivering lectures in the various training institutes of the Federal Government to train and inform the under-training officers about the Estacode and Manual. This proposal was appreciated by the Chair and he advised the Establishment Division to communicate the proposal to various training institutes. On another proposal by DG PPARC, the Chair advised

DG PPARC to analyze new and existing rules and regulations and send recommendations to the Institutional Reforms Cell (IRC). He also appreciated the intention of DG PPARC to restructure PPARC and increase the presence of specialist manpower and recommended him to prepare a comprehensive proposal in this regard and forward the same to IRC.

8. At the end of the meeting, the Chair advised Establishment Division to revise the Division's current policy of issuing amendments/corrigendum to existing rules and policies. He advised that the amendments/corrigendas should not be issued in piecemeal fashion since this cause a lot of confusion. Any corrigendum/amendment should be issued as a complete document containing the whole policy/rules/procedures with footnotes to highlight the changes being made. This will ensure that the Divisions/Ministries and other organizations always receive the latest and complete policy whenever a change is made. The Chair then thanked all the participants and ended the meeting.

### **Decisions:**

9. The Chair directed the DG PPARC to ensure that there is no duplication in contents of Estacode and Manual.

10. The Chair directed the DG PPARC to ensure that two documents contain only the latest in vogue information with appropriate footnotes to explain the chronology of amendments/updating.

11. To reduce the physical size of the documents, the Chair directed the PPARC to use cross-references in text and hyperlinks in the online version of the documents.

12. The Chair advised the Additional Secretary (AS) Establishment to act as the focal person and expedite the collection of all relevant updated data from Establishment Division. He also requested the AS and DG PPARC to apprise him of the latest developments in this regard on monthly basis.

13. The Chair directed the PPARC to upload the first completed electronic versions of the drafts on the website of Establishment Division by 1st March, 2020.

14. The Chair agreed to the proposal of DG PPARC and advised the Establishment Division Training Wing to communicate with relevant training institutes about the participation of PPARC to deliver lectures about Estacode and Manual

15. The Chair advised DG PPARC to analyze new and existing rules and regulations and send recommendations to the Institutional Reforms Cell (IRC) for streamlining them.

16. The Chair agreed to the proposal of DG PPARC to restructure PPARC. He recommended him to prepare a comprehensive proposal in this regard and forward the same to IRC.

17. The Chair advised Establishment Division to revise the Division's current policy of issuing amendments/corrigenda for existing rules and policies. He advised that the amendments/corrigendum should not be issued in piecemeal fashion since this causes a lot of confusion. Any corrigendum/amendment should be issued as a complete document containing the whole policy/rules/procedures with footnotes to highlight the changes made.

## **Minutes of the Meeting held on 1/19/2021 to Discuss Progress on the Updating of ESTA CODE**

1. A meeting was held on 2-10-2021 at 10:30 a.m. in Room 343A of Prime Minister's Office under the chairmanship of Dr. Ishrat Husain, Advisor to the Prime Minister on Institutional Reforms and Austerity (IRA), to discuss the progress on the updating of Establishment Manual and Code. Representatives from Establishment Division, MS Wing and PPARC. The detailed list of the participants is attached at Annex-1.

2. The Chair started the meeting and inquired from the representatives of PPARC about the latest progress on the updating of the two documents. He underlined the main goal of this exercise which is to streamline the business processes in the Federal Government and improve the efficiency of official work. Director PPARC and Deputy Director PPARC explained in detail the progress achieved so far. The material for all the 10 chapters of Estacode has been collected and 3 chapters have already been sent to Establishment Division for vetting. 3 more Chapters will be forwarded to the Division by the end of February 2021 and the remaining 5 Chapters will be sent to the Establishment Division by the end of April 2021. The Chair advised Special Secretary to supervise this exercise of updating and vetting of materials and requested him to provide all the requisite support to PPARC for timely completion of the exercise. The representatives from PPARC confirmed that the exercise is on track for completion by the given deadline of June, 2021. The Chair acknowledged the efforts and directed that the first priority should be given on the timely completion of Estacode since this document is used frequently for official work.

3. The Chair then directed the PPARC to ensure that only the latest up to date rules, regulations and policies should be present in the Establishment code. All previous rules, guidelines and historical backgrounds should be included in the Establishment Manual. The Chair further advised the PPARC to ensure that the Establishment Manual and Code should have similar indexation where the current in vogue material should be placed in Estacode and the historical materials be placed in the Establishment Manual. Special Secretary Establishment seconded the guidelines given by the Advisor. The Chair directed Member, MS Wing to help supervise the work of PPARC in this domain for the first three chapters that have been completed. The Chair also directed that the Chapter on relevant laws, ordinances and constitution should be now placed in the Estacode. Furthermore, he opined that the online version of the document should be properly hyperlinked and combined together into one corpus so that the reader can be facilitated in text searches.

4. Before concluding the meeting, the Chair advised the Establishment Division to review the current practice of issuing piecemeal addendums and revisions. He advised the Special Secretary that whenever the Division issues any revision or change in a policy, the communication should include the complete document with the corrections/changes highlighted using footnotes. Special Secretary apprised the Chair that the Division is already working on the implementation of this directive. The meeting then ended with a vote of thanks.

## Decisions Matrix

S.No.	Decision	Responsibility	Timeline
5.	Special Secretary Establishment Division to supervise the timely updating and vetting of all materials for the Establishment Code.	SS, Establishment Division and PPARC	30 <sup>th</sup> May, 2021
6.	Estacode to contain all the relevant up to date rules, regulations and policies in force. All historical and background material should be made part of Establishment manual.	Member MS WING, PPARC	28 <sup>th</sup> February, 2021
7.	Indexation of Estacode and Manual should be similar	PPARC	30 April, 2021
8.	Communication of rules and policies by ED should in the form of complete document with footnotes showing revisions	Establishment Division	Immediate

**List of participants of the meeting on 10-02-2021**

- i) Dr. Ishrat Husain, Advisor to the PM on Institutional Reforms & Austerity, Islamabad.
- ii) Mr. Ishrat Ali, Special Secretary, Establishment Division, Islamabad
- iii) Mr. Akhtar Jan Wazir, Additional Secretary Establishment Division, Islamabad.
- iv) Mr. Atiq Hussain Khokhar, Member MS Wing
- v) Mr. Abdul Majeed Naiche, Director, PPARC
- vi) Mr. Qamar Zaman, Joint Secretary, Institutional Reforms Cell (IRC).
- vii) Altamash Janjua, Deputy Secretary, IRC.



# CHAPTERS / CONTENTS IN THE PROPOSED ESTACODE

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- 2.1 Recruitment Policy for Federal Services/ Autonomous Bodies/ Coporations-2014
- 2.2 Framing of Recruitment Rules of Project Posts
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- 2.10 Eligibility of Officers for Appointment in Secretariat Posts
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## 3. Appointments

- 3.1 Appointments/Promotions or Transfers to Posts in BPS-18 with Special Pay.
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- 3.3 Other Short-Term Appointments
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  - 3.7 Guidelines for Appointment of Consultants
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## CHAPTER 4 AMENDMENTS IN RULES OF BUSINESS, 1973

1. Article 99(3) of the Constitution provides “The Federal Government shall also make rules for the allocation and transaction of its business”, while Article 90(1) provides the mechanism for the exercise of the executive authority of the Federal Government “the executive authority of the Federation shall be exercised in the name of the President by the Federal Government, consisting of the Prime Minister and the Federal Ministers”. Thus, the exercise of executive authority of the Federation is a constitutional mandate of the Federal Government, which consists of the Prime Minister and Federal Ministers. The same has been re-emphasized by the Supreme Court of Pakistan in its judgement reported as PLD 2016 SC 808 which has re-defined the Federal Government as the Federal Cabinet. In view of the above constitutional dispensation, it is the Cabinet which has the mandate to exercise the executive authority of the Federation by framing of policies on subjects listed in the Federal Legislative List (Part I) of the Fourth Schedule of the Constitution, in the manner as provided in the Rules of Business, framed under the Constitution.

2. Owing to a loose definition of Federal Government, till the pronouncement of judgment of the Supreme Court in 2016, the role of Cabinet had been diluted and the power seems to have been concentrated in the Prime Minister. Thus, the Rules of Business were in need to be amended to bring them in conformity with the constitutional scheme which envisages a Cabinet Form of Government instead of Prime Ministerial form of Government. A special subgroup of the Task Force of the PM was assigned the task of recommending changes in the Rules of Business in the light of the principles enunciated by the Supreme Court in its judgement regarding the definition and constitutional role of Federal Government besides some issues being faced by Administrative Secretaries in day-to-day functioning. The rationale for amending the Rules of Business, 1973 (ROB) stems from the following:

- i) Moving towards a Cabinet form of Government by empowering the Cabinet as per the constitutional scheme.
- ii) Principles enunciated by the Supreme Court in its judgement; and
- iii) Issues faced by administrative Secretaries and the Prime Minister’s Office while handling summaries for the Prime Minister/President/Cabinet

3. In view of the above, the Task Force examined in detail the existing ROB’s and after detailed deliberations recommended the following changes/amendments in the existing ROB’s for efficient administration, compliance with Supreme Court’s judgement and more importantly bringing the transaction of Government’s business in line with the constitutional dispensation by empowering the Cabinet in its primary function of policy formulation. These recommendations have been reproduced below along with their rationale.

S.No.	Existing Provision	Proposed	Rationale
1	<b>Rule 2(ix)</b> “Government means the Federal Government”	<b>Rule 2(ix)</b> “Government means the Federal Government consisting of the Prime Minister and the Federal Ministers”	As per Article 90 of the Constitution
2	<b>Rule 2(x)</b> “Leader of the House means the Minister appointed by the Prime Minister to regulate official business in the Assembly or	<b>Rule 2(x)</b> “Leader of the House means the Minister, or a Senator appointed by the Prime Minister to regulate official business	It is not necessary that Leader of the House is a Minister e.g. Leader of the House in Senate

	the Senate or the Majlis-e-Shoora (Parliament) in joint sitting as the case may be”	in the Assembly or the Senate or the Majlis-e-Shoora (Parliament) in joint sitting as the case may be”	is Senator Shibli Faraz who is not a Minister
3	<b>Rule 2(xiii)</b> “Minister means the Federal Minister-in-charge of the Ministry to which a particular case pertains and includes a Minister without portfolio and a Minister of State”	<b>Rule 2(xiii)</b> “Minister means and includes a Federal Minister, a Minister without portfolio and a Minister of State”	There is a need to define Federal Minister and Minister of State separately keeping in view provisions of Article 90 and 91(6) of the Constitution
4	<b>NEW INSERTION</b>	<b>Rule 2(xxi)</b> “Federal Minister means a Minister-in-charge of a Ministry or Division appointed by the President under Article 92(1) of the Constitution”	Defined separately to make a distinction between a Federal Minister and MOS
5	<b>NEW INSERTION</b>	<b>Rule 2(xxii)</b> “Minister of State means the Minister, except the Federal Minister as provided in Article 91(6) and appointed by the President under Article 92(1) of the Constitution”	Defined separately to make a distinction between a Federal Minister and MOS
6	<b>Rule 2(xv)</b> “Majlis-e-Shoora (Parliament) means the National Assembly and the Senate”	<b>Rule 2(xv)</b> “Majlis-e-Shoora (Parliament) means the President, the National Assembly and the Senate”	Brings it in line with Article 50 of the Constitution
7	<b>Rule 3(2)</b> “The Prime Minister may, whenever necessary, constitute a new Ministry consisting of one or more Divisions”	<b>Rule 3(2)</b> “ <b>Government</b> may, whenever necessary, constitute a new Ministry consisting of one or more Divisions”	Framing, amending, and modifying the Rules of Business is the exclusive domain of the Cabinet, as Per Article 99(3), and thus any allocation of business requires the approval of Cabinet, not the Prime Minister.
8	<b>Proviso to Rule 3(3)</b> “Provided that the distribution of business or the constitution of the Division may be modified from time to time by the Prime Minister”	<b>Proviso to Rule 3(3)</b> “Provided that the distribution of business or the constitution of the Division may be modified from time to time by the <b>Government</b> ”	Framing, amending, and modifying the Rules of Business is the exclusive domain of the Cabinet, as Per Article 99(3), and thus any modification in distribution of business



			requires the approval of Cabinet, not the Prime Minister.
9	<b>Rule 3(4)</b> “The Prime Minister shall allocate amongst his Ministers the business of Government by assigning several Divisions specified in Schedule I to the charge of a Minister”	<b>Rule 3(4)</b> “The Prime Minister shall allocate amongst his Ministers the business of Government by assigning a Division or several Divisions specified in Schedule I to the charge of a Minister”	Brings clarity vis-a-vis the question whether Division(s) can be assigned to a Minister
10	<b>Second Proviso to Rule 3(4)</b> “Provided further that more than one Division may be assigned to a Minister”	<b>Omitted</b>	Redundant after clarity in Rule 3(4) above
11	<b>NEW INSERTION</b>	<b>Second Proviso to Rule 3(4)</b> “Provided further that for a Division or Ministry not assigned to any Minister, the Prime Minister may delegate, any or some of his powers of Federal Minister/Minister-in-charge to any other Minister”	Current Rules of Business do not provide for delegation of powers of Minister-in-charge to any other Minister. Those Divisions/Ministries in charge of a Prime Minister over burdens him, thus there is a need to provide for this delegation
12	<b>Rule 5(1)</b> “No important policy decision shall be taken except with the approval of the Prime Minister”	<b>Rule 5(1)</b> “No important policy decision shall be taken except with the approval of the <b>Cabinet</b> ”	The Ministers are required to send all policy decisions to the Prime Minister as per existing dispensation, leading to over-centralization in the PMO. In order to empower the Cabinet, this change is being proposed which would also provide for convergence of policy formulation at the Cabinet level.
13	<b>Rule 5(2)</b> “It shall be the duty of a Minister to assist the Prime Minister in the formulation of policy”	<b>Rule 5(2)</b> “It shall be the duty of a Minister to assist the <b>Cabinet</b> in the formulation of policy”	The Ministers are required to send all policy decisions to the Prime Minister as per existing dispensation, leading to over-centralization in the PMO. In order to

			empower the Cabinet, this change is being proposed which would also provide for convergence of policy formulation at the Cabinet level
14	<b>Rule 5(12)</b> “The Cabinet Division shall obtain orders of the Prime Minister where necessary”	<b>Rule 5(12)</b> “The Cabinet Division shall obtain orders of the <b>Cabinet</b> where necessary”	Cabinet, being custodian and framer of Rules of Business, should have the power to interpret and not the Prime Minister
15	<b>Rule 8(1A)</b> “The Division should normally furnish its views to the referring Division within a fortnight of the receipt of reference”	<b>Rule 8(1A)</b> “The Division should normally furnish its views to the referring Division within a fortnight of the receipt of reference. <b>If no response is received within thirty days, the opinion of the referring Division shall be deemed to have been concurred</b> ”	To bring efficiency and avoid unending delay in inter-ministerial consultations
16	<b>Rule 9(1)</b> “There shall be a Secretaries’ Committee to discuss matters referred to it by a Division, a Minister or the Prime Minister, in which collective experience and collective wisdom of the senior officers could be consulted, to the benefit of the subject under consideration”	<b>Rule 9(1)</b> “There shall be a Secretaries’ Committee to discuss matters referred to it by a Division, a Minister, the Prime Minister <b>or the Cabinet</b> , in which collective experience and collective wisdom of the senior officers could be consulted, to the benefit of the subject under consideration”	Provides Cabinet the option to refer a matter to Secretaries Committee, which is currently not provided in the Rules
17	<b>Rule 15(1)(a):</b> “Cases involving important policy or departure from important policy. Note: Departure from policy includes departure from previous decision of the Cabinet or the Prime Minister”	<b>Rule 15(1)(a):</b> “Cases involving departure from a previous decision of the Prime Minister”	The Prime Minister may not allow departure from a previous decision of the Cabinet, thereby undermining its authority
18	Rule 15(1)(c) “cases where it is proposed that the Federal Government	<b>Omitted</b>	The Prime Minister cannot take a decision on behalf of the

	undertake the implementation of an international agreement relating to a subject in the provincial field”		Federal Government (Cabinet); thus the same should be omitted from here and placed as a new entry under Rule 16(1) i.e. <i>Cases to be brought before the Cabinet</i> as <b>Rule 16(1)(p)</b>
19	<b>Rule 16(1)(j)</b> “cases involving vital political, economic and administrative policies”	<b>Rule 16(1)(j)</b> “cases involving more than one Ministry/Division and having impact on political, economic and administrative policies”	The Rule is vague as it does not elaborate the word ‘vital’. The current formulation is vague and coincides with existing Rule 5(1) as well. It is proposed that cases involving more than one Division shall be placed before Cabinet having a bearing on political, economic, and administrative policies
20	<b>Rule 16(1) (m)</b> “any case desired by the Prime Minister to be referred to the Cabinet”	<b>Rule 16(1) (m)</b> “cases involving departure of a previous decision of the Cabinet”  (n) any case desired by the Prime Minister to be referred to the Cabinet”	Current dispensation allows the Prime Minister to allow departure from a previous decision of the Cabinet, thereby undermining its authority. This anomaly is being rectified by conferring the power to depart from an earlier decision of the Cabinet to the cabinet itself, instead of the Prime Minister
21	<b>Rule 15(1)(c)</b> “cases where it is proposed that the Federal Government undertake the implementation of an international agreement relating to a subject in the provincial field”	<b>Rule 16(1)(p)</b> “cases where it is proposed that the Federal Government undertake the implementation of an international agreement relating to a subject in the provincial field”	Since Federal Government means the Cabinet, the entry needs to be moved from <i>Reference to the Prime Minister</i> to <i>Cases to be brought before the Cabinet</i>
22	<b>Rule 16(2):</b> “Notwithstanding the provisions of sub-rule (1),	<b>Omitted.</b>	As per Supreme Court Judgement in PLD 2016 SC 808. Prior to

	the Prime Minister may in any case give directions as to the manner of its disposal without prior reference to the Cabinet.”		the aforesaid Judgement, in terms of certain provisions of Rules of Business, 1973 including rule 16(2), the Prime Minister had the powers to decide a case without reference to the Federal Cabinet. That very provision was annulled by the Apex Court.
23	<b>Rule 18(1)</b> “In respect of all cases to be submitted to the Cabinet, the Secretary of the Division concerned shall transmit to the Cabinet Secretary a concise, lucid and printed memorandum of the case (hereinafter referred to as the "summary"), giving the background and relevant facts, the points for decision and the recommendations of the Minister-in-Charge. In the event of views of the Division being different from the views of the Minister, both the views shall be included in the summary”	<b>Rule 18(1)</b> “In respect of all cases to be submitted to the Cabinet, the Secretary of the Division concerned shall transmit to the Cabinet Secretary a concise, lucid and printed memorandum of the case (hereinafter referred to as the "summary"), giving the background and relevant facts, the points for decision and the recommendations of the <b>Minister</b> . In the event of views of the Division being different from the views of the Minister, both the views shall be included in the summary”	This change shall empower the MOS to authorize submission of summary to the Cabinet, instead of being sent to PM where PM is the Minister-in-charge, thereby saving time and reducing burden on PM
24	<b>NEW INSERTION</b>	<b>Rule 22(5)</b> “There shall be an Executive Committee of the National Economic Council (ECNEC) to be appointed by the Prime Minister. The Terms of Reference, of ECNEC, shall be notified by the Cabinet Division with the approval of the Prime Minister”	ECNEC has no legal basis. This addition will provide the desired cover.
25	<b>Rule 48</b> “No Division shall issue a directive to the Governor of the Province under clause (1) of Article 145 without the specific	<b>Rule 48</b> “No Division shall issue a directive to the Governor of the Province under <b>Article</b>	Article 145(1) provides for direction from the President; hence the said rule has been brought in line with the

	approval of the Prime Minister”	<b>145 (1)</b> without the approval of the <b>President</b> ”	constitutional provision
26	<b>Rule 49(3)</b> “The implementation of an international agreement in the Provincial field shall normally be the responsibility of the Provincial Government unless in any case specific orders of the Prime Minister are obtained by the Division concerned in accordance with rule 15(1)(c)”	<b>Rule 49(3)</b> “The implementation of an international agreement in the Provincial field shall normally be the responsibility of the Provincial Government unless in any case specific orders of the <b>Cabinet</b> are obtained by the Division concerned in accordance with <b>rule 16(1)(p)</b> ”	Since the rule 15(1)(c) has been omitted and a corresponding entry has been inserted in rule 16(1)(o); hence the corresponding change
27	<b>Rule 57</b> “The Prime Minister may permit, where he considers it necessary, relaxation of the provisions of these rules in individual cases”	<b>Rule 57</b> “The Cabinet may permit, where it considers it necessary, relaxation of the provisions of these rules in individual cases”	Rule 57 allows the Prime Minister to relax the provisions of rules <i>ibid</i> . This needs to be deleted as Rules are framed by the Cabinet and the authority which makes the rules should relax/amend/modify etc. Further, this power of the Prime Minister undermines the authority of the Cabinet
28	<b>Schedule IV</b> <i>Note under Serial No. 2</i> “The inclusion of these officers is intended to enable them to execute orders in the name of the President in respect of such matters only as relate to the staff in the President’s Secretariat (Public) or Prime Minister’s Office”.	<b>Omitted</b>	This Note restricts the officers of Presidency/PMO to the extent of issuing orders in respect of matters only related to their respective offices, while these officers also convey directions/orders of the PM/President under their own signatures. This omission will remove this limitation.
29	<b>Schedule V-A</b> “Serial No. 1B. Rules for the convenient transaction of business of the Federal	<b>Omitted</b>	Article 90(1) and 99(3) empower the Cabinet, and not the Prime Minister, as per Supreme Court

	Government. – Article 90 & 99.”		Judgement to frame Rules of Business
30	<b>Schedule V-A</b> “Serial No. 21 Disciplinary matter in respect of all officers <i>under the Federal Government</i> , and Provincial Chief Secretaries, including imposition of major/minor penalties”	<b>Schedule V-A</b> “Serial No. 21 Disciplinary matter in respect of all officers <b>in whose cases the Prime Minister is the Appointing Authority within the meaning of Rule 6 of Civil Servants (Appointment, Promotion &amp; Transfer) Rules, 1973 or under any other law or rules</b> , and Provincial Chief Secretaries, including imposition of major/minor penalties”	Rule 6 of Civil Servants (Appointment, Promotion & Transfer) Rules, 1973 delegates the power to administrative Secretaries for officers in BS19 and below, thus the words “all officers under the Federal Government” is not in line with the said provision and thus has been suitably amended.
31	<b>Schedule V-A</b> “Serial No. 23. Appointment required to be made by the Government under any law for the time being in force”	<b>Omitted. Rule 16(1)(o)</b> “Appointment required to be made by the Government under any law for the time being in force” <u>may be inserted instead</u>	Sl. No. 23 of Schedule-VA, which requires submission of cases to the Prime Minister for decision regarding appointments which are required to be made by the “Government” under any law for the time being in force, requires to be deleted since the word “Government” now means the Cabinet and may be inserted in Rule 16(1) i.e. “ <i>List of cases to be brought before the cabinet</i> ”.

#### **Cabinet Decision:**

4. The Cabinet at its meeting held on January 10, 2019 decided that with a view to achieve objective of efficient decision making by the Government functionaries, simplifying procedures and streamlining the Inter – Ministerial Consultations, the advisor to P.M on Institutional Reforms and Advisor to the P.M on Establishment will suggest amendments/improvements in relevant rules, regulations and governance structure.

5. The proposed changes recommended by the Task Force were incorporated into a summary by the Cabinet Division and were analyzed in detail by the Prime Minister’s Office and the Ministry of Law and Justice. The draft was later also considered by the Cabinet Committee on Institutional Reforms (CCIR). The CCIR made some further refinements and also incorporated the suggestions made by the PM office and Ministry of Law and Justice. The revised draft was then approved by the Cabinet. Significant changes in ROBs were notified by the Cabinet Division on 27th May 2021. The approved updated Rules of Business are attached

in Appendix D and the complete document can be downloaded from this hyperlink: [https://cabinet.gov.pk/SiteImage/Misc/files/Rules%20of%20Business%2C%201973%20as%20amended%20upto%2027-05-2021-i\(1\).pdf](https://cabinet.gov.pk/SiteImage/Misc/files/Rules%20of%20Business%2C%201973%20as%20amended%20upto%2027-05-2021-i(1).pdf)

6. **Way Forward:** There is still room for improvements in the ROBs as has been reiterated by the CCIR and the IRC. There are two main issues that have been frequently discussed and have been recommended by CCIR. Firstly, is the issue of inordinate delays in inter-ministerial consultations in the Federal Secretariat. These delays are hampering the timely disposal of work in the Federal Secretariat. It was initially proposed that rule 8 1(A) of the ROB should be amended so that a hard limit of 30 days be placed on all inter divisional consultations. It was proposed, that in case a referred division does not reply back to the referring division within 30 days the concurrence of the referred division be assumed. However, this recommendation was not agreed upon by the PM office and the Ministry of Law. Thereafter the CCIR proposed a new mechanism where the Minister in Charge may write a DO letter to the referred Division in case of delay and if a reply is not received after the DO letter, concurrence might be presumed. A summary for the Cabinet in this regard has been initiated and this issue needs to be resolved on priority.

7. The second issue relates to the efficient workings of the Cabinet committees and in particular the CCIR. The current ROBs require that Cabinet committee can only make decisions on summaries. For the CCIR this rule is problematic because for business reprocessing reforms the ministries relevant are either Establishment Division or Cabinet Division for whom the PM is the Minister In Charge. Therefore, no reform summary can be initiated before the prior approval of the summary by the PM. This makes the whole process convoluted. Therefore, the Cabinet and CCIR have both made recommendations to streamline this process and work is underway in this domain.

**Action: The views/comments of Ministry of Law and Justice are still awaited in this domain and the Ministry should take responsibility for these reforms.**

## APPENDIX D NOTIFIED CHANGES IN THE RULES OF BUSINESS

### TO BE PUBLISHED IN THE GAZETTE OF PAKISTAN EXTRAORDINARY

GOVERNMENT OF PAKISTAN  
CABINET SECRETARIAT  
(CABINET DIVISION)

\*\*\*

Islamabad, the 27<sup>th</sup> May, 2021.

### NOTIFICATION

S.R.O. 623 (I)/2021.- In exercise of the powers conferred by Articles 90 and 99 of the Constitution of the Islamic Republic of Pakistan, the Federal Government is pleased to direct that the following further amendments shall be made in the Rules of Business, 1973, namely:-

In the aforesaid Rules,-

(1) in rule 2, in sub-rule (1),-

(i) for clause (x), the following shall be substituted, namely:-

“(x) “Leader of the House” means the Member of the Parliament appointed by the Prime Minister to regulate official business in the Assembly, the Senate or the Majlis-e-Shoora (Parliament) in joint sitting, as the case may be;”;  
and

(ii) for clause (xv), the following shall be substituted, namely:-

“(xv)“Majlis-e-Shoora (Parliament)” shall having the same meaning as assigned thereto in Article 50 of the Constitution of the Islamic Republic of Pakistan; ”;

(2) for rule 9, the following shall be substituted, namely:-

“9. **Secretaries’ Committee.**- (1) There shall be a Secretaries’ Committee to discuss matters referred to it by a Division, a Minister-in-charge, the Prime Minister or the Cabinet, in which collective experience and collective wisdom of the senior officers could be consulted, to the benefit of the subject under consideration.

(2) All cases, wherein two or more Divisions have different point of view, may be considered by the Secretaries’ Committee for its resolution or firming up



clear recommendations on the issues, before being submitted to the Prime Minister or the Cabinet.

(3) All policy matters pertaining to the career progression, service structure and terms and conditions of civil servants may be placed before the Secretaries' Committee for eliciting views and recommendation before submission to the Prime Minister or the Cabinet.

(4) The Cabinet Secretary, at least once in a quarter, shall present before the Cabinet a resume of the decisions and recommendations made by Secretaries' Committee on various issues.

(5) In a matter discussed in the Secretaries' Committee, if the Secretary of a Division has agreed to a proposal, it shall not be necessary to consult his Division again on that proposal.

(6) When a matter is referred to a Committee or working group and a Division is represented therein by an officer of or above the rank of Joint Secretary, the agreed decision of the Committee or working group shall be treated as final and shall not be subjected to further scrutiny in that Division.

(7) The Secretaries' Committee shall meet at least once a month unless there are no items for discussion.

(8) Other instructions regarding the submission of cases to the Secretaries' Committee shall be issued by the Cabinet Division.”;

(3) in rule 15A, in sub-rule (1), after the word “Constitution” the words “or under any other statutory provision” shall be inserted;

(4) in rule 16,-

(a) in sub-rule (1),-

(i) for clause (j), the following shall be substituted, namely:-

“(j) cases involving a significant impact on political, economic and administrative policies;”;

(ii) in clause (l), the word “and” at the end shall be omitted; and

(iii) in clause (m), for full stop at the end, the expression “; and ” shall be substituted and thereafter the following new clause (n) shall be added, namely:-

“(n) appointments required to be made by the Government under any law for the time being in force.”; and

(b) sub-rule (2), shall be omitted;

(5) in rule 17, after sub-rule (2), the following new sub-rule (3), shall be added, namely:-

“(3) Upon consideration of a case in the Cabinet, the Cabinet, may constitute committees to further deliberate on the issue and suggest further course of action. The committee constituted under this sub-rule shall be distinct from the Cabinet Committees constituted under sub-rule (2) and, apart from the Cabinet members, may also have other members, as the Cabinet may deem appropriate:

Provided that report or recommendations of such committees, as the case may be, shall invariably be presented before the Cabinet for consideration and a decision in the matter, if so required.”;

(6) in rule 18, in sub-rule (1), for the word “Minister”, occurring for the second time, the words “Minister-in-Charge” shall be substituted;

(7) in rule 22, after sub-rule (4), the following new sub-rule (5) shall be added, namely:-

“(5) There shall be an Executive Committee of the National Economic Council (ECNEC) to be appointed by the Prime Minister. The terms of reference of ECNEC shall be notified by the Cabinet Division with the approval of the Prime Minister.”;

(8) in Schedule-II, in item 21, for entry 14, the following shall be substituted, namely:-

“14. Courts and Tribunals, whether administrative or otherwise, for the Federal subjects.”;

(9) in Schedule V-A, in the first column, against S. No. 21, for the entry in the second column, the following shall be substituted, namely :-

“Disciplinary matters in respect of all officers in whose cases the Prime Minister is the Authority or the Appellate Authority in terms of rules made or covered under the Civil Servants Act, 1973 or under any other law or rules for the time being in force.”; and

(10) in Schedule V-B, in the first column, after S. No. 57 and entries relating thereto in the second and third columns, the following new S. No. and corresponding entry relating thereto shall be added, namely:-

“58. All such cases where any function is to be performed or any orders have to be issued by the President or his specific approval is required under any statutory provision.”.

[No. 4-11/2019-Min-I]

**(KALEEM AHMAD  
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**The Manager**

Printing Corporation of Pakistan Press

Islamabad

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## CHAPTER 5 PAKISTAN REGULATORY MODERNIZATION INITIATIVE

1. Business regulations in Pakistan are outdated, convoluted and paper based. This directly affects the ease of doing business and it is stunting the growth of private sector in the country. The highly inefficient regulatory regime also results in corrupt and collusive practices which directly increase the cost and time of doing business. These factors discourage both foreign and domestic investments which are critical for the economic growth of the country. Many countries of the world have successfully modernized their business regulatory regimes through various innovations like regulatory guillotine, one window operations, end to end automation etc. It is critical for the sustainable economic growth of Pakistan that the current regulatory regime be modernized, liberalized and automated.

2. The present government paid a lot of emphasis on this critical area and the Board of Investment in the PM office was given the main responsibility to spearhead these reforms. A high-powered steering committee led by Adviser to the Prime Minister on Commerce and Adviser to the Prime Minister on Institutional Reforms and Austerity was also formed to monitor and supervise the progress in this domain. Over the last three years remarkable progress has been achieved. Due to the reforms implemented the ranking of Pakistan in the global ease of doing index has seen an unprecedented improvement of 28 places from 136 to 108. This index is maintained by the World Bank and Pakistan was singled out as one of the top 10 global performers in the Doing Business Report 2020 by the Bank.

3. This main initiative in this area was the BOI's Pakistan Regulatory Modernization Initiative (PRMI). Under this program a concerted effort has been undertaken to simplify and automate business regulations, licenses, certificates, permits and other requirements (RLCOs). The PRMI has two phases. In the first phase, which is almost near completion, a comprehensive audit of all existing RLCOs at all tiers of the government i.e. federal, provincial and local is being undertaken. A completely online system has been developed that catalogues all these RLCOs for each sector of the industry. During this phase detailed discussions with all stakeholders including government departments, private businesses and chambers of commerce from all over Pakistan are being regularly performed and a working group approach has been utilized.

4. In the second phase of the project, which has also been initiated, the BOI is leading the regulatory guillotine and modernization of RLCOs. Outdated RLCOs are either being discarded altogether or are being reformed. In this area the BOI is actively collaborating with all the provincial governments. This exercise will continue into next year until the whole universe of business regulatory RLCOs has been exhaustively considered and reformed for ease of doing business. A completely automated portal the Pakistan Business Portal is also envisioned towards the end of this phase which will allow for full end-to-end automation of regulatory compliance for foreign and domestic private businesses. This portal will be modeled after the National Single Window that has been recently launched by the Pakistan Customs Department.

5. **Way Forward:** The PRMI is a pioneer business regulatory reform initiative by the Federal Government of Pakistan and needs to be institutionalized. The achievement of the following milestones should be the way forward for this program.

- i) Elimination of all unnecessary RLCOs at all tiers of government in Pakistan

ii) Simplified, streamlined consolidated stock of reformed RLCOs that are available online in an easy and transparent fashion

iii) Pakistan Business Portal is successfully implemented to completely automate the regulatory regime for private businesses and it serves as a one-stop shop for dealing with RLCOs.

iv) All relevant departments and officials that interact with private businesses in all provincial district and federal government are trained for facilitation of private businesses.

**Action By: BOI under the guidance of the Steering Committee should bring Pakistan Business Portal to operational stage at the earliest.**

## **PART II: REFORMS UNDER REVIEW AND FURTHER DELIBERATION**

## **CHAPTER 6 WORKING PAPER ON PROPOSED POWERS OF THE MINISTER AND SECRETARY OF A DIVISION**

1. Under the Rules of Business, the Division means “a self-contained administrative unit responsible for the conduct of business of Federal Government in a distinct and specified sphere and declared as such by the Federal Government”.
2. It is proposed that the Division will be the main policy making unit of the Government with the functions of:
  - i) developing the vision, long and medium-term strategy and plans for the sector or sub-sector
  - ii) preparing the policies in consultation with the stakeholders and getting them approved by the Cabinet or Cabinet Committees and communicating them to the Executive departments and autonomous bodies for implementation and monitoring the progress in light of the milestones and indicators agreed upon.
  - iii) entering into performance agreements with the executive departments and autonomous bodies for implementation and evaluating the outcomes
  - iv) formulating the budgetary proposals and submitting them to approval by the Ministry of Finance and then keeping a track of the expenditure incurred.
  - v) preparing the development projects for processing through appropriate fora such as DDWP, CDWP, ECNEC etc.
  - vi) monitoring, evaluating the progress, projects and policies implemented and assessing the impact of the Executive Departments and the autonomous bodies under the Division’s jurisdiction.
  - vii) developing human resource utilization plan and managing the human resources allocated to the Division.
  - viii) continuously updating the business processes, procedures, rules and regulations, setting up and enforcing service standards.
  - ix) initiating and carrying out legislative and Cabinet business including the decisions, directives and orders received.
  - x) acting as the focal point for national, inter-provincial and international coordination, collaboration and cooperation.
  - xi) Promoting private-public partnerships within the limits of government framework, and
  - xii) providing policy guidance and directives to regulatory agencies, executive departments and autonomous bodies from time to time as specified under the laws.
3. The Secretary shall be the official head of the Division under the direct supervision of the Minister in charge.
4. The Minister shall----
  - i) Formulate, evaluate and revise public policy in various spheres within his portfolio which the Cabinet approves and seeks to implement. No important policy decision shall be taken except with the approval of the Prime Minister. The Minister shall keep the Prime

Minister informed of any important case disposed of by him without reference to the Prime Minister.

- ii) Seek the advice of the Secretary and Heads of Executive Departments in the development of public policy, budgets, and legislation translating the approved policy;
- iii) Initiate, present, defend and steer the legislation pertaining to the Division before the Parliament and its various standing committees and ensure effectiveness and efficiency of the Division and the Executive Departments
- iv) Function within the statutes which his Division and Executive Departments administer;
- v) Officiate or represent the government at meetings and functions on special occasions, meet delegations and conduct negotiations, and may travel to represent government interests relating to their Ministry or Division;
- vi) Periodically review the work of the Division(s) within his portfolio, implementation of approved policies, directives, and financial management;
- vii) Record all decisions in writing or confirm verbal orders issued; and
- viii) Subject to his general direction and control, authorize a Minister of State to deal with a defined range of Division's work including Parliamentary business
- ix) Coordinate with other Ministries and organs of the government to resolve conflicts, and differences of opinion

5. In the event of a difference of opinion between the Divisions concerned, the Minister primarily concerned shall try to resolve the difference in consultation with the other Ministers concerned. If no agreement is reached and the Minister primarily concerned desires to press the case, the case shall be submitted to the Prime Minister or, if the Prime Minister so desires, to the Cabinet: Provided that in a matter of urgency, the Minister primarily concerned may submit the case to the Prime Minister at any stage: Provided further that where the Prime Minister is the Minister-in-charge, the final views of other Divisions concerned shall be obtained before the case is submitted to the Prime Minister.

6. A Minister may ask to see a case of another Division if it is required for the disposal of a case in his Division. The Minister for Finance may ask to see a case of any Division in which a financial consideration is involved. While making such request the Minister shall give reasons for which the case is called for and shall be dealt with under the general or special orders of the Minister-in-charge of the other Division. If for any reason, the case or relevant extracts from it, cannot be made available the Minister of the Division shall explain the position to the Minister making the request or bring the matter to the notice of the Prime Minister, if necessary.

7. The Division will have a three-tier structure: Secretary in Grade 21/22 , Additional Secretary in Grade 20/21, Joint Secretary in Grade 19/20.; the grades would depend on the work load and nature and complexity of the work entrusted to the Division. Joint Secretaries in Grade-20/ 21 will head different wings of the Division entrusted with functional responsibilities such as Planning, Finance and Budget, Human Resources Monitoring and Evaluation, Technical etc. The actual numbers and configuration will vary in proportion to the workload of each Ministry. Each Joint Secretary, assisted by several officers Grade 18/19, will be initiating the examination and review of the matters pertaining to their units. Joint Secretary would get technical staff in the field for which he is responsible. Staff officers in Grade 17, 18 and 19 would assist the DS, JS and Secretary. There would thus be a shift from vertical hierarchy towards a more in-depth horizontal scrutiny.



8. Once the E-government takes firm hold, the Section officers SOs should be phased out and further recruitment or promotion to Section Officer in the regular cadre discontinued. The present cadre of Section Officer would be protected and promoted according to the existing service conditions. E-Government tools including Enterprise Resource Planning platform (ERP) and web based portal supported by intranet and local area network (LAN) and a National Data warehouse should be utilized for exchange of emails, correspondence, storage, recording , sharing and retrieval of files supported by web-based access to the laws, rules, regulations in force, easily accessible data bases, uploading and downloading of forms and applications for licences, permits, NOCs, visas and making payments by the citizens through mobile phone applications. The institutional memory will reside in the electronic form occupies a lot of valuable office space and the house record of files that difficult to access would no longer be necessary.

9. The job description of Secretary is elaborated to provide further clarity. He/ She would be the Principal Accounting officer of the Division working under the supervision and accountable to the Minister in charge and the Prime Minister. For day to-day operations of the Division/ Department, he/ she will take guidance from the Minister Incharge and keep him/her fully informed. He/She shall manage the affairs of the Division efficiently, effectively, economically and ethically and provide leadership, strategic direction and stewardship within the Division. He/She shall maintain clear lines of communication with the Minister-in-Charge, within the Division, and other executive departments under the Ministry and keep the Minister informed of the working of the Division and of any important case disposed off without reference to the Minister with reasons. He/She shall be responsible for the careful observance of law, rules and regulations and, where he considers that there has been any material departure from them, either in his own or any other Division, he shall bring the matter to the notice of the Minister-in-Charge and if necessary, to the notice of the Prime Minister or the Cabinet. The Secretary shall ensure execution of the sanctioned policy and delivery of government programs and to achieve outcomes within Minister's portfolio with other Secretaries in accordance with law. The Secretary shall perform such other role as prescribed by the other laws and regulations or assigned to him by the Federal Government. He/She will also identify relevant objectives and goals and develop well-defined and implementable policies to enable achievement;

10. The Secretary along with the Minister will oversee and guide the Executive Departments in the discharge of their functions. He/ She will either represent the Division on the Board of the autonomous bodies or designate an officer not below the rank of Grade-21 to represent him or her on the Boards.

11. The Secretary would be assisted in the discharge of his /her duties by Chief Finance and Accounting Officer, Human Resource Manager, IT Manager, Planning Officer, Contracts and Purchasing Officer and Legal Officer of the Division. In the technical ministries there would be a Chief Technical Officer. These officers and their staff would possess specialized skill in each one of the above fields. Depending on the workload some of these specialized officers could be shared by a group of divisions/ departments

12. The Secretary would prepare the budget proposals for submission to the Ministry of Finance, justify and defend these proposals before the appropriate fora but once the budgetary allocations for the Divisions/ Department are approved by the Assembly the funds should be placed at the disposal of the Secretary for expenditures in accordance with the budget. He/ She should enjoy adequate autonomy in resource allocation within the overall budget ceilings to use public resources in a responsible and efficient manner. The Finance Division would allocate the budget and release the funds periodically to the Ministries/Division under two heads:

- i) Employee related expenses.
- ii) Operational expenses.

