



PAKISTAN GOVERNANCE FORUM 2014

REPORT



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Drafted by:

Dr. Tahir Hijazi, Member (Governance), Planning Commission
Javed Sikander, Chief (Governance), MoPDR
Mr. Sami Khan, Consultant, UNDP

EXECUTIVE SUMMARY

This report presents the discussions held under the auspices of the Planning Commission on December 22, 2014. The Workshop was held to develop innovative solutions and recommend plans for accelerated implementation of reforms and modernization of public sector to create high performance citizens focused governance aligned with Pakistan Vision 2025. A range of participants from across several sectors contributed to the discussion, identified issues and challenges facing each sector, generated ideas on reform and improvements in short, medium and long term. The discussions were comprehensive and exhaustive and present a coherent pathway into the reform process.

The discussions centered on reform in twelve areas including Education, Health, Police and Criminal Justice system, Accountability and Transparency, E-Governance, Civil Services, Regulatory Bodies, Decentralization post 18th Amendment, Local Government, State-owned Enterprises, Business procedures and performance management in the Public Sector. Each area benefited from a wide-ranging discussion on the analysis of issues impeding reform.

Participants identified a detailed list of measures in each sector to implement reforms. While the identified measures were specific and exhaustive within the remit of each area, they also presented several common themes. Policy measures were identified as an area of reform under e-Governance, Regulatory Bodies, Health and Devolution. Participants endorsed the need for consistency and review of policies under Health and Regulatory Bodies. The formation of a Central Policy Unit at the federal level with provincial representation was seen as an eminent need to promote coordination in policy formation at the provincial level.

The most important single theme for reform across all areas was promotion of institutional efficiency and other steps to augment institutional oversight. This was highlighted during discussion on Police,

Education, Regulatory Bodies, Health, Local Government, ease of doing Business and State-owned Enterprises. Within the Education sector, the implementation of teacher management system and improvement of teacher quality was identified as areas of institutional efficiency. Ease in procedures of doing business was identified as another institutional step that could lead to reform in the business sector. Promotion of institutional efficiency through automation was seen as one way through which State-Owned Enterprises could be reformed. Thus, the discussion focused heavily on improving institutional deficiencies through easing procedures, promoting transparency and inclusion of technological solution to promote institutional efficiency.

Improvement in legislation was another common theme for reform identified by the discussion on Transparency and Accountability and Business. Within the area of Transparency, participants noted that the lack of appropriate legislation and existence of contradictory legislation were key areas hindering progress. The establishment of Provincial Law Commissions and strengthening of Pakistan Law Commission were seen as necessary steps to improve the overall the legal framework on accountability and transparency. The need for establishment of special courts on contract implementation was also identified as a legal step for creating a favorable Business environment.

Coordination across intuitions and provinces was also emphasized as an area of reform. This was seen as a necessary step to improve the overlap between regulatory bodies, among devolved bodies at the provincial level and to remove inconsistencies in the planning processes. Further, the Maternal and Child Health area under Health was seen as lacking coordination across provinces and was seen as an area that could benefit from improved institutional synergies.

Participants underscored the need for improved

capacity building, training and improvements in human resource base across various areas. Reform in the Civil Services discussed the issue of training in considerable depth and highlighted through improvements in content of training programs, strengthening of institutions such as Public Service Commissions and improvements in specialized sector-level training programs. In the Health sector, the development of standards for quality education was emphasized. Further, capacity building in auditing and tax areas was seen as imperative for improved local government functions. The discussion on State-Owned enterprises voiced the need for better training and induction of fresh talent in enterprises to improve their performance.

Lastly, improvements in public awareness and involvement emerged as a distinct theme for reform across the groups on E-Governance, Transparency, Police, Education, Local Government and Regulatory Bodies. Public awareness and involvement through

School Management Councils was seen as a necessary step for reform in the Education sector to improve teacher performance and social and financial accountability. Through the creation of public and civil society platforms, an open and transparent mechanism for fighting corruption can be created. Community involvement in policing was also seen as an important element of strong Police-Public relationship. Awareness raising on E-Governance procedures was also highlighted together with creating awareness on consumer rights and complaints redress mechanisms.

The report, thus, presents rich ideas on reform in the public sector based on the view of experts and practitioners from each field. It will provide a much-needed and comprehensive pathway for immediate and long term improvements in a range of areas that can improve the quality of the public sector and its services.

