

# Chapter 17 | INSTITUTIONAL REFORMS AND GOVERNANCE

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**G**overnance shares responsibility for management of sound development by addressing the issues of accountability, transparency, participation, openness, rule of law and predictability. Governance provides system in which people have access to justice under the shelter of the law. It is critical to the successful achievement of the strategic thrust, policies, programmes and targets, and prerequisite for economic growth and development. The Democratic Governance represents the responsibility of the State and its institutions to create conducive political, legal and economic environment for building individual capabilities and encourage private initiatives.

The Pakistan Vision 2025 recognizes Democratic Governance, Institutional Reform and Modernization of Public Sector as one of the seven pillars of development and growth framework. The governance reform agenda of the Vision emphasizes on new paradigm (i.e. collaborative governance), strengthening institutions, fostering markets and initiating reforms in the areas of performance evaluation, service delivery, civil service, judicial systems and procedures, tax administration, procurement, financial management, police, e-governance, open government, enforcing property rights, and public sector enterprises. Therefore, development activities under the governance sector revolve around these areas.

## **Performance review 2016-17**

The government has undertaken number of initiatives to improve governance indicators. An amount of Rs3.5 billion including foreign aid of Rs0.35 billion has been allocated for the governance sector during 2016-17 and Rs2.6 billion have been spent. Some of the major initiatives are discussed as under:

### **Public Sector Management Efficiency**

**Justice Sector Reform:** Access to Justice Programme (AJP) was launched at a cost of US \$ 350 million a loan from ADP (i.e. Rs21 billion) for ensuring greater transparency and accountability in the performance of administrative justice institutions especially judiciary and police; improvements in judicial and non-judicial legal services; and security and equal protection of law to citizens. Major efforts have been made to reduce backlog of pending cases as well as institutional delays, particularly for the poor and vulnerable segments of the society under the Judicial Policy. The schemes include construction of new courtrooms, judicial complexes, judges' residences, record rooms, judicial lockups, bar rooms and general amenities like public sheds and baths in the courts premises, construction of District Jails, new barracks in existing jails to overcome the problem of overcrowding in jails, and establishment of training centres for judges, personnel of police and prison etc.

Under the provincial programmes, 634 development schemes of various implementing agencies have been completed while under federal programme so far 35

schemes amounting to Rs4,932 million have been initiated, out of which 21 schemes costing 514.6 million have been completed and remaining 14 schemes costing Rs4,378.1 million are under implementation. An Access to Justice Development Fund (AJDF) has been established to cater the requirements of legal empowerment, judicial development, legal education & training, and legal & judicial research. A Procurement and Grievances Committee has been established in Law and Justice Commission of Pakistan to address / resolve / settle complaints in procurement process.

**Revenue Reforms:** In pursuance of economic vision of the government, FBR has taken number of incentives to improve service delivery, enhance resource mobilization efforts, increase Tax-to-GDP ratio and public sector management efficiency. The revenue collection improved significantly from Rs1946 billion (Year 2012-13) to Rs3,112 billion (Year 2015-16), registering 60 per cent growth. Powers of FBR to issue concessionary SRO have been withdrawn through Act of Parliament. Now ECC has the powers to approve issuance of concessionary SRO but only under very limited circumstances. Number of filers has been increased from 700, 000 in year 2012-13 to more than one million in Year 2015-16. The concept of filers and non-filers has been introduced. The cost of business for non-filers has been increased. The campaign against tax evaders has been launched. End to end automation has been strengthened to minimize contact between the taxpayers and tax collectors. Manual system of tax exemption has been abolished through automation system. CNIC has been adopted as tax identifier to facilitate individual taxpayer's registration process. This would help in documentation of economy and broadening of tax base.

To change the behaviour of public, Financial Investigation Cell has been established, and campaign against tax evaders launched. Whistle blowers drive has been initiated in order to trace tax evaders. Under this initiative reward will be sanctioned for whistle blower. A project titled "Development of Integrated Transit Management System (ITMS) under ADB Regional Improving Border Service" is being implemented which will reduce dwell time for cargo clearance and its onward dispatch, monitor pilferage en-route, ensure proper exit of outbound cargo, Keeping a strict check on passengers baggage's, pave the way for one-window operation at country and regional level, and pave the way for introduction of Authorized Economic Operation. The 2<sup>nd</sup> project titled "Security Improvement in Karachi and Port Qasim", 03 Fixed and 01 Mobile Scanners is being installed. This will help to provide fundamental element of a secured global supply chain, routed through Pakistan towards landlocked countries in the region.