13. The Secretary should also be allowed to make the best tradeoffs in consultation with the Minister In-charge but not allowed to create new posts or acquire new assets which create future financial liability without going the prior approval of Finance Division. The exception would be where it is decided that prudence demands disposal of old vehicles and utilization of sale proceeds to purchase new vehicles within the same amount. The Secretary can also be provided the flexibility of using the employees related expenses to hire short term experts or consultants instead of filling in sanctioned posts. Similarly, he can re-appropriate operational expenses without the given budget in a way that obtains value for money. These powers have already been delegated under the Public Finance Management Act.

14. The present system of Financial Accounting and Budgeting system (FABS) successor to PIFRA established in 1996 is not working optimally as a management tool for the Secretary and needs to be strengthened. Once the operational flexibility is allowed no requests for supplementary grants should be admitted except in case of pressing unforeseen, unanticipated or emergent demand that is justified and approved by the Cabinet. Other than that, the Secretary would enjoy full powers to utilize the budget in accordance into the objective and targets assigned to the Division under the performance agreements. The possible misuse of the discretionary powers can be circumscribed by pre audit by the Internal Auditor and ex-post financial/ performance audit by the Auditor General of Pakistan. The heads of key Executive departments and autonomous bodies can be delegated the powers of Principal Accounting officers for their organizations.

15. The Secretary should have the powers to select or requisition the services of officers working under his/ her administrative control for the duration of a specified tenure subject to safeguards. He/ She should be able to surrender the services of those found unsuitable for the job by providing a justification and the reasons for such a surrender. As the appointing authority of certain categories of employees, he/ she can hire and fire them according to the procedures laid down in the Efficiency and Discipline Rules and the Directory Retirement Rules.

16. The approval of projects up to a certain limit as specified from time to time under the Public Sector Development program has been delegated to the Divisions and the Planning Ministry should have responsibility for mega projects only (to be defined by the Cabinet from time to time). The processing of the entire value chain of Development projects (up to prescribed threshold amount) i.e. pre and feasibility study, project preparation, appraisal and review, approval, execution and monitoring would be the responsibility of the Division/Department. The Departmental Development working Party (DDWP) headed by the Secretary along with representative from Planning Division, Finance Division, Cabinet Division, PPRA and other co-opted members would be responsible for review and approval of these projects within the limit specified.

17. The Secretary of the Division/ Department would be subject to oversight by the Minister, while the Establishment, Finance, Law, Planning and Cabinet Divisions (or the corresponding departments in the provinces) would ascertain the validity of the decisions taken and their consonance with the rules, regulations, directives and instructions in force. At another level, the Auditor General and Public Accounts Committee, the Public Procurement Regulatory Authority and the Monitoring and Evaluation Wing of the Planning Commission will carry out inspection and review of the accounts, contracts and projects.

18. The Secretary and all other Principal Accounting Officers shall:

- i) ensure that the resources authorized by the Parliament are used for the purposes intended by the Parliament;
- ii) provide assurance to Parliament and the public, through the Committee of Public Accounts, that the Division/Department exercises the highest standards of probity in the management of public funds;
- iii) having personal accountability to Parliament for the economic, efficient and effective use of resources;
- iv) account for accurately and transparently for the department's financial position and transactions; and delegate financial, and other, authority and accountability to senior colleagues.

**Recommendation: This paper should be considered by Secretaries Committee followed by CCIR and then taken forward to the Cabinet.**

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## **Volume I - D**

# **Reports on the Restructuring of Key Public Sector Institutions**

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# **1. Federal Board of Revenue (FBR)**

1. After holding a series of meetings with Chairman and key Members of Federal Board of Revenue, the Adviser to PM on Institutional Reforms & Austerity developed a roadmap for comprehensive reforms in the Board. The plan was shared with FBR in August 2020 along with a specific paper regarding Framework of FBR Reforms developed by the Adviser (which is annexed at the end of this Section). Salient features of the reform's agenda are as follows.

### **End Goals of the Reforms**

2. The end goals of the reforms are to transform FBR into a first-rate organization that is efficient, transparent, business friendly and has enhanced compliance with minimal human interactions with the tax payers, with the specific objectives to:

- i) Raise Tax/GDP ratio to 15% by year 5
- ii) Raise Tax/GDP ratio to 15% by year 5
- iii) Add 1.5 new tax payers to the existing tax base
- iv) Phase out the withholding tax and Final tax regime within next three years to increase the share of direct taxes
- v) Curtail tax exemptions, rationalize tax slabs and lower threshold levels to broaden the tax base
- vi) Simplify laws, Rules, Codes, processes, tax returns and improve tax administration
- vii) Introduce Tax based Audit
- viii) Set up Track and Tracing system in 10 sectors
- ix) Intensify electronic real time monitoring of production and sales of major tax spinning sectors particularly Retail and Distribution to plug in loopholes in the supply chain

3. Top priority should be given to automation, computerization, centralized data center, data analytics and AI as the main tools that underpin all the above reform areas and are therefore the cornerstone upon which the success of everything else depends.

### **Immediate Actions**

4. The Adviser identified some short-term actions that can be taken by the FBR immediately without much difficulty. These are described below -

### **Appointment of CIO**

5. The job of the CIO will be spearheading the automation process, coupled with digitization of the business processes. He will be supported by PRAL and other ICT professional already working in FBR. Offer letter to Chief Information Officer (CIO) must be issued as the matter is getting delayed. CIO will be assisted by Member (IT) during initial days, which will help him in settling down and understating the peculiarities of the public sector. He appreciated the Chairman's initiative to appoint a senior officer of FBR to work with CIO as the Domain expert and steer the process through.

### **HR Policies and Management**

6. As the FBR reforms process has already kicked in, therefore, there is a need to capture the low hanging fruits, which can yield immediate results. The performance of FBR in July, 2020 was appreciated and it was agreed to sustain the momentum. There is no need to geographically expand FBR in the modern era of technology, rather FBR needs to enhance its technological prowess by improving recruitment and training, making use of Artificial Intelligence tools, renaming the training institutes as training academies, incentivising training

by offering foreign trainings to best performers, extending further trainings by making use of IBA and LUMS. This will generate interest of the officers in trainings and available funds in this project must be utilized for this purpose. Furthermore, the 'Performance Evaluation' of the officers should not be revenue target based alone, as it is likely to render their perspective fixated, rather it must be broad-based. The officers must be evaluated on a bell curve, as approved by the Cabinet- ranking in various grade must be made as part of the overall Performance Evaluation.

### **Directory Retirement Rules**

7. Government of Pakistan has already notified Directory Retirement Rules, which clearly spell out the criterion to prematurely retire the bad performers. FBR may prepare list of such delinquent officers and proceed for signaling effect.

### **Functional and Organizational Restructuring**

8. The meetings of the following committees must be scheduled at regular intervals to seek guidance and report progress

- a) Steering Committee
- b) Tax Policy Board

9. The FBR may be restructured comprising 8 members instead of present 13 members. The re- designation of Chairman, FBR as PAO of the organization also needs to be evaluated. The question of FBR as an autonomous body with administrative and financial powers remains unsettled as the cadre officers of FBR have vouched for maintaining status of the civil servants. This somewhat prohibits salary increases, hiring and firing of the HR and functional agility and flexibility to hire human resource having requisite expertise from the private sector. The Reforms team also needs to brainstorm this issue and come up with recommendation.

10. FBR headquarter should also delegate financial and administrative authority to heads in the field formations. A proper codification of the delegated powers is required. The proposed functionalized strengthening of LTOs and CTOs, extension of LTOs to other large cities, and reassignment of duties of RTOs and the resource realignment with the above restructuring was welcomed and should be immediately implemented.

### **Integration with 3<sup>rd</sup> Party Databases**

11. The integration of IRIS, WEBOC and other internal databases and external such as NADRA, AGPR, Excise and Taxation Department, Banks and PRA's is vital and this needs to be completed to make FBR a vital and efficient tax collection agency.

### **Track and Trace System.**

12. Tender for installing Track and Trace System should be expedited for early installation of the system. In the first phase, four sectors are to be roped in the system, and the system would be expanded in second phase to cover remaining sectors.

### **Integrity Management**

13. Member FBR informed that all the refund systems will be processed through online systems by 1st September, 2020 and to achieve this, systems of FBR and would be integrated. Expedious implementation of this was stressed, considering the demand of the tax payers.



## **Appellate and Alternate Dispute Resolution System**

14. This should be revitalized for effective utilization of the forum. The proposal to appoint Appellate CIRs, along LTOs, CTOs and RTOs and strengthening the Prosecution capacity in these offices underway should be brought to culmination and the results evaluated. ADR Committees should be formed, notified and assigned facilities to start their work.

## **Customs Side Reforms**

- i) Ease of doing business
- ii) Facilitation of International Trade
- iii) Curbing Smuggling
- iv) Minimize Leakages through under invoicing and misdeclarations

## **Relationship with PRAL**

15. PRAL is tasked for automation of FBR and this is technical hand of the agency. The relationship between FBR and PRAL is also vital and it is imperative to make PRAL fully functional for its optimum utilization. Clear demarcation of work, assignment of responsibilities and accountabilities, the processes of engagement etc. between FBR and PRAL need to be formalized in form of a MOU and SOPs and protocols notified for general information of all relevant stakeholders.

## **Communication & Media Outreach**

16. It was agreed to expedite the hiring of a Professional Media Management agency for outreach and dissemination of the results achieved from the implementation of reforms and tax payer facilitation measures taken. This will help in educating the tax payers to make use of such services. FBR should post all present and previous reforms related reports on its website for information and knowledge of the general public and for research purposes.

## **Monitoring & Evaluation**

17. As the Reforms Wing has been established it should put in place a system of to monitor and evaluate e all reforms initiatives, periodically update the FBR Council, the office of the Prime Minister and Federal Cabinet on tasks completed.

## **Framework of Reforms**

### **1. Automation and Business Process Reengineering including Simplification of Codes, Rules, Laws and Procedures for filing taxes:**

18. CIO and Senior FBR Domain expert to steer the implementation of the agenda through PRAL and other vendors with specific timelines. Each project will be headed by a Project Director who would be a FBR Officer teamed up with a counterpart from PRAL. This would help in realigning all ICT services provided by PRAL to the business and operational requirements of FBR and its field offices. Priority would be given to the following tasks:

- i) Integration of 3rd party data bases e.g. NADRA, SBP, AGPR and Provincial Governments etc. and FBR databases into a Centralized Data Centre, building data analytics system that can provide real time statistics for operational and decision support;

- ii) Automated Business intelligence tools including strengthening the MIS system and Dashboards for leadership at various levels.
- iii) Track and Trace System and Electronic monitoring in 10 sectors.
- iv) Widen Scope of POS System to cover large number of existing and potential retailers with Real data transmission to FBR.
- v) Reliable connectivity of field offices with the HQ with ready access to the Central Data Centre.
- vi) Development of a dynamic and interactive Web Portal containing all laws, rules, SROs, OMs, instructions, procedures, forms that can be accessed by Tax payers.
- vii) E-Governance for internal working of the FBR – Paperless filing, internal and external communications. E-services for tax payers.
- viii) Online tax payer ledger account with auto creation of notices, pre-populated returns and system-based prompts for filing returns.
- ix) ICT based surveys for sales tax registration.
- x) Online Complaint Management System.
- xi) Completely computerized issuance of Income Tax Refunds and non-export sector sales tax refunds without any human interaction.
- xii) Single system for filing sale tax return for Federal and Provincial taxes.
- xiii) Increased use of Data analytics for detecting underreporting, undeclared incomes etc.

## **2. Human Resource Policies and Management.**

- i) Attract, retain and motivate high caliber professional staff of integrity.
- ii) Focus on Recruitment and Induction.
- iii) Improvement in work environment and facilities.
- iv) Training and Capacity Building: Academy instead of Directorates General -- can be done immediately. Organize SMC and MCMC Specialized Courses for next grade responsibilities. Focus on short-term thematic training courses. Link good performance in local trainings with nominations for short-term foreign courses as an incentive. Selections should be on competitive basis and trainings can be funded through PRR.
- v) Career Planning of Officers: Get rid of the dead wood through Early Retirement Rules. Rotation and Transfer policy with fixed tenure of three years. Promotion policy to be based on training outcome, performance reports and managerial competence.
- vi) Performance Evaluation -- (Bell curve approach): Goals agreed upon between the employee and the reporting officer with predefined Key Performance Indicators. There should be a panel for determining relative ranking for performance evaluation of officers; and another neutral appellate committee of 03 persons, in case an officer wishes to appeal against the decision of the Evaluation panel (to ensure objectivity and arm's length relationship).
- vii) Compensation and benefits – Annual increments, Bonuses and honoraria based on performance evaluation ranking and results achieved. For example, the top 20% getting Outstanding or A ranking would get twice as much in annual increment compared to those getting B ranking.
- viii) Filling in existing Skill Gaps by induction of Sectoral and Functional Specialists – Law, Accounting, Audit, IT, data analytics, Industry specialists in 10 sectors.
- ix) Rationalize Professionals to support Staff Ratio. There is an imbalance between officers and subordinate staff that needs to be rectified to improve efficiency, facilitate tax payers and minimize discretionary powers of lower functionaries.

### **3. Functional and Organizational Restructuring.**

- i) Revitalization of Policy Board and Steering Committee for guidance and ensuring accountability for results.
- ii) FBR should have more operational autonomy in implementing tax policy and collecting taxes.
- iii) Less focus on policy making and more on administration, enforcement and implementation of policies.
- iv) Financial autonomy: single line budget with powers of Principal Accounting officer – Budget formulation, Execution, monitoring, expense authorization, internal audit for payment \_ to the Chairman FBR.
- v) Reconfiguration of the Board itself by reducing the number of members from thirteen to eight.

### **4. More Autonomy for Field Formation.**

19. Devolution of administrative and financial powers to field officers with organizational restructuring to incorporate functional responsibilities. Targets assigned for broad basing tax net, increase the number of tax filers and the amount assigned per tax payer.

### **5. Integrity management –**

- i) Create deterrence against corruption.
- ii) Revise Efficiency and disciplinary Rules and take strict and expeditious action against those found indulging in malpractices, neglect of duty etc.

### **6. Improving the Appellate System.**

- i) More focus on Alternate Dispute Resolution.
- ii) Separation of Audit from Adjudication.
- iii) Automation of appeal process.

### **7. Media management and Public Outreach.**

- i) Appoint a Media expert to head the Communications Office and engage an advertisement agency for disseminating critical information about FBR, responding to the media queries and stories placing facts in public domain.
- ii) Use dynamic Website for interaction and social media for messaging.
- iii) Local Advisory committees for stakeholder consultations.
- iv) Make the Tax Reforms documents public.
- v) Regular Publication of Quarterly and Annual Reports.

### **8. Focus of Customs Operations.**

- i) Ease of Doing Business – National Single window.
- ii) Trade Facilitation measures – Increase Goods declaration through green channel from 35% to 75%.
- iii) Reducing the time and cost of logistics and clearances – online duty calculator.
- iv) Reducing over/under invoicing smuggling etc.
- v) Online transit trade portal.

### **9. Risk based Audit.**

- i) Completely automated system that allocates and assigns cases for audit using data analytics and Business Intelligence tools, monitors and tracks and ensures compliance.
- ii) 95 Field audits in LTUs.

## 10. Reduce the Scope of withholding tax regime and tax expenditures.

20. Low yielding withholding taxes that create distortions and unnecessary hassles for the tax payers and act as a deterrent to tax compliances should be phased out. For the remaining taxes, an automated monitoring and surveillance system should be set up for the whole value chain. Tax expenditures should be assessed for their impact and those with low impact and high revenue loss should be gradually phased out with sufficient advance notice.

## 11. Monitoring and Evaluation.

21. Reform Wing to monitor regularly and prepare reports for discussion and decisions at the meetings of the Board-in-Council on monthly basis to review progress made, impediments and difficulties faced, remedial measures to be taken. Focus on low hanging fruits e.g. expeditious payments of refunds and revenue enhancement measures.

### Implementation Timelines of Ongoing and Future Reforms Initiatives

<b>INLAND REVENUE</b> <b>Period: July 2020 – June 2021</b>			
Sr.	Initiative	Responsibility	Timelines
1	ICT based survey for Sales Tax Registration	Member IT/CIO Member IR-Ops Member Policy	30 <sup>th</sup> September, 2020  Subject to procurement of tablets
2	Online taxpayer's complaint & feedback system	Member IT/CIO Member IR-Ops	30 <sup>th</sup> September, 2020
3	Simplification of Income Tax Return for Salaried persons and SMEs ( Small retailers with turnover less than 10m)	Member IR Policy Member IT/CIO	30 <sup>th</sup> September, 2020
4	Strengthening of FBRs Integrity Management Mechanism	Member HRM	31 <sup>st</sup> October 2020
5	Restructuring of FBR Head Office	Member Admin	31 <sup>st</sup> October , 2020
6	Restructuring of FBR Field Formations	Member Admin & Member IR/PCS Ops	31 <sup>st</sup> October, 2020
7	Formulation of Transfer Posting & Deputation Policy	Member Admin & Member IR/PCS Ops	31 <sup>st</sup> October, 2020
8	Strengthening of Revenue Analysis and forecasting Unit in FBR Headquarters	Member SPR&S	31 <sup>st</sup> December 2020
9	Auto calculation of income tax payments (Advance Tax)	Member IT/CIO Member Policy	31 <sup>st</sup> December 2020

		Member IR-ops	
10	E-Appeals (Income Tax)	Member IT/CIO Member IR-Ops Member Legal	31 <sup>st</sup> December 2020
11	Pre-filled Returns (Phase-1 for salaries where data is available) – Ongoing	Member IT/CIO	31 <sup>st</sup> December 2020 subject to 3 <sup>rd</sup> party data linkages
12	E-Office	Member IT/CIO & DG Customs Intelligence	31 <sup>st</sup> Oct, 2020 (Pilot) 31 <sup>st</sup> December 2020 (Final Launch)
13	360 Degree view of taxpayers (TaxRay)	Member IT/CIO	31 <sup>st</sup> December 2020
14	Data Sharing between FBR & Controller General of Accounts (CGA)	Member IT/CIO	31 <sup>st</sup> December 2020 subject to availability of data of CGA
15	Automation of Sales Tax Processes (Return, Refund & other Business Processes)	Member IR Policy Member –IR-ops Member IT/CIO	31 <sup>st</sup> December 2020
16	Establishment of LTO Multan	Member Ops & Member Admin	31 <sup>st</sup> December 2020
17	Automation of Income Tax refunds (Phase-1- Payment)	Member IT/CIO Member IR-OPS	31 <sup>st</sup> December 2020
18	Review and Rationalization of Income Tax and Sales Tax and Federal Excise tax expenditures	Member IR Policy	31 <sup>ST</sup> December,2020
19	Automation of Debt Collection (Recovery) System	Member IR Ops Member IT/CIO	31 <sup>st</sup> December, 2020
20	Linkage with Third Party databases (Banks, NADRA, SECP, Provincial Tax departments, etc.) Data sharing and connectivity.	Member IT/CIO	31 <sup>st</sup> December, 2020 subject to 3 <sup>rd</sup> party data linkages
21	Strengthening, revitalizing and automation of Prosecution and Dispute Resolution System (Appellate and ADRC)	Member IR Pol & Ops Member IR Legal Member IT/CIO	31 <sup>st</sup> December 2020 Rules, Processes 31 <sup>st</sup> March 2021 Automation
22	Hiring of a PR Agency for Media Management and Public Outreach	Member Reforms & Member FATE	31 <sup>st</sup> March, 2021
23	Single system for filing Sales Tax returns	Member IR Policy	31 <sup>st</sup> March 2021 subject to

		Member –IR-ops Member IT/CIO	concurrence of Provincial Tax Authorities
24	Establishing a system to ensure availability of all tax related updated information through a variety of user-friendly products (e.g. in the form of guides, brochures, factsheets, forms, web pages, FAQs, rulings, etc.) for supporting voluntary tax compliance)	Member FATE	31 <sup>st</sup> March, 2021
25	Rationalization/Reduction of Withholding Tax Regime	Member IR Policy	31 <sup>st</sup> March 2021
26	Decentralization of administrative powers to field formations	Member Admin Member Ops (IRS & Ops)	31 <sup>st</sup> March, 2021
27	IRS - Establishment of District Tax Offices – 5 per year over the next 20 years to have full footprint of fiscal state authority all over the country. DTOs – (Gawadar, Loralai, Tharparkar, Ghotki, Mingora)	Member Admin & Member IR Ops r Admin & Member IR Ops	31 <sup>st</sup> March, 2021
28	IRS- Hiring of Contract based professional staff (Inspectors, Auditors, Specialist)	Member Admin & Member IR Ops	30 <sup>th</sup> June, 2021
29	IRS- Repositioning of redundant non-professional vacancies of 4,113 NQs, LDCs, UDCs & Supervisors as SIs, ASIs and Sepoys	Member Admin & Member IR Ops	30 <sup>th</sup> June, 2021
30	Expansion of Point of Sale System (POS) to cover more and more business entities and areas.	Member IR Ops	30 <sup>th</sup> June, 2021
31	Publication of Six Monthly Annual Revenue Reports	Member FATE	30 <sup>th</sup> June, 2021
32	Computerized audit scheme (E-Audit)	Member IT/CIO Member IR-ops Member-Policy Member-Audit	30thJune, 2021
33	Track and Trace System and Electronic Monitoring	Member IR Ops	30 <sup>th</sup> June 2021
34	Broadening of Tax Base - through field surveys, data analytics, third party data (Annual Targets, 10-15% new Payment filers to be introduced by each Field Office)	Member IR Ops	30 <sup>th</sup> June 2021

**CUSTOMS**  
**Period: July 2020 – June 2021**

<b>Sr.</b>	<b>Initiative</b>	<b>Responsibility</b>	<b>Timelines</b>
1	Online Import Duties Calculator	Member Cus Ops	30 <sup>th</sup> September, 2020
2	Automation of Export Duty Drawback payments	Member Cus Ops	30 <sup>th</sup> September 2020
3	Automation of Approvals under Export Promotion Schemes	Member Cus Ops	30 <sup>th</sup> October 2020
4	TIR Multi Model automation module	Member Cus Ops	30 <sup>th</sup> November 2020
5	Transit trade portal accessible by importers through website (Customs)	Member Cus Ops	30 <sup>th</sup> November, 2020
6	Online Anti-Smuggling & confiscation of goods Portal (Customs)	Member Cus Ops	30 <sup>th</sup> November, 2020
7	Authorized Economic Operator Program: will facilitate trusted trade partners	Member Cus Ops	31 <sup>st</sup> October, 2020 Pilot 31 <sup>st</sup> December, 2020 Final launch
8	Clearance in the Sky: Filing of IGM before arrival of the airplane	Member Cus Ops	31 <sup>st</sup> December, 2020
9	E-Auction: wide access and increased revenue for Government	Member Cus Ops	31 <sup>st</sup> December, 2020
10	Automation of International Transshipment regime	Member Cus Ops	31 <sup>st</sup> December, 2020
11	Smart Examination: Focused examination, real time feeding of data at container of the terminal, GPS tagging	Member Cus Ops	31 <sup>st</sup> December, 2020
12	Strengthening, revitalizing and automation of, Prosecution, Appellate and ADR Systems in Customs	Member Legal Cus Member Cus Pol	31 <sup>ST</sup> December 2020
13	Automation Post Clearance Audit Process and enhanced Focus on Post Clearance Audits	Member Cus Ops DG PCA	31 <sup>st</sup> December, 2020 Rules and Procedures 31 <sup>st</sup> March 2021 Automation
14	Implementation of Advance Ruling System	Member Cus Ops	31 <sup>st</sup> December, 2020
15	Review and Rationalization of existing Customs Duty Exemptions (tax expenditures) Regime	Member Cus Pol	31 <sup>st</sup> December, 2020
16	Automation of Debt Collection (Recovery) System	Member Cus Ops	31 <sup>st</sup> December, 2020

17	Stock taking and automation of State Warehouses all over the country	Member Cus Ops	31 <sup>st</sup> December, 2020 Stocktaking 31 <sup>st</sup> March, 2020 Automation
18	Automation of Debt Collection (Recovery) System	Member Cus Ops	31 <sup>st</sup> December, 2020
19	Virtual assessment: Faceless, no human interaction with trader/his agent	Member Cus Ops	31 <sup>st</sup> March, 2021
20	Decentralization of administrative powers to field formations	Member Admin Member Cus Ops	31 <sup>st</sup> March, 2021
21	Bonded Warehouse System: will encourage SMEs & provide real time inventory management	Member Cus Ops	30 <sup>th</sup> June 2021
22	Integrated Risk Management system	Member Cus Ops	30 <sup>th</sup> June 2021
23	National Targeting Center: to provide a single platform for all LEAs and other agencies	Member Cus Ops	30 <sup>th</sup> June 2021
24	Trade Facilitation through Effective Customs Risk Evaluation & Management (CREAM) system	Member Cus Ops	30 <sup>th</sup> June 2021
25	Audits of Survey/Quota based, Manufacturing Bonds, Export Facilitation Schemes	Member Cus Op	30 <sup>th</sup> June 2021
26	ITTMS (Integrated Transit Management Systems) – Torkham, Chaman and Wagha Border Crossing Points Infrastructure Development Project- Development Phase	Member Cus Ops	30 <sup>th</sup> June 2021
27	National Single Window- Development and Integration Phase	Member Cus Ops	30 <sup>th</sup> June 2021
28	Border Management Initiative for control of smuggling in western border areas of Pakistan – Development Phase	Member Customs	30 <sup>th</sup> June 2021

**INLAND REVENUE AND CUSTOMS**  
**Period: July 2021 – June 2022**

Sr.	Initiative	Responsibility	Timelines
1	Recruitment of specialized staff on contract	Member Admin & Member HRM	Quarter wise deadlines for FY 2021-22 will be
2	Re-defining job descriptions & Performance Management System	Member HRM	



3	Performance based bonuses & allowances	Member HRM	decided at the end of FY 2020-21.
7	Monitoring and Evaluation of the Taxpayer Audits conducted last year and automation of the process	Member Audit	30 <sup>th</sup> September 2021
8	Pakistan Single Window, pilot launch	Member Cus Ops	30 <sup>th</sup> September 2021
9	Automated Entry & Exit System at Ports	Member Cus Ops	31 <sup>st</sup> December 2021
10	Automation and Computerization of FBR Hqrs and Field Formations' Business Processes of Internal and External Communication, Processing , Decision Making and Monitoring - Paperless Working – Development Phase	Member IT/CIO Member IR Ops, Member Cus Ops, Member IR Admn	30 <sup>th</sup> June 2022
11	Audit of FBR's existing Computerization and Automation capacity (both hardware and software- IRS/Customs) for its efficacy and sustainability as well as Future Need Analysis for its robustness and continuity.	Member IT	30 <sup>TH</sup> June 2022
12	Automation and Computerization of FBR Hqrs and Field Formations' Business Processes of Internal and External Communication, Processing , Decision Making and Monitoring – Paperless Working ( First Phase)	Member IT Member IR Ops, Member Cus Ops, Member IR Admn	30 <sup>th</sup> June 2022
13	Pakistan Single Window, final launch	Member Cus Ops	30 <sup>th</sup> June 2022
14	ITTMS (Integrated Transit Management Systems) – Torkham, Chaman and Wagha Border Crossing Points Infrastructure Development Project- Development Phase	Member Cus Ops	30 <sup>th</sup> June 2022
15	Border Management Initiative for control of smuggling in western border areas of Pakistan – Development Phase	Member Cus Ops	30 <sup>th</sup> June 2022
16	Automation and Computerization of FBR Hqrs and Field Formations' Business Processes of Internal and External Communication, Processing , Decision Making and Monitoring - Paperless Working – Final Phase	Member IT Member IR & Cus Ops	Roll out- 30 <sup>th</sup> June 2022
<b>INLAND REVENUE AND CUSTOMS</b> <b>Period: July 2022 – June 2023</b>			
<b>Sr.</b>	<b>Initiative</b>	<b>Responsibility</b>	<b>Timelines</b>
1	ITTMS (Integrated Transit Management Systems) – Torkham, Chaman and Wagha	Member Cus Ops	Roll out by 30th June 2023

	Border Crossing Points Infrastructure Development Project- Roll out		
2	Border Management Initiative for control of smuggling in western border areas of Pakistan – Roll out	Member Customs	Roll out by 30th June 2023

### **Current Status**

22. The Report “Framework for Reforms in FBR” was submitted to the Prime Minister on 2nd September 2020 with the recommendation that it may be implemented by the FBR and the CCIR may be tasked to monitor the progress.

## **2. Pakistan International Airlines (PIA)**

In its meeting held on 31<sup>st</sup> March 2020, the Federal Cabinet had directed the Advisor to PM on Institutional Reforms & Austerity to propose reforms/restructuring in respect of, inter-alia, the Pakistan International Airlines. Consequently, series of meetings were held to consult and take the stakeholders on board including Aviation Division, Finance Division, Civil Aviation Authority, members of PIA Board etc. Resultantly, a comprehensive roadmap for organization and financial restructuring of PIA was prepared. The plan was shared with Aviation Division which brought it before Economic Coordination Committee for consideration in its meeting held on 7<sup>th</sup> April 2021. The details of the proposed plan were as under:

### **Executive Summary**

The PIA has been facing substantial financial difficulties in carrying out its operations since 2008. With a negative equity of Rs.460 billion comprising bank loans of Rs.326 billion and other payables of Rs.118 billion at its balance sheet, the company neither remained a self-sustained entity commercially nor operationally efficient and sustainable. By the year 2018, once a symbol of national pride, PIA had virtually come to the point of ‘belly landing’ *interalia* due to multiple policy failures including the high cost of flying an aged fleet of around 30 small and medium sized aircrafts, many of them on unprofitable routes, with a highly politicized and ill-trained workforce of over 14000 or around 500 per aircraft, one of highest HR-Aircraft ratio in the world coupled with undesirable luggage of non-core functions such as ground services, catering and courier service etc. Additionally, the company was put to face stiff competition in the region and beyond through an uneven open-air policy. Frequent change of management, experimentation, undue political interventions, wasteful expenditure, un-checked borrowings and absence of sound internal accountability mechanism may be attributed as other key factors for bringing the national flag carrier to its knees.

1. The incumbent Government was therefore confronted with three options: (i) Closing down (ii) Privatization and (iii) Restructuring. The first option was considered and not found to be feasible as it would create an inconvenience for ethnic Pakistanis who prefer PIA to other carriers. The company possesses some very attractive legacy slots which, in case of closing down, would be lost and regaining them would be extremely difficult for any Pakistani carrier in the future. The second option also found to be unworkable for the time being given the general state of the aviation industry. It is inconceivable that any private sector business or government owned airline would venture to purchase a company with such heavy baggage to lift. Air India has been on the block for sale for the last several years but has not been able to find a buyer although its global network is much wider than that of PIA.

2. The more doable proposition appeared to be restructuring of the entity by way of a surgical operation through which the present company is divided into two distinct entities: (a) a Government-owned ‘bad’ company that takes away the financial liabilities off the balance sheet of PIA along with some of its non-core assets, and (b) a new company carrying out the core business with right sizing both in HR and business of the organization, retaining profitable routes and on remaining routes code-sharing with other airlines, capitalizing on ethnic Diaspora and religious tourism, modernization of fleet etc. The new PIA aims to have a smart fleet free from dead wood and make a focused attempt to carry out the aviation business in a businesslike manner. However, if the splitting the company in two entities may raise legal complications and delay the process, then the Government of Pakistan (GoP) has to directly assume the liabilities and convert them into equity. Ministry may be consulted for their views on this issue.

3. With a view to rescue the entity from imminent collapse, the Government’s timely policy interventions including sizeable cash injection, appointment of new CEO, moratorium on its payables to Civil Aviation Authority and placement of a new board of directors while inducting financial, legal affairs and industry experts eventually halted the organization’s

highly likely downfall. It was however, clearly understood both by the government and the new management of PIA that the organization's restructuring was long awaited, which in the last almost a decade remained kept pending for various reasons.

4. The proposal of restructuring is bolstered by the recent evidence of PIA's performance under the new management since 2019. The PIA management has demonstrated that despite the ongoing crisis like situation due to Covid-19, it is still possible to make a recovery in financial terms provided the debt and other outstanding liabilities are stripped off the entity's balance sheet and assumed by the Government of Pakistan. The financial statements of the company for the year 2019 and the first three quarters of 2020 (when Covid-19 effects were in full swing) demonstrate that despite the difficulties, the company was able to make an operating profit. The national flag carrier was placed on the Defaulters list in October 2018 for failure to hold an annual meeting and submit a statement of audited accounts for the year ending December 2017. It is also important to mention that the new management has been able to ensure statutory compliances and complete all pending audits, which has resulted in removal of PIA from the Defaulter List in January, 2020.

5. After due consideration by the Board, it was not insisted on a medium-to-long term business plan which is usually a pre-requisite for any kind of financial restructuring. The reason is that the aviation industry is in a state of flux, lay-offs are taking place, mergers and acquisitions are possible and the aircraft manufacturing and leasing industries are in a recessionary state. Under the confluence of these uncertainties, imponderables and unknowns, any business plan would be highly tentative, with room for a large degree of deviations from the assumptions underpinning the plan.

6. The PIA Management was accordingly tasked to come up with an interim 3-year plan of business reorganization which lays out the foundation for financial turnaround and profitability for the new company. The key success indicator of this plan upon its completion is that PIA would not approach the Government of Pakistan for any grants, loans, guarantees, underwritings or financial support. PIA would use its restructured balance sheet, stripped of its present financial liabilities, to raise its debt capital by obtaining a credit rating from S&P, Moody's or Fitch. The Government of Pakistan may choose to inject equity from time to time as a shareholder in order to earn dividends under any future capital mobilization arrangements.

7. It may be argued quite understandably that such a large commitment of financial resources should take place once the long-term Business Plan is developed and approved. In normal circumstances, we would have also taken the same route but this might not be feasible under the prevailing situation described below:

- i) PIA may come to a standstill in its operations as it has exhausted its commercial borrowing capacity and the decision to restructure its finances has been delayed inordinately.
- ii) The financing costs accruing on the balance sheet would add and amplify negative equity of the company thus further weakening its financial health to be able to obtain essential supplies from vendors on competitive rates.
- iii) The turbulence in the global aviation industry arising from Covid-19 hiatus in international travel does not permit us to make realistic and robust assumptions about the parameters that normally underpin the Business Plan.
- iv) The suspension of PIA flights to European routes and the delayed resumption of flights to the U.S. market for the reasons beyond control of PIA do not convince us that we should further delay this three-year restructuring plan for revival of financial health of the company and allow creeping deterioration in its financial capacity.

- v) We have, however, put in place some safeguards and conditions under which the GoP would assume these liabilities and enable PIA to clean up its balance sheet. To this end, blue print of the ‘good’ and ‘bad’ PIA is as under:
- vi) A special purpose vehicle (SPV) will be formed as ‘bad’ PIA with 100% GoP equity to take care of the debt stock and properties belonging to PIA and its subsidiaries. Creation of SPV, its management, business and income stream for debt servicing are to be provided in the roadmap of the plan.
- vii) PIA with necessary approvals in place will submit a comprehensive plan with revised balance sheet of the ‘Good’ PIA keeping in view the core business, desired workforce as per international best practices, rationalized routes and key elements of open-air policy suitable to PIA. The proposal will also cater payables to CAA and other liabilities.
- viii) The Board of PIA would authorize an agreement to be signed between PIA and the GoP laying down the specific milestones and timelines to be achieved by the company.
- ix) As the Management has proposed that with the aforesaid restructuring plan approval there would be no further demand for loans, guarantees, concessions, subsidies or any other financial relief to PIA in the future from the state exchequer. The concept of keeping PIA airborne at the cost of the tax payer’s money needs to be discouraged, subsequent to this last lifeline.
- x) In case of failure, the entire plan will be reviewed afresh including possibility of withdrawal of GoP support etc.

8. It is a usual practice that the Business Plans are prepared by external consultants or specialist firms but get seldom implemented faithfully as the Executives of the company do not have ownership of the plan. The downside risk was that the management could easily extricate itself by insisting that the externally prepared Business plan was flawed or unrealistic can be minimized or ruled out in this case. In this case, the plan has been prepared by the management itself and they can be held accountable for the results they have promised. It is preferable to pinpoint the responsibility for the soundness of the plan and its implementation upon those who formulated it. For these reasons we have accepted their three-year restructuring plan as the basis for the agreement to be reached between the GoP and PIA. A review should take place in 2023 and if things do not improve the way they are planned other possible options such as Joint venture with an operating airline with their management control or bringing in private equity funds bringing in their own management or GOP keeping ownership but outsourcing management should be explored. The present restructuring plan, if fully implemented, may possibly reignite such interest.

9. The remaining part of this report outlines the background, the factors responsible for the losses in the past and the salient features of the restructuring plan. An attempt has been made to highlight the measures that have already been undertaken, as well as the measures that are underway, with milestones and timelines included. Summary of the balance sheet restructuring proposal as submitted by PIA to the Committee headed by Finance Secretary has been given which will be considered by ECC and Cabinet. Finally, on the basis of the expected outcomes of the proposed restructuring, financial projections for the years 2021 to 2023 are presented. The assumptions underlying these projections are also stated as these have been tested during discussions to assess their robustness.

10. The risks and challenges in implementing this plan have been outlined in the later part of the report and their mitigation would require concerted ‘whole of the Government’s approach’ in which the Aviation Division, Civil Aviation Authority and Finance Division have to work together to closely monitor the situation and take corrective measures when required

expeditiously. If the present culture of ‘blame game’, ‘passing the buck’ and ‘clash of egos’ is allowed to perpetuate among different stakeholders, it would worsen the situation.

11. We have, however, put in place some safeguards and conditions under which the GoP would assume these liabilities and enable PIA to clean up its balance sheet. These have been spelt out as part of the key contours of the plan. In case of violation of financial clauses of the agreement or non-achievement of revenue targets, cost containments and operating profits, the GoP would have the unfettered right to claw back the amount of equity injected, restore the situation ex-ante and convert the equity into loans to be serviced by PIA. The amortization schedule attached to the Restructuring Plan under which PIA had to replace the loan amounts with equity would become null and void. The clauses pertaining to waiving or writing off or adjusting the amounts payable to Civil Aviation Authority, Pakistan State Oil and to the Federal Board of Revenue would be revoked and no longer valid.

12. It also needs to be emphasized that the European Union Aviation Safety Agency (EASA) ban on PIA flights to Europe linked with the pilot licenses cancellation episode and the State Safety Program in line with the International Civil Aviation Organization (ICAO) requirements has to be resolved by Civil Aviation Authority (CAA) and Aviation Division, immediately. The overall licensing issue needs a comprehensive response from Civil Aviation Authority (CAA), failing this PIA would continue to be deprived of earnings from some remunerative routes.

13. Going forward, next steps in this restructuring process include approval of the Restructuring Plan by the PIA’s Board of Directors, broad based consultations with relevant stakeholders inter alia PM office, Law, Finance, Aviation Divisions, FBR, SECP and, approval of the competent forum i.e. ECC/Cabinet. Following the necessary approvals, The Cabinet Committee on Institutional Reforms may be tasked to review the progress on implementation, performance of organization (Board oversight and management delivery) and submit a report to the Cabinet every quarter.

14. Aviation Division will lead the restructuring process inter alia in the following manners:

- i) The Restructuring plan, although approved by the Board has to be endorsed by the Board of Directors of PIA in form of a performance agreement with the Govt. of Pakistan, shared with stakeholders including Law, Finance, Aviation Divisions and PM office for their comments, reviewed by the ECC and approved by the Cabinet for implementation. The key decision is the assumption of financial liabilities of PIA by the Government of Pakistan.
- ii) CAA, PSO and FBR may be directed, once the Cabinet approval is obtained, to consider waive off/write off, adjust the amounts outstanding against PIA in a manner consistent with their legal requirements and practices.

15. We owe a debt of gratitude to the PIA Board of Directors, Co-opted eminent Financial and Industry experts for their valuable input and very useful advice throughout the process. Due credit goes to Finance and Aviation Divisions to help finalize this plan by the PIA management.

## **Background**

16. Since 2008, PIA is continuously making heavy losses resulting in huge negative equity and the Government of Pakistan has met these losses by providing guaranteed loans and loans for markup payments. For now, the situation has reached a point, where the company is no longer in a position to carry out its own routine commercial operations, such as the leasing of

aircrafts. The financial position has become so untenable that unless a major surgical operation is carried out, PIA would no longer be a going concern.

17. Table 1 (below) shows that total losses incurred over the last decade reached Rs.405 billion. An analysis of the factors that have contributed to financial losses during this period transpired as operating losses to the tune of (45% of the total losses), while financial costs to service the debt accounts for another 38%. The cash flows do not permit the company to make actual payments due.

**Table 1: Factors Contributing to Financial Losses (2010 – 2019)<sup>1</sup>**

(Amounts in Million Rs.)					
Year	Operating Profit / (Loss)	Exchange Gain / (Loss)	Finance Cost	Taxes	Total Losses
	A	B	D	E	F = C + D + E
<b>2019</b>	(7,723)	(11,693)	(35,537)	(498)	(55,451)
<b>2018</b>	(32,080)	(14,953)	(20,385)	91	(67,327)
<b>2017</b>	(33,622)	(2,188)	(15,246)	50	(51,006)
<b>2016</b>	(31,341)	(295)	(13,159)	(105)	(44,900)
<b>2015</b>	(14,370)	(2,066)	(13,517)	(2,577)	(32,530)
<b>2014</b>	(18,043)	3,105	(14,373)	(2,433)	(31,744)
<b>2013</b>	(25,716)	(6,407)	(12,588)	389	(44,322)
<b>2012</b>	(11,699)	(6,697)	(11,380)	(810)	(30,586)
<b>2011</b>	(13,707)	(4,219)	(10,099)	1,258	(26,767)
<b>2010</b>	2,812	(2,092)	(9,299)	(12,207)	(20,786)
<b>Total</b>	<b>(185,489)</b>	<b>(47,505)</b>	<b>(155,583)</b>	<b>(16,842)</b>	<b>(405,419)</b>

18. Several other external and internal factors have contributed to this poor performance in the past and recent times. Some of such organizational Issues were:

- i) Frequent changes in management (14 CEOs/Chairmen were changed in 10 years)
- ii) Undue influence exerted by unions and associations. In 2015, the government made an effort through proposed Pakistan International Airlines Corporation (Conversion) Ordinance, 2015 to introduce some reforms in PIA, however due to countrywide strikes of the PIA employees (Joint Action Committee), Pakistan Air

<sup>1</sup>These amounts are shown as receivables on the books of Government of Pakistan with markup being capitalized.