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Pakistan Governance Forum 2014

1 EDUCATION REFORMS

The education sector in Pakistan currently faces multiple problems in terms of access to quality education. In many rural and urban centers student drop-out rates are high, while retention is low. Student learning outcomes exhibit a lack of basic cognitive ability. In order to improve these conditions, multiple projects have been initiated and many are currently underway. However, some of the areas highlighted where the highest amount of improvement is needed are the quality of government teachers and head masters, school materials -which includes textbooks, workbooks, libraries etc- and infrastructure development.

1.1 POLICY RECOMMENDATIONS:

Recommendations for bringing about education reform are centered largely on improving education sector staff. One of the primary recommendations is the management of teachers in government schools. This step would result in reduced teacher absenteeism and greater transparency and accountability. Some of the next steps highlighted for this purpose are the establishment of HRMIS, developing clear job descriptions for teacher roles, ACRs according to teacher level, introduction of teacher certification for pre-service and in-service teacher training and introduction of special cadre for school administrators who do not belong to the teaching cadre. Additionally, improving teacher quality is also essential for bringing about education reform. This should result in an increase in student learning outcomes. The next steps for this purpose should be standardization and certification of pre-service teacher education, introduction of subject specialists in pre-service training, merit-based recruitment of teachers, direct recruitment of teacher training faculty (not from teaching cadre) and weekly in-service teacher training.

NEMIS and the appropriate Provincial Education

Departments should focus on improving education data so that lessons can be learnt from what is currently happening in the education system in order to allocate and utilize human and financial capital in an effective manner. This can include data on private schools and learning outcomes in school census.

Moreover, it is essential to strengthen SMCs through community involvement. This will have a two-fold impact on the system. Firstly, it would result in improved learning outcomes through improvements in pre-service and in-service teacher trainings along with the adoption of better recruitment procedures. Secondly, it would also result in better utilization of budget, improved enrollment, infrastructure, social accountability and citizen empowerment (as seen in KP). For this purpose Provincial Education Departments should direct their efforts towards community involvement, particularly of women, needs-based planning, assessment of data available and development of local solutions.

It was also recommended that a network of libraries be established in Pakistan in order to improve reading ability, learning outcomes and promotion of research. This can be done by establishing a network of libraries across the nation's universities and schools. Some of the agencies that can implement this recommendation are the HEC, PERN and Provincial Education Departments.

Finally, education sector management needs to be improved at the district level by the Provincial Education Departments to improve accountability and promote decentralization. This can be done by improving capacity and recruitment of EDOs.

The table below provides further details on each recommendation:

Reform Initiatives	Intended Outcome	Next Steps	Agency Responsible
Management of teachers	Reduced teacher absenteeism, greater transparency and accountability	Establishment of HRMIS, clear job descriptions for teacher roles, ACRs according to teacher level, introduction of teacher certification, introduction of special cadre for school administrators (not from teaching cadre)	Provincial Education Sector Management
Improving teacher quality	Improved learning outcomes	Standardization and certification of pre-service teacher education, introduction of subject specialists in pre-service training, merit-based recruitment of teachers, direct recruitment of teacher training faculty (not from teaching cadre), weekly in-service teacher training	HEC, Provincial Education Departments
Improving education data	Better resource allocation & utilization	Including data on private schools and learning outcomes in school census (NEMIS)	NEMIS, Provincial Education Departments
Strengthen SMCs through community involvement	Improved learning outcomes	Standardization and certification of pre-service teacher education, introduction of subject specialists in pre-service training, merit-based recruitment of teachers, direct recruitment of teacher training faculty (not from teaching cadre), weekly in-service teacher training	HEC, Provincial Education Departments
Strengthen SMCs through community involvement	Better utilization of budget (output-based budgets), improved enrolment, infrastructure, social accountability, citizen empowerment (as seen in KP)	Community involvement (sp of women), needs-based planning, use of data, & local solutions	Provincial Education Departments
Establish network of Libraries	Better reading ability, improved learning outcomes, promotion of research	Establishing a network of libraries across the nation's universities and schools	HEC, PERN, Provincial Education Departments
Education sector management	Improved district-level management	Improving capacity and recruitment of EDOs	Provincial Education Departments

2 ACCOUNTABILITY AND TRANSPARENCY

A detailed discussion was carried out on the current state of accountability and transparency in Pakistan. Some of the key issues that were debated upon included the absence of a system of transparency and accountability at local level which stems from a lack of awareness about existing mechanism of Consumer Rights and Information Act, non-provision of accountability and transparency measures in laws, rules and regulations and a lack of in-built mechanism in departmental laws, rules and regulations (Internal Control). It is believed that Corruption and Accountability Agencies are manned by officials who are also corrupt partly due to the absence of an oversight mechanism for anti-corruption agencies. Additionally, there is weak internal control systems and internal and external monitoring of development projects.

