

PROGRESS ON INSTITUTIONAL REFORMS, MAY 2020

Institutional Reforms Cell (IRC) was created with the approval of the Federal Cabinet in September, 2018 with a broad mandate of restructuring of the civil services, restructuring and reorganising the federal government including ministries, divisions, executive departments, autonomous bodies, state-owned entities etc. Dr. Ishrat Husain, Advisor to the Prime Minister on Institutional Reforms and Austerity is head of IRC. In addition, Dr Ishrat Husain also heads two Task Forces, constituted by the federal government on Civil Services Reforms and Austerity. These Task Forces provide input, discuss various proposals and play the role of thinktank, while considering such suggestions.

With the passage of time, the role of IRC has expanded manifold as various new tasks are being assigned to Dr Ishrat Husain. These include restructuring of various organizations including Federal Board of Revenue, Pakistan International Airlines, Pakistan Railways, Trade Development Authority of Pakistan, Trading Corporation of Pakistan etc.

In addition, IRC is also coordinating few activities with Finance Division for implementation of Public Finance Management Law, creation of Pension Funds, various reforms in SBP, SECP and Auditor General of Pakistan.

RESTRUCTURING OF FEDERAL GOVERNMENT

Reorganising the Federal Government

In July 2019, the IRC published a report on 'Reorganising the Federal Government' which holistically considered each individual case of 441 federal government Organisational Entities. Upon approval of the report by the Federal Cabinet, an Implementation Committee was notified to oversee the reorganisation process.

The purpose of the detailed report was to evaluate the structure of the government and rationalise it to increase efficiency and improve general public service delivery. The report recommended 43 entities for privatisation, 14 for transfer to provinces, 8 for liquidation, 35 for mergers, 17 to be categorised as training institutes and 87 as Executive Departments alongside 237 Autonomous Bodies.

Since its notification, the Implementation Committee has held weekly meetings. The Cabinet has approved of reorganising 345 organisational entities which have been notified by the Cabinet Division. The Committee will complete this task in May, 2020. This task has simplified the legal and administrative structure of the federal secretariat as hitherto, only three classifications of Executive Department, Autonomous Body and Constitutional Body will be used for all the federal government entities.

Mergers of Ministries and Divisions

Certain Ministries and Divisions have been merged and new ones have been created for improvement in the functional alignment of the entities with ministries / divisions and empowered to oversee the work of their subsidiary departments. The changes are as listed below:

- The Poverty Alleviation and Social Safety Division has been created to oversee the work of government entities working on social development, poverty alleviation and social safety. Organisations previously scattered under varying ministries have now been brought together under the unified jurisdiction of the Poverty Alleviation and Social Safety Division.
- Capital Administration and Development Division (CADD) has been abolished with all its functions transferred to relevant sectoral divisions.
- Commerce and Textile Divisions have been merged to streamline the intertwined functions of the two divisions.
- Postal Services Division has been merged into the Communications Division.
- The Ministry for National Health Services, Regulations and Coordination has been reorganised to create space for the incorporation of greater technical expertise. A proposal in this regard has been submitted to the Cabinet for approval.
- The Ministry of Defence Production is being restructured to encourage a more commercial orientation for its subsidiary departments.

Public Financial Management (PFM) Law

PFM law was enacted in 2019 with the purpose to grant more autonomy to the working of spending units including ministries/ divisions and empower Principle Accounting Officers. With structural changes in the existing system, the accounting function of Controller General of Accounts will be transferred to ministries with some in-house checks and balances including appointment of CFAO and Internal Audit Officer. In addition, a Debt Management Unit has been established in Finance Division to advise the government on managing debt, fiscal management, revenue stream etc.

Restructuring of Evacuate Property Trust Board and Competition Commission of Pakistan

Dr Ishrat Husain has also provided policy documents on reforming the EPTB and CCP to Federal Cabinet on the advice of the Prime Minister and Cabinet. The Cabinet has assigned these reports to their controlling ministries and now respective controlling ministries are working on the implementation of these recommendations.

RESTRUCTURING OF SPECIFIC GOVERNMENT ENTITIES

Capital Development Authority

A comprehensive report on the restructuring of the CDA has been approved by the Federal Cabinet which has directed the Interior Division to prepare an action plan for implementation. This is currently under process. Some of the recommendations, which can be implemented without changes the legal structure of CDA are being made, while a Committee in Ministry of Interior is also working on the proposed changes in CDA, Ordinance, 1960.