Lines Pilots Association (PALPA), the government shied away from the process, and it was called off in February, 2016<sup>2</sup>

- iii) A general lack of accountability culture in the company
- iv) Operations on non-profitable routes
- v) 10-year audit conducted on the orders of Supreme Court revealed issues like overstaffing; employees inducted on fake degrees, and extensive malpractices/leakages in medical, ERP, spares procurement, hotels booking, Hajj and Umrah groups and foreign postings etc.

19. In addition to above, a number of policies, regulatory and compliance issues have also hindered the performance of PIA. Examples include:

- i) Under the Air Service Agreements globally, slots are allocated to foreign airlines on the basis of organic growth of the market and commercial reciprocity. However, previous National Aviation Policy allowed extensive rights to the foreign airlines. Resultantly, as many as 555 slots were allocated to foreign (especially gulf) carriers as against the 239 slots which ought to have been allowed as per the benchmarks of commercial reciprocity and market growth. This has eroded the competitive edge which PIA vis-à-vis its resource rich competitors.
- ii) The PIA being a corporate entity was as such expected to compete with domestic and international airlines and show performance. However, at times, the company has to resort to public sector procedures. A case in point is the procurements which are made as per PPRA Rules. Undoubtedly, this lends transparency to the process, the procedures involved are relatively more time consuming, which puts PIA in a disadvantageous position compared to its competitors.
- iii) More recently, serious compliance and regulatory issues have emerged since the end of 2018. The external auditors had issued a 'Disclaimer' on the June 2017 financial statements of PIA and annual audits of two years were still pending. Moreover, PIA was put on Defaulters Counter of PSX in October 2018. The pilot licensing issue that surfaced after the PIA plane crash in Karachi in June, 2020 has also led to the cancellation of flights to Europe and the UK, and the expected opening up of the US market has also been put on hold.

20. Another recent external factor affecting the delivery service happened to be the global pandemic phenomenon of Covid-19 which seriously impacted the aviation industry globally during better part of the year 2020 and is still not over. PIA being no exception also took the hit. Though, as will be seen in later part of this report, the company still managed to show some good results in this period.

21. In order to be put PIA back on the path of recovery and revive it on stable footing, it needs to undergo extensive organizational restructuring as well as a one-time restructuring of balance sheet. The latter is described in Section 5 whereas salient features of the proposed organizational restructuring plan, along with indicative financial benefits, are as follows:

### **Human Resource Restructuring**

22. Overstaffing is one of the significant problems of PIA. Total existing strength of the company (including both permanent and outsourced employees) is over 14,000 lending it the Aircraft-to-HR Ratio of over 450, which is one of the highest in the world, while Qatar has

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<sup>2</sup><https://www.dawn.com/news/1238419>

133, Emirates 231, Turkish 94, and Etihad 2113. A sizeable chunk of these employees is inefficient, politically-inducted and engaged in non-core services etc. On the top of it, undesirable luggage of non-core functions such as ground services, catering and courier service etc. is further adding the pressure. Additionally, the company was put to face stiff competition in the region and beyond through an uneven open-air policy. An aviation company cannot compete domestic and global rivals with such burden. In order to overcome this situation, following measures are part of plan:

### **Voluntary Separation Scheme(VSS)**

23. PIA will reduce the head count by 25% through offering a Voluntary Separation Scheme. PIA was asked to undertake profiling exercise of its employees so that VSS is selectively offered in order to retain the relatively efficient human resource. ECC / Cabinet has approved the Scheme at a total cost of Rs.12.87 billion which will be borne by GoP. This will result in annual savings of Rs.4.2 billion in salary expenditure. In three years' time, total savings of the company on this account will be equal to the cost of VSS.

### **Carving Out/Outsourcing Functions**

24. PIA is in the process of carving out and outsourcing certain non-core functions as a part of its functional restructuring (Details in succeeding paragraphs) which will further reduce the employee count by approximately 4,000.

### **Improving Quality of HR**

25. At present PIA has been restrained by the Supreme Court from making fresh hiring. After the completion of HR rationalization exercise and subject to alleviation of Supreme Court ban, PIA will conduct a thorough HR Need Assessment duly approved by the BoD before hiring young and qualified personnel equipped with contemporary skills and suitable for operating in the modern aviation industry environment. This will lift the overall quality of HR adding to the brand image and performance of the company.

### **Operational Restructuring**

26. In order to focus on its core business of aviation, PIA requires to get rid of some of its non-core activities. This will improve the organizational efficiency not only by reducing HR count and the resultant salary savings, but also by lending company the necessary flexibility in hiring similar services from market at competitive rates, resulting in further savings and efficiency.

27. To this end, outsourcing of following services is part of the restructuring plan:

- i) Food services – Karachi & Islamabad
- ii) Technical Ground Support
- iii) Base Maintenance of Engineering Department
- iv) In addition to above, Precision Engineering Complex is planned to be carved out to Ministry of Defence, whereas the loss-making operations of SpeedEx Courier will be closed.

28. This operational restructuring will take approx. 4,000 employees off the payroll of PIA. After the completion of operational restructuring and VSS, the restructured PIA will comprise

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<sup>3</sup> <https://tribune.com.pk/story/2265390/employment-ratio-pia-hires-500-employees-per-aircraft>

of 7,500 employees only which will optimize the Staff-to-Aircraft Ratio to 250 as against the existing value of 450. This will also bring about anticipated annual savings to the tune of Rs.7 billion in salary expenditure. Brief details of these planned interventions are as follows.

### **Food Services at Karachi and Islamabad**

29. Other than Karachi and Islamabad, food services are already outsourced at other domestic stations. The in-house food facilities maintained for the purpose have very old and outdated equipment which requires huge investment for the needed revamping. Therefore, it is planned to outsource the same to third party which will invest, manage and bear all the operational expenses and in return PIA will pay them for the actual meal cost. This will rationalize the head count by approx.633.

### **Technical Ground Support (TGS)**

30. Technical Ground Support (TGS) provides ground handling services to PIA at 14 domestic airports in Pakistan. For this purpose, PIA has a staff of 628 and maintains a fleet of 300 vehicles. Most of the vehicles and equipment has completed the useful life cycle and are their maintenance costs at present are economically not feasible. Upgrading the vehicles and equipment again requires massive investments.

31. TGS is essential function for flight management. As per prevalent global practice, it is managed by specialized companies instead by the airlines themselves. Therefore, PIA is evaluating options for striking joint venture/operation & management contract with a third-party which will invest and manage this function. In this manner, PIA will obtain efficient and quality services at reasonable cost.

### **Base Maintenance of Engineering Department**

32. Base Maintenance facility is part of PIA and is utilized for heavy checks of B777s & A320. This facility accommodates tool stores, stockrooms, offices, support shops and amenities with paint booths with a total employee-count of 1,967. The infrastructure is outdated and requires heavy investment. Therefore, moving forward, it is planned that this function will be outsourced to an independent entity.

### **Precision Engineering Complex**

33. Precision Engineering Complex (PEC) manufactures high precision engineering parts for the aerospace industry and a number of other industries. Being a non-core function, it has been decided to carve out this department to Ministry of Defense (PAF). Through this restructuring, PIA will be able secure annual savings of approx. Rs.330 million/annum and head-count rationalizing by 429.

### **SpeedEx Courier**

34. PIA launched Courier Services in 2003 with the brand name of SpeedEx. Initially, the operations were started its operation at three major stations (Karachi, Lahore and Islamabad) by utilizing the surplus space and resources. The unit currently employees a staff of 320 and is not performing well. Operating expenses exceed the revenues. Due to this reason and further in view of the fact that courier is a non-core activity for PIA, SpeedEx unit is planned to be shut down. The cargo handled by SpeedEx will be channeled through normal cargo operations of the company. This measure will bring about saving to the tune of Rs.35 million/annum for the company.

## **Product Development and Revenue Enhancement Measures**

35. Following measures of the plan are aimed at enhancing customers' experience and satisfaction; adding to the brand image of the company, and increasing the profits through ancillary revenues and offering better product:

### **Fleet Modernization**

36. The existing fleet of PIA comprises of old wide and narrow body aircraft including B777, A320 and ATR which are not fuel efficient and run high fuel costs. Furthermore, these lack the facilities like in-flight entertainment, on-board internet and modern luxury seats etc. Therefore, upgradation of aircraft fleet is necessary for improving product quality and to bring about savings in fuel costs.

37. Accordingly, going forward, PIA will gradually replace the old fleet with relatively newer fuel-efficient aircrafts. Leveraging the post-Covid situation, efforts will be made to lease newer aircrafts at relatively cheaper rates in case of 8 planes whose lease will expire in 2021. Apart from ensuring better customer experience and improved brand image, the newer aircrafts are expected to bring about fuel costs savings to the tune of Rs.15-20 Million per annum per aircraft and maintenance cost savings of around Rs.200 million plus per annum.

### **Network Optimization and Expansion**

38. Over the next three years, PIA will aggressively pursue its network optimization and expansion initiatives through code sharing arrangements which at present have been made with Turkish Airlines, Thai Airways, Etihad and Pegasus Airline. The arrangements will be extended to other airlines as well so as to gain access to wider networks where the Company does not operate. Moreover, PIA has signed agreements in UK and Spain with local train and bus operators for transportation of passengers from areas where PIA does not operate. Such agreements will be also be expanded to more operators.

39. Through these initiatives, the seat factor is expected to gradually increase to around 82% by 2023 as compared to the existing 75%. As a consequence, the yields would also rise adding to the operational revenues.

### **Routes Rationalization**

40. PIA had been operating on loss-making routes due to a number of reasons including inconsistent commercial approach, external pressures and lack of accountability etc. In this regard, PIA has conducted analysis of profitable routes and a comprehensive route rationalization exercise for each sector through Route Diagnostic Labs. As of result of this:

- i) New profitable routes have been started.
- ii) Loss making routes were discontinued.
- iii) Additional frequencies on profitable routes have been mounted.

41. Detailed results of this exercise are reported in para 49. Over the next three years, PIA will continue this strategy to analyze routes through Route Diagnostic Labs to achieve further rationalization of routes as well as for exploring new markets.

### **Corporate Business Collaboration**

42. PIA will focus on enhancing business collaboration with corporate houses especially on domestic network. This will not only add premium to the brand image of PIA but will also

contribute in enhancing revenues through resource sharing and bring value addition for customers.

### **Use of Technology to Improve Sales and Customers Experience**

43. PIA had been using Sabre Sonic system for passenger services for the last 19 years. The system had limited functionality not meeting the modern-day customer expectations. During 2019, PIA has fully migrated to a new and state of the art Crane Passenger Services System (PSS) acquired from a Turkish company. The exclusive arrangements with Sabre were terminated resulting in substantial savings and greater flexibility.

44. Crane PSS is a suite of over 12 applications for Scheduling, Flight Operations, Fare Filing, Disruptions, Departure Control, Weight & Balance and Central Reservation Control etc. This will not only improve the business processes of the company but also bring about improved system security, better customer-experience and new revenues streams as new product lines are added by fully leveraging various modules in the coming days.

45. In addition to above, PIA is focusing on multiple GDS (Global Distribution System) strategy for larger outreach for selling its services. Sabre, Travel Port and Amadeus has been added to PIA distribution system without exclusivity. Addition of Amadeus has provided the company with selling access to Amadeus-dominant markets in KSA, Gulf, Europe and Far East. This strategy will continue in the coming days. In order to further boost the web sales, PIA application will be revamped to add enhanced features and be made more user friendly.

46. Progress So Far and Performance Improvements: The new management of PIA has demonstrated impressive efforts over the period of last two years to reinvigorate the company and pull it out of operational losses. Not only some immediate measures were taken to counter the imminent challenges, but also a sustained effort has been made to make progress on continued restructuring as per plan outlined in the last Section. This Section enlists the measures already taken by the new management and the ones underway, along with the improvements in financial performance achieved as a result thereof over the last two years.

### **Measures Already Taken**

47. A brief account of the measures already taken by the management over the period of last two years is as under:

- i) Contracts with suppliers that were not financially viable were terminated and working agreement were reached with associations.
- ii) US\$ 15 Million stuck with Airbus since 2013 were recovered.
- iii) Dispute with Air Asia was settled through International Chamber of Commerce Arbitration and US\$ 2 Million were recovered as a result thereof.
- iv) A concerted effort was made to rationalize routes by conducting route diagnostic labs as a result of which:
  - a. New profitable routes like Sialkot-Paris-Barcelona, Peshawar-Sharjah, Peshawar Al-Ain, Sialkot-Sharjah, Lahore-Muscat, Islamabad-Doha, Lahore-Bangkok-Kuala Lumpur and Multan-Sharjah were started
  - b. Loss making routes such as Bangkok, Dacca, Najaf etc. were discontinued.
  - c. Additional frequencies on profitable routes like Dubai, Jeddah and Medina have been mounted.

- v) 3 aircrafts grounded for several months were put back into operation using PIA'S own resources. Similarly, various Technical Ground Services equipment was put back to use.
- vi) Customer service was improved focusing on the punctuality and regularity of flights, aircraft cleanliness and improved food quality.
- vii) Positioning flights and dead legs from aircraft and network operations were removed.
- viii) Effective monitoring and vigilance was ensured in all areas to eliminate pilferage and leakages.
- ix) Special emphasis was made on cargo business with monitoring of performance, rationalization of cargo fares and a more effective liaison with all stakeholders. This not only helped enhance cargo revenue, but also assisted in increasing exports of goods.
- x) Enhancement of higher ancillary revenue was achieved through measures like sale of bulkhead seats, pre-allocation of seats, advance excess baggage etc.
- xi) Significant savings of more than Rs.1 billion were achieved in 2019 alone by termination of exclusive arrangement with Sabre Global Distribution System (Sabre) and migration to new system (HITIT) with multiple GDS strategy.
- xii) An austerity and cost-saving drive was initiated which included rationalization of allowances and curtailment of unnecessary visits by officials both domestically and internationally.
- xiii) Employees with fake degrees were terminated in accordance with the decision of honorable Supreme Court of Pakistan.
- xiv) Strict discipline and accountability regime including Duty Time Management System was brought about in the company. Expeditious finalization of disciplinary cases was ensured.
- xv) Significant savings were achieved in annual medical expenses through better monitoring and controls
- xvi) Aircrew flight rostering was improved with better system resulting in discontinuation of unnecessary crew slips.

### **Regulatory Compliances**

- i) Pending external audits for the years 2017, 2018 and 2019 were successfully completed in compliance with Companies Act and the AGMs were held.
- ii) PIA has been removed from Pakistan Stock Exchange defaulter counter.
- iii) Successful completion of detailed security and safety assessment by US Transport Security Administration (TSA) and strict compliance with US Homeland Security regime has led to PIA acquiring authorization for direct charter flights to/from the USA for repatriation of stranded citizens. This has allowed for the first-ever PIA direct flight to mainland USA as previously the flights to USA were via Manchester or Frankfurt.

### **Measures Underway**

48. Some of the restructuring initiatives under active implementation at present are as under:

- i) Voluntary Separation Scheme has been rolled out on 7th December 2020 after the approval of government and employees had been asked to indicate the adopted option by 22nd December 2020. Processing of approved cases might be completed by 30th December 2020.

- ii) Outsourcing of various non-core activities (details in previous Section) is at various stages of implementation. Some activities are planned to be shortly completed as per following deadlines:
  - d. Tendering process for food services at Karachi and Islamabad will be completed by 31st December 2020 and outsourcing would take effect by 1st quarter 2021.
  - e. Technical Ground Support would be outsourced in 2ndquarter of 2021 for which tender processing is to be completed in 1st quarter.
  - f. Base Management Engineering Department will also be outsourced by or before the end of 2ndquarter 2021.
- i) Financial Consultant for transfer of Precision Engineering Complex to Ministry of Defense has been appointed by PIA management which is in the process of making valuations. Transfer is planned to be completed by the end of 2nd quarter 2021.
- ii) Shutting down the operations of loss-making SpeedExis at an advanced stage and the exercise is expected to be completed by 31st December 2020.
- iii) One ATRs has been returned and efforts are under way to return at least one more ATR without penalty.
- iv) Some leased engines are also being returned.
- v) Negotiations are underway with OEMs (Original Equipment Manufacturers) for seeking relaxations and waivers in Component Support Program (CSP) payments due to ongoing Covid-related situation. This will result in further cost cuttings.

### **Improvements in Performance**

49. The above efforts have not only enhanced the overall working environment of the PIA, but have also resulted in improvement of its financial performance in terms of reducing operating losses and exhibiting profits. This is manifested by the audited profit and loss statements of the company for the year 2019 and the available quarters of 2020 as under.

#### **Year 2019**

50. In the last year, the company has seen significant improvement in revenue and reduction in operational losses as under:

- i) Revenue increased by 42.5% compared to previous year.
- ii) The company saw gross profit on its balance sheet after 8 years. Gross profit amounting to Rs.7.8 billion was achieved in 2019 compared to gross loss of Rs.19.7 billion the previous year.
- iii) Operational losses reduced by 75.9%.
- iv) Charter revenue increased by 7 times.
- v) 4% improvement in Seat Factor from 77.3% to 81.3%
- vi) Passenger and Cargo Yields improved by 32% & 19% respectively

#### **Year 2020**

51. The ongoing year is marked with the global phenomenon of Covid-19 which adversely affected the aviation industry world over. Seen in this backdrop, PIA has demonstrated appreciable performance on its balance sheet:

- i) During the first quarter of 2020, the company achieved 220% enhancement in gross profits and a 61.9% reduction in operating losses reduction in this period as compared to first quarter of 2019.
- ii) In the third quarter (Jul-Sept 2020), PIA has again shown gross profit of Rs. 4 Billion and operating profit of Rs. 1.3 billion. In the challenging times, these profits were achieved through more focus on charter revenue and cargo business, special repatriation flights for stranded Pakistanis, and cost rationalization through voluntary salary cuts etc.
- iii) The projections for the last quarter of 2020 show a big jump in operating loss due to two main reasons: (a) revenue is likely to be impacted as resurgence of Covid-19 would reduce air travel (b) the expenses booked under one-off VSS scheme under salaries, wages and benefits amount to Rs. 3.2 billion. Additionally, expense of Rs 1.5 billion is expected to be booked on annual actuarial valuations
- iv) The above efforts and the achievements clearly indicate that PIA was on the path of recovery. Its transformation to a lean and efficient airline has high probability of success provided the operational and financial restructuring plans remain on track.

52. A comparison of actual performance of PIA in the years 2019 and 2020 (with projected figures of Q4) is given at Table 2 below.

**Table 2: Comparison of PIA's Performance in Years 2019 and 2020**

	(Amounts in Billion Rs.)					
	2019	2020				
		Q-1	Q-2	Q-3	Q-4*	Total
<b>Revenue</b>	147,500	36,443	15,028	22,891	16,089	90,451
<b>Fuel Cost</b>	(50,059)	(12,307)	(2,350)	(3,425)	(3,816)	(21,898)
<b>Operating Expenses Other than Fuel</b>						
Salaries, wages & benefits	(27,121)	(6,699)	(5,717)	(5,502)	(10,977)	(28,895)
Depreciation & Rentals	(15,724)	(4,422)	(4,078)	(3,813)	(5,451)	(17,764)
Maintenance	(17,193)	(4,407)	(4,286)	(2,489)	(3,835)	(15,017)
Aeronautical, Crew Layover, Insurance, Passenger related charges & Others	(47,227)	(10,703)	(7,331)	(6,652)	(4,754)	(29,440)
	<b>(107,265)</b>	<b>(26,231)</b>	<b>(21,412)</b>	<b>(18,456)</b>	<b>(25,018)</b>	<b>(91,117)</b>
Other Income	2,102	449	355	313	-	1,117
Net Other Operating Expenses	<b>(105,163)</b>	<b>(25,782)</b>	<b>(21,057)</b>	<b>(18,143)</b>	<b>(25,018)</b>	<b>(90,000)</b>
Gross Profit**	<b>7,822</b>	<b>1,145</b>	<b>(5,250)</b>	<b>4,034</b>	<b>(9,007)</b>	<b>(9,078)</b>



<b>Operating Profit / (Loss)</b>	(7,722)	(1,646)	(8,379)	1,323	(12,745)	(21,447)
*Projected figures.						
** It is total revenue (including other income) minus direct expenses						

### Balance Sheet Restructuring

53. This Section is based on the proposals put forward by the PIA Management in consultation with President National Bank of Pakistan, President Bank Al Falah, President Bank of Punjab before the Financial Restructuring Committee headed by Finance Secretary. The Committee has held six meetings attended by the Secretary Aviation, the above referred professionals and others in which various possible options were discussed and analyzed. The consensus view of the Committee was that financial restructuring in the absence of operational efficiency and organizational restructuring would not achieve any tangible results. Thus, financial restructuring is conditional on the measures to improve operational efficiency and implement organizational restructuring.

54. Under that scenario, role of Government of Pakistan in assuming financial liabilities off the PIA's balance sheet would be the critical success factor. This would enable PIA to mobilize long and short-term capital from financial market on the strength of its transformed balance sheet without recourse to Government in the form of loans and guarantees.

55. The Committee reviewed the restructuring plan submitted by PIA, measures already taken ongoing and future initiatives, and working assumptions behind financial projections of company for next 3 years. The Committee would submit its recommendations separately and without preempting the highly useful work done by them this report has benefitted from the main thrust of the discussion which is reflected here. To summarize, it is assumed that liabilities of Rs.457.1 billion currently on PIA's balance sheet as indicated in Table 3 may be assumed by the Government of Pakistan by conversion into equity:

<b>Description</b>	<b>Amount (Billion Rupees)</b> (As on 30-9-2020)
GoP Guaranteed Loans	201.8
Loans from GoP	55.6
Loans on PIA Balance Sheet	52.9
Markup	16.1
<b>Total Loans and Markup</b>	<b>326.4</b>
Payable to PSO (Including Markup)	16.4
Payable to CAA	86.7
Taxes payable	14.7
<b>Total Payable to GoP Institutions</b>	<b>117.8</b>

VSS Amount	12.9
<b>Total for Conversion into GoP Equity</b>	<b>457.1</b>

56. Treatment of different components of liabilities can be as under:

57. The GoP is required to provide immediate relief of Rs. 202.8 billion to PIA in various heads of account including loan and mark up relief, payable to Civil Aviation Authority, Pakistan State Oil, taxes and VSS. This amount does not necessarily involve cash outflows but adjustment as book entries i.e. accounting transfers. In addition, cost of such repayments for GoP will be around Rs.57.8 billion, also by the end of CFY. Detailed amortization schedule and projected cash flow are given at Annexure-I and its summary has hereunder: -

- i) An amount (Rs.12.9 billion) has already been approved by the government for VSS of the employees.
- ii) Loans extended by GoP to PIA (amounting to Rs.55.6 billion) and the interest accrued against such loans (Rs.13.6 billion out of total accrued markup of Rs.16.1 billion) will be adjusted as book entries.
- iii) Receivables of Civil Aviation Authority to the tune of Rs.86.7 billion (to be updated as of 31st Dec, 2020) may be considered for waiver or writing-off or adjustment as one-time relief to PIA. However, PSO may be requested to waive-off the outstanding amount of Rs.16.4 billion, subject to approval of their BoD as the GoP cannot direct the private sector investors for waiver.
- iv) The FBR may consider waiving the taxes due worth Rs.14.7 billion. The total amount payable is Rs. 117.8 billion.

58. PIA would transfer the ownership properties belonging to PIACL to the SPV as created with 100% GoP equity. Although the actual value of these assets is yet to be determined, if an estimated amount of Rs.150-160 billion is realized from these hotels, the liabilities assumed by the GoP (Loans and interest on direct loans to PIA, Government-guaranteed loans and loans acquired by PIA against its balance sheet) would be reduced from Rs.326.4 billion to Rs.166-176 billion.

59. **Annexure-II** is the depiction of PIA balance sheet after getting restructured as per plan proposed above.

### **Risk and Challenges**

60. Given the resolve of the government to revive PIA and the efforts being made by the new management, the chances of success appear promising. However, the plans may hit a snag due to a number of internal and external factors. A list of such foreseeable risk factors is as under:

- i) The single dominant factor that poses the biggest risk is the Government's ability in view of available fiscal space to allow PIA to clean up its balance sheet by assuming the debt and liabilities amounting to approx. Rs.457 billion. In case this risk is not mitigated, the restructuring plan would fail to accomplish the ultimate goal of financial sustainability and operational autonomy.
- ii) Second risk factor is the ban on PIA flights to Europe and delay in opening up US routes due to pilots licensing episode and safety measures to be taken by the Civil Aviation Authority (CAA) and the Aviation Division.

- iii) Thirdly, the growing competition with British Airways and Virgin Atlantic on remunerative routes in the U.K and with Air Blue, Air Sial and other domestic airlines would impose additional obligations on PIA to improve its service, in-flight entertainment, fare discounts and cargo rates rationalization. This may increase costs and diminish the projected revenue streams.
- iv) The prolonged uncertainty arising out of Covid-19 and voluntary suspension of domestic and international travelling is likely to pose a challenge in achieving the expected revenue targets.
- v) A favorable stance is expected from Saudi Government in respect of issuance of Umrah visas and Pilgrims quota for Hajj. If this stance is modified for extraneous reasons, it would also have a downward impact on the earnings.

61. Mitigation of above risk factors and dealing with any other arising exigencies requires a concerted ‘whole of the Government’s approach’ in which the Aviation Division, Civil Aviation Authority and Finance Division have to work together to closely monitor the situation and take corrective measures as and when required in an expeditious manner.

### **Safeguards and Conditions**

62. As described in previous Section, implementation of restructuring plans and achievement of targeted results may be affected due to a number of external and internal risk factors. In order to protect the interest of the Government under the circumstances, it is advisable to put in place some safeguards and conditions under which the GoP would assume these liabilities and enable PIA to clean up its balance sheet. These are spelled below:

- i) The PIACL would transfer the ownership of properties belonging to PIA and PIACL to the Government of Pakistan without any encumbrances. The proceeds received from any market-based transactions would be applied towards the equity injection.
- ii) The Board of PIA would authorize an agreement to be signed between PIA and the GoP laying down the specific milestones and timelines to be achieved by the company.
- iii) In case of violation of financial clauses of the agreement or non-achievement of revenue targets, cost containments and operating profits, the GoP would have the unfettered right to claw back the amount of equity injected, restore the situation ex-ante and convert the equity into loans to be serviced by PIA. The amortization schedule attached to the Restructuring Plan under which PIA had to replace the loan amounts with equity would become null and void, and In case of failure, the entire plan will be reviewed afresh including possibility of withdrawal of GoP support etc. GOP may then explore the other options of outright privatization or management contract outsourcing.
- iv) The clauses pertaining to waiving or writing off the amounts payable to Civil Aviation Authority, Pakistan State Oil and to the Federal Board of Revenue would be revoked and no longer valid.

### **Financial Projections of Restructured PIA (NEW CO.)**

63. Assuming that existing momentum of performance and reforms is maintained and the balance sheet is restructured, it is projected that PIA will exhibit significant improvements over the next three years in terms of both cash flows from operations as well as the profits. As per company’s calculations, profit/loss before taxation figures over next three years will be as reflected at Table 4. The revenue projections for 2021 show a big jump on the presumptions

that the inoculation of vaccine against Covid-19 would lead to resumption of domestic and international travel, and that the safety issues with European Union Aviation Safety Agency (EASA) and Europe would be successfully settled and PIA gets permission to resume its flights. It may be recalled that the actual revenue realized in 2019 was Rs 147.5 billion. Thus, the year 2021 is projected at a level below the actual achievement.

**Table 4: Projections of Profits/Loss before Taxes for Years 2021-23 (in Million Rs.)**

		Forecast		
	2020*	2021	2022	2023
<b>Revenue</b>	<b>90,451</b>	<b>143,554</b>	<b>199,524</b>	<b>220,352</b>
<b>Operating Expenses</b>				
Fuel & Oil	(21,898)	(38,570)	(56,254)	(61,596)
Other than Fuel	(89,999)	(109,134)	(133,230)	(141,841)
<b>Operating Profit/(Loss)</b>	<b>(21,447)</b>	<b>(4,149)</b>	<b>10,040</b>	<b>16,915</b>
Exchange Gain / (Loss)	(6,694)	-	-	-
<b>Profit/(Loss) Before Interest &amp; Taxation</b>	<b>(28,141)</b>	<b>(4,149)</b>	<b>10,040</b>	<b>16,915</b>
Finance Cost	(29,372)	(375)**	-	-
<b>Profit/(Loss) Before Taxation</b>	<b>(57,513)</b>	<b>(4,524)</b>	<b>10,040</b>	<b>16,915</b>
* Year 2020 figures include actual figures of Q1, Q2, Q3 and projected figures of Q4.				
** This represents finance cost on loans borrowed by PIA on its own Balance Sheet.				

64. Table 5 depicts the summary of cash flow projections over the same period.

**Table 5: Cash Flow Projections for the Years 2021-23 (in Million Rs.)**

		Forecast		
<b>Cash flows</b>	2020*	2021	2022	2023
Operating Profit/(Loss)	(21,447)	(4,149)	10,040	16,915
Add: Dep/Amortization	13,569	9,864	11,160	11,833
Add: Other non-cash exp. (provisions)	5,085	5,150	5,665	5,971
<b>Net Cash flow from Operations</b>	<b>(2,793)</b>	<b>10,865</b>	<b>26,865</b>	<b>34,719</b>

*\* Year 2020 figures include actual figures of Q1, Q2, Q3 and projected figures of Q4.*

### **Key Assumptions**

65. These above 3-year financial projections have been worked out on the basis of following key assumptions:

- i) Hajj and China operations are resumed back to pre-Covid levels by 2023.
- ii) No additional aircraft is inducted in the years 2020 and 2021, whereas 3 new aircraft will be inducted in the year 2022.
- iii) One wide body and one narrow body aircraft are assumed on routine maintenance throughout.
- iv) VSS takes effect in the last quarter of 2020 as per projections.
- v) Restructuring of the departments as stated above is assumed from 2021.
- vi) Finance cost on loans is calculated till 31st Dec 2020 with the assumption that debt-equity swap will take place by that time.
- vii) Seat factor will be gradually increased to 82% over the 3 years from existing 74% through aforesaid measures and as a consequence the yields would rise adding to the operational revenues.
- viii) Average KIBOR & LIBOR is assumed at 8.0% & 1.5% in 2021 respectively.

### **Recommendations**

#### **Policy Recommendations to Improve Environment for Aviation Industry in General**

66. The recent global recession of aviation industry due to Covid-19 situation notwithstanding, the ecosystem for the local aviation industry in general in Pakistan may be improved through a number of measures which will naturally benefit the national flag carrier as well. Recommendations in this regard are as under:

- i) Civil Aviation Authority should play a more proactive role not only as the regulator of the local aviation industry but also as the interface with international regulators and agencies. More focus needs to be placed on ensuring that Pakistan remains compliant to the regulations of ICAO (e.g. State Safety Program etc.) as well as those of the local regulators at destinations of interest. Appointment of an aviation industry professional from the market as DG CAA coupled with organizational restructuring of the Authority will go a long way in achieving this.
- ii) Aviation Division may ensure that grant of slots to foreign carriers is strictly on the principle of reciprocity, so that the natural advantage of local airlines to provide direct point-to-point connectivity to the Pakistani diaspora is optimally leveraged to our advantage.
- iii) Airports infrastructure in general and technical equipment in particular need to be upgraded to facilitate the aviation companies. A case in point is the CAT-III equipment required for landing during smog which is installed only at Lahore airfield. Resultantly, flight schedule is severely disturbed during the winters each year. For this purpose, the ongoing exercise of bifurcation of CAA into a regulating authority and an infrastructure development company needs to be completed at the earliest.
- iv) Reportedly, review of the Aviation Policy is in the offing and recommendations are being developed in this regard. As a policy, PIA and other local aviation companies should be actively consulted whenever such exercise is carried out so as to address their concerns.

- v) During last three decades, few trends have become quite obvious in the airlines business. Most of the state airlines have been privatized. These airlines are now merely using the old national names/ symbols like British Airway, Japan airline, Lufthansa, Qantas and few US airlines. These all are now owned by private fund managers and investment houses. Airlines, which are in the public sector like Air India, Malaysia Airline, South African Airways etc. are making heavy losses. Around 20 airlines of the public sector have closed down in last thirty years and many in the private sector. Only airlines of UAE are in public sector, but these are also being operated by the Fund Managers, not per say by their national governments, which provides the flexibility to take “decisions” and operate purely in commercial terms. The airline industry has become a business with modicum and declining margins due to burgeoning competition. In Pakistan, somehow, the ecosystem required to take bold commercial decisions has fast lost its ground. GOP particularly Aviation Division and CAA would have to take responsibility to remove the unnecessary hurdles impeding the commercial operations of Pakistani Airlines.

### **Recommendations specific to PIA**

- i) Implementation of PIA Organizational Restructuring Plan needs to be closely monitored, not only to track the progress but also to facilitate the management in overcoming difficulties if faced any. For this purpose, a Committee may be constituted after considering the options for balance sheet restructuring OR alternatively PIA may be tasked to present their quarterly progress before Cabinet Committee on Reforms (CCIR) for review.
- ii) Balance sheet restructuring is the biggest ticket item for public exchequer as for as PIA restructuring process is concerned. In this regard, an earlier decision is of much significance as financial projections have been made assuming that the process will be completed by the end of year June 2021. To this end, Aviation Division may finalize the proposal and initiate summary for ECC in due course with beforehand consultation with Finance Division as Finance Division has to take up the matter with IMF in the first place.
- iii) Whereas it is important that Aviation Division being the administrative Division maintains an oversight over PIA performance, it is equally important that company should operate as an autonomous corporate organization. Therefore, PIA Board should be allowed to act in an independent manner for the best interest of the company with little lateral interferences. Administrative reorganization that includes appointment of a Chief Commercial officer and experts in aviation industry, may be necessary in light of the lean and focused Business opportunities. Expensive office spaces and residential accommodation at stations from where the PIA is withdrawing itself should be immediately disposed of. Health insurance in place of the PIA provided facilities and the existing reimbursement system would minimize the abuse and inflation of medical expenses. Other opportunities for cost savings through robust internal controls and automation should be explored.
- iv) As stated earlier, procurement through lengthier PPRA-prescribed procedures puts PIA in disadvantageous position in comparison to its competitors. This is especially true in case of narrower windows of opportunity requiring immediate decisions. In order to acquire necessary agility to respond to market dynamics, it is imperative that PIA, with the approval of Board, should adopt an alternate procurement manual. However, if the same could not possible due to legal reasons, PPRA Board may consider the case and recommend appropriate exemptions/relaxations to fulfil

PIA needs. In the absence of procurement and hiring & firing flexibility, the success chances of the instant bailout package are slim.

### **Decision**

67. A summary containing the Restructuring Report recommendations was presented before and approved by the ECC on 31st March, 2021.

68. The Cabinet discussed the minutes of ECC on 27th April, 2021. The Cabinet took note of the presentation by the Adviser to Prime Minister on Institutional Reforms & Austerity and directed the Aviation Division to move a summary for the Cabinet, after incorporating the views of all the stakeholders for formal approval of the Restructuring Plan, as amended in light of the observation of the Minister for Finance & Revenue.

### **Current Status**

69. Further action is to be taken by the Aviation Division.

### Annexure I: Amortization Schedule as per Proposed Restructuring

<b>Re-payment Timelines</b>									
(Amounts in Billion Rs.)									
Description	As on 30-9-2020	Immediate	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
GoP Guaranteed Loans	201.8	-	45.6	41.0	41.8	48.4	16.1	7.2	4.2
Loans from GoP	55.6	55.6	-	-	-	-	-	-	-
Loans on PIA Balance Sheet	52.9	0.4	12.2	22.0	16.0	6.6	-	-	-
Markup	16.1	16.1	-	-	-	-	-	-	-
<b>Total Loans and Markup</b>	<b>326.4</b>	<b>72.1</b>	<b>57.8</b>	<b>62.9</b>	<b>57.7</b>	<b>55.1</b>	<b>16.1</b>	<b>7.2</b>	<b>4.2</b>
Payable to PSO	16.4	16.4	-	-	-	-	-	-	-
Payable to CAA	86.7	86.7	-	-	-	-	-	-	-
Taxes payable	14.7	14.7	-	-	-	-	-	-	-
<b>Total Payables to GoP Institutions</b>	<b>117.8</b>	<b>117.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
VSS	12.9	12.9	-	-	-	-	-	-	-
<b>Total GoP Equity Conversion</b>	<b>457.1</b>	<b>202.8</b>	<b>57.8</b>	<b>62.9</b>	<b>57.7</b>	<b>55.1</b>	<b>16.1</b>	<b>7.2</b>	<b>4.2</b>

Immediate cash flow requirement against equity conversion of Rs.457.1 billion (reflected above) will be as under:



	(Amounts in Billion Rs.)		
Description	Equity Conversion	Cash Outflows	Remarks
GoP Guaranteed Loans	201.8	0	These will be repaid as per amortization schedule
Loans from GoP	55.6	0	This will be book entry
Loans on PIA Balance Sheet	52.9	0.4	Remaining will be repaid as per amortization schedule
Markup	16.1	2.5	Remaining markup is accrued on GoP loans and will be book entry
Payables to GoP institutions	117.8	0	This is subject to agreeing of CAA, PSO and FBR to waive-off receivables.
VSS	12.9	0	Already approved by GoP
<b>Total</b>	<b>457.1</b>	<b>2.9</b>	

## Annexure II: PIA Balance Sheet after Proposed Restructuring

(Page 1/2)

As on 30 <sup>th</sup> September 2020					
ASSETS	Good (retain )	Outsourc e*	PEC (carv e out)	Bad/ Financial restructuri ng (carve out)	Tot al
	(Amounts in Billion Rs.)				
PPE	82.6	0.9	0.0	-	83.5
Intangible	0.3	-	-	-	0.3
	<b>82.9</b>	<b>0.9</b>	<b>0.0</b>	-	<b>83.8</b>
PIAIL	-	-	-	4.4	4.4
SRL	-	0.0	-	-	0.0
Others	0.2	-	-	-	0.2
<b>Long Term Investment</b>	<b>0.2</b>	<b>0.0</b>	-	<b>4.4</b>	<b>4.6</b>
<b>Deposit &amp; Prepayments</b>	<b>5.9</b>	-	-	-	<b>5.9</b>
<b>Total Non-Current Assets</b>	<b>88.9</b>	<b>0.9</b>	<b>0.0</b>	<b>4.4</b>	<b>94.3</b>
Stores & Spares	2.4	0.4	0.1	-	2.9
Trade Debts	14.8	0.3	0.4	-	15.6
Advances	1.6	-	0.1	-	1.6
Trade Deposits & Short Term	2.5	0.0	-	-	2.5
Other receivable	8.8	0.2	0.1	-	9.0
Short-term investment	0.0	-	-	-	0.0
Cash & Bank Balance	8.6	-	-	-	8.6
VSS Cash Payment	12.9				12.9
<b>Total Current Assets</b>	<b>51.6</b>	<b>0.9</b>	<b>0.7</b>	-	<b>53.2</b>
<b>Total Assets</b>	<b>140.6</b>	<b>1.8</b>	<b>0.7</b>	<b>4.4</b>	<b>147. 5</b>

*\*This includes FSD & TGS. Further Base Maintenance of Engineering will be included in this after finalization.*

**Annexure II: PIA Balance Sheet after Restructuring (Page 2/2)**

	<b>As At 30-September-2020</b>				
<b>LIABILITIES &amp; EQUITY</b>	<b>Good (retain)</b>	<b>Out source</b>	<b>PEC (carve out)</b>	<b>Bad/ Financial restructuring (carve out)</b>	<b>Total</b>
	(Amounts in Billion Rs.)				
Loans from financial institution (GoP guaranteed)	-	-	-	201.8	201.8
Loans from GoP	-	-	-	55.6	55.6
Loans from financial institution, non GoP Guaranteed (Secured via PIA Assets)	-	-	-	52.9	52.9
<b>Total Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>310.3</b>	<b>310.3</b>
Markup on Loans from GoP	-	-	-	13.6	13.6
Accrued Interest – Others	7.7	-	-	2.5	10.2
<b>Total Loans (including Markup)</b>	<b>7.7</b>	<b>-</b>	<b>-</b>	<b>326.4</b>	<b>334.1</b>
<b>Trade &amp; others payables</b>					
CAA	-	-	-	86.7	86.7
PSO	-	-	-	16.4	16.4
Taxes	-	-	-	14.0	14.0
Others	68.5	3.7	2.1	-	74.3
<b>Total Trade &amp; Other Payables</b>	<b>68.5</b>	<b>3.7</b>	<b>2.1</b>	<b>117.1</b>	<b>191.4</b>
<b>Total Loans &amp; Trade Payables</b>	<b>76.2</b>	<b>3.7</b>	<b>2.1</b>	<b>443.5</b>	<b>525.5</b>
Deferred Liabilities - Employee Benefit	37.2	1.1	1.6	-	39.9
Deferred Liabilities - Leased Aircraft Re-delivery	2.0	-	-	-	2.0
Advance from PIAIL (Incl. markup)	-	-	-	8.1	8.1

Lease Liability & Others	21.5	-	-	0.7	22.2
	<b>60.7</b>	<b>1.1</b>	<b>1.6</b>	<b>8.8</b>	<b>72.2</b>
<b>Total Liabilities</b>	<b>136.9</b>	<b>4.8</b>	<b>3.7</b>	<b>452.3</b>	<b>597.7</b>
Issued, subscribed and paid-up share capital	52.3	-	-	-	52.3
Reserves	4.4	-	-	-	4.4
Surplus on revaluation of PPE-net	19.2	-	-	-	19.2
VSS Equity	12.9	-	-	-	12.9
Accumulated losses	(85.2)	(3.0)	(3.0)	(447.9)	(539.0)
<b>Total Shareholder Equity</b>	<b>3.7</b>	<b>(3.0)</b>	<b>(3.0)</b>	<b>(447.9)</b>	<b>(450.2)</b>
<b>Total Equity &amp; Liabilities</b>	<b>140.6</b>	<b>1.8</b>	<b>0.7</b>	<b>4.4</b>	<b>147.5</b>
<b>Net Equity (Retain)</b>	<b>0.7</b>				