2.1 POLICY RECOMMENDATIONS:

An extensive list of short, medium and long term reform initiatives was discussed by the group. This report will primarily discuss the medium and long term initiatives. The tables below can review the short term initiatives proposed as well.

In the medium term, it is recommended that comprehensive Civil Service reforms for all levels of Government of Pakistan be developed and implemented. This would result in motivated, meritocratic, performance driven, professional civil services. The steps that can be taken to implement this reform is to rationalize institutions, redesign the size and structure of Civil Service, enhance the salaries to competitive rates in order to improve standards of living in real terms, continuous training of human capital, modern HR management systems with emphasis on career management & planning system. The agencies that should be responsible for the implementation of this reform should be the Cabinet Secretariat, Establishment Division and Finance Division

Another medium term recommendation is to develop an open and transparent mechanism to facilitate public participation for fighting corruption. This would lead to increased levels of social empowerment and participation. This can be done by creating broad based anti-corruption civil society coalition at the local level, development of a whistle blowing mechanism, holding public meetings to ensure public participation. Implementing agencies in charge of this reform could be anti-corruption agencies such as NAB, ACEs and local Governments.

In the long term, in order to establish a lean government and to improve service delivery, Federal & Provincial Governments and the Ministry of Finance & Privatization are encouraged to review all public sector corporations and statutory bodies in addition to other areas of non-core government activities against pre-agreed criteria to determine their future role, function and form.

Additionally, it is recommended that all service delivery departments' work on strengthening external and internal accountability mechanisms. This would increase transparency and public participation. This can be achieved if institutions report against corruption of any sort, this feedback mechanism can be strengthened via electronic and open forums, automation of selected processes and improved e-governance.

The development of a coherent and transparent legal framework is also recommended, to eliminate a plethora of confusing, contradictory, overlapping, redundant and inaccessible laws. This can be implemented by a systematic and periodic review of primary statute book, institutional strengthening of Pakistan Law Commission and establishment of Provincial Law Commissions. Agencies responsible include Ministry of Law, Provincial Law Departments, and Respective Division and Departments.

Short Term Reform Initiative	Intended Outcome	Next Steps	Agency Responsible
Screening of Grade 19 Officers for further promotion	Competition, Efficiency, Honesty	Rules need to be framed	Establishment Division
No Block Allocation in Budget	Targeted and well planned development	Contract among all political parties	Planning Commission
MDGs be taken up on urgent basis	Basic issues of Humanity. Improvement in human development index for Pakistan	Capacity Building of relevant staff. Inclusion of MDG indicators in the accountability framework of all provincial and federal, governments.	Line Departments. MOPD & R and Provincial ACS (or equivalent)
Bring FATA and PATA to provincial status	Writ of Government on Pakistan territory; It is not a question of writ but fundamental rights of citizens of Pakistan who should all be treated equally by law.	Admin and Finance	Federal Government
Capacity building of Ministries	Better efficiency and output	System development	All Ministries
Private state owned setup	Reduce leakage and losses	Calculate annual losses against sale value and get rid of them.	Privatization
Inter-Provincial Coordination	Stronger Nation	Programs by all provincial governments	Ministry of Inter-Provincial Coordination
Call center management experience	Creation of Accessibility and resolutions of problems by online facilities	Manning up mind to opt for BPO/KPO services	To interact with IT Company for implementation
Proactive follow up and consolidated contribution towards resolution of problems	Eliminate corruption, create space for accountability and introduce transparency	Opting for automation of ICT	To liaise with the IT Company to propose and implement reforms