Pakistan International Airlines & Civil Aviation Authority

The organisational restructuring of PIA is in its initial phase and consultations and work on it is currently underway. The Civil Aviation Authority is being divided into two different organisations; one of which will be responsible for the regulatory oversight and enforcement within the aviation industry whereas the other will manage the commercial operations of the airports and also enter into agreements with the private sector.

Federal Board of Revenue

The Policy Board of the FBR has been separated and is now located within the Finance Ministry. Tariff determination has been redirected to the National Tariff Commission. These steps have been taken to better streamline and clarify functions and responsibilities. Presently, an exercise of the internal revitalisation of the FBR is underway and this will lead to automation, development of HR modules and their improvement, administrative and policy reforms and a report on these will be submitted to Cabinet within three months.

Selection Process for CEOs of Public Sector Enterprises and conversion of posts into Management and Special Pay Scales

A major achievement of the present government is to put in place an open, transparent, merit based, competitive selection process for the Chief Executives and heads of corporate and statutory bodies.

Each post is advertised, applications are invited, shortlist of the eligible candidates is prepared and interviews are held by the Selection Committee. A panel of three candidates is submitted to the appointing authority. So far 40 persons have been hired through this process.

In addition, Dr Ishrat Husain is heading another Committee which is mandated to convert existing posts into Management Pay and Special Professional Pay Scales. The Committee has considered various cases of ministries and has accorded approvals, thereof. The

purpose of this exercise is to attract the best talent from the private sector, which may not be willing to work for the public sector as normal pay scales.

CIVIL SERVICE REFORMS

Induction and Training

Every year, a large number of candidates apply for CSS exam and the number is increasing unmanageable. This is adding pressure on FPSC as they have to make arrangements for the written test of all the applicants. Accordingly, a proposal for introducing screening test has been approved, so that only promising ones should be allowed to appear in the written test. This will reduce the burden of FPSC, coupled with shortening the timeframe of CSS.

A major transformational change has been brought about by the Cabinet approving mandatory training for specialists and experts, the non-cadre or ex cadre officers for upgrading their professional know how and skills. This group has often been neglected in training, career planning and promotion which had been limited to only cadre officers.

In addition, Mid-Career Management Course and Senior Management Courses has been split to create a right balance of generic training at National Institute of Managements and Specialized Training Academies The purpose of this exercise is to create a right balance of generic and domain knowledge and skillset.

Promotion Rules

New Promotion Rules has been notified and Establishment Division has conducted the las CSB on the basis of these rules in January, 2020. These Rules have equitably distributed the evaluation criteria among Performance Evaluation Reports, Training Evaluation Reports and with the Central Selection Board. Prior the this, for the promotion of the civil servants to BS-20 and 21 was non-existent and Establishment Division and CSB used to notify the policy guidelines/ plan out the criteria for evaluating the officers.

Performance Management

The present Management Evaluation System which is highly subjective is to be replaced by a new Performance Management System that has been approved by the Cabinet. The Prime Minister will enter into an agreement with his ministers on the goals and objectives of their respective ministries against which their performance will be evaluated.

The performance goals of the federal government officers working under each ministry will be aligned to and derived from these performance contracts. Performance evaluation would be driven by a set of objectives / targets agreed between the officer and his/her supervisor for the year. Key performance indicators, measurable and verifiable would be used to determine whether the agreed goals have been achieved or not. Furthermore, with

regards to the ranking of officers at the time of evaluation each division will have the right to rank:

- 20% as 'Outstanding',
- 30% as 'Very good',
- 30% as 'Good',
- 10% as 'Average', and
- 10% as 'Below Average'

Those placed in the outstanding category will receive twice as much in the form of annual merit increase as compared to those placed in other categories. Officers falling below average will receive no merit increase and in the allocation of government housing priority would be given to the top 20%.

Retirement Rules

The Civil Servants (Directory Retirement from Service) Rules, 2020 have been notified for enabling the Government to retire officers after due process who have completed 20 years' service but whose performance has not been satisfactory consistently over a considerable period of time or they are found guilty of corruption or are superseded by the Promotion Boards or Committee or have unbecoming conduct. These rules would allow the Government to retain only the best performing officers of integrity and weed out the deadwood and corrupt.

Appointment of Technical Advisors

To assist the Ministers In-charge of technical ministries, posts of technical advisors in 15 different federal ministries have been created to provide technical, specialist expertise in advising federal ministers. Some of the ministries has already completed the hiring process and others are being assisted to complete the hiring of Technical Advisors at the earliest.