### Annexure III: Implementation Timelines of immediate Initiatives

Sr.	Initiative	Responsibility	Timeline/ Completion Date	Remarks
<b>Financial Restructuring Plan Tentative (to be agreed with stakeholders)</b>				
1.	Finalization of Plan	<ul style="list-style-type: none"> <li>• Ministry of Finance</li> <li>• Aviation Division</li> <li>• PIA Management</li> </ul>	5-1-2021	Meeting of Committee to finalize the plan is convened on the date
2.	Approval of Plan by PIA Board	<ul style="list-style-type: none"> <li>• Aviation Division</li> <li>• PIA Management</li> </ul>	18-1-2021	
3.	Initiation of summary for ECC after stakeholders' consultations	<ul style="list-style-type: none"> <li>• Aviation Division</li> </ul>	22-1-2021	
4.	Decision of ECC and ratification by Cabinet	<ul style="list-style-type: none"> <li>• Cabinet Division</li> </ul>	27-1-2021/ 2-2-21	Indicative timelines
5.	Signing of agreement between Finance Division and PIA	<ul style="list-style-type: none"> <li>• Finance Division</li> <li>• Aviation Division</li> <li>• PIA Management</li> </ul>	8-2-2021	In anticipation of approval of proposed plan by ECC and Cabinet
6.	Formation of Special Purpose Vehicle	<ul style="list-style-type: none"> <li>• Aviation Division</li> <li>• PIA Management</li> </ul>	15-2-2021	- do -
7.	Book adjustments, immediate cash payments, issuance of instruments etc.	<ul style="list-style-type: none"> <li>• Finance Division</li> </ul>	25-2-2021	- do -
8.	Decision by CAA and PSO Boards regarding waiving PIA liabilities	<ul style="list-style-type: none"> <li>• Aviation Division/CAA</li> <li>• Petroleum Division/PSO</li> </ul>	25-2-2021	- do -
<b>Organizational Restructuring Plan</b>				
9.	Voluntary Separation Scheme	<ul style="list-style-type: none"> <li>• PIA Management</li> </ul>	31-12-2020	
10.	Outsourcing food services at Islamabad and Karachi	<ul style="list-style-type: none"> <li>• PIA Management</li> </ul>	<ul style="list-style-type: none"> <li>• Tendering to complete by 31-12-2020</li> <li>• Outsourcing to take effect by 31-3-2021</li> </ul>	
11.	Outsourcing of Technical Ground Support	<ul style="list-style-type: none"> <li>• PIA Management</li> </ul>	<ul style="list-style-type: none"> <li>• Tendering to complete by 31-3-2021</li> </ul>	

			<ul style="list-style-type: none"> <li>Outsourcing to take effect before 30-6-2021</li> </ul>	
12.	Outsourcing of Base Management Engineering Department	<ul style="list-style-type: none"> <li>PIA Management</li> </ul>	30-6-2021	
13.	Transfer of Precision Engineering Complex to Ministry of Defense	<ul style="list-style-type: none"> <li>PIA Management</li> <li>Ministry of Defense</li> </ul>	30-6-2021	
14.	Closure of SpeedEx	<ul style="list-style-type: none"> <li>PIA Management</li> </ul>	31-12-2020	
15.	Replacements of old aircrafts with recent vintage ones	<ul style="list-style-type: none"> <li>PIA Management</li> </ul>	2021 (As per lease expiry of 8 aircrafts during the year)	
16.	Network expansion through code sharing arrangements	<ul style="list-style-type: none"> <li>PIA Management</li> </ul>	Ongoing	
<b>Other Issues</b>				
17.	Review of Aviation Policy	<ul style="list-style-type: none"> <li>Aviation Division</li> </ul>	30-6-2021	
18.	Review of Air Services Agreements (ASAs) with other countries	<ul style="list-style-type: none"> <li>Aviation Division</li> <li>Foreign Office</li> <li>CAA</li> </ul>	31-3-2021	
19.	Negotiations with EASA for complete or provisional lifting of ban on PIA from European routes	<ul style="list-style-type: none"> <li>Aviation Division</li> <li>CAA</li> </ul>	31-3-2021	

### Annexure IV: Implementation Timelines of Restructuring plan

		2020	2021				2022
Sr.	RESTRUCTURING MEASURE	Q4	Q1	Q2	Q3	Q4	Q1
1	VOLUNTARY SEPERATION SCHEME (VSS)	Offer to Employees	- Acceptance of offers - Separation of employees after receipt of funds from GoP	Another Scheme in consultation with legal counsel			
2	CLOSURE OF SPEEDEX	Closure of operations	Layoff of 3rd Party Employees	Settlement of Dues			
3	OUTSOURCING OF FOOD SERVICES DIVISION (FSD) AT ISLAMABAD	Tendering for Outsourcing is Done	- Technical Bids Evaluation - Financial Bid Evaluation for shortlisted parties	- Shortlisting the final Vendor - Contract Negotiation - Award of Contract			
4	JV / O&M CONTRACT OF FOOD SERVICES DIVISION (FSD) AT KARACHI		- Tendering for Valuation of PIA Equipment. - Finalization of Valuation	- Tenders for JV/O&M Contract - Technical Bids Evaluation - Financial Bid Evaluation for shortlisted parties	- Shortlisting the final Vendor - Contract Negotiation	Award of Contract	
5	TRANSFER OF PRECISION ENGINEERING COMPLEX (PEC) TO MoD		Re-Appointment of Consultant	- Finalization of Valuation - Hiring of Legal Consultant	Finalization of Terms of Transfer	Transfer to MoD	
6	JV / O&M CONTRACT OF TECHNICAL GROUND SUPPORT (TGS)		Tendering for Valuation of PIA Equipment.	- Award of Contract for valuation - Valuation Finalization - Initiation of process for Hiring of Consultant	- Financial Model by Consultant - PPPA Approval - Tenders for JV / O&M Contract	- Contract Negotiation - Award of Contract	
7	JV / O&M CONTRACT OF BASE MAINTENANCE OF ENGINEERING		Tendering for Valuation of PIA Equipment.	- Award of Contract for valuation - Valuation Finalization - Initiation of process for	- Financial Model by Consultant - PPPA Approval - Tenders for JV / O&M Contract	- Contract Negotiation - Award of Contract	

				Hiring of Consultant		
8	REPLACEMENTS OF 8 NARROW BODY AIRCRAFTS	Tenders Publication Done	Evaluation of Bids	- Selection of Fleet & Vendor - Contract Negotiation	- Award of Contract - Replacement of Aircraft	- Replacement of Aircraft
9	NETWORK EXPANSION		This process of exploring New Markets & Code Sharing Agreement is a continuous process.			



### **3. Pakistan Railways (PR)**

A comprehensive roadmap of reforms, complete with timelines, was developed in consultation with Pakistan Railways. The plan was shared with Pakistan Railways in July 2020 which, after the requisite inter-ministerial consultations, initiated a summary in end September 2020 and submitted the same for consideration of the Cabinet.

## **Background**

1. Pakistan Railways (PR) is one of the largest public sector enterprises in Pakistan. It is a behemoth that currently employs 68,750 people all over the country and for the financial year 2018-19 it had a total budgetary outlay of Rs. 87.3 billion. The organization is still governed primarily by the Railways Act of 1890 enacted by the British government. PR currently maintains about 11,700 KM of track and operates 480 railway stations. It has 468 locomotives and 1214 functional passenger wagons.

2. Since independence, PR has had a checkered history. There is no doubt that PR has great strategic value for the nation. In fact, PR played a very important role in the early economic development of the country. However, over the last few decades the organization has seen a major slump in performance and in recent years it has become one of the largest loss-making entities in possession of the government of Pakistan. 2011-12 marked the lowest point in the history of Pakistan Railways. Since that time the performance has improved slightly. However, fundamental reforms are urgently needed to turn around the organization. During the year 2018-19 Pakistan Railways generated a total revenue of 54.5 billion and received a subsidy of 32.8 billion from the Federal Government to cover for its losses. The pension liability is the single biggest problem facing the organization with Rs 31.3 billion spent on pensions during the year 2018-19. Expenditure on salaries and pension alone constituted 67% of the total expenditure in 2018-19.

3. The international best practice in railways all over the world is to encourage the participation of the private sector. Japan is widely agreed to have the most efficient railway system in the world and its railways ecosystem is completely dominated by private companies. The eventual long-term goal should also be the same in Pakistan. However, the first step in achieving this goal is to make PR profitable and efficient. There are examples where railways are being run efficiently in public sector. The best example is Deutsche Bahn AG in Germany which is one of the largest transport companies in the world. There are also good examples in our neighborhood. Indian Railways and China Railways are two public sector organizations that have much better performance as compared to Pakistan Railways. Valuable lessons can be learned from these organizations. This report recommends immediate reforms in five critical areas for immediate improvement in performance of PR.

## **Immediate Reforms**

### **I. Governance, Organizational Restructuring and Management**

4. **Appointment of the General Manager, Pakistan Railways:** There is a critical need to reform the office of the GM/CEO Pakistan Railways. This office is the single most important office with regard to the performance of the organization. The appointments to this office should be done meticulously. As per existing rules, all existing BPS-21 officers of PR are eligible for this post and the appointment is done by the Prime Minister's office. Unfortunately, the routine has been to appoint the senior most officer of PR in BPS-21 to this post who is usually retiring in a few months. This policy has had significant adverse effects on the performance of the whole organization. An officer nearing retirement has no motivation or energy to deliver. They also have no incentive to take risks, make hard decisions or promote

reforms. Any officer appointed as GM/CEO should at least have 2 or more years of service remaining. The ultimate goal is to amend the law and open up the position of CEO/GM to competent individuals with integrity, outside the Railway service.

5. Furthermore, the appointment of GM/CEO should be done through a thorough screening and interview process in which all eligible officers compete. A high-level panel should interview the short-listed candidates who will be required to make a presentation on the strategy to operate the PR and make it financially viable. The selection process for the CEO should be initiated at least 3 months prior to the retirement of the incumbent. The selection committee should rank each candidate on the following parameters:

- a) Past Service Record as reflected by PERs and Trainings records 40%
- b) Past Professional Experiences 20%
- c) Performance at the Interview 40%

**6. Performance Management of CEO/GM:** The GM should be appointed for a period of 2 years with the option of one-year extension in case of excellent performance. Upon appointment each CEO should sign a performance contract with the Railways Board which has been pre-approved by the Cabinet. The performance contract should have clear indicators with concrete quantifiable quarterly targets. Revenue targets for each revenue stream will form the integral part of this performance contract. Other indicators can include safety records, new reforms, passenger satisfaction surveys etc. The Railways Board should evaluate the performance of the CEO each quarter. In case the performance targets are not met, the board should censure the CEO and give him one more quarter to improve performance. In case the targets are again not met in the second quarterly meeting, the Board must recommend termination of services and early retirement of the CEO to the Cabinet. There should be no exceptions to this rule.

**7. Operational Autonomy for GM:** The GM PR should be given operational autonomy to perform his/her functions. There should be no interference from the Railway Board or the Ministry. The Railways Board and Ministry should only oversee performance of the CEO and undertake policy formulation. The CEO/GM should not be called to the Ministry or by the Board for any meeting more than once every quarter.

**8. Reforms in Office of GM/CEO and Pakistan Railways Head Quarter:** The restructuring plan for Pakistan railways that has already approved by the PM should be fully implemented in the timelines already communicated. The CEO should be encouraged to utilize expert technical human resource through hiring of experts. In this regard the Ministry is in process of hiring of 4 technical advisors in MP1 scale for the Pakistan Railways HQ. More details are given in the Appendix A.

**9. Composition and Functions of the Railway Board:** Currently the Railway Board has 7 ex-office members and 3 members from the private sector. Out of the 3 current private members, 2 are retired civil servants. There is a need to immediately reconstitute the board and replace all the private members with eminent private sector leaders. Amendments in relevant laws to increase the number of private sector members to at least 5 including an expert from each of the following sectors is also recommended.

- i. Delivery companies like TCS, DHL etc.
- ii. Hospitality sector
- iii. Airlines

- iv. Land passenger transport
- v. Leading IT entrepreneur

10. The primary function of the board should be to monitor, guide and evaluate the performance of the management, recommend policies and approve the annual budget and audited financial statements.

**11. Role of the Ministry and Secretary:** The Ministry should only be involved in policy formulation for PR, liaison with the ministries and the agencies, legislative and Cabinet matters, international linkages etc. The Ministry should not be involved in the day to day operations of the PR and it should be refrained from unnecessary interference. In fact, it should only interact with PR through the Railway Board. In order to effectively perform policy formulation, the Ministry should have specialists in human resource management, finance and ICT. A seat for Technical Advisor in MP1 should be immediately created in the Ministry. The Technical Advisor may be given one more additional support staff in MP-II scale for assistance. The TA should perform the lead role in policy formulation under the guidance of the Minister, Secretary and the Board. The implementation of the policy should be done through the Railway Board.

## II. Operational Efficiency

**12. Separating PR into constituent companies:** In order to improve operational efficiency and management, it is necessary that Pakistan Railways should be divided into the following separate companies i) Freight Traffic Management Company (ii) Passenger Traffic Management Company (iii) Infrastructure Management Company (iv) Rail Traffic Regulatory Authority and (v) an independent ML-1 authority. The Ministry is already working on a restructuring plan and it should be completed within 4 months. More details are provided in Appendix A. PR has become a huge monolith consequently an ungovernable enterprise. The separation into these constituent units will make management drastically easier and yield immediate improvements in efficiency. The proposed organogram is shown in the Appendix B. As ML-1 is a multi-billion-dollar project under CPEC, it is not covered in this report except that an independent body should implement the project. Similarly, Karachi Circular Railway project is excluded from this report.

**13. Safety Measure:** As the present state of railway track is in a bad shape, causing a number of accidents, PR has introduced a comprehensive new 'Safety Audit Regime'. In addition, work has been started for immediate repairs to the vulnerable points, convert the un-manned gates into manned gates and do public awareness campaigns to improve safety. For the first time a high level quarterly workshop for the top management of PR about improvements in safety and security standards has also been started. IT based monitoring coupled with warning sirens and lights are being introduced to prevent future accidents on crossings. Illegal crossings are being removed. In the aftermath of the Tezgam tragedy, a comprehensive new fire safety regime has also been initiated. Capacity building of staff for improved safety standards has also been initiated. Railway Police also needs to be modernized and converted into a smart policing unit to detect, enforce and impose penalties on violators. More details are provided in the Appendix C. With the separation of the regulatory functions from the operations and with the formation of an independent Railway Traffic Regulatory Authority (RTTA) the inspection regime would be become effective as the regulator would have the powers to identify and enforce safety standard and impose penalties against the officials found responsible for the negligence in duty in ensuring safety. The key performance indicators of Divisional staff will have due weight given to safety of operations based on defined parameters.

14. Digital mapping of all manned, unmanned and unauthorized crossings with GPS coordinates and solar operated automatic public warning systems at unmanned level crossings will also improve safety and security of train operations.

15. The Provincial governments and district administrations are being approached to build underpasses/overhead bridges to eliminate unmanned/manned level crossings and eradicate unauthorized crossings.

**16. Outsourcing to Private Sector:** In the immediate future the PR should make maximum use of the private sector operators. Train operations for both freight and passenger traffic should be outsourced to private companies as ample demand for this exists. Previous ventures in this regard were profitable for both the private companies and PR. However, learning from past experiences, legal contracts for such collaborations should be carefully drafted and effectively enforced so as to prevent litigations. All commercially viable routes should immediately be handed over to the private sector. PR plans to outsource 15 passenger trains to private sector in the near future. This should be done along with freight trains. This first stage should be completed as soon as possible and the progress be reviewed by the Cabinet. Next stage is to develop the capacity for carrying containerized freight for which PR has to improve port connectivity and develop terminals for containerized traffic. The Ministry is working with the Maritime Affairs Ministry to divert this traffic towards Railway and help generate additional revenues.

**17. Track access regime** should be revived to allow for third party access to railway lines. The project underway for this purpose needs to be operationalized at the earliest. Private sector should also be encouraged to take over workshops and track and train maintenance.

**18. Electric Trains:** Fuel costs are about 16 Billion per year for Pakistan Railways. The recent low oil prices can be used to hedge future oil purchases. This can significantly reduce the operational costs for the next few years. However, in the long term there is a need to fully transition to HV electric lines and electric powered locomotives since they are more efficient and very environmentally friendly. In India 61.62% of the routes are electrified with 25 kV 50 Hz AC and they plan to run 100% of trains on electricity by 2024. Due to the recent completion of several energy projects under the CPEC, there is excess capacity in our power system. PR can directly work with IPPs which have large amount of idle capacity available with them. There should be a 10-year plan to transition completely to electric trains by 2030. 10% electrification of system should be ensured each year. This initiative can become an important project in PM’s vision for clean and green Pakistan.

### III. Financial Sustainability

20. Table 1 below shows the current revenue position of PR:

**TABLE I: Financial Situation of PR**

<b>Description</b>	<b>Actual Revenue in Billions for 2018-19</b>
Passenger Receipts	28.6
Freight	18.8
Total Sundry	4.5
Others	2.6

Revenue per passenger train	0.498 million
Revenue per freight train	2.72 million
<b>Total</b>	<b>54.5</b>

20. There is a clear room for significant improvements in revenue by shifting focus from passengers' trains to freight trains. Passengers trains on average need 85% occupancy just to break even on costs whereas freight trains are always profitable. Average revenue per freight train was 2.72 million last years as compared to 500,000 per passenger train. Freight traffic accounted for 35% of total revenues in 2018-19 even though only 11 freight trains were running daily as compared to 114 passenger tarins. Excess demand for freight transport exists that can easily be met by increasing the number of freight trains. The number of daily freight trains should be increased to 20 by the end of 2020. This can be achieved by setting the minimum number of passenger carriages on each passenger train to 18. Currently this number is 12 which is much lower than the effective usage rate. PR should target 40 daily freight trains by end of 2021.

21. All freight transport should be managed by Railway Freight Transportation Company. Transport of oil and coal from Karachi port is one area that has a lot of potential. Cargo transport to the SEZs, dry ports and Afghan border can be another game changer. With the operationalization of CPEC, the freight transport demand will increase exponentially and it can single handedly make PR a profitable enterprise. Terminal Facilities should be improved for this purpose. A Marketing specialist should be immediately appointed for soliciting freight business for the PR.

22. Income through Land Utilization: Utilization of land assets of Pakistan Railways can make a significant contribution in improving the financial health of the organization. Pakistan Railways has prime commercial land on either side of its tracks passing through the major cities. Table II below shows the details.

**TABLE II: Land in Possession of PR**

CITY	TOTAL RAILWAY AREA (in Acres)	AREA AVAILABLE (free from litigation or encroachment)	ESTIMATED VALUE (in Millions)
Karachi	6384	12.41	1312
Lahore	3610	9.96	1052
Rawalpindi	2674	7.86	831
Peshawar	437	1.92	203
Total	13,105	32.15	3398

23. As detailed above more than 99% of railway land is under encroachment or litigation. This is a very unfortunate state of affairs and needs urgent and strict action. Up to 20 feet of land along the tracks adjacent to major roads can be easily utilized for commercial activities like

smart markets, advertisements, billboards etc. These activities should be fully outsourced to private sector on PPP model or leasing. This land use policy will have the further advantage of preventing trespassing on tracks and permanently stop encroachments. This initiative alone can bring tens of billions of rupees in monthly rental revenue to Pakistan Railways. Computer based land management system (PRLMIS) and a leasing system is being developed by PR and should be fully implemented by the organization. A project management unit is being established to ensure that a dedicated permanent unit, staffed by senior officers of PR, manages and utilizes railway lands. This unit should eventually be converted into an independent railway land management company staffed by PR employees. In this regard consideration may be given to revive and revitalize the dysfunctional Railway Estate Development and Marketing Company Limited (REDAMCO) maybe revitalized. The highly commercial lands in major cities like Karachi, Lahore, Rawalpindi, Peshawar and Quetta which are free from encroachments should be utilized in the first phase.

**24. Railway Stations as Commercial Hubs:** The PMU established for real estate management should explore various PPP and JV partnership models with the private sector to upgrade the major stations into commercial hubs. High quality hotels should also be established through PPP in the vicinity of all major stations. The immediate target should be to initiate PPP/JV for Karachi and Lahore stations. Dedicated and specialist manpower should be in charge of these endeavors. It is very important that in all these PPPs and JVs, the legal contracts and agreements be meticulously drafted to prevent future litigation. It is therefore essential that the PR hire and maintain an eminent legal firm on retainer ship basis to manage all such contracts.

**25. Cost Control through reduction of Pension Liabilities:** On the cost side, pension liabilities constitute 36% of total expenditures and are becoming unsustainable. There are currently 123,673 pensioners of PR with a bill of 34.8 billion. This liability will exceed Rs 50 billion within the next few years. PR has completed the biometric verification of all pensioners. However, there is an urgent need to review the liberalized pension rules of 01-07-2015 to restrict benefits to widows of pensioners only. PR cannot afford to repay the existing pension liabilities from its own resources and therefore it is recommended that the GoP takeover these existing liabilities and pay them through the annual subsidy allocated to PR. No further subsidy should be given to the organization. For future liabilities PR should immediately establish a pension fund on the same model as the Pakistan Post pension fund and transition to a defined contribution pension plan.

**26. Immediate freeze on all permanent employment:** It is critical that there should be an immediate freeze on all new permanent employment in Pakistan Railways without any exceptions. New employees should only be hired on contract basis and this contractual employment should be given legal cover through relevant rules so that these employees cannot be regularized in the future. All non-technical posts that have remained vacant for more than one year should immediately be abolished.

**27. Interventions for cost checking and voluntary retirement scheme:** Future liabilities can further be reduced by enforcing an effective carrot and stick policy. It is common knowledge that absenteeism is quite rampant in PR especially at the landed facilities like the workshops. Using latest IT and biometric techniques including CCTV absenteeism can be effectively detected and should automatically lead to significant pay deductions. In complement to these interventions an attractive golden handshake scheme for early retirements should be introduced. Considering the long-term impact of pension liabilities, packages up to 5 million may be justified to make this scheme attractive. IT systems should also be deployed to check oil pilferages and fictitious maintenance works.

**28. Welfare and Special Initiatives department,** which has many non-core activities such as hospitals, dispensaries and schools, should be wound up and these non-core activities be outsourced to the other relevant government departments, private sector or NGOs.

**29. Reorganization of Territorial Operating Divisions reorganization:** The present job description of the Divisional Superintendent should be revised and revisited so that they can focus on efficiency of operations such as punctuality, service delivery, safety, customer facilitation and convenience on board and off board. They should not be burdened with non-core activities such as marketing and load management which ought to be handled by specialists.

**30. Manufacturing Facilities:** The Pakistan Locomotive Factory, Risalpur, Moghalpura workshops, concrete sleeper factories should be evaluated in terms of their manufacturing and repair capacity, human and technical resources and financial and managerial processes to determine if they can meet current and future requirements of Pakistan Railways. Transfer of technology through joint ventures with foreign companies may be explored as an option.

#### **IV. Human Resource and Capacity Building**

31. The present working strength of Pakistan Railways is 68,750. It is proposed that through retirement and outsourcing this strength should be reduced to 58,950 in next three years.

**32. Specialist Human Resource:** Specialists recruited by the Ministry should carry out an audit of the human resource requirements under the proposed restructuring plan and identify the skill gaps and redundancies. The redundant staff should be placed in a surplus pool and the vacancies caused by their exit should be abolished. Permanent employments at all tiers should be immediately banned throughout the organization and all future appointments in PR be made on contractual basis.

33. The recruited human resource specialists should also develop new human resource policies for the organization from induction and recruitment to training, performance management, career planning, compensation and benefits, severance and retirement and make these policies transparent.

**34. Reforms in Training:** The Railways Training Academy in Walton used to be one of the world class training institute for Railways. However, the standards at the academy have deteriorated significantly over the last few decades. The training modules are mostly outdated. As an example, the driving courses still focus on manual locomotives even though most of the engines now being used are electronic and use latest gadgets like EFI systems. Such courses need to be completely redesigned. There is a need to immediately reinvigorate the institute and reform it. The training institute should be given resources, autonomy and capable leadership. Linkages with leading national and international universities should be developed. An external performance audit of the training institute by a reputed national/foreign institute should be performed within the next six months.

**35. Abolishment of Railway Cadre:** PR currently has three streams of officers a) Civil Engineering b) Mechanical Engineering c) Traffic and Commercial. Direct recruitment through FPSC is done for the Civil and Mechanical Engineering streams. Officers for the Traffic and Commercial stream are recruited through CSS. There is no justification for this anomaly. In fact, such differences in recruitment processes create unnecessary hurdles in achieving organizational unity. Therefore, it is recommended that the railways cadre in CSS exam should immediately be abolished. All recruitment of officers in PR should be done directly through FPSC. This reform will have the further advantage of introduction of much needed specialists in the traffic and commercial stream. Officers already in the Traffic and



Commercial cadre would continue to serve according to the terms and conditions under which they were recruited.

## V. Automation and Digitization:

**36. Automation of PR:** Pakistan Railways has recently made considerable progress in automation of business processes and utilization of ICTs. In this regard IT systems have been developed for e-ticketing, earning and accounting, court case management, customer's registration etc. Work is also being done on IT based operational support systems including toll and fuel management, safety management, freight traffic, rolling stock maintenance, e-office, HRMIS, e-procurement and more.

37. In parallel to the above, there is an immediate need to implement a high-quality organization wide enterprise resource planning (ERP) system in PR to better manage the business functions and integrate all the above-mentioned operational support systems. Such an integrated system is critical for improved human resource management, business intelligence, financial management, inventory and customer facilitation. This project should be completed within 6 months.

38. There is also a critical need to develop online decision dashboards for all the top executives of the organization and the Ministry. These dashboards will provide real-time IT based monitoring of all trains, tracks, stations, inventories, assets, cash flows etc. The dashboards should be customized to facilitate decision making at each operational tier. These IT systems should be operationalized within 6 months.

## Conclusion and Recommendations

39. In conclusion, there is room to significantly improve performance of Pakistan Railways in the near future. Immediate targeted interventions can yield great results. In the long term, the privatization of railway sector should be the main goal of the government. The major recommendations to improve performance in the short term are again reiterated as under.

### Governance Reforms

Sr.	Recommendations	Timeline
1.	The selection process for the new GM PR should be immediately initiated and completed at the earliest.	30.09.2020
2.	GM Pakistan Railways should be appointed through a meticulous process and given complete operational autonomy. The selected candidate should at least have 2 years of service left after the date of his appointment.	Ongoing
3.	The GM should be appointed for an initial period of 2 years and on appointment he/she should sign a performance contract with the Board with quarterly targets.	Ongoing
4.	Railway Board should perform vigorous performance appraisal of the GM and his management team. In case performance targets are missed for two quarters, the services of the GM should be terminated.	Ongoing

5.	Railway Board and the Ministry should not interfere in day to day operations of Pakistan Railways.	Ongoing
6.	Railway Board should be reconstituted by inducting private sector experts in business, logistics, finance, legal advisory etc.	30.01.2021
7.	The appointment of 4 technical experts in MP1 scale in PR HQ.	30.10.2020
8.	A seat for Technical Advisor to the Minister in the ministry should be created and an expert appointed.	30.12.2020

### Operational Reforms

Sr.	Recommendations	Timeline
1.	PR should be separated into 5 constituent companies for better management.	30.12.2020
2.	A new Safety Audit Regime has been introduced. Immediate repairs to the railway tracks, converting unmanned gates to manned facilities, digital mapping of crossings, automatic warning systems and incorporation of other safety measures have been initiated.	Initiated and to be completed by 30.03.2021
3.	Track access regime should be restarted.	30.12.2020
4.	Fuel price hedging options may be explored considering the currently low oil prices.	Ongoing
5.	Complete transition to electric trains and lines should be targeted by 2030, with a 10% electrification target each year.	30.06.2021 and 30.06.2030
6.	Private sector should be encouraged to run trains, maintain lines and operate stations. All commercially viable routes should be immediately handed over to private sector. 15 passenger trains and 2 freight trains should be outsourced.	30.9.2020
7.	All commercially non-viable routes that are needed for socio-economic reasons be immediately identified and approved from the Cabinet. All other financially non-viable routes should immediately be closed. This exercise should be completed in two months.	30.9.2020
8.	PPP and JV agreements should be drafted with assistance from eminent legal firms which may be hired on retainer basis.	Ongoing
9.	Railway police needs to be reformed and converted into a smart and specialized policing unit.	30.12.2021

## Financial Reforms

Sr.	Recommendations	Timeline
1.	Freight transport should be given primary importance by Pakistan Railways. The number of daily freight trains should be increased to 20 trains by end of 2020. This number should further be increased to 40 by end of 2021.	30.12.2020 and 30.12.2021
2.	Freight Transportation Company should be empowered to manage all freight traffic and it should focus on transport of oil, coal, and cargo traffic bound for SEZs, dry ports and Afghan border. It should also upgrade its terminal facilities.	Ongoing
3.	A marketing specialist should be immediately appointed for soliciting freight business for the PR.	30.10.2020
4.	All encroached lands should be got vacated through assistance of the Supreme Court.	Ongoing
5.	A dedicated land management unit should be established to utilize railway land assets and a computerized land management system be made operational.	30.01.2021
6.	PPPs and JVs should be explored to utilize the railways land. Railway stations should be transformed into commercial hubs. Work on upgradation of Karachi and Lahore stations through PPP/JV should start by March 2021. Up to 20 feet of railway track land adjacent to major roads in all cities should be developed for commercial purposes including shops, billboards etc. and work in this regard be initiated by March 2021.	30.03.2021
7.	Government of Pakistan should immediately take over the current pension liabilities of PR and pay them through the annual subsidy given to the organization.	Immediate
8.	PR should establish a pension fund on the model of Pakistan Post and transition to defined contribution pension model.	30.08.2020
9.	All non-core activities of Welfare and Special Initiative Departments should be outsourced.	30.06.2021
10.	There should be an immediate and complete freeze on all permanent employment in the organization. All new employment in Pakistan Railways should be on contract basis only.	Immediate and Ongoing

### **Human Resource and Capacity Building Reforms**

Sr.	Recommendations	Timeline
1.	The current working strength of PR should be reduced to 58,950 in three years	01.08.2023
2.	Human resource specialists should immediately be hired by the Ministry to perform an audit of the human resource requirements of the organization and then draft a comprehensive human resource management policy for the PR.	30.09.2021
3.	An attractive golden handshake scheme should be introduced to reduce future pension liabilities.	30.3.2021
4.	The Railway cadre in CSS should be abolished and all direct recruitment of officers in PR should be done directly by FPSC.	01.01.2021
5.	The Railway Training Academy in Walton should be immediately be reformed and completely revitalized. External performance audit should be conducted.	30.12.2021
6.	Job descriptions and organograms of Divisional Superintendents should be revised	30.03.2021
7.	Third party capacity audit of manufacturing facilities should be conducted	30.03.2021

### **Automation Reforms**

Sr.	Recommendations	Timeline
1.	Attendance of existing staff should be ensured through latest IT and biometric techniques like CCTV. Absenteeism should be penalized through automatic hefty pay deductions.	30.03.2021
2.	Automation and use of IT in PR should be the cornerstone of any reform process. A state-of-the-art ERP system and IT monitoring systems with dashboards be deployed in six months.	30.01.2021

### **DECISION**

The Cabinet in its meeting held on 27<sup>th</sup> October 2020 approved the Railways Restructuring Plan with the following stipulations: -

- a) The issue of transfer of pension to GoP would be further discussed by the sponsoring Division with the Finance Division and a mutually acceptable solution would be presented to the Cabinet for approval.

- b) Defined timelines for implementation of each initiative, under the restructuring and revival plan, shall identify and include the agencies responsible for each initiative.

The Cabinet further directed that the Cabinet Committee on Institutional Reforms (CCIR) shall regularly monitor those to obviate any delays.

### **CURRENT STATUS**

CCIR has undertaken first review of the progress made by the Railways Division in its meeting held on 21<sup>st</sup> January 2021.

## **4. Auditor General of Pakistan (AGP) Office**

The following package of reforms in respect of Office of the Auditor General of Pakistan was proposed by Adviser to PM on Institutional Reforms & Austerity to the Finance Minister on 3<sup>rd</sup> October 2019.

### **Salient Features**

1. Department of Auditor General of Pakistan (DAGP) is at present an attached department of the Ministry of Finance unlike other constitutional bodies which are autonomous bodies. Separation of accounts and audit has further necessitated that the audit function should be performed independently. It is proposed that the DAGP should be made an autonomous body with administrative and financial powers delegated to the Auditor General. DAGP operates 32 field audit offices located across the country where about 4000 officials and staff are serving as public auditors for all the three tiers of the government. The accounting processes have been overhauled and two modules of an ERP, the SAP/R3 have been partially adopted. Accounting and budgeting systems have been computerized on SAP/R3 ERP.

2. Greater operational and financial autonomy would enable the shift from transactional audit to reports on public service delivery, timely completion, cost effectiveness and integrity of infrastructure projects, regulatory performance and to introduce new audit methodologies for this purpose.

3. The workforce of DAGP is presently preoccupied with maximization of audit paras, some of which are trivial and peripheral in nature. Untrained accountability officials use these paras for instituting inquiries and investigations and the media play up the procedural lapses pointed out in the audit paras as financial misappropriation. It is necessary therefore that in order to execute the new audit strategy (Para 2 above) to align skills of workforce with expertise required to attain the goals and mission of transparency, value for money and good governance in public sector. This can be possible if the following changes are brought about in the entire value chain of Human Resource management policies and practices.

- (i) Building capacity, upgrading of skills and professionalization of technical cadre staff recruited by observing stringent entry standards including requirement of professional qualifications.
- (ii) A new competency framework to be administered through Continuous Professional Development (CPD) and revision in the syllabus and assessment methods.
- (iii) Performance Management System to be based on agreed objectives to be achieved during the year with quantifiable key performance indicators.
- (iv) Promotions and career progression to be driven by on-the-job performance and CPD outcomes, Integrity and observance of code of ethics.
- (v) An incentive system to reward outstanding performance.

4. Sectoral and thematic specialization among the Audit staff in critical emerging areas such as Information Systems Audit, Debt Audit, Energy Sector Audit, Forensic Audit etc. Teams to be headed by well trained and qualified specialists.

5. Across-the-board automation of processes, digitization of records, documents, data and introduction of Audit Management Information System (AMIS) along with Business Process Reengineering by carrying out the following tasks

- (i) Bridging the gaps in FABS and SAP/R3 which has been partially implemented; Extending Functional coverage to areas such as Asset management, Procurement Management, Integrated Debt management and including all autonomous entities and public sector enterprises within the SAP/R3 system.
  - (ii) FABS currently focuses on monthly and annual reporting and is of little value in decision support and needs to be upgraded to provide real time or end of the day reporting. Dash boards should be made available to the Principal Accounting officers (PAOs) containing up to date reports and data.
  - (iii) a dynamic interactive web portal to be set up for use by both internal and external users and for citizens' complaints convenience and feedback.
  - (iv) Adoption of E-office suite would improve the efficiency and turnaround time of the Auditors in preparing their reports.
  - (v) A Human Resource Management Information System (HRMIS) would be procured to operate the HR system.
6. Strengthening of the technical staff supporting the Public Accounts Committee (PAC) and the Departmental Accounts Committees (DACs).
7. Reducing the backlog and bringing the audit Cycle to completion with minimum time lag.
8. Relocation of payment function from AGPR TO THE Ministries/Division cutting down the long delays in Government disbursements.

#### **Proposed Activity Plan and Timelines – Automation & BPR**

<b>Sr.</b>	<b>Activity</b>	<b>Duration</b>
<b>01</b>	<b>Audit Management Information System</b>	
	Bidding process	July 19 to Sept 19
	Inception Report/ Requirement gathering/ Updation of BPR reports	Oct 19 to Nov 19
	Development of Prototype	Dec 19 to Feb 20
	Development And Testing of Software	Mar 20 to May 20
	Piloting on 03 Sites	June 20 to Aug 20
	Establishment of AMIS Center	May 20 to June 20
	Replication to All FAQs	Sep 20 to Sep 21
<b>02</b>	<b>Citizen Participatory Audits</b>	
	2.1. Policy And Guidelines	July 19 to Sep 19
	2.2. Invitation, Selection and Registration of CSOS	Oct 19 to Nov 19
	2.3. Workshops	Nov 19 to Dec 19



	2.4. Website Development	Jan 20
<b>03</b>	<b>IS audit</b>	
	3.1. Identification of Resources For Training	July 2019 to Aug 2019
	3.2. Training of Resources For CISA Certification	Sep 2019 to Dec 2019
	3.3. CISA Certification of 20 Officers	Jan 2020 to June 2020
	3.4 Approval of Incentive For CISA Qualified Officers	June 2020
<b>04</b>	<b>Forensic Audit</b>	
	4.1. Identification of Resources	July 2019 to Aug 2019
	4.2. Creation of Forensic Audit Directorate At HQs	Sep 2019
	4.3. Development of One/Two Week Training Course on Forensic Audit By PAAA	Dec 2019
	4.4. First Batch of Training	Jan 2020
	4.5. Second Batch of Training	Feb 2020
	4.6. Issuance of Guidelines For Planning, Execution And Reporting of Forensic Audit	Mar 2020
	4.7. Issuance of Guidelines For Planning, Execution And Reporting of Forensic Audit	Apr/May 2020
<b>05</b>	<b>General Automation</b>	
5.1	Website	
	5.1.1 Finalization of User Requirements	July 2019 to Aug 2019
	5.1.2 Bidding Process	Sept 2019
	5.1.3 Development And Testing	Oct 2019 to Nov 2019
	5.1.4 Acceptance Testing	Dec 2019
	5.1.5 Go-Live	Jan 2020
5.2	HRMIS	
	5.2.1 Finalization Of User Requirements	July 2019 to Aug 2019
	5.2.2 Bidding Process	Sep 2019
	5.2.3 Development And Testing	Oct 2019 to Nov 2019
	5.2.4 Acceptance Testing	Dec 2019
	5.2.5 Go-Live	Jan 2020

5.3	Email Management And E-Office	
	5.3.1 Carryout Hardware Availability Assessment	July 2019 to Aug 2019
	5.3.2 Procurement of Necessary Hardware	Sep 2019 to Oct 2019
	5.3.3 Selection of Office Automation And Email Software	Nov 2019 to Dec 2019
	5.3.4 Automation of Pilot Wing In AGP Office	Jan 2020

## **DECISION**

9. The Cabinet at its meeting held on 12th January, 2021 accorded the approval to submit a bill for new legislation titled "the Auditor General's (Functions, Powers and Terms & Condition of Service) Act, 2020" and repeal of "the Auditor General's (Functions, Powers and Terms & Condition of Service) Ordinance, 2001". The Cabinet further directed the office of AGP to continuously submit progress report on the reform pillars to the Cabinet Committee on Institutional Reforms (CCIR).

## **CURRENT STATUS**

10. Accordingly, the draft Act has been vetted by the Law Division. It will be now submitted by the Finance Division to CCLC for approval and presentation to the Parliament

11. On the other side, the six (6) Reform Pillars are under active implementation. Audit Management Information System for automation and Business Process Reengineering has been piloted and the roll out is in progress. Continuous Professional Development for enhancing HR competencies has been launched. CCIR was last briefed about the progress by the office of AGP in its meeting held on 17th June 2021.

## **5. Competition Commission of Pakistan (CCP)**

1. The report contained in the following paragraphs was sent by the Adviser to PM on Institutional Reforms to the Finance Secretary on 11th March 2020 for onwards presentation to the Prime Minister and Cabinet.

## Findings

A detailed review of the Commission addressed the following set of questions

**Q.1. Does the existing structure or legal framework require any change or modification to carry out its assigned responsibilities?**

**Ans:** The Competition Act 2010 provides an adequate legal framework for prohibiting abuse of dominant position (Section 3), price fixing (Section 4), and deceptive marketing practices (Section 10). The law equips the CCP with sufficient authority for surveillance, inquiries, inspections, search and enforcement of its decisions against cartels, mafias and other market malpractices. The CCP can initiate enquiries on the basis of a complaint, a reference or suo motto action and can make raids on the basis of information received.

**Q.2. What has been track record of CCP's performance since its inception?**

**Ans:** CCP has imposed penalties of Rs.27 billion between 2007 and December 2019. The three major sectors were Telecom, Fertilizer and Cement. Rs.24 billion or almost 89 percent were imposed against these three sectors:

	Rs. in Billion
Telecom:	9.0
Fertilizer:	8.6
Cement:	6.4

However, the penalties have not been recovered due to court injunctions and stay orders and therefore the expected deterrent effect of the penalties on those found guilty of anti-competitive behavior has remained mute.

The Commission recommended measures on sugar industry in April 2018 and automobile industry in September 2018 to the Federal and Provincial Government but no action has so far taken these measures.

The Commission has also recommended the establishment of Real Estate Regulatory Authority for orderly conduct for real estate business in the country.

**Q. 3. Does the Commission have the requisite human resources and expertise, administrative and financial powers to carry out its functions?**

**Ans.** The CCP is fully equipped in its human resource base, to carry out investigations and inquiries. The Commissioners enjoy MPI Scales, Two of the Commissioners have recently been selected on merit through an open, competitive process, The CCP is financially sustainable as the Federal Government has fixed 3% as the regulatory fees that form part of the CCP Fund. They can engage best Consultant experts in specialized fields and sectors to supplement in-house experts. The Commission's annual expenditure is Rs.348 million (compared to Rs.2.9 billion for SECP) and provides room for hiring these experts. World Bank had provided a technical assistance grant of USD

500,000 for the capacity building of the staff, strengthening market research, outreach and institutional infrastructure. In addition, the EU/ITC have developed three training modules with the help of international experts. The Commission has professional relationships with OECD, JICA, Korea etc.