Empowerment of PAC; Enhance effectiveness of PAC (it is already empowered)	To make effective implementation of PAC decisions; Strengthen accountability on use of public funds	National Assembly Rules needs to be amended; Which rules specifically?	National Assembly
CFAOs be posted in all the Ministries	Internal Control will be strengthened	Establishment Division should notify the creation of the posts of CFAOs in all the Ministries	Establishment and Finance Division
Capacity building of Public Sector Auditors and Accountants	Improve quality of auditor	Inland and foreign trainings	Finance Division
Induction of Chartered Accountants/ACCAs/ICMAs in Audit and Account cadre	Governance will be improved	Federal Government should issue directives	Federal Government
Pay & Pension Reforms	Increased job motivation, morale & efficiency of Public Sector management; Pay is not the sole factor for motivation and morale – it is one out of many	Reviewing perks & privileges system to bring them at par with living standards and yearly adjustments as per the levels of inflation, CPI etc.	Pay & Pensions Committee of Ministry of Finance, All Federal & Provincial Government Departments
Enactment of Access to Information Law	Achievement of transparent, participative culture of openness & empowerment	All Govt institutions to publicize; how to access services, rules and procedures, officials' responsibilities, complaint/ re- dressal procedures	Ministry of Information, Cabinet Division, Law Division & Provincial Governments
Enhancing Judicial Accountability	It would restore public confidence & effective judicial accountability	Enhancing the role of Supreme Judicial Council, crating the code of ethics/conduct with wide participation of judiciary;	Ministry of Law, Supreme Court of Pakistan, High Courts
Mass media coverage for Raising awareness in fight against corruption	Strengthening civil society/govt coalition against corruption	Designing mass media campaigns, collaboration with media for developing articles & supplements in local languages on issues of corruption, using cultural media e.g theatre groups, soap operas, films to highlight fight against corruption	Ministry of Information, anti-corruption agencies

Comprehensive Civil Service reforms for all levels of Government of Pakistan	Motivated, meritocratic, performance driven, professional civil services	Rationalization of Institutions, reducing size & shape of Civil Service, enhancing pay to living standards in real terms, continuous training, rightsizing targets, modern HR management systems with emphasis on career management & planning systems	Cabinet Secretariat, Establishment Division, Finance Division
Developing open & transparent mechanism for public participation for fighting corruption	Increased levels of social empowerment & participation	Creating broad based anti-corruption civil society coalition at the local level, development of a whistle blowing mechanism, holding public meetings to ensure public participation	Anti-corruption agencies i.e NAB, ACEs, Local Govts
Review of all public sector corporations & statutory bodies & other areas of non-core government activity against pre-agreed criteria to determine their future role, function & form	Lean government, improved service delivery	Withdrawal from non-core areas with resort to outsourcing where feasible e.g. health services, education, transport, housing employees and privatization	Federal & Provincial Governments, Ministry of Finance & Privatization
Strengthening external & internal accountability mechanisms for the executive	Increased transparency & public participation	Institutions to report against planned objectives, plans, accounting for what achieved for given resources, Feedback mechanism be strengthened via electronic & open forums, Automation of selected processes e.g.computerization of land records, e-tendering, e-governance act	All service delivery departments
Development of coherent & transparent legal framework	To get rid of plethora of confusing, contradictory, overlapping, redundant & inaccessible laws	Systematic & periodic review (5 years) of primary statute book, Institutional strengthening of Pakistan Law Commission, Establishment of Provincial Law Commissions	Ministry of Law, Provincial Law Departments, Respective Division & Departments.

3 POLICE & CRIMINAL JUSTICE SYSTEM

The police and criminal justice system in Pakistan is faced with various challenges and binding constraints. Irresponsive policing, or what is locally known as the thana culture, largely persists in most rural and urban centers of Pakistan. Some of the key attributes that have contributed to the persistence of irresponsive policing is the lack of institutionalization, transparency and accountability in the policing system.

There is a deficiency of prosecution due to low capacity of prosecution and lack of coordination between police and prosecution. Prisons are overcrowded primarily because the prison department remained missing from the ambit of major reforms in Criminal Justice System. Additionally, the role and mandate of security and intelligence agencies is not clearly defined which has adverse effects on the Criminal Justice System's ability to perform its duties effectively. On the other hand, no substantial reforms in judiciary as part of Criminal Justice System have been undertaken so far.

The Police Order 2002 was highlighted as a previous reform that could not produce its intended results. The reasons for failure include lack of political will, lack of resources, lack of consideration of ground realities before its finalization, external interference and resistance from civil Bureaucracy. Some of the lessons learnt from the failure of this reform were that there should be deliberations on cross-political basis,

all stake holders should be taken on board, Legislation developed to be based on ground realities, implementation should be carried out in phases and monitoring and course correction methods should be developed as part of the plan.