**Public Financial Management:** Project titled "Institutional Strengthening of Finance Division" was launched to enhance the capacity of Finance Division which will be completed by 30<sup>th</sup> June, 2017. Debt Management Strengthening Programme at the cost of Rs160 million has been launched to maintain and update data on internal and external debt. Public Sector Enterprises Reform Project has been launched to strengthen the privatization programme, improve corporate governance structure/ regulatory regimes, management capacity of PSEs, and service delivery. The infrastructure developed under Project for Improvement of Financial Reporting and Auditing (PIFRA) are being utilized. Number of online services including email registration, pay slip, bill status, vendor number detail, PDSP Dashboard, DDO budget & expenditure detail, submission of compliant on pay roll, pension and GP Fund are being provided by the AGPR. Direct Credit scheme of pension has been introduced. Under the project, SAP system upgraded from R/3 to EEC 6.0. Budget forecasting and MTBF

is gaining ground. Information System of Audit has become an important part of Office of Auditor General of Pakistan.

**Reform and Innovation in Government:** During the year, number of activities have been initiated under the project titled “Reform and Innovation in Government for High Performance”. A citizen perception survey on quality of public services has been initiated. This would be the first ever citizen perception index in Pakistan. To enhance the capacity of civil servants, Executive Leadership Management Course for eleven selected ministries has been launched. Four batches of BS-17 to BS-19 officers of eleven selected ministries have been trained under the programme. The School of Leadership hired for the purpose have undertaken TNA and conducted courses accordingly. Islamabad District Court survey was conducted and its finding was shared with stakeholders. Consultations/ necessary training to prepare performance contracts for the year 2017-18 of eleven ministries / divisions has been completed. Ministries have been requested to finalize their contract by end of May, 2017.

Upper age limit for CSS exam has been enhanced from 28 to 30 years to include people from specialized streams. The Ministry of Planning, Development and Reform have become member of a 60-country alliance – the Effective Institutions Platform (EIP) – jointly supported by OECD and UNDP. The Platform has provided opportunities for country-led and evidence-based policy dialogue, knowledge sharing and peer learning on public sector management and institutional reform. An innovation Fund & Award idea was developed which has been selected by the OECD Observatory Public Sector Innovations that collects Public Sector examples in innovations from across the world. E-office initiative has been launched in Established Division at cost of Rs52 million which provided IT equipment, trained 300 officers and the promotional boards conducted in digital format instead of paper based environment.

**Public Information and Statistical Management:** SDGs Unit has been established in Ministry of Planning, Development and Reform at Federal and Provincial level in Planning & Development Departments to provide support to the Federal and Provincial governments for strengthening, coordinating, reporting and monitoring mechanism for SDGs; mainstreaming SDGs in local development plans and strategies; supporting integrated and innovative approaches to accelerate progress on SDGs on priority areas; and provide policy support, research and analysis and knowledge management for SDGs.

6<sup>th</sup> Population and Housing Census has been initiated to determine the exact country human resources which will help in policy planning. The FBS is also implementing two important projects i.e. “Change of Base of National Accounts from 2005-06 to 2015-16” and “Updation of Rural Area Frame for the Conduct of Census/Survey”. The activities of the both projects were suffered due to 6<sup>th</sup> Population and Housing Census.

**Law & Order and Police Reforms:** For improvement of law and order in the country, National Security Policy has been prepared/ launched in consultation with all stakeholders. National Action Plan (NAP) is being implemented. National Security Division and National Counter-Terrorism Authority (NACTA) have been made functional. The Security Agencies have initiated *Radaul Fasad* Operation against terrorists in the entire country. The NAP provided the framework for the 21<sup>st</sup> Amendment to the Constitution which established speedy trial military courts for offences relating to terrorism. The duration of military courts

has been extended for further two years which are quickly disposing-off the cases relating to terrorism. Mandatory re-verification exercise through fingerprint recognition of subscribers on mobile telephones has been carried out.

A project on Establishment of Model Police Stations in ICT/Police Reforms has been approved at a cost of Rs996 million which is being implemented to improve the service delivery of Islamabad Police. To strengthen the law enforcement agencies in Balochistan, the project titled "Raising of Balochistan Constabulary" costing Rs5.4 billion is being implemented. Provincial Government has taken the ownership of the project. To provide security to the CPEC projects, a special security force has been established.

**Young Development Fellowship Programme:** Planning Commission launched Young Development Fellows Programme to ensure the active participation of the young people in national development. Under the programme, two batches of YDFs have completed their fellowship successfully and fellowship of 3<sup>rd</sup> batch of YDFs is near to completion. The programme has groomed about 120 young women and men in the area of public policy, planning, and development process in accordance with the emerging national and international needs.