**Q. 4. Does the CCP have sufficient enforcement powers under its Act to take punitive and remedial actions against the Cartels and Collusive practices?**

**Ans:** The Commission has adequate powers to enter and search premises, conduct inquiries, issue remedial orders, impose and recover penalties. While conducting inquiries it can call witnesses, requisition records, order production of evidence. In the first three years (2007-2010) it issued decisions in 35 cases, in poultry, cement and Haj Pilgrims flight to Mecca. The Commission has expanded its activities banks, energy, sugar, fertilizer and telecom. For example, in 2009 the CCP found that the Sugar mills were behaving like a buyers cartel fixing the price of refined sugar and engaging in collusive bidding. Show cause notices were issued to the PSMA and the member mills but they obtained stay order from Sindh High court which restrained the Commission from issuing orders. The case is still pending in the Court.

More recently, in December 2019, the CCP raided the premises of Pakistan Flour Mills Association and found that the association was fixing prices of wheat flour, and allocating production quotas to each mill in violation of Section 4 of the Act. Hearings were conducted and a final order imposing fine of Rs.75 million was passed. The Association immediately obtained a stay against the CCP order.

**Q. 5. Why has the CCP, despite the legal and enforcement powers, human resources and financial sustainability not been effective in curbing market abuses and non-competitive behavior?**

**Ans:** The major impediment has been the challenge to the Constitutional Legitimacy of the Act itself. Firms have raised a fundamental question whether the Federal Government has the powers to impose competition law on the provinces. The Judgement in this case was reserved by the Lahore High court on 22<sup>nd</sup> June 2017. After the elevation of the CJ Mansoor Ali Shah, a new full bench was reconstituted on 21<sup>st</sup> June 2019. In light of this pending challenge all the companies penalized by the Commission have obtained injunctions against the Commission's orders in Courts. In all, 127 court cases are pending adjudication before the High courts since 2009. Every new action taken by the CCP is challenged and clubbed with the existing cases.

Another tool that is available to the CCP and which has not been properly utilized by the Government is the policy notes. For example, the policy note issued on the revamping of food and agriculture market structure has direct bearing on stabilization of food prices.

The Competition Appellate Tribunal is also not functional because of vacant positions of member since January 2019. Since then another position has fallen vacant.

## **Recommendations**

2. The Competition Commission of Pakistan has adequate legal administrative, financial and enforcement powers to act as a bulwark against market abuses, Cartelization and Collusive practices and promote competition. There is no need at present to carry out any restructuring or reorganization of the Commission. The Commission has also acquired

human resources and expertise to carry out its functions and financial resources to engage best experts in the field. However, the Prime Minister has expressed his concern that despite the Cabinet's decision to terminate the services of Chairperson CCP on 4th October 2018, being void ab initio, the Chairperson is continuing to perform her functions based on a stay order granted by the Court in November 2018. It is recommended that the Prime Minister's above mentioned directive issued on 20th January needs to be vigorously pursued by the Finance Division.

3. The major stumbling block in the functioning of CCP is the Constitutional Challenge to its ability to extend the Act in the provinces after the 18th Amendment. The matter is pending since 2010. In the light of this legal suit, the firms that have been penalized by the Commission have obtained injunctions and stay order against the orders of the Commission. Their behavior therefore remains unaltered. It is recommended that the Attorney General of Pakistan may be advised to expedite the hearings and disposal of the Constitutional petition pending for last ten years before the Lahore High Court. All other punitive actions and penalties cannot be enforced because of the injunctions stay order obtained by the accused firms. The High courts may be moved to remove the restraining orders imposed upon the CCP.
4. The Law Ministry may be advised to immediately fill in the two vacant positions in the Competition Appellate Tribunal.
5. The federal and provincial, governments should be advised to make references for prima facie violations of Competition Act to the CCP and also act upon policy notes submitted by the commission after stake holder consultation.
6. Unless the above actions are taken, the effectiveness, and impact of the CCP would remain subdued adversely affecting the smooth functioning of key product and input markets. Had the legal impairments mentioned above been removed and the CCP had a new leader the recent wheat crisis and sugar crisis could have been inquired by the CCP as it has professional expertise and market structure knowledge and would have come up with sound remedial measures to avert such situations from recurring in the future.

## DECISION

7. The Cabinet at its meeting held on 21st April, 2020 directed as under:

*(a) The sponsoring Davison to vigorously pursue the Intra Court appeal filed against the removal of Chairperson and Two Members.*

**Status:** Appeal granted.

*(b) That the cases involving stay orders against the penalties imposed by the CCP and the Constitutional Petition in the Lahore High Court shall be pursued by Finance Division in consultation with Law & Justice Division and Attorney General Office.*

**Status:** Constitutional Petition disposed in the favour of the Government.

*(c) The Law Division to fill vacant positions in the Competition Appellate*

**Status:** Appointments are still pending.

*(d) That the progress on these issues by presented in the next Cabinet Meeting.*

## **6. Evacuee Trust Property Board (ETPB)**

Following is the report of the Task Force on Reforms & Restructuring of ETPB presented to the Prime Minister by the Adviser to PM on Institutional Reforms & Austerity (the Chairman of the Task Force).

## **Executive Summary**

1. Evacuee Trust Property Board (ETPB) is a body corporate established under the Evacuee Trust Property (Management & Disposal) Act # XIII, 1975. The core functions of the Board are:
  - i. Management & Disposal of Evacuee Trust Properties/Lands.
  - ii. Maintenance of Gurdawara's & Mandirs in Pakistan.
  - iii. Holding of Hindu's / Sikh's Festivals as per rituals in a Calendar year and management of Hindu's/Sikh Yatrees (Foreigners/Locals)
2. Since its inception in 1975, the ETPB has performed its functions as laid down in the provisions of the ETP Act. Although more than four decades have been passed, no amendments have so far been made in the Act even though the EPTB has been facing serious challenges for the past several years. The outdated governance structure of the organization has failed to cope with the dynamic challenges of the 21st century. Consequently, the ownership of huge land holdings and a wide spread of urban properties by EPTB, has not materialized in the desired revenue income levels. Bad governance, poor administration, weak financial management, illegal appointments, miss-management of assets and illegal encroachments by growing 'Qabza Mafias' are the biggest challenges being faced by ETPB.
3. The Prime Minister was apprised about the prevailing state of affairs during a meeting in the Prime Minister's Office held on 7th Nov, 2018. The Prime Minister graciously constituted a Task Force on ETPB and appointed the undersigned as Chairman of the Task Force. The TOR's of the Task Force are as follows:
  - i. Amendment in Evacuee Trust Properties (Management & Disposal) Act # XIII, 1975 and Schemes made there under for effective performance of the organization.
  - ii. Restructuring of management of ETPB.
  - iii. Identification of under-utilized/hidden properties & lands, and proposals for their effective utilization.
  - iv. Suggest ways and means for removal of encroachments.
  - v. Suggest measures to be taken for promotion of Religious Tourism.
  - vi. Utilization of ETPB resources for social sectors (Education & Health etc.).
  - vii. Propose measures for maintenance/upkeep of Sikh/Hindu Shrines.
  - viii. The Task Force will make recommendations to the Federal Government, which will be implemented by the ETPB.
4. In pursuance of the directions of the Prime Minister, the Task Force held several meetings and carried out comprehensive and detailed deliberations on all the tasks assigned. The observations of the Prime Minister Inspection Commission have also been incorporated in this report.
5. The report and recommendations of the Task Force are submitted herewith for the kind perusal of the Worthy Prime Minister.



## **Preamble**

6. Government of Pakistan Constituted Evacuee Trust Property Board under the Evacuee Trust Property, (Management and Disposal) Act # XIII, 1975. The Board is headed by a Chairman and comprises of such number of members appointed by the Federal Govt. Presently Federal Govt. has appointed twenty-four (24) Members (Official Member are 5 and Non-Official Members are 19). Proper representation of Hindu and Sikh community from all the Provinces of the Country has been made in the Board.
7. The functions of the Board have been defined and laid down in the Section 4(2) of the ETPB, Act # XIII, 1975. The major functions of the ETPB is Management and Disposal of the Evacuee Trust Properties and Lands in accordance with the provisions of the ETPB, Act # XIII, 1975. All the Evacuee Trust Properties are vested with the Federal Government in terms of the Section 6 of the Act. Although ETPB is a body corporate in terms of the ETPB, Act # XIII, 1975 but all its functions are subject to the general control by the Federal Government.
8. The ET Properties and Lands are spread all over the country. These are located in the Metropolitan, Urban, Peri-Urban and Rural Areas. The ETPB mainly deals with the rents and leasing of ETP Lands & Properties. The income of ETPB is generated from the rents and leasing of its lands and properties. Moreover, ETPB is also providing Health and Educational Services to the humanity through its Janki Devi Hospital, Ayesha Degree College and Four Trust Schools besides maintaining the Gurdawara's/Mandir's and providing facilities to the Yatees on pilgrimage/festivals. Ever since its establishment in 1975, no major reforms or re-structuring of the ETP Board has been undertaken.
9. Honourable Prime Minister, Mr. Imran Khan, after taking oath of the Prime Minister of the Country redeemed his pledge to reform the Government Institutions and very graciously presided over a special meeting on the affairs of the ETP Board on 7th Nov, 2018 wherein the P.M was presented a detailed briefing on all the matters of ETP Board.
10. The Prime Minister directed to constitute a Task Force on ETP Board comprising of 17 members, headed by Dr. Ishrat Husain, Adviser to the Prime Minister an eminent and profound personality. The undersigned has the privilege to be the Ex-Officio member of this Task Force along with other sixteen members. All the Honourable Members of the Task Force have made a valuable contribution for the crafting of proposals for Reforms in ETP Board. The contribution of all the members is praiseworthy. I am highly indebted to Mr. Noor-ul-Haq Qadri, Federal Minister Religious Affairs and Mr. Muhammad Mushtaq Ahmed, Federal Secretary MoRA. I also express my sincere thanks to Mr. Faheem Arshad Federal Secretary Law Division.

## **CHAPTER NO. I: Present Situation**

1. Evacuee Trust Property Board (ETPB) was established by the Government of Pakistan under Act No. XIII of 1975 promulgated on 1st July, 1974, for the management, control and disposal of the Evacuee Trust Properties situated all over Pakistan. The Board is headed by a Chairman and comprises of twenty-four members—five officials and 19 non official. Both Hindu and Sikh communities are represented on the Board. The major functions of the Board Are Management and Disposal of the Evacuee Trust properties and lands. All its functions are subject to the general control by the Federal Government exercised through the Ministry of Religious Affairs and Inter Faith Harmony.

2. Following schemes were made under this Act for the efficient and smooth Operation and Management of the Board. Copies of the Act and the Schemes are attached in Volume II Appendix - A:

- i. Scheme for the lease of Evacuee Trust Agricultural Land, 1975.
- ii. Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977.

#### **DETAILS OF LANDS /PROPERTIES**

3. Presently ETP Board is managing 109369 acres of ET land and 15619 ET properties all over Pakistan. The current details of the land are as follows:

**(Rs. In million 2018-2019)**

<b>PROVINCE</b>	<b>ACRES</b>	<b>LEASED (ACRES)</b>	<b>INCOME</b>
<b>Punjab</b>	85331	70757	357.970
<b>Sindh</b>	21735	2442	5.5143
<b>KPK</b>	2301	1854	4.591
<b>Baluchistan</b>	2	2	0
<b>Total</b>	109369	75055	367.704
		<b>Unleased land:34314</b>	

<b>AREA</b>	<b>ACRES</b>
Banjar Land	1795
Land under occupation of J&K refugees – Illegal occupation	4248
Marrayan/Marghat/Darya Burd Land	9396
Land under Illegal occupation	18875
<b>Total</b>	<b>34314</b>

4. The current details of the Evacuee Trust properties are as follows:

**(Rs. In million 2018-2019)**

<b>PROVINCE</b>	<b>UNITS</b>	<b>SUB UNITS</b>	<b>INCOME</b>
<b>Punjab</b>	11139	35458	937.518
<b>Sindh</b>	3144	9218	166.057
<b>KPK</b>	1141	1736	51.108
<b>Balochistan</b>	195	473	6.580
<b>Total</b>	<b>15619</b>	<b>46885</b>	<b>1161.261</b>

#### **ESTABLISHMENT**

5. The ETPB at present has the following establishment. The organizational structure of the EPTB is attached in Volume II Appendix-B.

- Chairman 1
- Vice Chairman 1

• Secretary	1
• Additional Secretary	2
• Deputy Secretary	5
• Zonal Administrator	7
• Total Number Posts	2,122
• Total Working Strength	1,785
• Pensioner	567

### **FINANCIAL SITUATION**

6. The total fund size of the ETP Board has increased from 4.3 billion to Rs.4.5 billion since June, 2019. ETP Board has invested its surplus funds of Rs.1558 million and Rs.1483 million @ 13.50% for the period of one year through a competitive bidding process, following the rules and regulations of the Finance Division. This would raise the income of the ETP Board's investment by 33% to Rs.410 million as compared to Rs.234 million earned from previous investment.
7. ETP Board has also started the process of investment of surplus funds of over Rs.300 million with other banks while following rules/policies/regulations of Federal Government.

### **WEAKNESSES AND SHORTCOMINGS**

8. Ever since the promulgation of the Evacuee Trust Properties Management and Disposal Act in 1975, the ETP Board has been performing its core functions as per the provisions of this Act. However, since then, although more than four decades have passed, no amendments have been made in the Act to reform EPTB and upgrade it to tackle the challenges of 21st century.
9. The following major weaknesses of the current setup can be identified: -
  - i. There is no separation of governance and management functions and the Chairman of the Trust enjoys too much discretionary powers without any oversight or accountability. The Chairman is also the Chief Executive of the organization. Past experience shows that the enormous discretionary powers exercised by the Chairman resulted in non-transparent decisions hurting the interests of the Trust.
  - ii. The Trust possesses valuable properties in prime locations in major cities and also agriculture lands. These are either under illegal possession of Qabza Mafias or have been leased out /rented at below market prices.
  - iii. The capacities for the removal of encroachments (details of encroachment are given in Appendix-C) and repossession land/properties are both weak and are also not exercised because of the connivance of the EPTB officials.
  - iv. There is no proper detailed record including title deeds of lands/properties which results in incessant and prolonged litigation, stay orders by the courts and consequential loss of income.
  - v. The Trust does not possess qualified and experienced financial expertise which can optimally utilize surplus funds. The profit earning on investments through banks is insufficient to cope with the depreciation of currency and persistent inflation.

- vi. Asset Management control and maintenance is poor or almost non-existent.
- vii. Financial controls are weak because of the antiquated practice of manual cash invoicing and disbursements, which is subject to tampering and manipulation.
- viii. There is no defined or documented system of delegation of financial and administrative powers.
- ix. The Human resource employed by the Trust does not match the requirements of the organization.
- x. The relics, temples and gurdawaras are not properly maintained and are in bad shape.

## **CHAPTER NO. II: Recommendations of the Task Force**

### **I. GOVERNANCE AND MANAGEMENT**

- i. There should be a Clear separation between the Board and Management. The Board would exercise supervisory and oversight functions, audit, approve the work plan, annual budget, expenditures above a certain threshold level but the day to day operations of the EPTB would be run by the Chief Executive officer assisted by a full time professional management team
- ii. The Board shall consist of 21 Members out of which 17 Members shall be non-official Members drawn from the Sikh and Hindu Community and other eminent persons. Minimum academic qualification of Board Member shall be intermediate. The Chairman and the Members would be appointed by the Federal Government. It is proposed that the 1975 Act may be amended to reflect the revised composition of the Board as under: -
  - 4 Members from the Sikh Community from each province.
  - 4 Members from the Hindu Community from each province.
  - 4 Experts in relevant fields from each of 4 provinces.
  - 4 other eminent persons of standing.
  - 1 Member from ICT
  - 4 Official Members.
- iii. The Management would be headed by a Chief Executive Officer (CEO) with prescribed qualification and experience and selected through an open merit based competitive process. The CEO would act as ex-officio Secretary of the Board.
- iv. CEO would be assisted by a Chief Financial Officer (CFO), Chief Information Technical Officer (CITO) and Chief Engineer (CE) as top management team. Legal wing and Enforcement wing should be established.
- v. A comprehensive review of the present organizational structure in the headquarters and field offices would be undertaken to identify skills gap and redundant manpower. Creation of new zones and appointment of Deputy / Assistant Administrators in those zones may also be considered during this review.
- vi. Capacity building via training and access to external third party shall be introduced in ETPB. Service rules consisting of ‘Recruitment’, ‘Performance Evaluation’, ‘Promotion Policy’ and ‘three-year tenure of posting for employees at stations’, ‘Severance and termination from service’ should be formulated. Performance based incentives system for ETPB employees should also be introduced.

- vii. Allocation of 10% share for Hindu Community and 10% for Sikh Community in the recruitment of ETPB employees.
- viii. The ETPB should establish Enterprise Resource Program and Management Information System to automate its business processes. Development of software and launching of management information system in ETPB should follow the best practices.
- ix. Establishment of Complaint and Monitoring Cell in ETPB and ‘whistle blower’ concept should be introduced to encourage people to help in finding hidden properties.
- x. References under clause 8/10 of Act No. XIII of 1975 may be filed in the court of Chairman by the Deputy Administrator after obtaining latest revenue record so that the nature of trust/status of land and property could be finalized by the Authority earlier.
- xi. To implement the above recommendations, the proposed amendments in the EPTB Act and the schemes are placed in Appendix E

## **II. ASSET MANAGEMENT**

- i. Documentation of all ET properties/lands should be completed at the earliest using a computerized online system with photographs, mapping, geo-tagging etc. to allow for better decision making.
- ii. Schemes for urban properties introduced in 2001 and 2006 should be amended to enhance rental rates and make them closer to current commercial values. The rents for urban properties have not been reassessed since 2012. This needs immediate attention.
- iii. Policy for change of tenancy and construction/development by ETPB or through tenants needs to be revised to increase the income of ETPB.
- iv. A new policy/scheme for agricultural lands especially for lands located in Sukkur and Larkana in Sindh may be formulated. Lease periods may be extended from three years to ten years.
- v. Cases regarding VIP plazas and other valuable ET properties are pending in the Court of Chairman ETPB since 2002 / 2003. Some cases related to Sukkur are pending since long. These cases may be decided at once so that the same may be included in development projects of ETPB to increase the revenue.
- vi. Maximize the developmental projects with completion time of 3 months to improve revenue of the department.
- vii. A new Investment Advisory Committee be constituted for better management and decision making in ETPB’s investments.
- viii. ETP Board should consult with Board members for reframing the current investment policy in accordance with the Federal Government investment rules / policies / regulations.
- ix. The current mechanism of collecting donations should be improved after consultation with PSGPC.

- x. Immediate retrieval of Evacuee Trust Properties / Lands from ‘Qabza Mafias’ should be initiated.
- xi. Protection of status of Gurdwaras and Mandirs should be ensured.
- xii. Priority in the use of land, property and other assets of ETPB, except the shrines of Hindus and Sikhs, would be given to social welfare projects that serve the Hindu, Sikh and other minority communities.
- xiii. All Evacuee Trust Properties / lands situated within the limits of Cantonment Board should be treated as commercial and residential properties.
- xiv. Services of valuers from the approved list of valuers of state Bank or Banking Associations of Pakistan should be obtained for valuation of land, properties and assets of EPTB. After valuation, all properties/pieces of land, which are not attached to any religious shrines, should be sold through an auction in a transparent manner.

### **III. UPKEEP AND MAINTENANCE OF SHRINES**

Specific recommendations in respect of each local shrine are presented in Chapter III. The following recommendations are of a general nature.

- i. Regular repair/maintenance petty works should be ensured for all Mandirs & Gurdwaras.
- ii. Appointments of Cook, Pujari, Sewadar&Garanti and Security Guards in all the functional Mandirs & Gurdwaras should be done at the earliest.
- iii. Pakistan Hindu Mandir Management Committee (PHMMC) may be constituted on the lines of Pakistan Sikh Gurdwara Parbhandak Committee (PSGPC) for proper management of the Mandirs.
- iv. Constitution of local Mariyada committees under PSGPC is recommended in all functional Gurdwaras which will be responsible for langar, piniparshad and kara parshad.
- v. Construction of Joraghar (shoes room) in all Functional Mandirs / Gurdwaras.
- vi. Anti-state activities may not be allowed in any Mandir / Gurdwara.
- vii. An online system for collection of funds / donations may be setup through consultations with the community committees.
- viii. Separate entity/protocol of Guru Granth Sahib and Gitta Sahib in all functional Gurdwara and Mandir should be introduced.
- ix. Documentary regarding past and present state of Gurdwaras and Mandirs may be prepared and regularly updated to showcase the achievements and progress.
- x. PSGPC and ETPB may take steps for the restoration of all other historical / important Gurdwara Sahiban.

#### **IV. REMOVAL OF ENCROACHMENTS**

- i. Enforcement Wing with proper legal powers and human resources may be established for ejection of illegal occupants and preventing unauthorized possession of Trust properties and lands.
- ii. It is suggested that in each district a committee headed by the Deputy Commissioner and comprising of District Police Officer, Deputy Administrator, ETP Board and Revenue Officer of the District may be constituted. The committee will hold its meeting once in a month and take effective measures for the retrieval of ET Lands from the ‘Qabza Mafias’.
- iii. The Enforcement wing would have staff located in the Zonal Offices of ETP Board for regular vigilance of ET properties and lands in that respective zone and carrying out the directives and decisions of the District Committees.
- iv. All pending cases in courts against illegal occupants should be vigorously pursued by engaging eminent lawyers rather than relying on in-house legal staff.

#### **V. PROMOTION OF RELIGIOUS TOURISM**

- i. All the foreign missions abroad should be issued directions to showcase the major historical religious sites like Katas Raj, Gurdawara Janman Asthan, Nankhana Sahib, Sadu Bela Sukkar & Samadhi Maha Raja Ranjeet Singh Lahore.
- ii. ETP Board will provide free lodging facilities on the premises of historical Gurdwaras in Pakistan for the visiting foreign Sikh/Hindu Yatrees.
- iii. The hospitality sector should be encouraged to develop Five Star Hotels/Motels at Kartarpur, Narowal, Hassanabdul and Nankana Sahib to provide five star residential accommodations to the families/delegation of International Sikh/Hindu yatrees visiting these historical places
- iv. ETPB in collaboration with the Pakistan Tourism Development Corporation and private tour operators will soon launch a marketing campaign to attract foreign tourism.

#### **VI. SOCIAL SECTOR DEVELOPMENT**

The EPTB allocates some funds in form of grants-in-aid to deserving institutions providing health/educational services to the poor and needy citizens. It is proposed that part of the increased income from the properties attained by removing encroachments and higher lease money should be utilized for expanding these services in the backward areas of the country and establish orphanage houses in collaboration with the philanthropic organizations, NGOs, concerned Federal ministry and provincial departments .

### **CHAPTER NO. III: Recommendations of the Task Force for the upkeep and maintenance of local Gurdwaras and Mandirs**

#### **SHRINES IN PUNJAB/KHYBER PAKHTUNKHWA**

- **Katas Raj Mandir, Chakwal.** Since 2006 this mandir is under the possession of Archaeology Department, Punjab. It may be reverted back to ETPB (being its

custodian) for its better management in the future. Completion of 36 room accommodation at the site may be completed at the earliest.

- **Krishna Mandir, Lahore.** Construction of Gumbad/storeroom and renovation of bathrooms is needed
- **ShamshanGhat, Lahore.** Construction of two shades for Hindu and Sikh visitors respectively was recommended. Constructions of 04 rooms with attached bathrooms, installation of water supply scheme, landscaping and posting of two Sewadars was recommended.
- **ShamshanGhat Rawalpindi.** Complete tuff tiling and appointment of a Sewadar & two security guards was recommended.
- **PanjTirathMandir, Peshawar.** PanjTirathMandir, Peshawar known as Chacha Younas Family Park may be opened for Poojapat at the earliest. Complete renovation and new signboards are needed. A local committee may be constituted for langer / parshad etc.
- **DI Khan Mandir.** Completion of the construction for Poojapat was recommended.
- **ShiwalaTeja Singh Mandir, Sialkot.** Complete renovation of the recently opened Mandir with marble flooring inside & outside and power supply was recommended.
- **BalmeekiMandir, NilaGumbad, Lahore.** Maintenance and re-paint recommended.
- **ParhaladPuriMandir, Multan.** Keeping in view its importance, the existing religious issues may be resolved and Mandir may be opened after necessary repairs.
- **Jain Mandir, Gujranwala.** It is a valuable property of ETPB. Presently, it is under the possession of local police. It may be taken over, renovated and opened for Darshan for Jain followers.
- **Smadhi Ganga Ram, Lahore.** Renovation of Smadhi Sir Ganga Ram, Lahore.
- **GurdwaraJanamAsthan, NankanaSahib.** Construction of a 100 rooms accommodation, outsourcing of cleaning services to third party, purchase of new bedding, arrangement of quality catering/tentage, opening of one gate near Sarowar sahib for 2 hours (day & night prayers) for the facilitation of local yatrees, was recommended.
- **Gurdwara Bhai Joga Singh, Peshawar.** Immediate repair of cracks in the structure to avoid any untoward incident in the future was recommended.
- **GurdwaraBheeba Singh, Peshawar.** The lease part of the Gurdwara may be canceled to establish Langar hall.
- **Gurdwara Patti Sahib.** The Gurdwara is in dilapidated condition. It may be repaired and joined with residential block through Karsewa on available land.
- **GurdwaraPunja Sahib.** Diversion of Sewerage (Nullah) may be expedited. The demolished building in front of the Gurdwara Sahib may be attached with the Gurdwara.



- **Gurdwara Sacha Sauda, Sheikhpura.** Construction of new Langar Hall with a Langar committee, karapershad and pinipershad under the supervision of PSGPC may be expedited.
- At Lahore accommodation arrangements for the local Hindu Yatrees may be made at Agarwal Ashram or any other suitable place.

#### **SHRINES IN SINDH / BALOCHISTAN**

- **Quetta.** Immediate takeover and opening of Gurdwara in Apwa School for local Sangat of Quetta was recommended which is currently in possession of Education Department, GoB. Moreover, there are three urban properties on Jinnah Road and Bano Road, Quetta which can be developed as commercial / residential plazas by the ETPB to increase the revenue of the department.
- **Karachi, Gurdwara.** As promised by the Ex-Chairman ETPB, it was requested that a plot may be allotted to Sikh community in Karachi for the construction and opening of Gurdwara. Expenditure for the construction will be borne by the Sikh community.
- **Sadhu Bella Mandir Sukkur.** Barbed wires need to be fixed around the boundary walls of the Mandir for the security and safety of the visitors / yatrees. There are 12 Ghats at Sadhu Bella Shrines, Sukkur. The iron gates need to be fixed immediately for safety and to avoid any untoward incident in the future.
- **Sukkur Dharam Shala.** This facility measuring approximately 5000 Sq. Ft comprising of 80 tenants may be developed as residential/commercial palza and place for Mandir may be reserved in the lower portion. This will lead to significant increase in the income of the board.
- **Property No. D-1380** situated at Vari Tar Road comprising of 9 tenants may be included in the development scheme of ETPB to increase the income of board.
- **Property No.C-491** at Wals Road Sukkur comprising of 25 tenants measuring approximately 4000 Sqft may be included in the development scheme for construction of commercial / residential plaza.
- **Property No B-7** situated in Mochi Bazar comprising of 5 tenants can be converted into commercial/residential plaza to increase income of ETPB.
- **Property No.11/110, Shikarpur** comprising of 7 sub units has been sealed due to default of rent. There is an apprehension of illegal possession by the Archeology Department/Local Administration. To save the property of ETPB, Mr. Dewan Chand Chawala, head of the sub – committee, has filed a writ petition in the High Court, Larkana against the Deputy Commissioner and other officers of Local Administration, which is still pending. The possession of the said property can be reverted back after necessary negotiations with DC, Shikarpur.

#### **CHAPTER NO. IV: Removal of Encroachments - Future action plan**

##### **IDENTIFICATION OF UNDERUTILIZED/HIDDEN PROPERTIES & LAND AND PLANS FOR THEIR EFFECTIVE UTILIZATION**

ETP Board is managing 109369 Acres of land all over Pakistan. About 34314 Acres of land is un-leased so far. The classified breakup is as under: -

i.	Bangar Land	1795Acres
ii.	Land under occupation of J&K refugees – Illegal occupation.	4248Acres
iii.	Marriyan/Marght/Darya Burd Land	9396Acres
iv.	Land under illegal occupation	18875 Acres

2. ETP Board in collaboration with the respective District Administrations/Provincial Governments intends to launch an anti-encroachment operation against qabza mafias to retrieve the encroached land. So far ETP Board has retrieved ET land measuring 1261 Acres having value of Rs.8562.59 million, whereas hectic efforts are being made to retrieve the remaining encroached lands.

3. ETP Board has established Hidden Property Wing to trace the hidden ET Properties and Lands all over the country. The Board of Revenue of Provincial Governments will be requested to identify such hidden properties and lands through their Revenue Officers/Settlement Officers in the respective Districts. The Surveyor General of Pakistan (SGP) has also been requested for geo survey of the ET Properties / Lands all over Pakistan and the office of the SGP will also be involved for locating/ tracing the hidden ET Properties/ Lands all over Pakistan. All the existing ET Properties/ Lands will be streamlined/ digitalized through geo tagging/ satellite survey.

4. In order to make the effective utilization of banjar lands, a corporate strategy will be evolved to offer such banjar lands to the large-scale industries to set up their industrial units in these areas. The export processing zone authority and Provincial Governments will be requested to set up Special Economic Zone/Industrial Zones on the unutilized banjar ET lands. This commercial use of banjar ET land will generate significant revenue for the ETP Board. Special efforts will also be made for the attraction of the Foreign Direct Investments for the setting up of Industrial and Commercial Hubs on these banjar lands in collaboration of the Board of Investment, Government of Pakistan.

## **FUTURE ACTION PLAN FOR REMOVAL OF ENCROACHMENTS**

5. ETP Board has prepared district wise details of lands under encroachment of private person's/government departments. The government departments will be asked to regularize their possession by making payment of price of land on market rates as these lands are being utilized for official purpose like Schools/Hospitals and other public services.

6. The lands encroached upon by private parties will be retrieved with the help of law enforcement agencies. A high level meeting will be arranged with the Chief Secretaries and IGPs of the provinces to streamline the anti-encroachment operations in the respective districts. It is suggested that in each district a committee headed by the Deputy Commissioner and comprising of District Police Officer, Deputy Administrator, ETP Board and Revenue Officer of the District may be constituted. The committee will hold its meeting once in a month and take effective measures for the retrieval of ET Lands from the 'Qabza Mafias'.

7. In order to eradicate the evil of encroachment of ET lands, a special cell will be established in the Zonal Offices of ETP Board with a suitable security staff for regular vigilance of ET properties and lands in that respective zone.

## CHAPTER NO. V: Promotion of Religious Tourism

Pakistan was recently ranked as the best international holiday destination, according to Conde Nast Traveller, a luxury and lifestyle travel magazine. Considering its amazing natural beauty and rich archaeological heritage, the country has immense potential to attract international tourism. Several recent high profile visits by foreign dignitaries has further improved the good will and the number of foreign tourists coming to Pakistan has increased rapidly over the last few years. In these promising times, the Evacuee Trust Property Board can play a pivotal role in promoting religious tourism coming into Pakistan. The ETPB is maintaining the following gurdawars/mandirs in Pakistan. There is potential for opening new sites for tourism. The details are given below.

### Functional Mandirs

1. Krishna Mandir, Rawalpindi, Punjab
2. Katas Raj, Chakwal, Punjab
3. Krishna Mandir, Lahore, Punjab
4. BalmikMandirNilaGumband, Lahore, Punjab
5. Sadhu Bela, Sukkur, Sindh
6. Guru GurpatMandir, Hyderabad, Sindh
7. Sant Baba Bhagat Ram Darbar / Mandir, Dadu, Sindh
8. Jhollay Lal Mandir, Karachi, Sindh
9. Bhai SantThawan Das Mandir, Mehar,Dadu, Sindh
10. Tehsil Nathan Shah, Dadu, Sindh
11. Gurdas Ram Mandir, Radhan Town Tehsil Mehar, Dadu, Sindh
12. Kali Bari Mandir, Peshawar, KPK
13. Shiv Mandir, Mansehra, KPK
14. ShahwalaTeja Singh Mandir, Sialkot

### Functional Gurdwaras

- |   |               |
|---|---------------|
| 1. Gurdwara Janam Asthan                  | Nankana Sahib |
| 2. Gurdwara Patti Sahib                   | Nankana Sahib |
| 3. Gurdwara Tambo Sahib                   | Nankana Sahib |
| 4. Gurdwara Balila Sahib                  | Nankana Sahib |
| 5. Gurdwara Panj Chatti Patshahi          | Nankana Sahib |
| 6. Gurdwara Malji Sahib                   | Nankana Sahib |
| 7. Gurdwara Kiara Sahib                   | Nankana Sahib |
| 8. Gurdwara Sacha Sauda                   | Farooqabad    |
| 9. Gurdwara Rorri Sahib                   | Gujranwala    |
| 10. Gurdwara Dera Sahib                   | Lahore        |
| 11. Gurdwara Shaheed Ganj Singh Singhnian | Lahore        |
| 12. Gurdwara Guru Ram Das                 | Lahore        |

13.	Gurdwara Babay Nanki	Lahore
14.	Gurdwara Darbar Sahib	Narowal
15.	Gurdwara Panja Sahib	Hassanabdal
16.	Gurdwara Bhai Joga Singh	Peshawar
17.	Gurdwara Bahi Beba Singh	Peshawar
18.	Gurdwara Babay Di Bairee	Sialkot
19.	Gurdwara Dera Sahib	Lahore
20.	Gurdwara Shaheed Ganj SinghSinghnian	Lahore
21.	Gurdwara Guru Ram Das	Lahore
22.	Gurdwara Bebe Nanki	Lahore
23.	Gurdwara Bhai Taroo Singh	Lahore

### **Potential New Sites for Religious Tourism**

1. Katas Raj Mandir, Chakwal
2. Sadhu Bella Shrines, Sukkur
3. Hinglaj Mata Mandir, Balochistan
4. Shiv Mandir, Mansehra

2. As per the protocol agreed between India & Pakistan the following number of Sikh Yatrees can visit Pakistan on various festivals/occasions during a calendar year:-

<b>Sr.</b>	<b>Name of festival/Place</b>	<b>Strength</b>	<b>Duration/Month</b>
01	Baisakhi Festival of Gurdwara Panja Sahib-Hassanabdal	3000	10 days - April
02	Martydom of Guru Arjun Dev Jee, Lahore	1000	10 days - June
03	Death Anniversary of Maharaja Ranjeet Singh – Lahore.	500	10 days - June
04	Birthday of Guru Nanak Dev Jee, Nankana Sahib	3000	10 days – Nov.

3. The Government of Pakistan has recently constructed the Kartarpur Corridor to provide Religious Tourism facilities at Gurdwara Darbar Sahib, Kartpur, Narowal (GDSK). As per the agreed bilateral protocol, 5000 Yatrees can visit daily from the Indian side to pay homage in Gurdwara. About 300-500 Yatrees are visiting GDSK on daily basis, however, this number increases on Sundays to about 1000-1200 yatrees. There is great potential for further increase in the future.

## **PRESENT STATUS AND FUTURE PLANS**

4. Evacuee Trust Property Board is already providing maximum facilities to the visiting Sikh/Hindu Yatrees on the eve of their notified festivals. The Government of Pakistan has a special visa policy for the Indian Hindu/Sikh Yatrees but there is a need to have a special visa policy also for the Hindu/Sikh Yatrees who are the Non-Indian Residents i.e. those Hindus and Sikhs who are citizens of Europe, USA, Africa, Canada and other Scandinavian countries. It will be more appropriate to provide 'Visa on Arrival' facility in Pakistan to all such Hindu/Sikh Yatrees who are residents of countries other than India.

5. There is also a need to engage the Pakistani Missions abroad to promote awareness about the tourism potential of historical religious places internationally. All the foreign missions abroad should be issued directions to showcase the major historical sites like Katas Raj Temple, Gurdawara Janman Asthan, Nankhana Sahib, Sadu Bela Sukkar & Samadhi Maha Raja Ranjeet Singh Lahore. ETPB in collaboration with the Pakistan Tourism Development Corporation and private tour operators will soon launch an international marketing campaign to attract foreign tourism.

6. ETP Board also plans to provide free lodging facilities on the premises of historical Gurdwaras in Pakistan for the visiting foreign Sikh/Hindu Yatrees. The government should encourage the private hospitality sector to develop Five Star Hotels/Motels at Kartarpur, Narowal, Hassanabdal and Nankana Sahib to provide excellent residential facilities to the families/delegations of foreign Sikh/Hindu yatrees visiting these historical places. ETPB is also pursuing various options in this regard.

## **CHAPTER NO. VI: ETPB in Social Sector**

### **ETPB in Social Sector - Present scenario**

Evacuee Trust Property Board is also responsible for various social issues as per the Section 4(2)(j) of the ETP Act No. XIII, 1975, which reads as follows:

*“to set up, or make grants-in-aid to orphanages, leper houses, widow houses, poor houses and educational, vocational, technical or health institutions and hospitals subject to the general control and directions of the Federal Government.”*

2. In pursuant to this provision of the Act, ETP Board has established various institutions in health and education sector. These health and educational institutions are managed by an NGO named as PMEIF (Pakistan Model Education Institutions Foundation). This NGO is headed by Chairman, ETP Board and it has been established with the approval of the Prime Minister of Pakistan. This NGO is funded by the budget of the ETP Board through grant-in-aid as part of Corporate Social Responsibility of the board. The details of functional institutes providing social services are as follows:

3. Health Institutions: ETP Board has established and is maintaining the following health institutions.

- i) Janki Devi Hospital, Lahore: Janki Devi Hospital is a 50-bed hospital providing health facilities of gynecology and pediatrics to the poor and needy women and infants in Lahore. It is located on Abbot Road, Lahore.
- ii) ETP Board Medical Centre, Agrwal Ashram, Lahore.
- iii) ETP Board health Centre, Dera Sahib, Lahore.
- iv) ETP Board health Centre, Nankana Sahib.
- v) ETP Board health Centre, Hassanabdal.

All these health centers are providing free of cost medical facilities around the clock to the needy and poor residents of the areas.

4. Educational Institutions: ETP Board has established and is maintaining the following educational institutions.

- i) Hazrat Ayesha Degree College, Nicholson Road, Lahore.
- ii) Trust Model Public School, Moulana Ahmed Ali Road, Lahore.
- iii) Nawaz Sharif Girls High School, Nicholson Road, Lahore.
- iv) Dr. Mateen Fatima School, Shahdara, Lahore.
- v) MohtarmaBenzir Bhutto School, Lahore.

All these educational institutions are providing quality education at nominal fee to the poor and lower middle class of the society.

5. Social and Humanitarian Services: ETP Board has established a state of the art orphanage house in Sialkot. It has been built over an area of 2-kanal, 19-marla, 80-Sqft with an estimated cost of Rs. 19,120,661/=. This orphanage house is providing free lodging and food facilities to the homeless/shelter-less poor of Sialkot. Presently this orphanage house is being managed by a local NGO on trial basis.

### **Future Plans**

ETP Board has a special provision in the Section 4(2)(j) of the Act, 1975 to set up, or make grants-in-aid to existing orphanages, leper houses, widow houses, poor houses and educational, vocational, technical or health institutions and hospitals subject to the general control and directions of the Federal Government. The ETP Board has a special allocation of funds in the budget under the head 'grant-in-aid' in pursuance to this provision of the Act. Besides, providing the health/educational services to the poor and needy citizens through the existing institutions, the ETP Board intends to establish state of the art orphanage houses and educational institutions in the backward areas of the country. So far ETP Board has spent an amount of Rs.810 Million in grant-in-aid during last 03-years and in the current budget an amount of Rs.330 Million has been allocated for similar welfare activities.

The ETP Board intends to establish orphanage houses in the following districts where ET land is available with the prior approval of the Federal Government.ETP Board is preparing a pre-feasibility report for the establishment such facilities.

- i) Mianwali-Punjab
- ii) Karachi-Sindh
- iii) Peshawar-KPK
- iv) Quetta-Balochistan

In this area, philanthropist organizations/NGOs like EDHI Foundation will be requested to collaborate with the ETP Board. The Honourable Prime Minister of Pakistan will be soon be requested to be the Chief Guest at the foundation laying ceremonies of these proposed orphanage houses.

## **CHAPTER NO. VII: Constitutional & Legal Challenges**

The Constitution (Eighteen Amendment) Act, 2010, has deleted the Concurrent Legislative List from the forth Schedule of the Constitution of the Islamic Republic of Pakistan. The Concurrent Legislative List was residuary in nature to legislate on matters vested solely with the provinces. The then Govt. of Punjab in the year 2012 filed a constitutional Petition

No.12/2012 in the Supreme Court of Pakistan on the point of law that after omission of the concurrent legislative list, the devolution process was to be completed by 30.06.2011 in terms of Article 270-AA(8) and ETPB and its assets, were to be transferred from the Ministry of Minorities Affairs (devolved) to the province of the Punjab but instead it has been transferred to newly created Ministry of National Harmony. This petition is subjudice in the Apex court. These and other legal issues discussed below need to be considered and given due importance.

A civil Petition No.1733-L of 2012, titled Abdul Rauf Khan Niazi & Others V/s Govt. of the Punjab was filed in the Supreme Court of Pakistan and the same has been accepted and Leave to Appeal was granted on 17.04.2013 by the Honorable Supreme Court. The matter is still subjudice in the Apex Court.

The then Chief Minister of Punjab in the year 2012 also filed a reference in the Council of Common interest Islamabad under the Article 155 the same is pending in the CCI.

On the 10-11-2008 Senator Muhammad Anwar Bhinder submitted a Bill in the Senate in which following amendments were proposed.