3.1 POLICY RECOMMENDATIONS:

Some of the medium and long term reform initiatives recommended by the group are the introduction of survey and audit of police and prison buildings. For this purpose, teams need to be constituted so that they can develop the survey design and implement it in the field to develop a comprehensive report. Additionally, there is a need for recurrent budgeting to maintain operational ability of police offices including the police station. In order to provide services at one place to public, particularly women, a One Stop Crisis Centre should be established. In addition, it was recommended that Police Information & Communication Technology (PICT) be developed to centralize the database of Police.

In the long term, it is important to establish uniform Police Laws and Rules for the purpose of structural and operational harmonization of Police. This can be achieved through deliberations by an inclusive board of all relevant stakeholders based on ground realities. This can be achieved with the help of NPB, political leadership, police and relevant stakeholders.

The table below provides further details on each recommendation:

Short Term Reform Initiatives	Intended Outcome	Intended Outcome	Intended Outcome
Responsive Policing	Better service delivery, to earn trust of people in police where police is not feared but are considered a friend by the population	To be launched as a project where immediate relief is provided to the public through different procedural fine-tuning. Consultations with provincial political & police leadership	a-MOI/ NPB b-Provincial policing units
Community Policing on Model of CPLC, Karachi	Strong public- police relationship that would be helpful in fighting crime & countering violent extremism	Research into causes of past failed attempts. Consultations, Implementation in Phases	a-MOI/NPB, Political leadership, public, police

Medium Term Reform Initiatives	Intended Outcome	Intended Outcome	Intended Outcome
Survey and Audit of Police and Prison Buildings	Infrastructure development	Teams to be constituted for survey Comprehensive report Funding	a-Police b- Prison c- Allied organizations
One Stop Crisis Centre	Provision of services at one place to public particularly women	a-Infrastructure building b- Capacity building	a-Police b- District Administration c- Health e-Education f-Others
Police Information & Communication Technology (PICT)	Centralized database of Police	a-Infrastructure building b-Capacity building	a-MOI b- NPB c-Provincial Policing Units

Long Term Reform Initiatives	Intended Outcome	Intended Outcome	Intended Outcome
Uniform Police Laws/Rules	Structural & Operational harmonization of Police	a-Deliberations b- All stakeholders to be on board c-Ground realities to be kept before sight d-Implementation in phases e-Monitoring & course correction	a-NPB b-Political Leadership c- Police d- All other stakeholders

4 E-GOVERNANCE REFORM

"e-Governance" is the development, deployment and enforcement of the policies, laws and regulations necessary to support e-governance solutions. The biggest challenge in Pakistan is the absence of an e-Governance framework, strategy and IT vision. Resultantly, government ministries, divisions and departments are on their own in launching e-government initiatives.

Key e-governance solutions are provided by government agencies like FBR, NADRA, DG Passports, PIFRA, Land Record Management along with Information Systems by the provincial BORs and Vehicles Registration/Taxation Systems provided by provincial Excise and Taxation Departments. These agencies work in silos and the initiatives they develop are not the result of a cohesive e-Governance Vision or strategy; but rather the result of internal pressures or donor-driven demands.

Duplication of efforts for similar services and solutions is prevalent. This is primarily because government agencies at different levels do not have a systemized method of obtaining information on e-Governance solutions that their counterparts in other jurisdictions may have developed and launched.

Lack of vision and knowledge of decision makers in the government has created a dependency on Vendor Supplied Solutions. Additionally, senior level management is reluctant to adopt a pro-ICT mind which is evident by the absence of and hesitancy to use official email domains.

In most countries the e-Governance Framework is designed, launched and monitored by the highest political offices, for example the Prime Minister's Office or President's Secretariat. However, in Pakistan, the MoIT has been assigned this responsibility which has not adequately met the requirements of e-Governance. Therefore, following the footsteps of countries that have had success in e-governance, Pakistan's framework should be designed by the Planning Commission, while its execution should be assigned to MoIT as a line ministry.

Absence of permanent IT cadre and structure is the largest constraint in making the e-government initiatives a success. Currently, e-government initiatives launched by various agencies are executed through adhoc arrangements and contract based engagement of IT experts.

4.1 POLICY RECOMMENDATIONS:

One of the major recommendations for bringing reform in e-governance is that the national e-governance framework and strategy be finalized early-on such that direction for the short, medium and long term is defined. This strategy would result in the standardization of e-governance planning and implementation that will serve as a guideline for future reference. The agency that would bear responsibility of this task would be the Ministry of IT since they are best equipped with the human capital to tackle this task.

