

EXECUTIVE SUMMARY

Restructuring the Civil Services

1. There will be four types of services in Pakistan---All Pakistan, Federal, Provincial and District. All Pakistan Services will include:
 - i. National Executive Service. (NES)
 - ii. Pakistan Administrative Service.(PAS) (formerly DMG)
 - iii. Police Service of Pakistan. (PSP)Officers belonging to All Pakistan services will rotate between the Federal and the Provincial Governments.
2. The Federal Services will consist of the following cadre services in addition to ex-cadre and subordinate services:
 - i. Pakistan Foreign Service. (PFS)
 - ii. Pakistan Audit and Accounts Service. (PAAS)
 - iii. Pakistan Taxation Service with two cadres for Customs and Inland Revenue. (PTS)
3. Those belonging to the Federal services will work only at the Federal Government. Fresh recruitment to some of other existing cadres and occupational groups through the Central Superior Services (CSS) examination should be discontinued in the future and substituted by other modes of competitive recruitment based on specific job requirements.
4. The Provincial Services will be comprised of:-
 - i. Provincial Management Service (PMS)
 - ii. Provincial Executive Service. (PES)
 - iii. Provincial Technical and Professional Service. (PTS)
 - iv. Provincial Judicial Service. (PJS)In the technical and professional services, multiple cadres such as for Education, Health, Engineering, and Agriculture can be set up by each province depending on the critical minimum mass.
5. A new District Service encompassing all posts in Grades1-16 will be established for each district or group of districts. All posts in BPS-1-16 at the District, Tehsil/ Town and Union Council level be classified into two categories:
 - All common services staff who can be rotated from one office to another, without any difficulty, such as messengers, drivers, clerks, assistants, superintendents, serving at the District, Town/ Tehsil, Union Administration levels, should be grouped together, to form the General Cadre. The inter-changeability of the staff

who will mainly be generalists, will be the main criterion for induction into this grouping.

- All technical staff which belongs to specific departments will either be grouped into separate cadres, if there is a justification to do so, or remain in ex-cadre or non-cadre posts in their respective departments, with their promotion prospects at par with the cadre employees.

6. For City District Governments, the District Service can be extended to include BPS-17 officers. These District Service officers will share posts with Provincial and PAS officers.

7. A new All Pakistan Service – the National Executive Service (NES), will be created and along with the Provincial Executive Service (PES), set up in each province, will fill in all senior positions (BPS 20-22) in the Federal/ Provincial Secretariats. The NES/ PES will be open to all existing officers serving the Government and also to professionals from outside, meeting certain eligibility criteria. Regional/ Provincial quotas for recruitment to NES will address the complaints of smaller provinces of non-representation at Secretary/ Additional Secretary levels in the Federal Government.

8. Selection to NES will be made through an open merit-based competitive system, introducing representation for under-developed and provincial regions. In the beginning it has been proposed to have two streams within NES- the Economic Management Group (EMG) and the General Management Group (GMG). The third stream i.e. Social Sector Group (SSG) can be created later on.

9. Any officer in Grade 19 belonging to the Federal, Provincial or All Pakistan Services will have the option to continue working in his cadre service or ex cadre position and move up vertically according to the cadre rules or appear at the NES examination. Once selected the person will become member of the NES cadre in Grade 20 and rise upto Grade 22 on the basis of performance, output, competencies, integrity through a transparent selection process.

Strengthening of District Service

10. The National Reconstruction Bureau (NRB) and the Federal Ministry of Local Government and Rural Development should be abolished and their responsibilities and functions

transferred to the Provincial Governments. Each provincial department should organize the Local Government system according to its own peculiar needs but remaining within the parameters agreed at the Council of Common Interests (CCI).

11. Clear boundaries of responsibilities should be delineated between the Provincial Government and the devolved departments at the district government. The Provincial Government will have powers for policy formulation and issuing directives, setting quality standards, officer training, monitoring and evaluation. The Provincial departments that have devolved their functions should no longer be engaged in executing or implementing programmes and development projects.