- i) Amendments of section 3, Act XIII of 1975.
- ii) Amendments of section 3, Act XIII of 1975.
- iii) Amendments of section 10, Act XIII of 1975.
- iv) Amendment of section 16, Act XIII of 1975.
- v) Amendment of section 22, Act XIII of 1975.
- vi) Amendment of section 25, Act XIII of 1975.

This Bill was submitted in obedience to the Judgment passed by the August Supreme Court of Pakistan in its Judgement 2000 S.C.M.R-1, titled Government of Pakistan V/s Mufti Iftikharud din & Other.

Dr. Ramesh Kumar Vakwani, Member National Assembly has introduced a Bill in the Assembly in the year 2018 proposing amendment of section 3 of Act XIII of 1975.

## **Conclusion**

The Prime Minister of Pakistan constituted a Task Force on restructuring and reforms of Evacuee Trust Property Board. The Task Force convened several meetings and then formed sub committees to analyze the issues facing the EPTB and make recommendations on (i) Governance and Management (ii) Asset Management, (iii) . After detailed deliberations by all the members of the Task Force and consultation with the members of the Board, this report has been prepared. The recommendations of the report summarized in Chapter II will help overcome some of the weaknesses and shortcomings, streamline the functions of ETPB and allow it perform its duties efficiently. More important the recommendations will transform the ETPB into a revenue surplus organization for the Federal Government.

The proposed reforms will be harbinger of fostering of national harmony amongst the people of various faiths living in this country. They will also help in the preservation and improvement of the magnificent religious sites present all over the country which will improve the image of Pakistan and tremendously boost foreign religious tourism.

I offer my sincere gratitude to the Honorable Prime Minister of Pakistan for entrusting the Task Force with this responsibility. We hope this report will serve as a catalyst for long lasting and effective reformation of ETPB.

## DECISION

4. The cabinet considered the above recommendations of the Task Force on 7<sup>th</sup> April 2020 and directed the Sponsoring Division to present the timelines along with indicating the entities responsible for implementing the recommendations of the Task Force during the next Cabinet meeting.

### Current Status

5. Further actions are to be undertaken by the Religious Affairs and Interfaith Harmony Division. Meanwhile, the latest implementation status of the recommendations contained in above report, as shared by the Sponsoring Division, is as under:

IMPLEMENTED RECOMMENDATION		
Sr.	Recommendations	Status
1	The current mechanism of collecting donations should be improved after consultation with PSGPC.	Complied
2	Protection of status of Gurdwaras and Mandir should be ensured.	Complied.
3	Constitution of local Maryada Committee under PSGPC is recommended in all functional Gurdwaras which will be responsible for langar, piniparshed and Kara parshad.	Complied
4	Anti-state activities may not be allowed in any Mandir / Gurdwara.	Complied.
5	An online system for collection of funds / donations may be setup through consultations with the community committees.	Complied
6	Separate entity / protocol of Guru Granth Sahib and Geeta Sahib in all functional Gurdwaras and Mandirs should be introduced.	Complied
7	Documentary regarding past and present state of Gurdwaras and Mandirs may be prepared and regularly updated to showcase the achievements and progress.	Complied
8	ETPB should consult with Board members for refraining the current investment policy in accordance with the Federal Government investment rules/ policies/regulations.	Complied. ETPB is following Finance Division Rules.
9	A new policy /scheme for agricultural lands especially for lands located in Sukkur and Larkana in Sindh may be formulated. Lease periods may be extended from three years to ten years.	Already provided in the Scheme 1975.



10	Enforcement Wing with proper legal powers and human resources may be established for ejection of illegal occupants and preventing unauthorized possession of Trust properties and lands.	Powers for ejection exist under Section 25 of ETPB Act.
11	ETPB Board will provide free lodging facilities on the premises of historical Gurdwaras in Pakistan for the visiting foreign Sikh / Hindu Yatrees.	Complied.
12	Banjar land leasing for industrial and commercial purpose.	Provided in the Agricultural Scheme Rules 1975.
13	Establishment of Complaint and Monitoring Cell in ETPB and “Whistle Blower” concept should be introduced to encourage people to help in finding hidden properties.	Complaints, Monitoring, Enforcement Wing, Inquiry Cell & Unearth of ETP Cell established.
14	Regular repair / maintenance petty works should be ensured for all Mandirs and Gurdwaras	Repair and renovation is ongoing.
15	All the foreign missions aboard should be issued direction to showcase the major historical religious sites like Katas Raj, Gurdwara Janam Asthan, Nankana Sahib, Sadu Bela Sukkar & Samadhi Maha Raja Ranjeet Singh Lahore.	M/s Foreign Affairs intimated vide Letter dated 18-11-2020 that it has forwarded the books/ documentaries/ DVDs to foreign missions at Vancouver, Toronto, Washington DC, New York (UN), Houston, London, Birmingham, Rome.
16	Construction of Joraghar (shoes room) in all Functional Mandirs / Gurdwaras.	Complied. Established in Gurdwara Janam Asthan. Jora Ghar are being improved.
17	The ETPB allocates some funds in form of grants-in-aid and land to deserving institutions providing health / educational services to the poor and needy citizens. It is proposed that part of the increased income from the properties attained by removing encroachments and higher lease money should be utilized for expanding these services in the backward areas of the country and establish orphanage houses in collaboration with the philanthropic organizations, NGOs, concerned Federal Ministry and provincial departments.	Being extended to educational and health institutions. Baba Guru Nanak Scholarship for deserving minorities’ students have also been started. Vocational training courses for Sikh and Hindu Communities youth has been started in collaboration with Punjab Vocational Institute.

<b>PARTIALLY IMPLEMENTED RECOMMENDATIONS</b>		
<b>Sr.</b>	<b>Recommendations</b>	<b>Status</b>
1	A new Investment Advisory Committee be constituted for better management and decision making in ETPB's investments.	Investment Advisory Committee constituted by the Federal Government is already functional. New Committee will be made after new Board constitution.
2	Priority in the use of land, property and other assets of ETPB, except the shrines of Hindus and Sikhs, would be given to social welfare projects that serve the Hindu, Sikh and other minority communities.	On need basis the property is being allocated on token rent.
3	PSGPC and ETPB may take steps for the restoration of all other historical / important Gurdwara Sahiban.	<p>Annual repair of all functional Gurdwaras are made as per budget allocation.</p> <p>Renovation of Shiv Mandir Jhelum has been approved by the Board.</p> <p>The Board released grant of Rs.2 Million for functioning of Gurdwara Sach Khand Shikarpur.</p> <p>The Board has also restored Teja Shawala Mandir and Chuwa Sahib.</p> <p>For Yatrees in Sadhu Bela Mandir, the Board has released Rs.4 Million to purchase motor boat.</p>
4	<p>The ETP Board intends to establish orphanage houses in the following districts where ET land is available with the prior approval of the Federal Government. ETP Board is preparing a pre-feasibility report for the establishment such facilities.</p> <p>Mianwali-Punjab</p> <p>Karachi-Sindh</p> <p>Peshawar-KPK</p> <p>Quetta-Baluchistan</p>	Orphanage is already functional in Sialkot. ETPB has initiated to utilize its properties for Educational and Health Purpose. Process of lease to 4 ETPs to National University of Modern Languages (NUML) is underway.

	In this area, Philanthropist Organizations/NGOs like EDHI Foundation will be requested to collaborate with the ETP Board.	
5	Maximize the development projects with completion time of 3 months to improve revenue of the department.	Development of ETPs is ongoing process. ETPB is encouraging the development through developers/ tenants.
6	Immediate retrieval of Evacuee Trust Property from Qabza Mafia should be initiated.	Drives initiated in liaison with Police and Local Administration.
7	It is suggested that in each district, a district committee headed by the Deputy Commissioner and comprising of District Police Officer, Deputy Administrator, ETP Board and Revenue Officer of the District may be constituted. The committee will hold its meeting once in a month and take effective measures for the retrieval of ET lands from the “Qabza Mafia”.	Chief Secretaries have also been requested to constitute a Committee for immediate retrieval of encroached land/ properties.
8	The Enforcement Wing would have staff located in the Zonal offices of ETP Board for regular vigilance of ET Properties and lands in that respective zone carrying out the directives and decisions of the District Committees.	As per record provided by the District Formation, an area of 649 Acres approx (2020) and 775 Acres (2021) was retrieved.
9	Reference under Section 8/10 of Act No. XIII of 1975 may be filed in the Court of Chairman by the Deputy Administrator after obtaining latest revenue record so that the nature of trust/status of land and property could be finalized by the Authority earlier.	250 cases were disposed of (2019-20) Hearing of the cases are being scheduled on weekly basis.
10	Cases regarding VIP plazas and other valuable ET Properties are pending in the Court of Chairman ETPB since 2002/2003. Some cases related to Sukkur are pending since long. These cases may be decided at once so that the same may be included in development projects of ETPB to increase the revenue.	Priority cases are being fixed regularly for early disposal.
11	All pending cases in courts against illegal occupants should be vigorously pursued by engaging eminent lawyers rather than relying on in-house legal staff.	Counsels’ performance is being monitored properly

		and competent counsels are being hired on case to case basis. Progress report is being received on every date of hearing. On performance evaluation, 199 legal counsels were disengaged.
12	The hospitality sector should be encouraged to develop Five Star Hotels / Motels Kartarpur, Norawal, Hassanabdal and Nankana Sahib to provide five star residential accommodations to the families / delegation of International Sikh / Hindu yatrees visiting these historical places.	<p>The case was taken up with Board of Investment (BOI). Project Management Unit (PMU) stands established in Kartarpur which will also consider the encouragement of hospitality sector.</p> <p>Provision of infrastructure by Provincial Government will also facilitate the hospitality sector.</p> <p>Construction of Residential complex at Katas Raj is underway.</p>
13	ETPB in collaboration with the Pakistan Tourism Development Corporation and private tour operators will soon launch a marketing campaign to attract foreign tourism.	Coordination is already in progress at the forum of National Coordination Committee on Tourism.
14	Policy of change of tenancy and construction/ development by ETPB or through tenants needs to be revised to increase income of ETPB or through tenants needs to be revised to increase the income of ETPB.	The Board has approved the amendments. Ministry's approval will be solicited.
15	The ETPB should establish Enterprise Resource Program and Management Information System to automate its business processes. Development of Software and Launching of management information system in ETPB should follow the best practices.	<ul style="list-style-type: none"> <li>• Total 46206 Sub-units 95% of urban properties have been surveyed.</li> <li>• 14152 Agriculture Lots (90%) of agriculture land have been surveyed.</li> </ul>
16	Documentation of all ET Properties/ Lands should be completed at the earliest using a computerized online system with photographs, mapping, geo tagging etc. to allow for better decision making.	<ul style="list-style-type: none"> <li>• All surveyors have reverted to SOP on 20th June, 2021 after tasks.</li> </ul>

		<ul style="list-style-type: none"> <li>• Properties / Land of 54 districts have been Portal.</li> <li>• Geo-Portal and android application have been developed.</li> <li>• Tender for the purchase of equipment of data centre was 29th June, 2021.</li> <li>• Technical bid of tender has been opened on 13th July, 2021.</li> <li>• After the completion of phase-I, partial payment has been made to Survey of Pakistan.</li> </ul>
17	Services of Valuers from the approved list of valuers of State Bank or Banking Associations of Pakistan should be obtained for valuation of land, properties and assets of ETPB. After valuation, all properties / pieces of land, which are not attached to any religious shrines, should be sold through an auction in a transparent manner.	The Board decided to get valuation on case to case basis through M/s NESPAK. Sale proceedings cannot be made as per directions of Supreme Court of Pakistan.
18	Appointments of Cooks, Pujari, Sewadar & Granthi and Security Guards in all the functional Mandirs & Gurdwaras should be done at the earliest.	The Board recommended the posts and the matter has been submitted to the Ministry.
19	Pakistan Hindu Mandir Management Committee (PHMMC) may be constituted on the lines of Pakistan Sikh Gurdwara Parbhandak Committee (PSGPC) for proper management of the Mandirs.	Pakistan Hindu Mandir Management Committee will be constituted subject to security clearance.
20	All Evacuee Trust Properties / lands situated within the limits of Cantonment Board should be treated as commercial and residential properties.	Matter has been taken up with Cantonment Authorities for treating ETPs as commercial and residential.
21	Capacity building via training and access to external third party shall be introduced in ETPB. Service Rules consisting of “Recruitment” “Performance Evaluation” “Promotion Policy” and “three year tenure of posting for employees at stations, “Severance and Termination from service” should be formulated. Performance based	<ul style="list-style-type: none"> <li>• Training Courses are being conducted which is halt due to Covid.</li> <li>• Performance evaluation policy of Federal</li> </ul>

	incentives system for ETPB employees should also be introduced.	<p>Government has been adopted.</p> <ul style="list-style-type: none"> <li>• Direct Retirement Rules have also been adopted.</li> <li>• Draft Service Rules are under consideration in the Ministry.</li> </ul>
22	A comprehensive review of the present organizational structure in the Headquarters and field offices would be undertaken to identify skills gap and redundant manpower. Creation of new zones and appointment of Deputy /Assistant Administrator in those zones may also be considered during this review.	Restructuring has already been recommended by Task Force. Service Rules are already under process in Ministry. Restructuring in the management has also been finalized by the Ministry and the same has been sent to the Parliament through Parliamentary Secretary.

#### RECOMMENDATIONS RELATED TO THE MINISTRY

Sr.	Recommendations	Status
1	There should be clear separation between the Board and Management. The Board would exercise supervisory and oversight functions, audit, approve the work plan, annual budget, expenditures above a certain threshold level but the day to day operations of the ETPB would be run by the Chief Executive Officer assisted by a full time professional management team.	
2	<p>The Board shall consist of 21 Members out of which 17 Members shall be non official Members drawn from the Sikh and Hindu Community and other eminent persons. Minimum academic qualification of the Board Member shall Intermediate. The Chairman and the Members would be appointed by the Federal Government:</p> <p>Act may be amended to reflect the revised composition of the Board as under:</p> <p>4 Members from Sikh Community from each province.</p> <p>4 Members from the Hindu Community from each province.</p> <p>4 Experts in relevant fields from each of 4 provinces.</p> <p>4 other eminent persons of standing</p> <p>1 Member from ICT</p>	Amendments in ETPB Act have been made by the Ministry of Religious Affairs and the same has been placed before the Parliament through Parliamentary Secretary Ministry of Religious Affairs.

	4 Official Members.	
3	Management would be headed by a Chief Executive Officer (CEO) with prescribed qualification and experience and selected through an open merit based competitive process. The CEO would act as ex-officio Secretary of the Board.	
4	CEO would be assisted by a Chief Financial Officer (CFO), Chief Information Technical Officer (CITO) and Chief Engineer (CE) as top management Team. Legal Wing and Enforcement Wing should be established.	
5	Allocation of 10% share for Hindu Community and 10% for Sikh Community in the recruitment of ETPB employees.	
<b>RECOMMENDATIONS PENDING DUE TO LITIGATION</b>		
Sr.	Recommendations	Status
1	Schemes for Urban Properties introduced in 2001 and 2006 should be amended to enhance rental rates and make them closer to current commercial values. The rents of urban properties have not been reassessed since 2012. This needs immediate attention.	Several tenants have challenged the rules / policy introduced in 2006 for enhancement of rent in all over Pakistan. Presently, the case is subjudice before the Supreme Court of Pakistan regarding previous assessment policy of 2006. Efforts are being made for early disposal and in the interest of ETPB.

## **7. Capital Development Authority (CDA)**



The Cabinet at its meeting held on 2<sup>nd</sup> July 2019 decided that the Adviser to the PM on Institutional Reforms, in consultation with the Minister for Aviation and parliamentarians from Islamabad, will submit the proposals to reform and restructure to the Cabinet within one month.

In pursuance of this decision, Adviser to PM on Institutional Reforms held meetings with the Chairman and members of the Authority, SA to PM Mr. Ali Nawaz Awan, Mr. Asad Umar MNA, Sheikh Anser, Mayor and Mr. Humayun Akhtar, Chief Officer of Metropolitan Corporation of Islamabad (MCI) and Joint Secretary, Interior Division. The findings and recommendations in paragraphs below are based on the careful study of CDA Ordinance and Islamabad Local Government Act 2015. Secretary Communications and Secretary, Housing and Works were also consulted as a significant portion of CDA's present functions are proposed to be transferred to them besides MCI. Chairman, CDA was also consulted in his capacity as the Chief Commissioner.

### **Findings:**

1. CDA was established in 1960 under an Ordinance for the following purposes: (a) planning and development of Capital (Islamabad) (b) to perform functions of a Municipal Committee, (c) to provide for cleanliness, health, education of inhabitants, supply of goods, articles of food and (d) to promote interest different sections of public. CDA has made a significant contribution in developing the residential and commercial zones, building the physical infrastructure and providing basic public services to the citizens of Islamabad. However, the success has also brought, in its wake, an overzealous concentration of power and gradual expansion by taking over of a wide variety of activities over time that have impaired the efficiency, effectiveness and efficacy of CDA. The present governance and organizational structure, business processes and indifferent attitude and apathetic responsiveness of its employees have failed to meet the evolving and emerging needs of the citizens and their expectations.

2. The financial model of selling residential and commercial plots by opening up sectors through acquired land and using the proceeds for meeting the current expenditure of the staff (highly overstaffed) and operational expenses is highly flawed. For example, in 2018-19, CDA receipts were Rs.18.7 billion, out of which Rs.13 billion were generated by auction of commercial plots and by collecting arrears for sale of residential plots. Of this, the spent only Rs.2.8 billion on development of land and sectors Rs.18.6 billion was spent on non-development expenditure. The collection from property tax and water charges amounted to a paltry sum of Rs.1.3 billion. The gap between non land receipts and non-development expenditure was Rs.15.5 billion. It is not obvious as to how the organization would survive financially once it has exhausted its land bank. Like other public sector corporations, CDA, would also, in future, have to fall back upon government subsidies if it is not restructured and reformed now.

3. The main functions being currently performed by the CDA can be classified in the following eight broad categories: -

- i) Land acquisition, disposal and development of sectors in Zone I.
- ii) Municipal Services (although transferred to MCI, certain overlapping and residual functions are retained by CDA and the employees of MCI have dual and blurred reporting relationships).
- iii) Town Planning, Master Plan Preparation and Execution, Building Control, Land use and enforcement of Zoning Laws and by laws.
- iv) Regulation of private sector housing societies.

- v) Planning and Developing Housing projects such as Park Enclave-I and Park Enclave-II.
- vi) Preparation and Execution of Development projects in Islamabad such as Roads and Highways, Access Corridors, Flyovers and Underpasses, Markets, Sewerage, Parks, Green belt, Playgrounds.
- vii) Construction and Maintenance of the Aiwan-e-Saddar, Parliament Lodges, Secretariat Buildings, Police Barracks, residential houses, etc.
- viii) Operation of Capital Hospital, Medical Services and Model School, Public Parks, Cultural assets etc.

4. A lot of significant developments have taken place since CDA was established which calls for a complete review of its mandate, functions and authority. Islamabad has now grown into a large city with 1.8 million people. Private real estate development industry has become quite active and aggressive. In 2015, a law on local government system created a Metropolitan Corporation of Islamabad (MCI) with an elected Mayor. The MCI's functions as enunciated in the Third Schedule of the Act cover the municipal functions that were performed by CDA until recently. The Federal Government has abolished the Capital Administration and Development Division (CADD) and entrusted the responsibilities for Education, Health, Social Welfare etc. to the respective line ministries. The agency functions such as construction, maintenance, repairs of Federal Government buildings, residences and quarters have not been performed to the satisfaction of its occupants. Financial viability of CDA in its present form is open to serious question.

5. It is, therefore, imperative to develop proposals for the future configuration of CDA so that it can focus on its core functions and activities and divest other ancillary or agency functions it has either acquired itself or been forced by the Government to assume from time to time. The proposed restructuring should be based on certain organizing principles which are enunciated in paras below.

#### **Organizing principles for CDA Restructuring:**

6. CDA's primary responsibility should be the updating and implementation of Master Plan, setting standards and enforcing building control, regulating private housing societies, monitoring and enforcing zoning laws and by-laws. CDA should no longer acquire private land for development of new sectors but continue to complete the development works on already acquired land preferably in public-private partnership mode.

7. Development projects for infrastructure under Public Sector Development Programme (PSDP) should be planned and executed by the relevant Federal Ministries or their agencies. IN 2018-19, the PSDP projects to be executed by CDA were targeted at Rs.8.4 billion.

8. Maintenance, repairs and operations of all Federal offices and residential buildings in Islamabad is an agency function performed on behalf of the Federal Government and should be reverted to it. Federal Government provides a maintenance grant of Rs.2.1 billion annually to CDA.

9. CDA should no longer operate any Hospitals, laboratories and schools etc., as they neither have the capacity nor expertise for this purpose.

10. Levy and collections of taxes such as property tax, cesses fees, tolls, user charges should no longer be assigned to CDA as the MCI is the appropriate body authorized under the 2015 Act to mobilize these revenues for providing essential services to the citizens of Islamabad.

## Recommendations:

11. In the light of the above principles, the following recommendations are made: -

- i) The highest priority should be accorded to complete automation of processes, digitization of land records, web enabled access to the citizens for obtaining updated information, rules, regulations, by laws, uploading and downloading of forms etc.
- ii) The present governance structure of the Authority needs to be replaced by a part time Board consisting of eminent representatives from private sector and Government officials that would oversee and supervise the management of CDA. The Management should be headed by a Managing Director with Directors General heading the HR& Administration, Planning, Finance, Estate and Engineering wings. In case the above proposal is accepted the advertisement placed recently to fill in the Members and Chairman positions from the private sector should therefore be cancelled.
- iii) The following directorates and functions have already been transferred to the Metropolitan Corporation of Islamabad but their staff continues to remain on the strength of CDA and their salaries and allowances are being paid out of Rs.5 billion provided by CDA from its own resources. CDA is planning to discontinue this disbursement to MCI after December 2019. MCI does not have any financial resources to pay the salaries to these 11000 employees who have all been seconded by CDA. This is a serious issue that needs to be resolved quickly until it blows into a crisis after December. MCI does not have its own financial system or HR policies as it is without Finance or HR directorates. It relies upon the CDA for these support functions. CDA should bifurcate these directorates and transfer the staff dealing with the MCI matters to the Corporation. LG Board should finalize HR and Financial rules for MCI. Once rules are notified the administrative powers of posting and transfer will be exercised by the LG Board. To ensure stability and continuity the staff on deputation with MCI should be given an option to be absorbed into MCI on the same terms and conditions as they are enjoying in CDA or revert to the CDA for placement in a surplus pool that would extinguish itself through a process of attrition. New recruitment by MCI should be carried out according to the HR rules.
  - Sanitation Directorate.
  - D.G. Civic Management.
  - Bulk Water Management Directorate, Water Supply directorate, Sewerage Treatment Directorate, Water and Sewer Development.
  - Roads & Market Maintenance Directorate.
  - Directorate of Parks.
  - All Environment Directorates.
  - DG Sports, Culture and Tourism.
  - Material Quality Control Directorate.
  - Municipal Administration.
  - DG Health Services.

- i) The financial situation of MCI also needs to be streamlined. CDA is providing loan to MCI under directions of the govt. Property Tax receipts of Rs.2 billion is to recoup the annual loan of Rs.8 billion. MCI should prepare and get its annual budget approved and all revenue receipts and expenditures should conform to the approved budget. The account of MCI should be audited. Any expenditure incurred in the past need to be regularized.
- ii) The MCI has to generate its own funds and collect its revenue. CDA has in 2019-20 created a surplus of rs.3 billion.
- iii) The following Directorates and functions performed currently by CDA or MCI should be transferred to the Federal Ministries as suggested below: -
  - Capital Hospital and Health Services Directorate to the Ministry of Health. (SUGGESTION: Capital Hospital is an employee welfare Hospital and should be transferred to the Islamabad employees and social Security department as is the case in rest of the country).
  - CDA Model School to the Federal Directorate of Education to the Ministry of Education. (SUGGESTION; CDA School is an Employee Welfare Hospital and should be transferred to the Islamabad Employees and Social Security department as is the case in rest of the country).
  - Sports and Culture Directorate to the IPCC Ministry.
  - Zoo & Wildlife Management Directorate to the Ministry of climate Change.
  - Road Directorate, G & Lab, MPO, Special Projects to NHA under the Ministry of Communications.
  - Project Directors for NPA, H-11, Parliament Lodges, E&M Development, Aiwan-e-Saddar, Ministers Enclave, Federal government Residences & Lodges to a dedicated cell under the Ministry of Housing & Works.

### **Future Direction:**

12. Once the new local government system and law is introduced for Islamabad, the CDA should be transferred from the Ministry of Interior to become an integral part of the new Metropolitan Government on the lines of Punjab where LDA and all other service and civic agencies are placed under the Metropolitan Corporation of Lahore. This arrangement would ensure clear responsibility and unity of command for provision of basic services to the citizens, accountability for results, and ease in mobilization of additional revenues as they would be visibly spent on the welfare of the citizens in that specific area.

### **DECISION**

13. The Cabinet in its meeting held on 5th November, 2019 directed to prepare an Action Plan based on the recommendations made in the presentation, in consultation with the Advisor to the Prime Minister on Institutional Reforms, within a period of two weeks.

### **CURRENT STATUS**

14. Action pending with Capital Development Authority.

## **8. Civil Aviation Authority (CAA)**

The plan regarding Civil Aviation Authority was presented before the Federal Cabinet in its meeting held on 11<sup>th</sup> August, 2020 by the Aviation Division in the form of the following report of the Committee constituted for the purpose.

## **Background**

1. In Pakistan, civil aviation activities are controlled and regulated according to the Civil Aviation Ordinance 1960. The President of Islamic Republic of Pakistan established the Civil Aviation Authority (hereinafter referred as “CAA”) by promulgation of an Ordinance, namely Pakistan Civil Aviation Authority Ordinance 1982, to be the national authority responsible to control civil aviation activities within Pakistan with an objective to promote and regulate civil aviation activities and to develop efficient, safe, adequate, economical and properly coordinated civil air transport services in Pakistan. Prior to the establishment of CAA in 1982, the civil aviation activities were monitored by Civil Aviation Department under administrative control of Ministry of Defence. It is important to clarify that Civil Aviation Ordinance 1960 is an implementing legislation with reference to Pakistan’s international obligations under the Convention on International Civil Aviation. The three core aspects of civil aviation activities are air transport, air navigation and airport services. Currently, CAA is acting as a licensor and regulator of all three core aspects and simultaneously acting as a service provider for airports and air navigation services.

2. To avoid this conflict of interest, the National Aviation Policy 2019 approved by the Federal Cabinet in March 2019 clearly specified that *“the role of PCAA as a regulator shall be made independent of service providers with financial and administrative autonomy within a period of two years. By setting up a Regulatory Cell within PCAA, organizational change modalities and structure of the Regulator shall be achieved with minimal adverse collateral disadvantage ...”*

3. To give effect to the National Aviation Policy decision, the Aviation Division presented a proposal to the Federal Government for “Separation of Regulatory and Service provider functions of CAA”. The “Federal Cabinet approved<sup>4</sup> *in principle, the proposal for segregation of PCAA’s Regulatory and Service Provider function ....”*

4. Meanwhile, to implement the Federal Government directives in terms of the stated policy decisions a PCAA Change Management Committee, [CMC] of senior officers was constituted. The Change Management Committee considered various proposals for functional separation of Pakistan Civil Aviation Authority, leading to the complete segregation by establishing two separate authorities and forwarded the said recommendations to the competent authority.

5. The earlier Federal Cabinet directives were further clarified by the Federal Cabinet on 19<sup>th</sup> May 2020<sup>5</sup> that *, segregation of regulatory and operational functions of the CAA should be completed, along with two draft legislations, by 30<sup>th</sup> June 2020, positively* and a Cabinet Committee was constituted comprising of following members to evaluate various options, while keeping in view segregation of regulatory and operational functions of the Federal Government, for outsourcing the major airports and recommend the way forward:

- i) Adviser to the Prime Minister on Commerce and Investment (Convener)
- ii) Minister for Aviation

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<sup>4</sup> Decision of Federal Cabinet Case no. 685/31/2019 dated 30th July, 2019

<sup>5</sup> Decision of Federal Cabinet Case No. 341/18/2020, dated 19<sup>th</sup> May 2020

- iii) Adviser to the Prime Minister on OP & HRD
- iv) Adviser to the Prime Minister on Parliamentary Affairs
- v) Chairman Board of Investment
- vi) Secretary, Aviation Division

6. Dr. Ishrat Hussain, the convener of Institutional Reforms Committee also participated in the proceedings of this Committee.

### **Proceedings of the Committee**

7. The Cabinet Committee for the assigned task has so far convened four meetings to discuss and deliberate on separation of the Regulatory function from Service Provider and Corporatization of Airports to invite the foreign investors to invest in Airports:

First Meeting	04 <sup>th</sup> June, 2020
Second Meeting	18 <sup>th</sup> June, 2020
Third Meeting	25 <sup>th</sup> June, 2020
Fourth Meeting	09 <sup>th</sup> July, 2020

8. Cabinet Committee was appraised at the outset that a Change Management Committee (CMC) was constituted in July 2019 for segregation of Regulatory functions. The CMC had proposed segregation of PCAA in two phases; initially the functions of PCAA be separated within the Organization, and in second phase the organizational separation of authority into two entities will take place i.e. Regulatory body and Services body will be established by ensuring uninterrupted operations at the Airports and resolution of potential impediments that may arise post segregation of PCAA.

9. Representative from Privatization Commission suggested that instead of making a single company for different Airports, it may be suitable if a company is incorporated for each Airport separately. Further, as the Committee had suggested that Financial Adviser shall be appointed for Privatization of the Airports, it is to be noted that same needs to be processed through Privatization Commission. Addressing the same, Secretary Aviation clarified that Privatization is not the objective of the Committee rather it is the structural reforms of the CAA to attract the investors for development of Services at Airport and strengthening the Regulatory functions of the State by segregating it from the Service Providers.

10. The Committee initiated its proceedings with consideration of various models for outsourcing of Airports. The models depicted structures adopted by different countries to attract investment from Private sector for development of Services at Airports. The model one and two defined provisions to invite investment through Airport Service License terms and Concession fee, respectively, for which draft rules have already been prepared by the PCAA. Model III A involved inclusion of provision to transfer of Assets to corporate entities incorporated for operating Airports for which Legislative and Policy change is required; whereas, Model III-B required incorporation of Company by PCAA who shall operate Airports under Airport Operator License.

11. The Committee was further informed that draft for two legislative bills have been prepared within the timeline; one bill shall replace the existing CAA Ordinance 1960 while strengthening the scope of Regulatory body in accordance with the international commitments as a contracting state of ICAO and the second bill will propose amendments to the CAA Ordinance 1982 to ensure enabling provisions for: -

- vii) Establishment of an airport company under Companies Act 2017, limited by share;
- i) Enabling the Company to own the title & assets of airports ordered by Federal Government;
- ii) Federal Government shall have power to transfer shares of the company to private sector;
- iii) Transfer employees from CAA to Company on same terms and conditions or favorable conditions.

12. It was deliberated that a single legal instrument may be prepared amalgamating the provisions and laws defined in both the Ordinances i.e. 1960 and 1982. However, considering that the law constituting an authority or the national point of contact with reference to the international treaties is to be covered by a standalone law and state obligations are to be defined in another law. One shall define the regulatory framework and the other instrument shall outline the scope of services with provision to incorporate a corporate entity under Companies Act 2017, the Committee agreed to the two separate legal instruments.

13. While it was decided that regulatory functions shall be entrusted to an Authority under state; the structure for Service Provider entity remained under discussion. The Airport Services and Air Navigation Services currently being rendered by Pakistan Civil Aviation Authority involves management of 44 airports and oversight services for all aircrafts operating within the airspace of country.

14. Committee further decided that an Audit firm shall be engaged to devise proposals on the Corporate Structure of Services Entity. It was agreed that RFP / EOI shall be prepared in collaboration with Chairman Board in Investment

15. The Cabinet Committee was also informed about the Lahore High Court decision dated 06<sup>th</sup> November, 2018 on the aspects of outsourcing of Airports; the Court had limited the scope of outsourcing of Airports to provision of airport services from car park to terminal building only. The decision of Supreme Court of Pakistan dated 19<sup>th</sup> February, 2020 also came under discussion whereby it was directed that “no Land around Jinnah International Airport, Karachi will be used for any commercial exploitation, rather it shall be used as an amenity for the people and particularly, parks and thick urban forest for betterment of the environment in and around Jinnah International Airport, Karachi.

16. Considering the essential involvement of Defense Forces as a joint user at most of the PCAA Airports, Ministry of Defence (MoD) was also engaged in the process. The representatives from MoD and PAF apprised the Committee that regulatory frameworks for civil aviation are not applicable to PAF, however, for joint airspace management, separate infrastructure for both bodies is not advisable in the national security interest of Pakistan. The representatives from MoD were provided the draft Legal instruments prepared by CAA against which they submitted following observations for consideration: -

- i) Only commercial operations of the airport should be outsourced; whereas, security and flight operations should remain under the monitoring of the State
- ii) A provision be defined under the legislation which shall enable the Defense forces to take over the airports in case of War
- iii) Ownership of assets should not be transferred.
- iv) MoD should be consulted while making the amendments in law so that no provision in contradiction to the existing law (war book) is included
- v) Security clearance from ISI be made pre-requisite for company to which the operations at airports shall be outsourced



vi) It shall be covered through law that no foreign or dual national be allowed to work on the airport

17. While showing agreement to most of the observations raised by MoD, Dr. Ishrat Hussain stated that one of the objectives of this whole process is to attract investors from all over the globe for development of Airports; whereas, restricting the employment to only locals at the airports shall be a barrier and may discourage the interest of potential investors. Also, as per standard practice, security check of all foreign or dual nationalists is performed by the security agencies to ensure that security concerns are not compromised.

18. The Cabinet Committee after having detailed deliberations and considering the concerns raised by the Ministry of Defense / PAF, the employees' grievances and keeping in view the fact that only six out of 44 airports (26 Operational) are profitable, decided with consensus that two authorities shall be incorporated i.e. for Regulatory and Airport Services functions, enabling Airport Services body to have subsidiaries under it instead of being an independent Corporate entity.

### **Recommendations**

19. Considering sensitivity of operations and involvement of strategic asset i.e. Airspace, the segregation of PCAA shall be performed by incorporating two authorities. The one shall be entrusted with Regulatory functions and the other one shall develop and manage functions of Airports, with provision to incorporate subsidiaries under the Companies Act, 2017. The incorporation of two separate authorities shall be performed in sync to ensure smooth transition and minimal impact on operations.

20. The Committee proposed that functional separation of Pakistan Civil Aviation Authority shall also be carried out by implementing structural reforms in the Organization. This shall ensure independent functioning of Regulatory body within one Organization; and shall remain intact till the pre-requisites for segregation of the Authority are finalized. The time schedule for both functional as well as organizational separation is given below:

#### **a) Operational/ functional Separation**

21. The functional separation of CAA shall be performed by obtaining approval from CAA Board. Following tasks have been completed for performing the separation of functions: -

<b>Sr.</b>	<b>Description</b>	<b>Status</b>	<b>Approval By</b>	<b>Timeline</b>
A	Approval of proposed Organograms for Regulatory and Airport Services Functions	Draft Prepared	CAA Board	Last week of July 2020
B	Separate Plan of Manpower/Establishment for Regulatory and Airport Services Functions	Draft Prepared	CAA Board	Last week of July 2020

C	Amendments in CAA Service Regulations	Draft Prepared	CAA Board	Last week of July 2020
D	Separation of Budget Allocation Proposal 2020-21 for both functions	Working Completed	CAA Board	Last week of July 2020
E	Proposal for allocation/ bifurcation of Assets of Regulatory and Airport Services Functions	Working Completed	CAA Board	Last week of July 2020
F	Separate Prescription of CAA Operational National Regulations pursuant to ICAO Annexes	Working Completed	CAA Board	Last week of July 2020

**b) Segregation of PCAA into Pakistan Civil Aviation Regulatory Authority and Pakistan Airports Authority**

22. The Organizational Separation of PCAA shall be performed by establishing two separate authorities by law, namely the Pakistan Civil Aviation Regulatory Authority (PCARA) and “Pakistan Airports Authority (PAA)”. Subsequent to the establishment of the two authorities, the Corporate Structure for the subsidiaries shall be devised in consultation with an Audit firm hired for the purpose. The outsourcing process shall be performed in two phases; the first phase shall be the Corporatization of the Airports as per decision of the Government for attracting Private investors, and in second phase the transaction shall be performed in consultation with Privatization Commission through the same or a Financial Adviser/ Investment Banking Firm. Following tasks will be completed for performing the Organizational Separation of PCAA: -

Sr.	Description	Status	Approval By	Timeline
A	Approval of proposed legislations Repeal of Ordinance 1960 Amendment in Ordinance 1982	Drafts Prepared	CAA Board	Last week of July 2020
B	Approval of both Legal instruments	Drafts Prepared	Parliament	-
C	Engagement of Audit firm for corporate structure, etc.,	RFP / EOI is in process	In consultation with Chairman BOI	04 months
D	Engagement of FA / Investment Banking Firm for Transaction	-	In consultation with Privatization Commission	

**Decision**

23. The Cabinet considered the above recommendations of the Committee in its meeting held on 11th August 2020 and approved the same. The Cabinet further approved that the

Committee under Advisor to PM on Commerce shall keep on overseeing the implementation of the recommendations.

24. Subsequently, Aviation Division initiated another summary for Cabinet which was considered in the meeting held on 1st September 2020. The Cabinet approved the proposal of Aviation Division to constitute a new Committee under the Chair of Aviation Minister for engagement of an audit firm to work out the most efficient structure of Pakistan Airports Authority and its corporatization.

#### **Current Status**

25. The new Committee was notified by the Aviation Division on 16th September 2020. The Committee has so far met for 4 times and has recommended the shortlisting of seven (7) audit firms for the purpose. Aviation Division is in the process of finalizing the RFPs for the audit firm which will be presented before the next meeting of the Committee.

## **9. Pakistan Council of Scientific & Research (PCSIR)**

While reviewing recommendations of the Prime Minister's Inspection Commission in respect of Pakistan Council of Scientific & Industrial Research (PCSIR), the Prime Minister was pleased to direct that Ministry of Science & Technology shall develop a comprehensive Action Plan to improve effectiveness of the organization, in consultation with the Adviser to PM on Institutional Reforms & Austerity. In this regard, Ministry of Science & Technology developed a Action Plan, which is at Annex 1. The Adviser to PM on Institutional Reforms, on reviewing the document, proposed the following additional agenda of reforms to PM on 10<sup>th</sup> February 2021 in order to meaningfully restructure the organization.

## **Recommendations**

1. At the outset, PCSIR was established in 1953 to innovate and modernize the industrial processes and products through research, so as to substitute the imports and bring value addition to the exported products and thus contribute to economic progress of country. In the present times, this original mandate is but ever most significant and relevant. However, over the period of time, focus has been shifted from solutions-oriented research to providing testing services, trainings and diplomas etc. The situation needs a major course correction.

2. To this end, **establishment of Advisory Committee** (as proposed in draft plan by Ministry of Science & Technology) is supported. However, such a Committee should be established directly under the Ministry. The Committee should review, prioritize and spearhead the overall process of applied research and development in the country. Such advisory body may include eminent scientists, industrialists and policy makers and will be responsible for directing the research towards development of processes, products and services required for innovating industry and exports. The proposed Advisory Body will also ensure that existing research facilities available in public sector are optimally utilized, by doing away with the duplication/overlapping and bringing about overall coherence. Mandate for PCSIR will also be monitored, updated and guided by this Advisory Committee.

3. The existing composition of the Council is quite large (21 members) and needs to be curtailed to a manageable number. To make PCSIR an autonomous body implementing the given mandate, it should have a **Board of Directors** comprising 8-10 members headed by a Chairman. Chief Executive of the PCSIR will be a Director General reporting to the Board and assisted by a **Management Council** and **Research Council** consisting of leading scientists from within and outside the organization. The proposed governance structure and suggested research themes is annexed. In order to achieve this, suitable amendment in PCSIR Act 1973 are required.

4. PCSIR has a sanctioned strength of 2762 employees with an annual recurring budget of Rs.3 billion. Approximately 43% of the sanctioned strength comprises non-technical staff. This ratio is quite high and a total freeze on recruitment of non-technical posts should be imposed. The posts becoming vacant should be abolished forthwith. The savings thus effected should be utilized for performance-based output of scientists and technical staff. Performance Appraisal Boards should be established reporting directly to the Direct General. These outputs would be, for example, commercialization of patents, research outputs and advisory services the industry etc. The proposed Action Plan has made some suggestions for **rationalization of human resource** and quality improvements, which may be substantiated with these additional measures:

- i) The organization should immediately shift from the funded pension system. Rules should be amended so that new employees are subjected to defined contributory pension scheme.

- ii) The new research proposals should be carried out in project mode. In addition to regular staff, outside scientists should be hired from within and outside the country on market-based remunerations but purely for the tenure of project cycle. Top performers should be rewarded with bonuses and should be considered for retention in next cycle of products (testing, upscaling etc.) which should again be undertaken in project-mode. This scheme is closely linked with improving marketability of patented products/process (described below).
- iii) The ratio of non-technical staff should be gradually lowered. For this purpose, the existing staff should be re-employed into the newly proposed projects. During our meetings with Chairman PCSIR, possibility was discussed that a large proportion of non-technical employees could be re-employed in laboratories as technicians with marginal training.

5. **Developing civil-military interface for better leverage of available R&D facilities** is a very appreciable step. Scope of such activities needs be broadened to include other institutions both in civil and military setups. In fact, PCSIR should develop and maintain an interface with other research facilities as a part of action plan. To quote the example, a number of projects and activities proposed in the attached Action Plan relate to genetic-engineering, upscaling the new strains, developing plant and animal products, and establishing bio facilities. It may be noted that Pakistan Agriculture Research Council (PARC) under the Ministry of National Food Security & Research is also undertaking similar activities. By close collaboration and coordination, both Councils may develop synergies through better utilization of existing knowledge-base and research facilities.