For the purpose of strengthening government's capacity to implement e-governance solutions, an IT cadre with market based salary structure should be constituted and the members of civil service with relevant qualification may also be allowed to join this cadre on competitive market based salaries. The agency that would bear responsibility of this task would be the Ministry of IT in particular the Establishment Division.

A massive public awareness campaign should be launched to educate the general public about various services presently being provided through ICT. This would raise public awareness on ICT based services being provided by the government. For this purpose all current activities should be catalogued, based on which a media campaign to enhance awareness should be prepared.

A national coordination body or forum should be established where the federal and provincial IT Boards and other agencies can regularly share knowledge, skills and solutions. This will result not only in saving time and money but will also help avoid duplication of

efforts and bring coherence and standardization across the country in e-governance solutions. This would lead to the coherence and standardization of e-governance solutions and can be achieved by formulating structure and terms of reference for a national coordination body; notifying the body, its terms of reference and operationalization process.

MoPD and R may formulate different voluntary

working groups comprised of IT and Business Process Experts for different functional areas of the government. These groups may discuss various policy options through web based blogs and forums to make recommendations to the PC for effective e-Governance. This would result in the effective and continuous improvement of e-governance approaches.

Recommendation	Intended Outcome	Next Steps	Agency Responsible
Direction Steering of e-Governance through early finalization of National e-Governance Framework	A standardized framework for e-governance planning and implementation in Pakistan	Finalize e-Governance framework	Ministry of IT
A regular IT cadre with market based salary structure be constituted and the members of civil service with appropriate/relevant qualifications and experience may also be allowed to join this cadre in the salary level prescribed for it.	Strengthen government's capacity to implement e-governance solutions	Prepare terms of reference for the intended cadre along with service rules	Ministry of IT/Establishment Division
Massive public campaign should be launched to educate the general public about various services presently being provided through ICT	Public awareness on ICT based services being provided by the government	Catalogue all current activities; prepare a media campaign to enhance awareness	Ministry of IT/Ministry of Information
A national coordination body or forum be established where the federal and provincial IT boards and other agencies can regularly share knowledge, skills and solutions. This will result not only in time and money saving but will also avoid the duplication of efforts and bring coherence and standardization across the country in e-government solutions.	Coherence and standardization of e-governance solutions	Formulate structure and terms of reference for a national coordination body; notify the body, its terms of reference and operationalization process	Ministry of IT/MOPD and Reforms/MIPC
MOPD and R may formulate different voluntary working groups comprising of IT and Business Process Experts for different functional/service areas of the government. These groups may discuss various policy options through web based blogs/forums and make recommendations to the PC for effective e-governance	Continuous improvement of the e-governance approaches	Identification of volunteers and formation of groups with clear terms of reference for each group.	MOPD and R/ Ministry of IT and provincial IT Boards

5 CIVIL SERVICE REFORM

The group deliberated upon the structure of existing occupational groups, current difficulties being faced by the cadre & ex-cadre officers, need for creation of new services, recruitment and selection, capacity building, tenure and duration of postings, performance appraisal, performance management, pay and compensation, incentive structure, promotion, succession, career planning, discipline and benefits offered to civil servants at the time of retirement.

In the context of overall framework for human resource management in the public sector and on issues like productivity of civil services and decision making, participants opined that culture of nepotism, possessiveness, group biases, weak governments and political parties were binding constraints in introducing reforms. The civil service is not the most attractive profession for the high performing youth. Due to growth of the private sector and better financial package offered by the private sector, there has been an erosion of civil services credibility and human resource. Moreover, recruitment in the civil service is not being made on aptitude and qualifications.

A holistic and integrated view of the issues may be taken before changes are introduced in the current set up of the civil services. In order to make the effort sustainable, all political parties must agree on the civil service reform framework. The reform should be comprehensive, concurrent and coordinated because partial, isolated and ad-hoc efforts will not produce the requisite synergistic effect. Civil servants must discharge their duties with motivation and commitment. Recognizing the vast canvass of the civil service reform effort, the group appreciated the proposal to create a virtual group or use of video conferencing in order to share ideas and realistic proposals.