12. There are no administrative linkages between the Union Councils(UC), Tehsil Municipal Administration(TMA) and the District Government (DG) under the new system analogous to those existing between the Federal-provincial and Provincial-District Governments. The missing link can be established by requiring the UC Secretary reporting to UC Nazim for all UC affairs as given under the LGO but also to the Tehsil or Town Municipal Officer(TMO) for coordination within the teshsil/town. Similarly, the TMO should report to the Tehsil/Town Nazim for TMA affairs under the LGO but report to the District Coordination Officer (DCO) for coordination purposes within the District. TMO should be designated as ADCO also and should be an officer of Grade 17 directly recruited under PAS or PMS.

13. For meeting urban planning needs of large cities and providing integrated municipal services to the citizens in the 8 City District Governments(CDGs) autonomous Municipal Services Corporations (MSC) may be established with a Governing Board. MSCs will be able to attract quality human resources with requisite skills and establish modern management techniques. This combination of people, processes and technology at one place will halt the fragmented management of urban services; resolve the capacity problem by better response to the needs of the urban citizens.

14. The City District Governments (CDGs) should be assigned the responsibilities of Master Planning, its implementation and the delivery of all municipal services – water supply, sanitation, sewerage, solid waste management, building codes and standards etc. by all other independent land owning agencies operating in their jurisdictions.

15. Training Needs Assessments (TNAs) should be carried out for each District. On the basis of the TNA, course content, teaching tools and methods of on-the-job training and capacity building should be developed. Those who fail to qualify the prescribed standards and qualifications should be removed from these sensitive positions and replaced by professional staff hired on contract or in regular cadres or borrowed from the Provincial Governments on deputation.

16. The monitoring and oversight functions of the Provincial Governments can be better performed ,for example in the province of Punjab covering 35 districts, by posting a Member Board of Revenue with a limited staff at the Regional headquarters with the powers to inspect 8-10 District Governments each year. The NWFP Government has already appointed Regional Coordinators at the former Divisional headquarters.

17. Valuation based on new cadastral surveys can raise the revenues of all the city District Governments three or four times their present level and help them finance the growing needs of urbanization. The over dependence of each tier of government upon the next one and the expanding vertical fiscal imbalances have to be narrowed by exploiting this under-tapped revenue potential of agriculture income tax, water user charges and urban property tax.

18. It has been found that development projects executed by the District Governments have a significant effect in removing inter- district differentials in access to services and promoting equity. These projects are more responsive to the local needs, reflect the priorities of the communities and potential beneficiaries. The Federal Government should formulate and execute projects of inter-provincial or national dimension. The Provincial Governments should do the same in respect of inter-district and province wide coverage projects. But their involvement in District level projects should be through matching grants and provision of technical expertise rather than direct execution.

19. One of the ways in which the enforcement of local and special laws can be ensured under the new Local Government system is to introduce the system of Illaqa Magistracy. Illaqa Magistrates would be entrusted the functions such as Crisis/Disaster management and relief measures, inspection of weekly bazaars and markets for ensuring price control of essential items.

20. The post of District Coordination Officer may be re-designated as District Chief Operations Officer (DCO). The posts of DCO for City District Governments will be in Grade-22, in major district Grade-21 and in smaller districts Grade-20.

Re-organising the Structure of Government

21. The Federal Government should transfer legislative, administrative and financial powers to the Provincial Governments in respect of Education (except curriculum and Higher Education), Health (except national health programmes), Agriculture, Livestock, Fisheries, Forests, Local Government, Rural Development, Labour, Social Welfare and Population Welfare. For these subjects, National Council of Ministries consisting of the Federal and Provincial ministers in charge of the portfolio and National Committee of Secretaries consisting of the Federal and Provincial Secretaries should meet regularly to discuss, formulate the sectoral strategies, plans and policies, monitor the progress and take corrective actions. The responsibility for operations, execution and regulation will, however, remain with the Provincial and District Governments within the parameters specified by the National Councils of Ministries. These Councils and Committees can be established and work under the Council of Common Interests (CCI) and submit a report to the CCI annually. As a consequence, it is proposed to reduce the number of Federal ministries from 41 to 23, the number of Divisions from 46 to 37.