6. In order to **boost the revenue streams and promote self-sufficiency**, PCSIR needs to increase the marketing and commerciality of its research outputs. The given Action Plan envisages increased linkages with the industry in general and SMEs in particular through direct outreach. Such continued interactions are very important to keep the core research activities aligned to market needs. However, marketing and deployment of developed solutions needs separate skills set and should be kept separate from the core scientific and technical activities of the Council. Commercial interface of PCSIR with industry and SMEs should be through a separate and specialized subsidiary (Company) for all research institutions. Ministry of Science & Technology may also consider putting STADEC to better use for this purpose, which was established as a separate company with similar mandate. The company can not only directly market the patented technologies, but also develop framework for entering into joint ventures with private sector in order to mobilize resources even at conception stage of the projects.

7. The **future course of action** is suggested as under:

- i) Ministry of Science & Technology may enter into an agreement with PCSIR on implementation of the proposed Action Plan along with above made observations/suggestions, with timelines and milestones.
- ii) PCSIR may develop a detailed business plan stipulating the quarter-wise activities, targets and revenue projections in the light of finalized Action Plan, and
- iii) Cabinet Committee on Institutional Reforms (CCIR) may review the progress on implementation of finalized plan every quarter with a view to approving any roll-on adjustments if required.

## Decision

8. The above plan was shared with the Office of the Prime Minister on 10<sup>th</sup> February 2021. The Prime Minister directed the Ministry of Science & Technology to consider and incorporate the recommendations and suggested course of action to finalize the Action Plan. The Ministry

was further directed to elaborate and revise the timelines as per actual timeframe and re-submit the case for the order of the Prime Minister.

**Current Status**

9. Further action is to be taken by the Ministry of Science & Technology.\

### 1. Executive Summary

The Prime Minister's Inspection Commission (PMIC) carried out the study of the impact of the research organizations of the Federal Government including Pakistan Council of Scientific and Industrial Research (PCSIR). During the inspection, PCSIR provide data/ information as and when required by the PMIC from June, 2019 to January, 2020. In February, 2020, PMIC submitted its findings/ report. As per recommendation of the report, PCSIR submitted an Action Plan for improving the effectiveness of PCSIR in November, 2020.

The Action Plan includes interaction with S&T institutions within the country and abroad for technology transfer/ absorption in emerging and new technologies. Priority areas where PCSIR would like to excel in areas like leather, textile, food, herbal, automobiles/ transportation, engineering, nano technology, housing & public works, health, etc. PCSIR has planned to enhance R&D collaboration with military organizations and to execute demand-driven R&D projects evaluated and recommended by a high-level Advisory Committee at Head Office. Moreover, Establishment of Endowment Fund for Scientific and Industrial Research, Innovation and Commercialization (EFSIRIC) is also in pipeline to fund different scientific activities including the funding of joint venture under international cooperation.

Improvement in infrastructure and engagement of manpower for research in new fields e.g. halal certification, industrial/ medicinal cannabis, gene editing, biosensors, etc. will also be carried out. Furthermore, to increase the number of technical services, the scope of accreditation will be extended with new parameters i.e. cement, halal foods, food grade packaging materials, rapid testing of SPS organisms, calibration, etc. Efforts will also be made to strengthen the linkages with academia and industry to facilitate the clients. In addition, marketing cell will be strengthened for commercializing processes, products and technologies. Establishment of an international liaison centre at Head Office is also under consideration to enhance the international collaboration.

Inter-alia, PCSIR has prepared several project proposals in emerging scientific fields as per government priorities. These projects will not only up-grade the existing laboratories of PCSIR with latest techniques and state-of-the-art equipment but will also create opportunities in areas such as halal certification, cannabis cultivation/ processing for industrial/ medicinal uses and gene editing to enhance crops yield, etc. This investment will increase the number of industrial services and revenue generated by PCSIR manifolds.

### 2. Introduction of PCSIR

The Government of Pakistan established Pakistan Council of Scientific & Industrial Research (PCSIR) in 1953 as an autonomous body to build a strong scientific and technological base for the economic progress of the country with mandate to undertake, promote and guide scientific and technological research related to problems connected with the establishment and development of Pakistani industries and disseminate the results of research to various sectors of the economic development community in the best possible manner.

#### 2.1. MANDATE OF PCSIR

- Utilization of indigenous resources for the development and promotion of Industrial sector leading to import substitution and export enhancement.



- To carry out self-sustaining and marketable research to contribute in the industrialization and economic growth of country and human resource development through organized training courses.

## **2.2. ORGANIZATIONAL STRUCTURE OF PCSIR**

The Chairman is the Chief Executive Officer (CEO) of PCSIR. The Council consists of 21 members including the Chairman. The Federal Government nominates 21 members. As per PCSIR Act No.XXX 1973, the composition of the Council comprises of the ex-officio members and the representatives of the public/ private sectors. The Council is the supreme policy-making body. The executive organ of the Council is the Governing body which consists of four members; The Chairman and the Members for Finance, Science and Technology. Under the above set-up various laboratories and centers functions under the Directors General or Directors.

## **2.3. LABS/ UNITS OF PCSIR**

PCSIR is the premier public sector R&D organization of the country with a network of 17 research laboratories/ units including 06 training institutes located all over the country. PCSIR laboratories are ISO-17025 accredited equipped with state-of-the-art laboratory equipment and highly skilled manpower. PCSIR supports the local industries in various sectors for providing cost-effective technology solutions as well as quality assurance services.

## **2.4. MAIN ACTIVITIES OF PCSIR**

The broad-based activities of the PCSIR include technology development, human resource development, quality control/ quality assurance services, consultancy/ trouble shooting and industrial linkages/ WTO obligations. The council laboratories are providing testing & certification services to almost entire industrial sector and most of the exportable products are being tested/ certified by its ISO-17025 accredited labs. Current major activities also include:

- Supply of strategic chemicals to the Defense sector as per their demand.
- Supply of indelible ink vials and stamp pads to the Election Commission of Pakistan (ECP) from time to time.

## **2.5. THRUST AREAS**

The thrust areas of PCSIR touch almost all sector of the economy including Engineering, Food & Allied Products, Pharmaceuticals, Leather and Leather Auxiliaries, Textile & Associated Products, Glass & Ceramics, Biotechnology, Strategic Industry, Environment, Electronics, Industrial Chemicals, Paper & Plastic/ Polymers, Pesticides & Herbicides, Oil & Fats and Dyes.

Technical training centers of PCSIR at Karachi, Lahore, Peshawar, Quetta and Daska are providing 3-4 years diploma certificates in Cast Metal & Foundry Technology, Dye & Moulds and Precision Systems Mechanics and Bachelor degree in Industrial Electronics Engineering. More than 300 students are awarded diplomas/ degrees annually and most of them get jobs immediately.

## **2.6. STRENGTHS OF PCSIR**

- Qualified scientific & technical manpower (Ph.Ds., M.S./ M.Phil, M.Sc./ B.E. etc.) to undertake R&D activities.

- Expertise to develop small to medium-scale processes, procedures and technologies in diversified areas of Research & Development.
- Competence to undertake quality control and standardization of industrial products and unit operations.
- Availability of Pilot Plants for testing of developed technologies.
- Workshops Facilities for Design & Development of equipments, plants, tools & parts.
- Expertise of trouble-shooting and repair/ maintenance of equipments.
- Expertise to extend consultancy services and undertake feasibility studies.
- Recognition of PCSIR by International & National Organizations:-
  - ISO/ IEC 17025:2005 Accreditation by PNAC (Since 2005)
  - ISO/IEC 17025:2005 Accreditation by Norwegian Accreditation (2007-2010)
  - Saudi Arabian Standard Organization (Approved Lab.)
  - Ministry of Health & Welfare Japan (Approved Lab.)
  - Agency for Agriculture Quarantine, Ministry of Agriculture, Republic of Indonesia (Approved Lab.)
- More than 550 accredited tests/ calibration services of PCSIR

### **3. Inspection by the PM’s Commission**

The Prime Minister’s Inspection Commission (PMIC) carried out the study of the impact of the research organizations of the Federal Government including Pakistan Council of Scientific and Industrial Research (PCSIR). During the inspection, PCSIR provide data/ information as and when required by the PMIC from June, 2019 to January, 2020. In February, 2020, PMIC submitted its findings/ report. As per recommendation of the report, PCSIR submitted an Action Plan for improving the effectiveness of PCSIR in November, 2020. (Timeline of the plan is given at 3.1).

### 3.1. ACTION PLAN

**Timeline for Implementation**

Milestones	Estimated Time (Month)					
	Dec-2020	Jan-2021	Feb-2021	Mar-2021	Apr-2021	May-2021
Conduct & Discipline Rules	6 months					
Flow of Funds to Units	4 months					
Council Meetings	4 months					
Revised Amended Act of PCSIR	1 month					
Constitution of Advisory Committee	4 month					
Implementation of KPIs	2 months					
Increase in Scope of Accreditation	3 months					
Rationalization of Manpower	4 months					
Commercialization of PCSIR Products	5 months					
Industrial Services	4 months					
Human Resource Development	3 months					
Development of Business Plan	6 months					
Enhancement in International Cooperation	4 months					
Setting-Up Merit-Based Criteria	2 months					

## **4. Human Resources Development**

### **4.1. PRESENT WORKING STRENGTH**

At present, 2066 employees (Technical/ Non-technical) are working in PCSIR against the sanctioned strength of 2762 out of which, 420 Nos. (BS-17 & above) are on Technical side (Technical Sanctioned Strength: 622 Nos.) in which 114 Nos. are having Ph.D. qualification. These scientists/ engineers/ technologists are supported by 690 Nos. (BS-1 to BS-16) of technical staff (Technical Sanctioned strength of supporting staff: 950). There are 896 Nos. of non-technical employees (officers/ officials) presently working in PCSIR against the sanctioned strength of 1190 employees (non-technical side).

### **4.2. GENERAL GAPS IN HUMAN RESOURCE**

- The organization is facing an acute shortfall of trained manpower as no induction has been carried out since 2012. Brain-drain for lucrative jobs/ better future prospects and gradual retirements of senior cadre staffs with the passage of time has caused adverse implications for the overall productivity of PCSIR.
- The employees (scientists and researchers) and other supporting staff find it hard to cover the living expenses in meager salaries which hamper their concentration and dedication.
- Unfortunately, in Pakistan, drivers and junior staff in some departments earn higher salaries than qualified (PhD, Officer Cadre) scientists who dedicate half of their lives in studies, specializing in their relevant subject of interest.
- Promotion criterion is old and depends totally on seniority and does not consider skills and performance which discourages good performing scientists/ workers.
- Incompetence and permanent job syndrome most of the time force the head of the units to approach active scientists directly bypassing their HOC/OICs or section in-charges.
- PCSIR, Labs are mostly engaged in Commercial Quality Testing of Industrial Samples (Analytical Testing services) than R&D. Though, the impact of these services is great in terms of export of consumer goods, but on other side it lowers down the research activity of the Scientists. Moreover, analytical testing services are excessively demanding and it's consuming the major part of human resource energy and effort.
- Nothing is allocated for trainings and capacity building of scientists/ technologists. Even the procedures to pursue self supported trainings are too complicated. Procedures should be made easy to facilitate scientists/ technologist. Funds should be allocated to participate in local and foreign trainings.

### **4.3. FUTURE STRATEGY**

- Rationalization and reshuffling of manpower will be considered. Workload analysis will be carried out for making an appropriate decision for underutilized and low performing employees. Moreover, the proportion of scientists to non-technical staff or the ratio of laboratory staff to non-technical staff will be reviewed.

- Benchmarks will be set across the board for all Scientists/ Engineers/ Technologists with a specific timeline and future promotions and other incentives will be awarded strictly on merit/ meeting of benchmarks.
- The activities will be segregated at least into two categories; Analytical Commercial Testing and R&D to get some productive results.
- Performance based incentives programme is being introduced to encourage and motivate the hardworking R&D Staff and improve the overall productivity of the Organization.
- Responsibilities will be given to scientists whether it is client enquiries, report preparation, purchase, ISO management, Industrial visits and the list goes on.
- Collaboration with the Federal/ Provincial Vocational Training Authorities shall be enhanced to meet the demand of local industry.
- HEC will be requested to coordinate with the industrial sectors and announce/ plan topics related to Marketable Research for Ph. D and Postdoctoral studies.
- Provide training to the local community of Gilgit-Baltistan with skills/ techniques for preservation of fruits and vegetables and value addition.
- Funds will be requested from MoST for the most advanced trainings of PCSIR scientists/ engineers as per the demand of the market be arranged to keep the knowledge based of the R&D staff highly sophisticated and innovative.
- Implementation of KPIs for Scientists/ Engineers: To enhance the performance of different units of PCSIR, Key Performance Indicators (KPIs) have already been prepared and implemented. KPIs for each scientist/ engineer with targets have also been prepared and will be implemented in all units/ labs by January, 2021 (02 months).

## 5. Budget of PCSIR

The table below presents the development and non-development budgets of PCSIR from 2016-17 to 2020-21 (last five years).

Year	Budget Allocation (millions)	
	Non-Development	Development
2016-17	2183.841	550.817
2017-18	2312.961	186.477
2018-19	2707.582	730.309
2019-20	2716.908	336.659
2020-21	3119.237	421.541

## 5.1. FINANCIAL CONSTRAINTS

- One of the reasons for Pakistan to lag behind in spending on R&D and Innovation is the reluctance of the government to allocate sufficient financial resources. Furthermore, amongst the allocated budget, the lion's share goes to in the salaries and pensions and only a meager amount is spent on actual R&D.
- Lack of financial support is the major issue along with the misallocation of facilities and human resource. Some of the labs are well equipped, but trained manpower is not there. On the other hand, some of the active scientists are willing to work, but they are not provided with their required equipments and consumables.
- Lack of national funded scholarship programs for training of scientists creates huge gap between Pakistani scientists and the rest of the world.
- No funds are provided/ allocated for scientists to participate in foreign trainings, seminars, workshops, etc.
- No funds are provided/ allocated to execute the agreements/ MoUs with the international organizations.

## 5.2. FUTURE STRATEGY

- Introduction of Incentive Award scheme for performing scientists/ engineers.
- Funds will be requested from MoST for the most advanced trainings of PCSIR scientists/ engineers as per the demand of the market be arranged to keep the knowledge based of the R&D staff highly sophisticated and innovative.
- Funds will be requested from MoST for the execution of international MoUs/ agreements. .
- Smooth Flow of Funds to the Labs/ Units: Governing Body of PCSIR in its meeting held on 23-01-2020 has recommended to enhance the administrative approval for in-house R&D projects/ activities at PCSIR Labs./ Centers up to one million per project subject to amendments in Clause-C of Rule 6 of Financial Rules of PCSIR and approval from Council. The Council meeting is planned in February/ March, 2020. This task is expected to be completed in March, 2021 (04 months).

## Strategy Outlook

### 5.3. CIVIL MILITARY R&D FRAMEWORK

#### I) Smart digital automation, control and indigenization of second generation feedstock and end products

It is of prime importance to create a sustainable capacity & capability in public sector R&D and related facilities for continuous innovation in the area of metabolic engineering, sugar production technology and high-value bioproducts. This pilot project envisages introducing a Sugar Production Biotechnology Infrastructure Platform on pilot scale. There are two components to this pilot project, which are briefly described as follows:

- a. 2<sup>nd</sup> Generation Sugar Production Technology Platform Development - PAEC

b. Fourth Generation Cellulosic based High-value Bioproducts Production - PCSIR

The production of second generation bioethanol requires saccharification of lignocellulosic materials followed by fermentation of the released sugars to ethanol by microorganisms. Besides bioethanol, other high-value bioproducts that could be included are highly refined DHA omega-3 oils, terpenoid compounds, carotenoids, etc. using strain engineering.

**II) Development of Computer Controlled Fermentors and Production of Biochemicals & Bioproducts**

The project focuses on manufacturing fermentors and microbial strains, bioproducts and biochemicals. Fermentors are extensively used for food processing, fermentation, waste treatment, etc. Modern fermentors are usually integrated with computers for efficient process monitoring, data acquisition, etc. PAEC's expertise in automation and engineering coupled with PCSIR's understanding of industrial processes can create an opportunity to establish an indigenous design and manufacturing footprint for reliable and scalable fermentors suitable for production of various microbial strains and subsequent high value biochemicals, biopharmaceuticals, biofertilizers, biopesticides, etc..

The pilot project has two components, which are briefly described as follows:

- a. Computer-Controlled Fermentor (Bioreactor) Development - PAEC
- b. Pilot Scale Manufacturing of Microbial Strains, Biochemicals & Bioproducts - PCSIR

**III) Endowment Fund for Scientific and Industrial Research, Innovation and Commercialization (EFSIRIC)**

The proposed endowment fund is envisaged to be established and operated by PCSIR with initial capital to be provided through PSDP. This fund would then be invested into secure investment schemes. The return on the investment (ROI) will be then utilized for purposes such as advanced R&D activities, pilot industrial projects, commercialization and marketing activities, research-industrial linkages, etc. The ROI will promote the development of socio-economic innovation in Pakistan in the areas of science and engineering (R&D) and other enabling technological areas. Pakistan is blessed with brilliant youth which can play pivotal role in the 4<sup>th</sup> industrial revolution by proper harnessing them through this endowment fund. Pakistan has a youth bulge and more than 65% are less than the age of 35 years which has huge potential for technological revolution. This talent needs direction plus financial support to bring the change and this fund (ROI) will help also in putting stop to brain drain.

The income from invested capital will help in establishing an indigenous innovation base and expertise in emerging technologies with commercial business potential. Thus, the endowment fund will provide essential link for creating a complete ecosystem from scientific research to developing industrial products and commercial level scale-up. In the current knowledge-driven society, enriching a vibrant innovative ecosystem that will play a key role for economic development. The ultimate result will be the economy boost in the country.

The initial/ seed capital will be put into secure investment schemes that could yield high profits on monthly basis. The income generated through investment will then be utilized for:

- a) advanced R&D activities,
- b) pilot industrial projects, entrepreneurship

- c) commercialization and marketing activities,
- d) research-industrial linkages, etc

The Governing Body of PCSIR will oversee/ manage and steer the Endowment Fund. To assist and advise the Governing Body, a Steering Committee will be constituted as follows:

- a) all four members of the Governing Body of PCSIR,
- b) three co-opted members:
  - i. DG NECOP
  - ii. one from industry
  - iii. one civil-military representative.

Chairman, PCSIR will be the chair of the Steering Committee. This committee will also be responsible for policy recommendations for effective governance and implementation.

#### **5.4. FOCUSING ON SMALL & MEDIUM ENTERPRISES (SMEs)**

Emphasis will be given, initially, on PCSIR's available Core Competencies, while expanding reach or finding suitable private sector partners for the products that have been developed or are under development. The listed below strategy will be adopted:

##### **Leasing out of Technologies/ Products:**

The present Core Competence/ Strengths are sufficient indicators for PCSIR to embark upon various innovative technologies for commercialization. Among these are the mobilization of venture and risk-capital by SMEs. However, given below impediments have to be considered which are being faced by PCSIR:-

- SMEs are reluctant to invest in untested technologies.
- Venture capital is not available.
- Risk factors are too high for SMEs.
- Capital costs for development of industrial operations is prohibitive for SMEs.
- Import of technologies is easy.

The proposed mechanism of commercialization of technologies through TBICs will have the following salient features:-

- a) PCSIR will demonstrate viability of the developed technologies on pilot plants to prospective SMEs.
- b) After successful demonstration, SMEs will be encouraged to develop a partnership with PCSIR:-
  - At the technical facilities of PCSIR.
  - Under the supervision of PCSIR experts.



- Cost of raw materials to be paid by SMEs.
  - Cost of building utilization charges, utilities etc. to be paid by SMEs.
  - Marketing potential to be explored by SMEs.
- c) Graduating technologies to be industrialized by the SMEs within 6- 12 months.
  - d) PCSIR to continue providing technical support for quality control, Intellectual Property (IP) rights etc. of the products.
  - e) Products to be marketed with logo/ trademarks of PCSIR/ SMEs.

Furthermore, the following measures could also boost the technology commercialization in PCSIR:-

- Incentivize policy to introduce demand driven R&D culture with inclusion of equity from private sector & its commercialization to identified industry.

### **Quality Assurance/ Quality Control Services:**

One of the major strength of PCSIR is having nation-wide state-of-the-art R&D facilities in provincial capitals as well as in federal capital to evaluate and test raw materials, finished products and calibration services in accordance with international standards. Although several public & private sector laboratories are available for conducting test/ analysis but PCSIR is considered to be a reliable & reputable organization both at National & International level and stands alone in the country having more than 550 tests/ calibrations services accredited through Pakistan National Accreditation Council (PNAC).

Keeping in view the above-narrated strengths, efforts will be made to expand the reach of testing (including increase in accreditation scope) as well as to declare PCSIR Laboratories as National Quality Control Labs. as 3<sup>rd</sup> Party Evaluation for PS (Pakistan Standards) mandatory items.

### **PCSIR-Science Technology & Innovation Park**

Operationalization of PCSIR- Science Technology & Innovation Park, initially at Lahore, with the onus to create entrepreneurship ecology, support new start-ups, business venture and incubation of innovation-led, regional economic development through regional creativity as well as support to local industry's competitiveness. The listed below infrastructure related facilities have been established within available resources.

- National Innovation Centre/ Go Zero
- National Centre for Transfer of Technologies
- Technology Business Incubation Centre (TBIC)
- Management & Tenant Offices for Industries, Academia & relevant stakeholders
- Access to R&D Infrastructure, Workshops & Pilot Plants

After its successful operation activities, the same model will be replicated at PCSIR, Karachi & Peshawar. The draft documentations i.e., Regulations, ToRs for Tenants, Brochures & Applications have already been submitted to MoST for approval.

## **5.5. STRENGTHENING THE LINKAGES WITH ACADEMIA**

Keeping in view the strengths & weaknesses of PCSIR, focus will also be given to listed below activities while establishing the linkages with academia:-

- Sharing of Human & Material Resources with the Public & Private Sector recognized Universities for utilization the services of their Business & Media Schools Young Graduates to supplement the marketing & commercialization activities of PCSIR's Products/ Technologies
- Sharing of PCSIR's Technical Infrastructure with Science Departments of the Universities. Through this arrangement, PCSIR can overcome the absence of marketing & media professionals, whereas, the Universities could have easy access to R&D infrastructure of PCSIR.

It is expected that this arrangement could be mutually beneficial for both the entities such as PCSIR can overcome its commercialization & media propagation weaknesses through utilizing the young graduates of the Universities. On the other side, the Universities will not have to make huge investment for creating state-of-the-art R&D facilities.

## **5.6. STRENGTHENING THE LINKAGES WITH INDUSTRY**

In order to strengthen the linkages with Industry/ SMEs and to curtail the trust deficit with the industry, the following activities will be undertaken on regular basis:-

- Extensive visits to Chambers of Commerce & Industries, Sector Specific Trade Associations.
- Constitution of Technical & Marketing Teams for conducting industrial visits and holding of Focus Group Meetings with an aim to:-
  - Brief the industrialists about technical expertise/ technologies/ services available with PCSIR.
  - Identify the problems/ issues being faced by Industries/ SMEs.
  - Identify research projects as per demand of the Industries/ SMEs.
- Inviting business/ industrial delegates in PCSIR Laboratories for the awareness of PCSIR's Technical Facilities & Capabilities and to augment the “**Seeing is believing**” thought.
- Effective publicity campaigns & promotion of interactions with industries/ SMEs through organizing Seminars, Workshops, Technology Exhibitions etc.

## **5.7. SKILL DEVELOPMENT TRAININGS**

- Apart from the regular diploma and certificate courses, the collaboration with the listed below Federal/ Provincial Vocational Training Authorities shall be enhanced to meet the demand of local industry:-
  - NAVTTC
  - Punjab Skill Development Fund (PSDF), Lahore.
  - TEVTAs (Punjab, Sindh, KP & Baluchistan)
  - FATA Development Authority, Peshawar etc.
- Northern areas of Pakistan are rich in fruit production and nature has gifted tremendous environment for world's best fruits having matchless taste. Despite the fact annual fruit losses are enormous in the area due to lack of knowledge/ skills for better production and preservation. Therefore, series of training programs for the Value Addition of Fruits and Vegetables shall be conducted by engaging local social groups with the listed below objectives:-
  - To train local community with skills/ techniques for preservation of fruits and vegetables.
  - To enhance income and employment opportunities for local communities.
  - To increase role of women and their participation in socio-economic development.

## **5.8. PARADIGM SHIFT IN R&D PROJECTS - CONSTITUTION OF ADVISORY COMMITTEE**

Presently there is no tangible R&D projects framework in place in PCSIR having clear sighted road map in terms of its impact on the national economy and society. As such there is no appropriate mechanism to assess the market viability and potential of any research project/ invention. It has been observed that the mechanism of R&D and technology development operates in isolation, having little or no linkages with end-users. The Scientists/ Engineers/ Technologists of PCSIR developed processes/ technologies through in-house R&D projects but it is reality that most of the technologies/ products are placed on the racks due to many reasons like weak linkages between Research, Industry & Academia, trust deficit trend between private & public sector organizations, lack of focus on developing demand driven technologies, absence of marketing professionals and effective propagation activities etc.

Keeping in view the above, it has been decided that focus may be given to develop need-based/ demand-driven technologies which may immediately be accepted by the industrial sector. In this regard, an Advisory Committee is being constituted at PCSIR Head Office, Islamabad to select/ review/ recommend & approve the demand driven research projects for funding to streamline the research & innovation eco-system. The functions of the Advisory Committee shall be:-

- Formulate, approve & implement the strategic plans/ policies for changing in mindset and overcome the prevailing inertia through paradigm shift towards need-based R&D and introduction of Corporate Culture.

- Identify the potential areas of R&D in line with the national priorities, prevailing opportunities as well as of industrial demands through extensive Visits/ Focus Group Meetings with Chambers of Commerce & Industries and Sector Specific Trade Associations etc. will be arranged along with strengthening of institutional relationships with public sector organizations/ universities.
- Supervise and manage the R&D activities of the Council's labs./ units.
- Lump sum allocation of funds to labs./ units for demand driven/ need-based R&D projects out of PCSIR's Self Generated Income (SGI).
- Evaluate, review and recommend the demand driven/ need-based R&D projects submitted by PCSIR labs./ units in line with the identified areas and to accord its approval for funding through SGI.
- Monitor the progress of approved demand driven/ need-based R&D projects.
- Approve the technology transfer fee or product cost for commercialization to the end user.
- Approve the proposed Incentive Award determined/ recommended by the Sub-Committees on the basis of approved Incentive Reward mechanism.
- Monitor the progress of the Sub-committees to be constituted at labs./ unit level on quarterly basis.
- Devise & approve any other policy guidelines/ directions to strengthen the commercialization activities of the Council.

Moreover, Sub-committees are also being constituted at labs./ unit level to assist the Advisory Committee for implementing its decisions/ directions.

## **5.9. INCREASE IN THE SCOPE OF ACCREDITATION**

The ISO/IEC 17025 accreditation is the single most important standard for calibration and testing laboratories around the world. Through ISO 17025 accreditation laboratories can demonstrate that they are technically proficient and able to produce precise and accurate test and calibration data.

Several laboratories of PCSIR located at Karachi, Lahore, Peshawar & Islamabad are accredited for ISO-17025 certification under the TRTA-I and TRTA-II Programmes sponsored by European Union (EU). More than 550 accredited tests/ calibration services are at the credit of PCSIR.

Keeping in view the importance of ISO 17025, PCSIR laboratories are continuously in a process of extension in the scope of accreditation of their labs/ centers. Efforts are being made to extend the scope of accredited parameters for cement, halal foods, food grade packaging materials, rapid testing of SPS organisms, calibration, etc. Labs have been asked to submit their accreditation plans which will be reviewed at the Head Office before formal application to the PNAC. It is expected that the cases will be submitted to PNAC by February, 2021 (03 months).

## **5.10. COMMERCIALIZATION OF PRODUCTS/ TECHNOLOGIES**

A Marketing strategy and promotion plan has been developed as described below and expected to be implemented by :

- a) Brochure for each product has been developed and distributed from time to time.
- b) Advertisement in the media from time to time for raising awareness in public and potential customers for leasing out of PCSIR products and services.
- c) MoST shall be requested to approach HEC, Ministry of Planning, Development and Special Initiatives as well as to direct the S&T organizations to encourage the purchase of PCSIR's developed laboratory equipment.
- d) Strengthening of Research, Academia & Industrial Linkages.

## **5.11. INDUSTRIAL SERVICES**

ISO-17025 accredited labs of PCSIR are providing technical services to almost all the industrial sectors of the country. Industrial support services like Consultancies, Technical Reports, Testing/ Analytical, Calibration, Repair/ Maintenance of Equipments and Quality Control Services.

Technical services will be increased through;

- a) Automation of ILO procedures (from sample submission to delivery of report)
- b) Extension of the scope of accredited parameters for cement, halal foods, food grade packaging materials, rapid testing of SPS organisms, calibration, etc.

## **5.12. DEVELOPMENT OF BUSINESS PLAN**

All Labs of PCSIR have been requested to develop and adopt business plan to meet the targets/ increase the output for self-sustainability. Business Plan will evolve around the given below areas:-

- In-house and Need-based R&D activities.
- Leasing out of technologies/ processes & products.
- Industrial support services like Consultancies, Technical Reports, Testing/ Analytical, Calibration, Repair/ Maintenance of Equipments and Quality Control Services.
- Development of Analytical Equipment and Fabrication of Machinery/ Plants.
- Human Resources Development.
- Strengthening the linkages with Academia & Industry.
- Propagation Activities

## **5.13. ENHANCEMENT IN INTERNATIONAL COOPERATION**

PCSIR has signed several collaboration plans i.e. agreements/ MoUs with international organizations but none of them were properly implemented due to lack of funds to execute the plans. PCSIR has planned to establish an international coordination centre at Head Office to enhance international cooperation. The centre will oversee/ execute/ coordinate all international MoUs/ agreements and work for enhancement in the international collaboration. Task is expected to be completed by March, 2021 (4 months).

## **7. Financial Outlook**

### **7.1. NEWLY APPROVED CONCEPT PROPOSALS**

#### **I) Cultivation & Processing of Medicinal & Industrial Cannabis on Experimental Fields and Establishment of Testing and Product Development Facilities at PCSIR Laboratories Complex, Lahore, Peshawar and Karachi**

In pursuance of Prime Minister's directives regarding domestication and commercialization of medicinal and industrial cannabis. A follow-up meeting was held in the Ministry of Narcotics Control under the Chairmanship of Federal Minister for Narcotics Control on June 4, 2020 wherein interalia PCSIR was assigned task for the establishment of analytical testing and cannabis products development facilities in its laboratories/ research centers in the country. PCSIR has prepared a PC-I with the cost of Rs.1800 million for the industrial exploitation of cannabis.

The global legal cannabis market is valued at \$17.7 billion in 2019, growing by about 22 percent, according to the report from Grand View Research. Spending on legal cannabis worldwide is expected to reach \$42.7 billion by 2024 at a compound annual growth rate (CAGR) of 25% from 2019 and hit \$57 billion by 2027, while cannabis market in the United States and Canada is estimated to be about \$46.5 billion and other \$10.5 billion would go to other markets. It is one of the fastest growing plants and was one of the first plants to be spun into usable fiber 50,000 years ago. It can be refined into a variety of commercial items, including;

- Paper
  - Textiles
  - Clothing
  - Biodegradable plastics
  - Paint, insulation
  - Biofuel
  - Food
  - Animal feed.
- ii.** Pakistan needs to act swiftly to join this rapidly growing industry and earn foreign exchange worth billions of dollars through export of non-narcotics cannabis products such as Cannabidiol (CBD) oil, fiber and dozens of other products. There is no formal research, processing and value-added industry of industrial cannabis in Pakistan.

After successful completion of the project local facilities will be developed for cultivation and processing of industrial cannabis. Based on the experimental field data the same will be replicated in other parts of the country after seeking the required permission for its utilization on industrial scale/ export purposes. Moreover, local facilities developed in PCSIR Labs will be utilized for the development of products, analysis and testing of exportable products. The products so developed will be offered to industry for their commercialization (domestic/ export)

## **II) Development of indigenous raw materials for Minerals and Proteins for the development of products to substitute relevant imports / exports.**

The objective of the project is to up-grade the facilities of Minerals Processing Research Centre (MPRC), PCSIR, Lahore related to exploit indigenous Minerals for the development of products to substitute relevant imports / exports by installing state of the art equipments, pilot plants and lab facilities. MPRC requires up gradation regarding methods of evaluation/estimation/wet and instrumental analyses/quality control, mineral identification/phase analyses and mineral processing methodology based upon differences of specific gravities of various constituents, mesh of liberation, magnetic and surface properties of minerals. This project proposed some additional equipment in the existing pilot plant and mineral processing, analytical and instrumental laboratories of the Centre. The up-gradation would be beneficial for utilization of indigenous ores, scrap and market available mineral based material. As a whole it would lead to import substitution and may save a lot of foreign exchange.

Leather and leather made-ups approximately contribute 4 to 5% to the country's GDP and fetches about USD 1.00 billion annually in exports. Thus making it a significantly important sector in the national economy. It is well known that leather processing generates very huge amount of solid and liquid wastes. These wastes contain about 30% of chrome tanned solid wastes (commonly known as chrome shavings) comprising approximately 60%-80% proteinous material. The traditional handling of these chrome tanned solid wastes is usually careless dumping which causes health, environmental and economic issues.

## **III) Digital Transformation, strengthening and Automation of PCSIR**

Digitalization is the new norm. Public sector organizations specially need to have an enterprise-wide comprehensive digital infrastructure to carry out the business functions entrusted to them. In this regard, PCSIR, a public sector scientific research organization, has significantly lagged behind in adopting the modern digital communication and connectivity infrastructure to perform its functions in an agile manner.

Being a premier organization, PCSIR plays a pivotal role in establishing a strong scientific/ industrial research base, contributing towards innovation in industrial sector and promoting indigenization and commercialization. It has a 570-strong workforce of scientists & researchers supported by about 1200+ technical and administrative staff in multiple research facilities spread throughout the country. In spite of that, currently, PCSIR is having about 550 PCs of obsolete technology; no organization-wide internal network; and, still lack enterprise digital information systems and data-driven analytical decision making tools.

This project plans to digitalize and implement information systems in all facilities of PCSIR and automate business processes to enable a holistic picture of the activities for improved decision making by the top management. The project will include provision of latest computers, servers, printers, scanners, allied digital hardware, complete network infrastructure, scientific research software tools and automation of business processes for day-to-day activities as well as management decision making.

#### **IV) Developing Techno-Economic Model and Digital Control System for establishing ISO 22000 Certified Bio-facilities.**

With advancements in agriculture, establishment of high tech, controlled bio-facilities to grow various plants and crops is increasing. The main rationale behind this phenomenon is to have improved quality of food and industrial products using scientific methods, higher yield of crops/ plants, and precise amount of inputs, such as pesticides, fertilizers and soil moisture. Pakistan being an agriculture country has to move into this direction to fulfill its indigenous demand as well as to ensure producing high quality safe food products. Establishing ISO 22000-certified intelligent bio-facilities will pave the way for having high quality, optimum yield of crops and orchards, as well as cost effective and integrated processes in the food and allied processing industry.

PCSIR as a premier R&D organization has multi-functional Research Laboratories at Karachi, Lahore, Peshawar, Quetta and Hyderabad. Food Research Centre is an important facility within PCSIR, doing research on food processing. Moreover, PCSIR Labs Karachi is working on Plant Tissue Culture Techniques and is providing guidance to sugarcane growers to improve yield of sugarcane crop.

In order to keep a consistent quality in production processes for food products, it is essential to adopt ISO 22000 standards. This will result in highly safe, quality food products, as well as reduced operational/ production cost.

By Establishing ISO 22000 Certified Automated Bio- facilities will keep a consistent quality in production processes for food and allied industrial products. This will result in high output, safe, quality food products, with reduced operational/ production cost, which will pave the way for future economic growth & development and technology transfer as well.

#### **V) Up-Gradation of PCSIR Laboratories for High Throughput Analytical Testing of Medical, Industrial and Metrology sectors.**

PCSIR Laboratories being the national independent, infrastructure needs to be up-graded for high-tech analytical centers to meet the challenges in the field of physical, chemical and microbiological testing.

The key areas in which up-gradation is required are;

- Textile and Chemicals
- Leather and Leather Products
- Surgical Goods/ Bio-compatibility etc
- Foods
- Minerals
- Fuel and Energy
- Pharmaceuticals/ Herbal
- Fish and Marine Products
- Metrology etc.



The project will link high-tech analytical centers nation-wide to CPEC industrial zones, industrial clusters, export/ import entry points and other need-oriented points for sample collection/ inspection and online reporting of testing result system.

#### **VI) Establishment of PCSIR Material Sciences and Resources Centre.**

Engineering materials plays a significant role in the economic progress of a country and contributes directly towards the growth of the industrial sector, particularly; ceramics, plastics, metallurgy, aerospace, telecommunications, transportation, electronics, micro and optoelectronics, energy, healthcare, computing, consumer goods, composites and construction. The establishment of 09 special economic zones has been part of the C-PEC, where the setup of Building Materials, Automobile and Mechanical Equipment, Steel-Foundries, Motor Bikes Assembly, Ceramic industries are already being undertaken. It is necessary to provide highly trained manpower in these fields in order to meet the present as well as future needs of the country. Priority should be given to materials synthesis for prevailing ambient conditions of Pakistan and characterization techniques in order to understand and define the properties of materials. It is necessary that the latest equipment and research facilities are made available to the researchers. The National Science, Technology and Innovation Policy 2012 under section A106 also emphasizes on the Establishment of a National Materials Science Research Institute with a centralized supercomputing facility for computational materials science or condensed matter physics.

Material Sciences, Mineral and Resources Centre are established that will be beneficial for all engineering material sectors including ceramics, plastics, metallurgy, aerospace, telecommunications, transportation, electronics, micro and optoelectronics, energy, healthcare, computing, consumer goods, composites and construction

### **7.2. NEWLY APPROVED PSDP PROJECTS**

#### **I) Up-gradation of Halal Authentication Laboratories at PCSIR Laboratories Complex, Lahore, Karachi and Peshawar**

The Halal food trade is about \$350 billion globally, and the total Halal business market (including cosmetics, pharmaceuticals etc.) is approximately \$1.3-2.2 trillion. It is every Muslim's religious obligation to consume only Halal food and other products and avoid non-Halal (Haram) ones. Due to increasing population, the Pakistani food industry cannot meet the local demand for Halal food; therefore, Pakistan imports approximately \$50 million worth of processed foods, and almost the same quantity of food additives every year. However, due to technological advancements and the diversification of global sources for food processing and production, it has become very challenging and increasingly difficult for Muslims to ensure the Halal status of food. Adulteration of food with forbidden ingredients is a major issue in the food industry globally. This issue is not only a religious problem but also an economic and societal problem. Reports of Haram food incorrectly labeled as Halal entering the food supply in Pakistan have resulted in considerable upset and economic harm. Technology provides a potential solution through advanced chemical analysis techniques as well as improved education and training. Furthermore, perception of Muslims worldwide including Pakistanis nowadays has changed in Halal consumption which consequent to seeking more trusted certified Halal products. In some aspects adulteration of non-Halal in products provided for Muslims conflicts to consumer protection and other related law and regulations.

Taking into account the increase of Halal product's market and Halal authenticity, Halal Authentication laboratory has been established at PCSIR Lahore, Karachi and Peshawar. Up-

gradation of Halal Authentication Labs is crucial in the wake of ever increasing demand of Halal products. Bio-analytical techniques have been developed at PCSIR Labs Complex, Lahore, Karachi and Peshawar for the authentication of Halal products. The baseline work has been completed and now these facilities need the streamlining and strengthening to cover up the broad requirements of Halal authentication. Through this project, it is envisaged that the Halal testing on all aspects will be available in the country. The manpower will be strengthened both in number as well as capacity. The labs will be able to procure the required resources to undertake the challenging jobs related to Halal research as well. These labs will be accredited through PNAC.

## **II) Up-gradation of Machinery Equipment & Buildings of IIEE & PSTC, Karachi**

The objectives of the project are:

- To enhance the standard of teaching and training facilities and technical infrastructure for IIEE& PSTC.
- To replace the outdated /aging equipment and trainers that will further develop expertise of skilled Graduates.
- To add latest / advance equipment so that the training standard may be kept at pace with modern trends in industries. These additions will invoke requirements for establishing new labs (or/and training equipment) for conducting training on state of art machines & equipment for Machining & manufacturing techniques and Experiments for;, Embedded System, Power Electronics; Industrial Instrumentation & Control and Communication.
- To repair & renovate the present infrastructure, centre's building, workshop, labs of IIEE & PSTC and PSTC Hostel.

## **III) Up-Gradation of Calibration Centre Capabilities at PCSIR Labs. Complex, Peshawar**

Amplification of Calibration centre PCSIR Labs. Complex Peshawar is designed considering the need for regular calibration and maintenance of meteorological instruments to meet the increasing needs for high quality meteorology and testing, the requirements of the stake holders for standardization of instruments as per requirement of WTO, the need for international instrument comparisons and evaluations; it is intensive need of PLC to Augment the Calibration Centre.

After enhancement of capabilities the calibration centre will carry out more effectively the following main functions:

- To keep a set of updated meteorological standard instruments linked with recognized international or national standards and to log their performance and elements of comparison.
- To assist the stake holders of the region in providing traceable calibration services for their instruments in the vast ranges.
- To certify the instruments, conformity with the standards, with reference to ISO/IEC-17025 recommendations.

- With increased ISO/IEC-17025 accredited scope can meet the present market demand, It will create a supporting base for the local industries, as these facilities are not available in Khyber Pakhtoonkhawa.
- The Amplification of calibration centre will also provide a favorable ground for the execution of R&D projects in the PCSIR Peshawar.