## Governance reforms in provinces

### Punjab

Punjab Government developed five years governance reform agenda assisted by the World Bank to improve service delivery and citizens' satisfaction with public services. The programme focuses on promoting improvements in three areas i.e. Transparency and Access to Services; Results-Based Management for Service Delivery; and Resource Mobilization and Value for Money. The programmes are being implemented by the Punjab Information Technology Board (PITB); the Punjab Resource Management Programme (PRMP); the Punjab Procurement Regulatory Authority (PPRA); and the Excise and Taxation Department. The objectives of the programme are (i) citizens receiving information about key services through the Citizen Contact Centre (CCC); (ii) services provided by field workers in nine targeted districts; (iii) increase in property tax collection efficiency in digitized districts. The programme is being implemented in seven target departments of Government of the Punjab namely (i) Agriculture Department (AD) (ii) Excise & Taxation (E&T) Department (E&TD) (iii) Higher Education Department (HED) (iv) Irrigation Department (ID) (v) Livestock & Dairy Development Department (L&DD) (vi) Local Government & Community Development Department (LG&CD) (vii) School Education Department (SED).

In addition, Government of Punjab has initiated Sub-National Governance Program (SNGP) in collaboration with Department for International Development to improve management of service delivery by strengthening the evidence based decision-making and responsiveness to citizens and enhance government transparency, local accountability and openness to citizens. SNGP aims to ensure that government services are being provided in accordance with needs of poor people. The project is being implemented in 6 districts i.e. Hafizabad, Sahiwal, Mandi Bahauddin, Vehari, Sheikhpura and Bahawalnagar to tackle problems such as weak planning, lack of evidence on which to base policies and budgets, poor staff performance management, corruption, and inadequate accounting to citizens and legislatures. Government of the Punjab has developed an integrated Punjab Capacity Building Program (PCBP-I-II-III and IV) for officers in the relevant areas which equipped them with suitable professional skills to undertake the upcoming challenges.

To curb corruption, bribery and slow pace of service delivery, the Government of Punjab has launched Proactive Governance Model in selected government departments to seek citizen feedback on public services. The programme has not only helped to improve the governance system but also creates deterrence for corruption in the system by empowering a common man to connect the government directly.

### **Sindh**

Government of Sindh has designed five years Public Financial Management Reforms Strategy to improve provincial planning and budgeting, budget execution, reporting, accountability and transparency, resource mobilization, and budget control. Under this strategy, existing public financial management system is being brought in consonance with the international standards practiced. The Public Financial Management Reforms Strategy recommends core and subsidiary activities to achieve the overall goal of transparency, accountability, efficiency, and fiscal discipline in the management of public resources. To meet the objectives of the strategy, Sindh Public Sector Management Reform Project has been initiated with the assistance of US\$ 50 million from World Bank. The objectives of project include increasing revenue mobilization through tax policy reforms and increase administrative efficiency in tax collection, enhancing performance of public financial management systems, strengthening public procurement performance, strengthening management and transparency of the development portfolio.

Sindh Tax Revenue Mobilization Plan 2014-19 is being implemented which comprises a set of activities to deliver results that cover a wide range of cross-cutting tax policy and tax administration issues including tax simplification, modernization of tax administration and taxpayer facilitation. A Tax Reform Unit has been established which generate data and information; design and implement specific initiatives or measures for rising optimal tax revenue, and orchestrate a tax policy dialogue among the tax administration entities. To keep the debt management system in the province, a Debt Management Unit has also been established which would have an active and functional debt management office within finance department structured along functional lines.

The above reforms enabled the Government of Sindh to move towards substantial reforms under debt restructuring; tax reforms; expenditure management reforms as well as sector and regulatory reforms. These reforms helped in creating the fiscal space, which in turn was used for providing higher allocations in poverty reducing sectors including the ADP.

### **Khyber Pakhtunkhwa**

A Sub-National Governance (SNG) programme has been launched by the Government of Khyber Pakhtunkhwa with the support of UK Government's Department for International Development (DFID). A District Delivery Challenge Fund (DDCF) has been established. The programme aims to improve public services through a combination of strengthened local governance and the promotion of innovative service delivery approaches. It identifies, develops, finances and pilots innovative ideas for improving the delivery of public services. The first public service is being targeted on primary education in Karak, Lakki-Marwat, D.I. Khan, Haripur, Nowshera and Bunor districts.

In addition, the government of Khyber Pakhtunkhwa has taken important initiatives to improve governance and development outcomes in the province. Right of information Act, provision of mandatory service delivery and Citizen Feedback Model has also been

operationalized to curb corruption, bribery and slow pace of service delivery. Comprehensive Development Strategy (CDS), introduction of output/ performance based budgeting (OBB), gender response budgeting, development of Health Sector Strategy (HSS), Education Sector Plan, police reforms and Social Protection Strategy, as well as the establishment of the office of the Provincial Ombudsman have been initiated. The aim of these initiatives is to reform government of Khyber Pakhtunkhwa to conduct its business in an effective and efficient manner.