22. In view of the new challenges that are likely to emerge in the future it is proposed to create some new ministries and Divisions by merging, liquidating, transferring some of the existing ministries and Division. These new ministries are:

- Technology Development (merging Science and Technology and IT)
- Regulatory Affairs (carving out of Cabinet Division and bringing in CAA, DRA and PEMRA)
- Human Resource Development (in place of Education, Health, Population, Social Welfare)
- Social Protection
- Infrastructure Development (merging Communications, Ports and Shipping, Railways and Civil Aviation)
- Energy (merging Petroleum and Power)
- Special and Under developed areas (merging KANA and SAFRON)
- Environment and Natural Resources (existing Agriculture and Environment)

23. All the existing 411 autonomous bodies, semi-autonomous bodies, corporations, companies, councils, commissions, training institutes, attached departments, subordinate officers etc. have been regrouped into two broad categories:

- (i) Autonomous bodies
- (ii) Executive departments

24. Detailed proposals have been developed for each of these 411 organizational entities. After mergers, winding up, privatization, transfers to the provinces, liquidation, etc. only 177 Autonomous bodies and 70 Executive departments will be retained at the Federal Government. None of the employees serving the redundant organizations will lose the job non-voluntarily.

25. Autonomous bodies will have an independent Board of Directors and led by a Chief Executive reporting to the Board. The Autonomous body will perform regulatory, operational, corporate, research and development, quasi-judicial functions.

26. All training institutions will be reorganized as Training and Policy Research Institutions which will be autonomous with their own board of directors. These institutions will be given one line budget that they will be allowed to spend for the execution of the annual work plan approved by the Board.

27. In cases where these bodies are funded fully by the national exchequer the representative of the Finance Ministry on the Board will enjoy the veto power on commitments of future financial obligations and liabilities. But no references will be made to the Finance or Administrative Ministry once the decisions have been taken by the Board.

28. All Executive departments will work under the direct supervision and guidance of the Secretary of Division. The head of the department will, however, enjoy the autonomy to deliver the agreed work program for the year and for this he will be provided the requisite financial, human and other resources. The delegation of powers to the heads of departments will have to be upgraded.

Improving Human Resource Management and Development

Recruitment

29. The sources of recruitment for the Civil Services should be widened and diversified. The Federal and Provincial Public Service Commissions should arrange participation in job fairs and make presentations to institutions with potential candidates for civil service employment. For

specialist and technical expert jobs they should acquire the services of professional recruitment agencies.

30. Job descriptions and specifications should be developed for all the positions in the Federal and Provincial Governments. Recruitment rules should be revised and aligned with these job descriptions and the requisitions be sent to the FPSC and PPSC s on the basis of these revised rules.

31. The FPSC study on improving the current examination and interview system should be used to make changes within the Federal as well as the provincial recruitment processes. Initial screening and psychometric testing should help in assessing the attitude, team work and other personality traits of the candidates.

32. Particular attention should be given to bring the standards and rigour of recruitment of ex-cadre officers at par with cadre services. Both written examination as well as structured interviews should be held for this category also.

33. The choice of services at the central superior services (CSS) examination should be linked with the selection of elective papers. For example, a candidate for Audit and Accounts or Taxation Service cannot be considered eligible for these services unless he/she has successfully passed the elective paper in Accounting or Financial management. There will be no restriction on the number of services a candidate can opt for provided he/she has cleared the elective papers relevant for these services.

34. The recruitment standards and processes by the PPSC should be brought at par with the FPSC. The method and eligibility criteria, the tenure of the chairman and members and the quality of permanent staff of these commissions should be reviewed and upgraded.

Training

35. New training institutions should be established for training of technical and professional staff at the Federal and Provincial Governments in the subject areas of their respective expertise. The majority of ex-cadre officers do not undergo any systematic training throughout their career to acquire new skills or modern techniques and knowledge. The shoddy design and

implementation, large cost overruns and poor quality of the work in our infrastructure projects and the weak social indicators reflect the inadequate training of the staff in the professional and technical fields.

36. Just like management training has been made mandatory for promotion to the next grade, professional training should also be made pre-condition for officers both at the Provincial and the Federal Government levels. Incentives, facilities and standards for specialized and professional training institutions should be comparable to those with the National School of Public Policy.