#### **IV) Establishment of PCSIR Laboratories, Multan Punjab**

This project is related to food, textile and advance material engineering and will provide innovative products. The project will provide a platform for the rapid promotion of scientific knowledge in the field of foods especially citric fruits, textile and engineering materials. It will also help in making the country self-sufficient in this field.

Analytical services, technical support and consultancy services for the food, textile and advance material industry is also lacking in Multan area, so it was decided to establish PCSIR Labs. at Multan.

The important factor which effects Pakistan's fruits export accounts for post harvest losses due to improper treatment, handling between the time of harvesting and delivery to ultimate consumers. Inadequate facilities in post harvest handling, transportation, storage and marketing result up to 30-40% losses in fruits (Pakistan Horticulture Development and Export Board, 2002). This is due to unawareness of the farmers about the latest fruit handling and processing technologies. According to Valentine (2010) it is estimated that through improved handling and harvesting practices, about half of that wastage is save-able or at least 180,000 tons per year. It is also assumed that this is the maximum amount for processing value added products (Pickles, Jams, Juices etc.) of which dried mangoes are only small percentages. Therefore, it is very much important to establish PCSIR Laboratories having fruit processing facility near fresh raw material supply to train the local farmers. This may also reduce the average production cost by reducing the wastage of precious fruit and lessening injury for handling and deterioration from changes during long transportation after harvesting. Moreover the transportation charges are eliminated. The major scope of processing activities will include post harvest handling, pre-cooling, grading, ripening, packing and logistics. Fruit processing will also provide services to other exporters who do not have their own processing facilities including cold transportation service up to the port of exit.

Textile is the leading industry of Pakistan and is the backbone of our economy. The Textile industry in Pakistan is the largest manufacturing industry as well as the second largest employment sector in Pakistan. Despite being the fourth-largest producer of cotton, Pakistan is not even in the list of top 10 exporters. At present about 60% of our textile exports consist of low priced products like yarn and fabric while exports of value added products are only about 40%. This sector has engaged about 38 % of work force. Pakistan is one of the giant to produce cotton and export the cotton and also 3<sup>rd</sup> rating in the world for the consumption of cotton. But the demand of fine yarn is increasing with long staple fiber. Despite of this, global market has taken the new direction. It goes to the consumption demand to 70 % of man-made fiber consisting of 45% polyester blended fibers.

### **7.3. SELF GENERATED INCOME (SGI)**

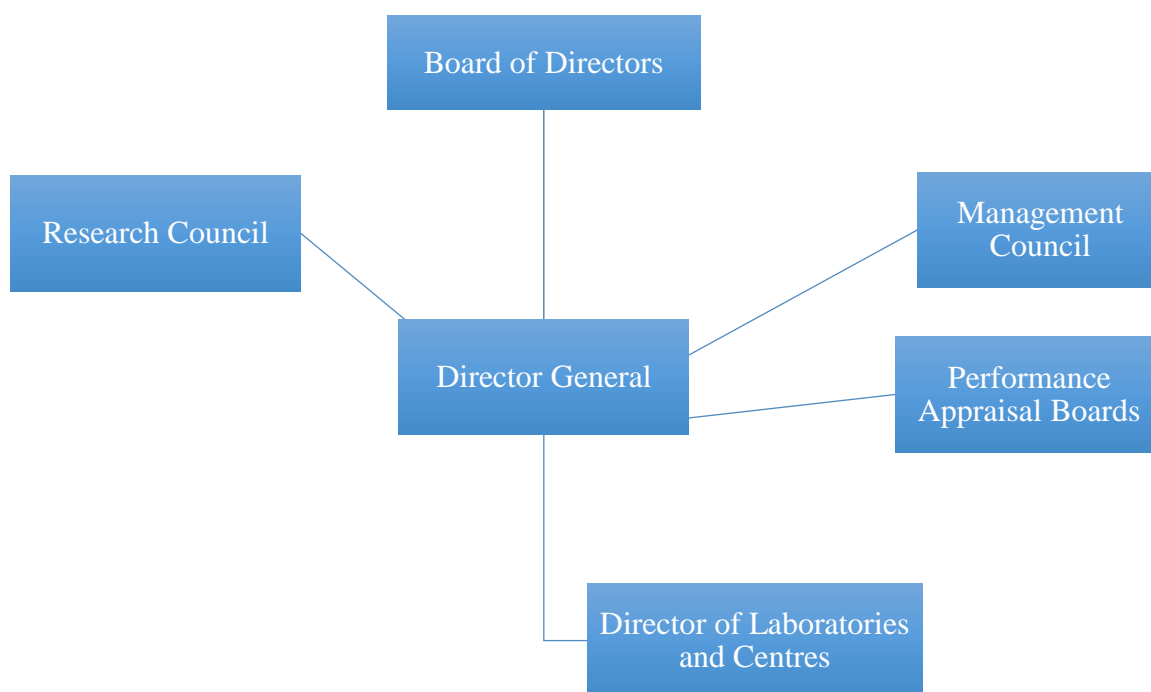
#### **Present Revenue Generation Areas**

- Leasing out/ Transfer of Technologies/ Products/ Processes/ Royalty etc.
- Analytical Testing/ Calibration Services.
- Consultancies/ Collaborations/ Trainings/ HR/ Funded Projects

#### **Plans for Increasing SGI**

- Introduction of Incentive Award scheme for paradigm shift towards need-based R&D.
- Commercialization of Products/ Technologies through establishing Technology Business Incubation Centres (TBICs).
- Automation of ILO procedures (from sample submission to delivery of report)
- Extension of the scope of accredited parameters for cement, halal foods, food grade packaging materials, rapid testing of SPS organisms, calibration, etc.
- Development of Business Plan

**Proposed Structure of PCSIR**



**Indicative Research Themes**

1. Chemicals
2. Biological and Genetic Engineering
3. Materials for Industrial Use
4. Metallurgy and Mining
5. Pharmaceuticals and Drugs
6. Physical and Standards
7. Precision Engineering
8. Industrial Electronics and Engineering

**10. PARC Agrotech Company Private  
Limited (PATCO)**

Office of the Prime Minister had directed the Pakistan Agricultural Research Council (PARC) to prepare a plan to make its subsidiary namely PARC Agrotech Company (PATCO) commercially vibrant by working out its revenue, costs and profitability targets for the next 3 years and present the same to the Adviser to PM on Institutional Reforms & Austerity for review. The Adviser, after reviewing the plan, recommended an alternate Business Plan to the Prime Minister Officer on 2<sup>nd</sup> March 2021 in respect of PATCO as contained in the following paragraphs.

### **Contents of the Plan**

1. First and foremost, there should be clarity at the conceptual level regarding the role and business model of the company. PATCO was established in 2008 as a Section 32 company to generate revenues for offsetting the huge recurring expenditure of PARC and to finance the new research projects. In order to effectively achieve this goal, PATCO needs to be **declared as the 'exclusive commercial front-end' of PARC**. In practice, it means that all the commercial interactions of the Council with private sector should be handled through PATCO without exception and the present mixed model should be done away with. Technologies, solutions, products, commodities and the services offered by PARC should be exclusively marketed, up-scaled, commercialized, leased and franchised by the PATCO only. This will be a better institutional arrangement. The Council will be able to focus on its core activity of research whereas PATCO will be able to expand and diversify with broad portfolio of products and services and will be in a position to achieve its goals in a more effective manner.

2. Second point requiring conceptual clearance is about the **manner in which products and services are offered by PATCO**. Notwithstanding the nine 'business scenarios' developed by the company, there are essentially only four (4) modes in which PATCO can generate revenue:

Mode A: Direct selling of commodities and products to the consumers. (The products developed by PARC are up-scaled and produced by PARC, alone or in partnership with private parties, and are offered at PATCO sales points).

Mode B: Franchising of PATCO-registered products to private companies

Mode C: Leasing of patents and copyrights

Mode D: Offering direct services to the farmers and industry e.g. consultancy, advisory, training, testing and certification services by the resources available at PARC facilities.

As of now, PATCO is focusing mostly on activities under Mode A and majority of the MOUs with private companies are of this nature. This model may bring about better revenues in the short term, as is reflected in the projections given in plan. Research outcomes of the PARC i.e. new varieties, innovative techniques and modern technologies should continue to be commercialized with a view to promoting their dissemination and adoption among the farmers and agriculturalists community at mass scale. Therefore, focus should also be placed on activities in Modes B and C. The services mostly handled by the Council itself should be fully assigned to the PATCO in the spirit of making it the exclusive commercial interface with private sector. PARC should carry out experimentation on farms and once successful the application of these technologies should be entrusted to PATCO. Patents and copyrights would vest in the PARC, while leasing out and commercialization of the researchers producing intellectual

properties would be handled by PATCO on their behalf under a fair and equitable distributions formula.

3. Developing partnerships with private companies holds a central place in the PATCO business model. Through such partnerships, private sector resources can be mobilized even at conception stage of research projects which will not only lessens burden on PSDP but also ensure that research process remains oriented to sectoral needs. Moreover, modern varieties, techniques and technologies can be successfully marketed at mass level through territory-specific partners under franchising and patent leasing models. For this purpose, PATCO needs **to develop a master framework for partnerships**. The framework should lay down the parameters for sector-specific joint ventures and specify the terms for sharing revenues and risks, assets utilization, territorial distribution, leasing and franchising, minimum tenure of the agreement, and renewals etc. The framework should provide for entertaining the unsolicited proposals and should make room for negotiations within defined limits. Adoption of such a master framework will lend transparency, predictability and credibility to the operations of PATCO and will help it in attracting domestic and foreign investments. The ongoing agreements may also be revised at the time of renewals to make them conformant to the adopted master framework.

4. In order to successfully execute the above proposed model, PATCO needs to undergo a number of **organizational restructurings**. PATCO Board is essentially a two-member board comprising Chairman and Director General of PARC only. In order to transform into a vibrant commercial entity, PATCO needs a dynamic Board of Directors with suitable representation from private sector. Accordingly, Board composition needs to be revised to include prominent agriculturalists from all provinces as well as the representation from Board of Investment and Trade Development Authority of Pakistan.

5. **Human resource** is the other area requiring restructuring. The existing total sanctioned manpower of the company is less than 20. The company needs quality human resource of appropriate size in tandem with its expanded scope and activities. Business professionals, marketing specialists and legal experts should be recruited to strengthen the company. In this regard, PATCO had prepared a proposal to increase the manpower size to 72 under a revised organogram. This proposal should be reconsidered and approved by the reconstituted Board of Directors on need basis gradually. New seats should be definitely created, but in a phased manner commensurate with expansion of business activities. Lastly, relatively non-technical and semi-skilled positions should be limited in number and filled by transferring employees from PARC and its ancillary centers and laboratories, rather than making fresh recruitments. The projected expenditure figures given in the plan for the next three years may be revised downwards if these measures are taken into account.

6. PATCO plan includes proposal for increasing the number of PATCO ‘display centers’ from one to seven in the coming days. It is recommended that in addition to increasing the number of centers, the display centers should be upgraded into fully **functional ‘business centers’** under a uniform scheme. Each center should be manned by adequately-trained staff and should be able to offer the following under one-roof:

- i. A display of full range of products, seed varieties, technologies and processes developed by PARC, through showcased samples, abundantly printed brochures and playback of short documentaries on the loop,



- ii. An information and booking desk for providing detailed information about individual products and services to the visiting customers and to those approaching through telephonic/email queries. Appointments for services offered in Mode D may also be booked by the same desk.
- iii. Sales point for the selected PATCO-registered products offered under Modes A and B activities. Use of PATCO space for this purpose by the private parties will be as per the resource-sharing terms defined in master framework (proposed above).

In order to smoothly manage these business centers, PATCO should acquire an appropriate **Enterprise Resource Planning (ERP) software** and gradually shift all of its activities onto the system including procurements, HR management, sales, inventory management and accounting etc.

7. Lastly, PATCO is essentially a marketing company in nature. It needs to adopt the modern practices to expand its outreach. **E-marketing tools** are highly cost effective and should be exploited to their maximum potential. For this purpose, the company needs to develop dynamics, comprehensive and interactive website under dedicated domain name. The company also needs to adopt a logo to promote and strengthen its **brand image**. Services of Trade Officers in **Missions abroad** should be leveraged especially for attracting foreign investments in newly conceived research projects.

8. By way of **future course of action**, it is suggested that Ministry of National Food Security & Research may revise the business plan of PATCO in the light of above made recommendations. The revised plan may be presented before the Cabinet Committee on Institutional Reform along with milestones and timelines. Revenue figures actually realized in the first half of the FY 2020-21 vis-à-vis the projections in proposed plan may also be presented before the Committee for a comprehensive review. Afterwards, CCIR will monitor the progress on quarterly basis.

### **Decision**

The above report was shared with the Office of the Prime Minister on 2<sup>nd</sup> March 2021. The Prime Minister approved the recommendations and directed Ministry of National Food Security & Research to take further action for their implementation.

### **Current Status**

Further action is to be taken by the Ministry of National Food Security & Research. The Ministry has been reminded on 13<sup>th</sup> July 2021 to bring about the revised plan before CCIR for review.

## **11. Pakistan Council of Renewable Energy Technologies (PCRET)**

Office of the Prime Minister had directed the Ministry of Science & Technology to develop a comprehensive Action Plan for improving the effectiveness of the one of its organization namely Pakistan Council of Renewable Energy Technologies (PCRET) in consultation with Adviser to PM on Institutional Reforms and other stakeholders. The Adviser, on reviewing the draft plan submitted by the Ministry, proposed the following alternate Action Plan to the Ministry of Science & Technology on 27<sup>th</sup> July 2021 so that PCRET could be reformed in a holistic and more meaningful manner.

## Recommendations

1. Role and responsibilities of the PCRET ought to be evaluated in more holistic manner and the organization be assigned with a well-defined and exclusive mandate in the backdrop of energy situation of the country. The revised structure of the organization should emanate from its re-imagined role in the overall economy. In this regard, the specific recommendations are given in the following paragraphs.

2. Sustainable and clean alternate sources of energy are the future of the world. Realizing this, many countries have already announced their roadmap for adopting alternate sources. Saudi Arabia, one of the single largest suppliers of crude oil and petroleum products to the world, has the plans to generate 27 GW of alternate energy (mostly through solar means) by 2030, enough for half of its projected energy needs by then. In view of the greater risks posed by climate change, and in order to reduce dependence on costly hydrocarbon imports, Pakistan needs rapid transition towards renewable resources by harnessing the abundantly available potential.

3. In addition to PCRET, two more federal entities are dealing with the subject of alternate energy at federal level namely Private Power and Infrastructure Board (PPIB) and Alternate Energy Development Board (AEDB), both under the Power Division. Whereas the former deals with the development and regulation of hydel projects and the latter with the non-hydel ones, both deal with mega-projects whose output is *fed into the national grid*. On the other hand, PCRET has traditionally dealt with *off-the-grid solutions* including photovoltaic, solar-thermal, biogas, wind and micro-hydel projects. Given the current situation of the electricity transmission infrastructure which is unable to optimally handle even the existing installed capacity, the importance of off-grid solutions becomes ever more accentuated for fulfilling the future energy needs. **PCRET, thus, gains a unique significance in this scenario.**

4. In view of the foregoing and given the past experience and expertise of the organization, it is recommended that PCRET may, by legislation, **be exclusively assigned the responsibility at federal level for research and development, acquisition, standardization, testing, promotion and regulation of the off-the-grid alternative energy solutions for domestic and industrial use.** This needs to be done in congruence with the overall alternate energy policy of the country. Therefore, it would be in the fitness of the things if **PCRET is placed under the Power Division** which may further consider setting up a dedicated Alternate Energy Wing comprising PCRET, PPIB and AEDB etc. A recommendation regarding transfer of PCRET to M/o Energy is already and separately under consideration in M/o Science & Technology. Views in this regard may be finalized at the earliest and may be made part of final plan regarding PCRET.

5. Irrespective of the fact as to which Ministry will finally administer the PCRET in future, it is proposed that, going forward, the organization should be transformed into a center of

excellence for the off-grid alternate energy solutions in the areas listed above. For this purpose, existing mode of functioning as subordinate office of the Ministry is not very expedient. The plan proposed by Ministry of Science & Technology has conflicting provisions regarding the future administrative structure of the organization. On one hand, the document proposes to get the recruitment rules in the existing mode approved, and, on the other side, it provides for floating an enactment for setting up a body corporate after consulting the stakeholders. This office is of the recommendation that PCRET, through appropriate legislative cover, may be transformed into an **autonomous body**.

6. If the Ministry agrees with the above proposal, the new legislation should provide for a **Board of Directors** which would steer the policy, research areas and projects of the PCRET. The Board should include representation from Ministry of Energy (if PCRET is retained in M/o S&T), Ministry of Industries, Board of Investment, Ministry of Commerce, provincial bodies dealing with the subject, relevant private sector businesses and the academia among others. The executive head of the organization (CEO/Managing Director) should be given the status of Principal Accounting Officer with **ample financial and administrative autonomy** to independently operate. He/She should enter into a performance agreement with the Ministry concerned with clearly defined KPIs for evaluating performance and enforcing accountability.

7. The organization should carry out a **systematic and solutions-oriented research** for developing localized solutions of alternate energy in various parts of the country depending upon the feasibly available natural resource (radiation, wind, geo-thermal or hydro-kinetic energy etc.). PCRET has local centers in all the provincial capitals which may be strengthened and equipped for the purpose. The existing lab facilities in Islamabad center may be modernized and replicated across the provincial centers for the purpose. Apart from conducting research, the laboratories may also be used for testing purposes in respect of imported and domestically manufactured equipment to ensure their conformity to the adopted standards.

8. The existing practice of **sharing the research facilities with academia** should be up-scaled to the provincial centers as well though a transparent arrangement with the universities. Whereas the universities will have access to state-of-the-art research equipment through this arrangement, the overall quality of research will be enhanced and the country will also stand to gain from the technical human resource raised in the field of alternate energy. The innovations, refinements and solutions developed by PCRET will be the intellectual property of the organization and will be patented as such.

9. Being essentially a research center, the restructured PCRET will be principally funded by the federal government. However, the proposed autonomous organization will have great potential for **generating its own revenues** through a number of activities. Commercialization of innovation and solution-oriented applied research in the area of off-grid alternate energy solutions would provide additional sources of revenue. More specifically, the PCRET will be able to generate revenues through the following activities:

- i) Leasing and franchising the patented technologies and solutions to the private sector for their mass scale deployment and adoption.
- ii) Testing of the imported and domestically-manufactured equipment and certification of conformity to the enforced standards.
- iii) Provision of consultancy services to the industrial units for installation of customized alternate energy units.
- iv) Imparting specialized trainings, and

- v) Sharing of research facilities with the universities for the Masters and Doctorate programs

In this regard, proposed legislations should make provisions for the PCRET to set up a Fund, charge fees and adopt a framework for entering into joint ventures with private sector companies. STEDEC Technology Commercialization Corporation under Ministry of Science & Technology would be entrusted the task of effectively interfacing with industry and academia for the purpose.

10. The exact requirements of human resource & infrastructure and finer details regarding the size, structure and business processes of the restructured PCRET should be worked out as per the outcome of the following three ongoing activities:

- i) HR and infrastructure audit by the Centre for Energy Systems (CES), NUST
- ii) Performance audit of the organization by the Auditor General of Pakistan
- iii) Stakeholder's consultation regarding the new body corporate structure of the PCRET.

11. Ministry of Science & Technology may consider these recommendations and suitably amend the proposed Action Plan of PCRET in the light of these.

### **Current Status**

The above recommendations have been shared with the Ministry of Science & Technology under copy to the Office of the Prime Minister on 27<sup>th</sup> July 2021. The Ministry will revise the Action Plan and submit before the Office of Prime Minister for orders.

Further action is to be taken by the Ministry of Science & Technology.

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## **12. Report on Financial Performance of State-Owned Enterprises (Commercial)**

1. There were 212 State owned enterprises (SOEs) operating under the Federal Government in 2018-19. After a thorough review and consultation, the Adviser on Institutional reforms created a consistency framework under which 83 subsidiaries of the enterprises were eliminated from the list as their financials were already included in the consolidated financial statements of their holding companies. This left 129 enterprises which were further divided into Commercial and Non-Commercial (Trusts, Foundations, Funds etc). Under this categorization 85 SOEs were classified as Commercial and 44 as non-commercial. Subsequently, the SOE Triage Report agreed with the IMF and the World Bank and approved by the Cabinet excluded NHA from the list of commercial SOEs (Box-I provides the reasons for excluding NHA) from the list of Commercial enterprises and in future only 84 SOEs would from the universe for analysis and reporting. The sectoral distribution is shown in Annex I.

2. The relative performance of the commercial SOEs for the period 2013/14 to 2018/19 (both including and excluding NHA) is presented in Annex II. There was a gradual deterioration during the five years as aggregate profits of Rs. 204 billion in 2013/14 turned into losses of 286 billion in 2017/18. The main contributory factors for these losses are listed in Annex-III.

3. However, the survey of 85 Commercial State-Owned Enterprises for 2018- 19, the first year of the present Government, shows the following picture:

- i) Relative to 2017 – 18 the total net losses (profits minus losses) incurred in 2018-19 were reduced by Rs.143 billion i.e. down from Rs.286 billion.
- ii) If National Highway Authority (NHA) is excluded from the aggregate net losses, a positive turnaround of Rs.176 billion during the first year of this Government can be seen.

	<b>FY 19</b>	<b>FY 18</b>
<b>Net losses</b>		
(in Rs. Billions and excluding NHA)	+31	-145

- iii) In all 33 enterprises made losses of Rs.480 billion (vs Rs.548 billion in 2017-18) while 50 made profits of Rs.336 billion compared to Rs 261 billion in 2017-18 and one broke even. One was under liquidation. (Annex IV)
- iv) Top ten loss making enterprises reported losses totaling Rs.429 billion or 89 percent of the total losses while top ten profit making enterprises made profits amounting to Rs.295 billion or 88 percent of the total profits. The list of these enterprises is attached at Annex – V and VI respectively.
- v) Nine enterprises including six DISCOs, PIA, Pakistan Railways and Pakistan Post showed significant reduction in losses compared to the previous year (Annex VII) while five enterprises increased their profits (Annex VIII). Seven loss making enterprises ended up the year showing profits (Annex IX)
- vi) The highest number of losses were recorded by the Power Sector Companies while the highest amount of profits were contributed by the Oil and Gas Sector Companies.

#### 4. **Way forward**

In order to contain the losses of the top ten loss making SOES the Cabinet has already approved the restructuring plans for PIA, Pakistan Railways and Pakistan Steel Mills while the Power

Division is working on a plan for management contracts for DISCOs. As mentioned in the box the corporatization of NHA is under way. This leaves ZTBL and Finance Division is taking measures to restructure the bank. It may be prudent to caution that the results for 2019/20 may not look promising because of the impact of COVID 19 but the efforts for reform and restructuring have been accelerated.

**5. Current status**

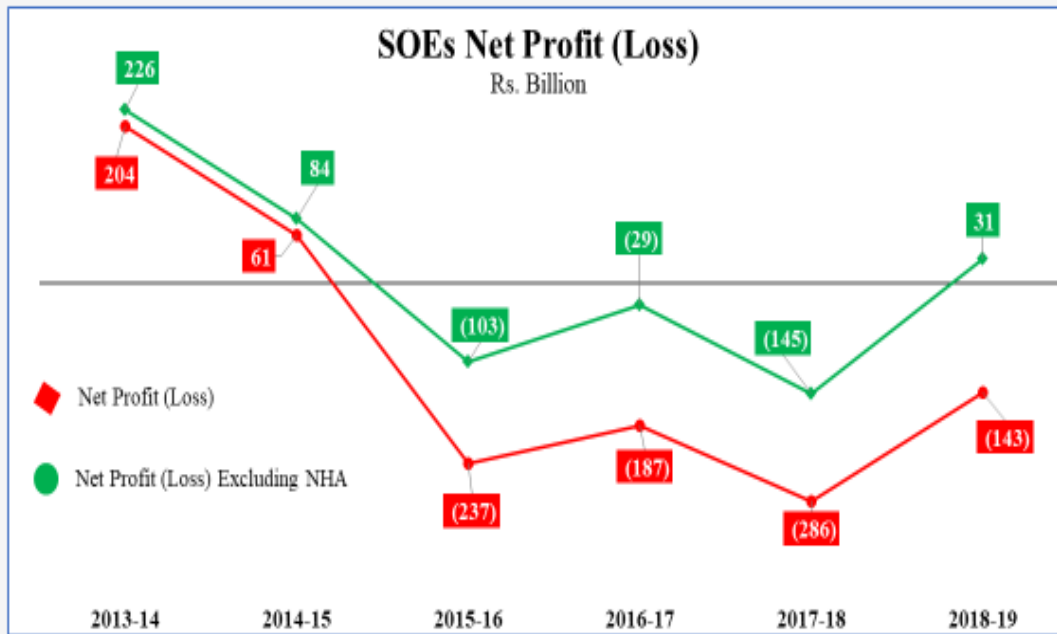
The report was discussed in the meeting of the Cabinet Committee on SOE's held on August, 11, 2021 and a standalone presentation with some additional information and proposals would be made to the Cabinet.



<b>Sectoral Distribution Of State Owned Enterprises 2018 – 19</b>
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<b>(1). Power</b>	<b>20</b>	
<b>(2). Financial</b>	<b>18</b>	
<b>(3). Manufacturing, Mining &amp; Engineering</b>	<b>14</b>	
<b>(4). Infrastructure, Transport ICT</b>	<b>12</b>	
<b>(5). Oil &amp; Gas</b>	<b>08</b>	
<b>(6). Industrial Estates</b>	<b>04</b>	
<b>(7). Trading and Marketing</b>	<b>04</b>	
<b>(8). Miscellaneous</b>	<b>05</b>	
	<hr/> <b>85</b> <hr/>	

## Performance of SOEs Since FY 2013-14



**Major Contributory Factors for SOEs Losses**

1. Poor management choices: MDs/CEOs appointments in most cases were not based on merit but favoritism, nepotism and loyalty. The principle of the right person for the right job was hardly observed.
2. Weak Governance and Oversight: Board membership consisted of the Government officers not familiar with the business of the enterprises whereas the private individuals were by and large selected on political affiliation rather than professionalism and subject matter competence
3. Fear factor: Fear of NAB, FIA, judiciary suo motto, and the media slowed down, paralyzed or deferred critical business and financial decisions
4. Excessive audits but little accountability: Multiple audits—Statutory, External, forensic, ad hoc, and inspections by various agencies and frequent calls by the Parliamentary committees and the Departmental and Public Accounts Committee preoccupied the top management in ensuring strict procedural compliance rather than commercial risk taking with little accountability for performance outcomes.
5. Procurement difficulties: SOEs competing in the market with the private sector were handicapped as they had to observe the PPRA rules and the time dimensions prescribed in the rules
6. Flawed human resource management: Political appointments were made at lower grades liberally over and above the requirements of the enterprise to accommodate their supporters putting huge burden on the financial health of the company. Pressures on management for appointments, postings and transfers, promotions resulted in mismanagement of resources and large deficits.
7. Ministry official's interference: There was too much interference in day-to-day operations by the officials of the administrative ministries who also benefitted from perks such as cars, accommodation, repairs and maintenance etc. obtained from the SOEs adding to their recurring expenses
8. Lack of automation: In most SOEs with a few exceptions, full automation of business processes avoiding direct contact between the officials and the clients, suppliers etc. has not been put in place enhancing the discretionary powers of the officials at the cost of transparency

## Breakdown of Financial Performance

	FY 2018	FY 2019
Number of Loss-Making SOEs	33	33
Number of Profit-Making SOEs	46	50
	Rs. Billion	
Aggregate Losses (Loss-Making SOEs)	(547.6)	(479.6)
Aggregate Losses (DISCOs)	(260)	(143)
Aggregate Profits (Profit-Making SOEs)	261.2	336.0
Aggregate Profits (Oil & Gas)	197.7	242
<b>Net Profit (Loss)</b>	<b>(286.4)</b>	<b>(143.6)</b>
Net Profit (Loss) Excl: NHA	(145.5)	30.7

## Top 10 Loss-Making SOEs in FY 2019

	Entity Name	Net (Loss) Rs. Billion
1	NHA	(173.8)
2	PIAC	(56.1)
3	QESCO	(36.8)
4	Pakistan Railways	(32.8)
5	LESCO	(31.6)
6	PESCO	(29.3)
7	MEPCO	(22.8)
8	ZTBL	(18.2)
9	PSM	(16.6)
10	SEPCO	(11.0)

## Top 10 Profit-Making SOEs in FY 2019

	Entity Name	Profit Rs. Billion
1	OGDCL	118.4
2	PPL	59.5
3	GHPL	34.2
4	NPPMCL	19.0
5	NBP	16.6
6	PARCO	12.3
7	NTDC	11.2
8	PSO	10.6
9	SNGPL	7.1
10	GEPCO	6.5

## SOEs with Major Reduction in Loss

Rs. Billion

	Entity Name	FY 2018	FY 2019	Change (%)	Change (Absolute)
1	FESCO	(39.8)	(8.1)	-80%	31.7
2	LESCO	(56.6)	(31.6)	-44%	25.0
3	IESCO	(27.3)	(7.6)	-72%	19.7
4	HESCO	(21.7)	(6.8)	-69%	14.9
5	PESCO	(43.0)	(29.3)	-32%	13.7
6	MEPCO	(33.8)	(22.8)	-33%	11.0
7	PIAC	(66.8)	(56.0)	-16%	10.8
8	Pakistan Railways	(36.6)	(32.8)	-11%	3.9
9	Pakistan Post	(10.5)	(9.1)	-13%	1.4

## SOEs with Major Increase in Profit

Rs. Billion

	Entity Name	FY 2018	FY 2019	Change (%)	Change (Absolute)
1	OGDCL	78.7	118.4	50%	39.6
2	NPPM	3.3	19.0	479%	15.7
3	PPL	45.8	59.5	30%	13.6
4	GHPL	28.1	34.2	22%	6.1
5	TESCO	1.8	4.3	144%	2.5



## SOEs turned into profits in FY 2019

Rs. Billion

	Entity Name	FY 2018	FY 2019	Change (Absolute)
1	GEPCO	(5.04)	6.5	11.5
2	GENCO-II	(3.84)	3.5	7.4
3	PTV	(0.48)	1.2	1.7
4	NFC	(0.24)	0.6	0.8
5	FWB	(0.23)	0.2	0.5
6	PAIR	(0.01)	0.2	0.3
7	CPPA	(0.02)	0.1	0.1

## **13. Pakistan Halal Authority (PHA)**

1. The Advisor to PM on Institutional Reforms & Austerity had finalized and shared the following report in respect of Pakistan Halal Authority on 4<sup>th</sup> September 2019.

### **Contents of the Report**

2. The ECC at its meeting held on 20<sup>th</sup> March, 2019 had directed me:-

- i. To carry out a detailed review of the current role of Pakistan Halal Authority Viz. International Halal Organizations and propose a viable plan for making it a vibrant organization in view of the potential of international Halal market.
- ii. To look into the issue of placement of Pakistan Halal Authority under the administrative control of Commerce Division or any other most relevant ministry and submit recommendation for consideration within one month.

3. First, I must concede that it was not possible for me to meet the deadline due to other pressing engagements and the enormity of the task assigned to me.

### **Review of the Pakistan Halal Industry and plan for the future.**

4. Global Halal market is projected to reach almost \$ 2 trillion by 2020 as the fast growing Muslim population all over the world is increasingly consuming and demanding only Halal products. The international food chains have also aligned themselves with this rising trend and 30 percent of their sales are halal compliant. 80 percent of the world's Halal trade is done by Australia, New Zealand, India, Brazil, US, Thailand, China and Europe. Pakistan's share is negligible and stands at less than 0.3 percent of total global business. The reasons for this dismal performance are:-

- i) Absence of a robust regulatory framework for hygiene, sanitation, food and health safety for halal products in meat, milk and allied industries, confectionary, pharmaceuticals etc.
- ii) Lack of acceptable international standards on identification and traceability, validation and verification, system of certification, quality control logos and labelling although slaughtering, processing packaging, conform to Halal practices.
- iii) Shyness or reluctance on the part of industry players to expand into processing and attain economies of scale with distinct branding that would make Pakistani Halal production in world markets competitive.
- iv) The yields from Pakistanis livestock animals are only a fraction of the leading international producers of meat, milk etc.
- v) Inadequate supply chain infrastructure that consists of contamination free cold chains, refrigerated trucks, storages at the airports etc.
- vi) The rising purchasing power is shifting the nutrition mix of the growing middle class from cereals and grains towards proteins mainly in form of meat, poultry and fish. Domestic supply is therefore catering to this demand without going through the hassle of conforming to international standards, certification and packaging which add to the costs of sales. Poultry industry for example is growing 10 to 15 percent annually. The relative profit margins from domestic market sales are quite attractive.
- vii) Until recently an overvalued exchange rate did not make exports of new items so remunerative particularly in face of an assured and rising domestic demand.

- viii) Skilled, trained, qualified manpower to operate and manage world class Halal products industry are hard to find.
- ix) Marketing efforts needed to introduce and penetrate their products by the entrepreneurs have been highly sporadic.

5. The formation of Pakistan Halal Authority (PHA) is the step in the right direction. Its law and mandate, if implemented faithfully provide adequate support to the industry to take off. However, the law suffers from a few weaknesses that needs to be rectified. For example, the Board of Governors is quite unwieldy and consists of seven Federal Secretaries, four Chief Secretaries, two Director Generals, two members of the parliament, three Shariah Scholars, one Academic, one Researcher and two Representatives from private sector. Neither, the Federal Government nominees have the time nor the expertise to make any meaningful contribution. The Board should be much smaller in size instead of 20 members and reconstituted with greater representations from livestock sector, industrial processors, marketing experts, domestic and international traders etc. The mandate of PHA to promote exports and imports, trade and commerce with foreign countries and inter-provincial trade and commerce in Halal articles and processes is clearly defined in the preamble to the Act No.VIII of 2016.

6. The PHA must engage an international consulting firm of repute to prepare a strategy and business plan for increasing Pakistan's share in the rapidly growing international Halal trade. It should then be possible to identify the products and markets in which Pakistan has revealed comparative advantage. The plan should outline the steps needed to achieve the desired target. A modest target of \$ 5 billion by 2025 would still be a negligible share in the world market but should be feasible to attain.

7. The first step for the PHA is to follow OIC guidelines for Halal food as laid down in schedule I of the Act and make efforts to focus on the Middle Eastern countries particularly the rich GCC where the traditional trading relations have been in existence for a long time. Proximity to the region would result in savings in transportation costs as well as ensure timely delivery of fresh rather than frozen products.

8. The second step is for enforcement of Halal standards on a wider scale, expanding the universe of accredited Halal certification bodies, training of skilled manpower and increasing the number of Halal Testing Services in the country. Pakistan should develop a Halal logo for all its Halal products.

9. The third step is for TDAP, PHA, PSQ&CA, PNRC, PCSIR and other relevant bodies to establish a forum of all Halal product exporters and meet with them regularly to resolve the problems faced by them and facilitate and promote their exports.

### **Placement of PHA**

10. A meeting was held with the representatives of the Ministry of Commerce and the Ministry of Science and Technology. MoST had reservations about shifting the PHA from its administrative control on the grounds that quality control, testing, standard setting and accreditation bodies all fall under their jurisdiction. My own objective analysis of the rationale, mandate and further work plan of PHA has convinced me that the PHA should be placed under the MoC but work in close conjunction with MOST. The raisond'etre for forming PHA is to participate in the rapidly growing international Halal market. While the MoST would play an extremely useful role in terms of standards, accreditation, testing, quality assurance, compliance etc., the major thrust of the Authority's functions is introducing Pakistani Halal

products internationally, nurturing of supply chain, marketing and promoting exports. The MoC and its affiliated bodies can render this assistance to PHA in a more effective manner.

11. It is therefore recommended that the PHA may be transferred from the MoST to MOC and a review of the composition of the Board may be undertaken to make it more effective.

### **Decision**

12. The Cabinet in its meeting held on 1st October, 2019 considered the presentation made by the Adviser to the PM on Institutional Reforms and Austerity, and decided to defer the matter for consideration with the stipulation to formulate a Committee comprising of the Minister of Science and Technology, Advisor to the Prime Minister on Commerce and Advisor on the Institutional Reforms & Austerity.

### **Current Status**

13. The matter remains unresolved due to differences in opinion.

## **14. Pakistan Council of Research in Water Resources (PCRWR)**

1. The Advisor to PM on Institutional Reforms & Austerity had finalized and shared the following report on 4<sup>th</sup> September 2019 in respect of the matter of placement of administrative control of Pakistan Council of Research in Water Resources (PCRWR).

### **Contents of the Report**

2. The Cabinet considered a summary on 28th May, 2019 submitted by Water Resources Division for placement of the Pakistan Council of Research in Water Resources (PCRWR) under the administrative control of the Ministry of Water Resources (MWR). The Council at present is under the Ministry of Science and Technology (MoST). The Cabinet decided that the Minister for Water Resources, Minister for Science and Technology and Advisor to the Prime Minister on Institutional Reforms & Austerity will make consultation and submit their recommendations to the Cabinet.

3. A meeting was held in the Ministry of Science and Technology (MOST) on 29th July, 2019 to deliberate upon the matter attended among others by the Minister and Secretary, MoST and Secretary MWR.

4. The MOST did express strong reservations about the proposed transfer and also sent their written comments against this move. Their main argument was that the PCRWR has regional offices, research and demonstration stations, 25 water quality testing laboratories, telemeters in different agro ecological zones whereas the MWR is limited to only federal level. They believe that all R&D organizations complement each other and avoid duplication of efforts and these should continue to be placed under the MOST and their transfer to other ministries will make MOST redundant & hurt the whole paradigm of Science, Technology and Innovation. The argument does not stand up to the test of empirical validity. Each R&D organization is currently working according to its own mandate in silos following a vertical hierarchical structure. There are no synergistic or interrelated linkage or horizontal coordination with other R&D organizations that is perceptible. The Ministry itself does make some modest efforts to bring this about but their capacity and resources are limited, given the enormity of the challenge.

5. I have carefully examined the law, mandate and activities of the PCRWR of the recent past. Its law and mandate are quite broad, cover development, management, conservation, mapping, reclamation, water shed management, desertification control and utilization of water resources. The PCRWR has done some commendable job in the mapping and investigation of underground aquifer. But most of its activities have been concentrated on testing of drinking water quality.

6. Irrigation for Agriculture production accounts for almost 93-95 percent of surface water usage and two third of underground water in Pakistan. The residual amount of 5-7 percent is utilized for industrial and domestic drinking water purposes. The Ministry of Water Resources has been entrusted the task of implementing National Water Policy(NWP) approved by the Council of Common Interests and is also responsible for coordinating with the Provincial Irrigation departments responsible for management of the entire Indus Basin systems. The MoWR already has all water sectors organizations such as WAPDA, IRSA, Federal Flood commissioner, Pakistan Commissioner for Indus water under its administrative control. The PCRWR is the exception to this norm because it is housed in the Ministry of Science and Technology (MoST). While testing the quality of ordinary water is important it does not fall in the strict definition of Research and Development (R&D). The cost benefit ratio appears highly negative in relation to the larger national issues at present i.e. trans boundary water sharing

irrigation water canal system losses leakages and inefficiency; over mining of surface water; heavily subsidized water pricing leading to waste and excessive flooding; absence of water conservation techniques and devices such as drip irrigation. In other words, the agenda for research on surface and ground water utilization hardly addresses any of these big issues facing the country. Rain fed areas serve almost 12 million hectares of land and there has not been much work done to improve low farm productivity through better harvesting, storage and conservation of rain water.

7. The other point that was considered was the mechanism of dissemination and application of research findings to the end-users. The MoST has no such formal linkages or channels through which some of the useful results from these studies can be disseminated widely for the benefit of the end users. The MWR through its own water sector organizations networks and the Provincial departments is, in my view, in a much better position to do so. The regional offices scattered in various parts of the country can ideally be tasked to reach out to the farmers using the good offices of irrigation department officials.

8. The PCRWR under the MWR should be given the task of collecting data, information at canal command level, underground aquifers in different agro-ecological zones and carry out analysis to guide and inform the policy makers. Their research studies should be aimed at high priority areas such as measures to increase water productivity of our agriculture corps as it is one of the lowest in the region. The Council should also work collaboratively with the provincial irrigation departments, the Ministry of Climate Change, the Water and Sewerage Authorities in metropolitan areas, the Disaster Management Authority and the Ministry of Health as most of the problems facing us can be resolved through a multi-disciplinary approach. The re-articulation mapping of the Council's functions with the requirements of the National Water Policy presented by the MWR should be further refined and fine-tuned to select only those priority actions that would have the highest impact on achieving the objectives of the NWP. At present the proposed mapping of the policy is too ambitious and illustrative in nature.

### **Recommendations:**

9. The above proposal was also discussed at the Secretaries Committee which in its meeting held on 20th March deliberated the issue and recommended transfer of PCRWR to the MWR.

10. The Cabinet had approved in principle the placement of the PCRWR at its meeting held on August 3,2019 when it considered the summary on the Restructuring of the Federal Government. The matter was again brought up by the Secretary MoST before the Ministerial Implementation Committee. The Implementation Committee was also of the view that the appropriate place for the PCRWR was the MWR.

11. In view of the arguments and considerations discussed in paras 5-7 above and the endorsement of the Secretaries Committee and the Ministerial Committee on Implementation of Restructuring of Federal Government it is proposed that the PCRWR be transferred from the MoST to the MWR with the mandate to follow the priorities outlined in para 7 above.

12. The proposal, if accepted, would require an amendment in Section 7 of the Act No.1 of 2007, whereby the Chairmanship of the Board of Governors would be transferred from the Minister of Science and Technology to the Minister of Water resources. Until such time as the amendment is effected the Minister of Science and Technology may continue to perform the duties as Chairman. In view of the changed priorities it is also proposed that the composition of the Board of Governors may be revamped to bring in new stakeholders such as the Ministry



of Climate, NDMA, Meteorology Department. The number of the Governors also needs to be curtailed to make it more effective.

13. Approval of the Federal Government is solicited to the recommendations contained in paras 10-11 above.

**Current Status**

14. The matter remains unresolved due to differences in opinion.