The provincial government is implementing a comprehensive Monitoring and Evaluation (M&E) Framework. This framework seeks to consolidate and streamline M&E processes in the public sector and, as part of this effort, aims where possible to incorporate citizens' voice in the assessment of the impact of development programmes and projects.

During 2016-17, Government of Khyber Pakhtunkhwa implemented number of projects to improve governance, capacity/ efficiency of government departments which includes: computerization of land record, service delivery centre in revenue department, own source revenue generation project, Pakistan Action to Counter Terrorism, Establishment of Mobile Courts, District Governance Community Development Programme, Strengthening and Reform Initiative in local government, Capacity Building of P&D Department, Establishment of Change Management Unit and Piloting Innovation Idea Programme to build responsiveness and effectiveness of the State to restore citizen trust; stimulate employment and livelihood opportunities; and ensure the delivery of basic services.

### **Balochistan**

The Government of Balochistan launched "Governance Support Project" with the financial assistance of Multi Donors Trust Fund (MDTF) to improve delivery and efficiency of the core government departments through institutional strengthening and support to line departments, while responding to priority governance needs. To enhance the capacity of government officials in the area of project management, monitoring & evaluation, and appraisal, financial management, procurement etc. trainings have been conducted at National Institute of Management (NIM), Pakistan Planning and Management Institute (PPMI) and Lahore University of Management Sciences (LUMS). Partnerships with local academic institutions have been established to address the emerging issues and challenges in the province, with mutual agreement, trust and dedication and to develop linkages for specialized services and improved governance. Following interventions have been undertaken in collaboration with local academic institutions.

Training need assessment comprehensive (TNA) for government departments and performance management system has been developed with the support of Balochistan University of Information Technology, Engineering and Management Sciences (BUIEMS). Moreover, citizens' pre-budget consultative workshops for women at divisional level have become regular activity which is being conducted with collaboration of Sardar Bahadur Khan Women University Quetta. Besides, support is being provided to strengthen the Planning and Development Department, Anti-Corruption Establishment Balochistan and Provincial Ombudsman Office. Hotlines in Anti-corruption establishment and Provincial Ombudsman are being established to facilitate the citizens of the far-flung areas of the province for lodging corruption complaints and grievances. Ten Year governance plan is being formulated and establishment of Public Policy & Research Institute is at final stage.

## Outlook 2017-18

Governance is perhaps the single most important factor in ensuring objectives of effective service delivery. Steps are needed to address issues relating to improving people's participation and involvement of civil society, especially voluntary organizations and enhancing effectiveness of devolution. To create effective pressure group to check deterioration in governance and exploitation of the public resources, empowerment of marginal and excluded classes would be needed. Corporate governance will be improved to increase public-private interface, and by developing legal and regulatory frameworks. Public sector management needs to be made more efficient through a variety of measure, which includes modernization of public sector institutions, civil service reforms (recruitment, training, promotion, transfer/ posting and performance evaluation); procedural reforms; procedural regulations and controls; tax and judicial reforms. Smart governance would need a big push to increase transparency, fair play and make systems faster and user friendly. Effective monitoring and evaluation should be encouraged and supported.

### Programmes

An amount of Rs6.75 billion including foreign aid of Rs1.09 billion has been proposed for the governance sector in 2017-18. The allocation indicates an increase of 94 per cent over the last year's allocations.

The reforms programmes/initiatives in the areas of performance evaluation, service delivery, civil service, judicial, systems and procedures, tax administration, procurement, financial management, police, e-governance, open government, enforcing property rights, and Public Sector Enterprises will be continued to strengthen and enhance the capacity of institutions. The National University of Public Administration will be established to train the civil servants. Capacity of National Security Division, Economic Affairs Division, Finance Division, MoPDR, Railways Division, Interior Division, Statistics Division, Establishment Division, Cabinet Division, Parliamentary Affairs Division, Law and Justices Division, FTO, FBR, State Bank and other regulatory authorities will be enhanced for improved delivery of public services and to manage State affairs. E-office/ e-filing system will be promoted for quick delivery of services. Access to Justice Programme will be reviewed and will be implemented efficiently. Citizen Client Charter, Performance contracts for eleven selected ministries, Executive leadership training programme for 1,000 senior officers, work efficiency training programme for 5,000 officials, 3<sup>rd</sup> Pakistan Governance Forum, citizen precipitation survey, implementation of National Action Plan/ National Security Policy, Financial management reform, electoral reform and civil service reform would be the priority areas for the Year 2017-18. The programmes which are already under implementation at Federal and Provincial levels will continue during 2017-18.