37. To attract instructional staff to the training institutes it is essential to combine policy research at these institutes with extra points in computation of marks for promotion and special emoluments and facilities such as free residential accommodation. Case study methods should be used for analyzing large development projects, their costs, benefits and impact.

Strengthening Key Institutions of Governance

38. About 100 key public sector institutions in the country have a critical impact on the economic and social outcomes. Their governance structure has to be made more transparent and merit-based so that the right man is chosen as the Chief Executive. A special Selection Board will screen, interview the candidates, and prepare a short list for consideration by the Prime Minister. This process will minimize arbitrary discretionary powers of the Chief Executive and attract capable candidates for these key jobs.

Compensation and Benefits

39. The various reforms proposed in this report would remain ineffective and incomplete unless the question of compensation and benefits to the officers above Grade 17 is not squarely addressed. The present compensation structure whereby 85 percent of the Government's salary bill goes to subordinate staff in Grades 1-16 who are well-paid compared to their private sector counterparts while 15 percent goes to the officers grade who are all underpaid will not allow talented persons to be attracted, motivated and retained to civil services. While it is neither politically feasible nor humanly desirable to get rid of the surplus staff in lower grades, it is proposed that new recruitment to this category be frozen except for teachers, health workers, and policemen. Over time the budgetary savings freed up by a reduction in the size of the workforce

will enable the Government to double or triple the salaries of the officer grade within the budgetary limits.

40. As a starting point it is suggested that those who are selected to the NES through a rigorous competitive examination should be given MP III to MP I scales. After all, the Government is paying these scales to scores of persons whose suitability and eligibility for these posts is questionable and whose selection procedure is opaque. The financial implications of paying these scales to 10,000 officers in the NES and PES are likely to be modest but the benefits in terms of productivity, morale, low corruption and efficiency will exceed these costs many times over.

41. Performance-related salary has been introduced in some government organizations such as the Federal Board of Revenue. As long as the selection to these specified posts is competitive and transparent and the measurement of performance indicators is objective, this mode of salary should be introduced in other key organizations and later extended to the whole government in a phased manner.

Performance Appraisal

42. A fair and equitable compensation system cannot work well unless it is accompanied by an objective performance appraisal system. It is recommended that the current system of Annual Confidential Report (ACR) should be replaced with an open Performance Evaluation Report (PER) system in which the goals and targets are agreed at the beginning of the year, key performance indicators to measure the achievements are settled and an open discussion is held between the appraisee and the supervisor on the identification of development needs to carry out the work. Mid-year review is held to assess progress and provide feedback and the annual evaluation is held jointly through a discussion between the appraised and the supervisor. The appraisee can then sign the report or appeal to the next in line supervisor against the findings of his immediate supervisor. This way the PER is used mostly as a tool for the development of the individual to meet the needs of the organization. Poor or underperformers are particularly focused upon to bring them to better performance outcomes.

Promotion Policy and Career Management

43. The promotion policy and career management should be the responsibility of a centralized Human Resource Management and Development Agency. The Establishment Division should be reorganized into two divisions (a) Human Resource Management Division (HRMD)– which will be responsible for the policies of recruitment, career planning, promotion, compensation and benefits, severance, etc. and (b) Organizational Development Division – which will be responsible for the policies of training and organizational developments. Promotion policy should lay down the criteria including the weight given to PER, Training and Skills acquisition, rotation of assignments, diversity of experience, complexity of jobs, etc. for each level. The HRMD should then guide each Division/Ministry responsible for the management of human resources in the enforcement of these standards and implementation of policies.

Simplifying Rules, Process and Procedures

44. E-Government tools and development in digital technology offer promising prospects for improving the efficiency of government, reducing the costs of transactions, conveniencing the ordinary citizens, introducing transparency and reducing discretionary powers and therefore corruption and tracking the performance and output. Despite such potentially powerful impact of E-Government the resistance, reluctance and contrived delay in its adoption are fierce. A modest beginning has been made in an ad hoc manner but a concerted effort steered and guided by the top leadership at the Federal and Provincial governments is lacking. Unless serious attention is given by the country's leadership the pace will remain uneven, the impact will be marginal and the opportunities foregone will be tremendous. The report stresses equally upon training and adaptation by those already working in the government to make the transition from a paper-based environment to electronic filing, messaging, sharing and exchanging of documents, retrieving, reporting and archiving smooth.

45. The other highly demanding but non-glamorous job the Commission has done is to weed out and purge the multiple rules, regulations, instructions and circulars existing in the manuals followed by the government officials on day-to-day basis, to update them and compile a concise and accurate manual. The Establishment Manual has already been completed while the Finance

Manual would be ready by December 2008. These manuals will then be uploaded on the websites of the Government of Pakistan so that they are accessible to the public at large.

46. The Ministry of Finance has agreed to replace the outdated concept of Financial Advisor organization by the Chief Financial and Accounts officer in each Ministry working under the direct control of the Principal Accounting Officer (PAO), who is the Secretary of the Division. The full powers for reappropriation within the approved budget will be delegated to the Secretary of the Division. The Secretary can further delegate some of the financial powers to the Heads of Executive departments or other officers in the Ministry.

Governance and Delivery of Essential Public Services

Education

47. A clarity in division of responsibilities for various levels of education has to be established. Federal Government will deal only with curriculum and Higher Education financing, standards and regulation. Provincial Governments will be responsible for College Education, technical and vocational training and charters of higher educational institutions. District Governments will cover primary, secondary and high schools.

48. To bring about coordination and ensure uniformity in standards of public, private and not for private schools it is recommended that a District Education Board be established in each district. The Board will consist of eminent persons enjoying a good reputation in their communities and will have the District Education officer as the Secretary of the Board. The detailed terms of reference of the Board have been developed. The Boards will be assisted by the School Management Committees which will be empowered. Head Teachers will enjoy more administrative authority in running the schools and disciplining the teachers. The Board will be involved in the oversight of selection of teachers and inspection of schools.

49. Management and teaching cadres should be separated and the career paths for the two cadres would not discriminate against the teachers.

50. Endowment funds should be established by the Provincial Governments to provide financing for talented students to pursue studies at top institutions in the country. Student

vouchers or stipends should be given to mentoring children from the poor families to attend private schools of their choice. Private-public partnerships in the form of "Adopt a School" programmes should be encouraged and given incentives.

51. To promote increased female enrollment at primary schools, it is suggested that only female teachers be employed whenever possible.

Health

52. Health management cadre should be separated from teaching and service providers in each province and the Federal Government. Only those having the aptitude should be recruited as health managers and trained at the National and Provincial health academies.

53. The District, teaching and other specialized hospital should have their own boards of directors and should be given autonomy in administrative, financial, legal and human resource matters.

54. Health manpower development particularly in the nursing and paramedic professions require urgent attention.

55. Health Regulatory framework should be made more effective and decentralized to the Provincial Directors of Health.

Police

56. The original Police order has been compromised by amendments that have weakened the functioning as well as the accountability of the Police. The revised Police order should be reviewed.

57. The Provincial Police office should be organized along functional lines and the powers delegated under the Police order should be exercised at all levels.

58. Police stations should be merged, upgraded and headed by an officer of Grade 17 with full responsibility for Watch and Ward, Investigation, and Operations.

59. Legislative amendments and revised disciplinary rules are needed to allow Police officers to perform their duties in ascendance with the Police order and to remove the discretionary powers of the Police. Police force should not fall under the purview of the Civil Servants Act (except those belonging to the Police Service of Pakistan) to enforce internal accountability.

60. Traffic Police in all large cities should be organized and operated on the lines of Motorway Police.

61. Training, allowances, mobility, logistics support, lodging and boarding, medical facilities and welfare of the Police Force fall short of their requirements and create demoralization, too. These should be reviewed and strengthened.

Land Revenue

62. Land revenue assessment and collection, adjudication and dispute resolution should be under the District Government but the maintenance and update of land records should be taken away from the District Government and placed directly under the Board of Revenue.

63. Patwari should be replaced by Revenue Assistant in BS 11 and above and recruited through Provincial Public Service Commission.

64. Colonization of Government Lands Act 1912 should be revised for better and transparent allocation and utilization of State land.

65. Efforts to create a digital database of land records should be expedited.