The implementation of any reform agenda requires consistent efforts. In this regard reform initiatives undertaken in the past like Administrative Reforms 1973, Provincial Local Government Ordinances of

2001 and the Police Order, 2002 were discussed. These reforms were never implemented in letter and spirit. The change in government policy and group rivalries affected the reform processes. Political interference and lack of ownership of reform at political level coupled with safeguarding group interests in the bureaucracy were considered as reasons of reform failure. The administrative research in Pakistan is a weak and neglected area. Therefore implementation of reform agenda suffers.

Quoting examples from Motorway Police and Rescue 1122 the participants were of the opinion that best practices could serve as opportunity to reform other institutions. Better working hours, good salary and effective logistic support can help departments to perform well. In big cities, City Governments should be established so that the performance of municipal officers can be judged at the local level.

5.1 POLICY RECOMMENDATIONS:

Another concrete recommendation made by the group identified that the consensus of political parties should be obtained, through an all parties' conference, on the Civil Service Reforms to ensure that the entire effort is sustainable. The agreed upon reforms should be implemented through a plan spread over ten years. This would enable political ownership of civil services reforms to ensure continuity across regimes. It can be achieved by establishing a convention of political parties on civil service reforms proposals and working groups of representatives of political parties in the parliament.

The report of NCGR of 2008 may be used as the working paper and a working group through Member (Governance) P & D Division may review the report in the light of 18th Amendment and other changes which have happened since 2008. This will lead to a comprehensive and up to date Civil Services reforms agenda for implementation.

The methodology of competitive examination for cadre posts in the occupational groups should be

revisited and the ability of the candidates should be tested with reference to specialization candidates expect to adopt in the civil services. This should lead to specialized civil services cadres as per aptitude and can be achieved by the establishment of a working group to develop proposals of shifting to testing for specialization. The allocation of Occupational Groups should be made after the completion of training program and the system of recruitment should be similar at levels. While the roles of all officers, generalists and specialists, should be clearly spelt out. Job descriptions with KPI's and KPS should be prepared for every post in the Federal and Provincial Governments.

The contents of all training programs should be reviewed to focus on outcome orientation in accordance with the framework of vision 2025. Bureaucracy should focus on service delivery. This would lead to objective based training and service delivery of Bureaucracy and can be implemented if all cadres and departments are supported in the development their vision and objectives in alignment with Vision 2025. All trainings should be designed accordingly. At the time of promotion, appropriate weightage may be given to the performance of an officer in the training programs. This would make the profession more competitive and can be achieved by reviewing current promotion criteria and practices and recommend changes.

Additionally, training and post-training appointments lack competitiveness. To improve their outcome, the model followed by Armed Forces was recommended. In this case it would mean providing training to officers into the civil bureaucracy and creating a competitive environment for promotion at every stage. Moreover, the officers in the Armed Forces serve at command, staff and instructional jobs and trainings are organized to develop the skill and aptitude for each position. The training methodology may be revised on these principles. Such an approach will require availability of job descriptions for the posts in the federal and provincial governments. To improve performance, clear promotion path should be provided to every cadre and non-cadre officer and once reform policy is notified it should have the

support of the parliament to protect it from shortcomings. Performance indicators should be developed and implemented to gauge the performance of officers.

The remunerations for grade 17 to 22 officers do not match the market-based salaries in the private sector. There is a need to include allowances as part of compensation packages to attract talented people at the entry level into bureaucracy. One option may be to reduce the burden of posts in BS 1-16 and create fiscal space to improve remunerations for higher scale posts. To ensure welfare of civil servants, government should introduce a scheme to register every civil servant at the time of induction so that he/she could get a house at time of retirement. Higher salaries should be provided to teachers, doctors, police and judges serving in far-flung and remote areas. In addition, devolution of education, health, police and municipal services from provincial government to district level is also a viable option.

Accountability and check on corruption is almost non-existent. Creation of district services is required to eliminate every possibility of nepotism, corruption and establishing an effective system of accountability.

The Federal government should limit its role to security, managing finances and development of infrastructure and should pull itself out of the business of managing markets. Despite the landmark 18th Amendment to the Constitution, the benefits of devolution are not reaching grass roots levels. Therefore, administrative powers have to be transferred to the smallest unit of the administration. In this scenario, city governments should be fully autonomous and independent in their working. District services should be created. Recruitments for district offices should be made for Districts on the basis of domicile and merit. This would lead to an effective and efficient local government.

Other recommendations were also provided by the group. Further details are presented in the table below:

Recommendations	Intended Outcome	Next Steps	Agency responsible
Consensus of political parties may be obtained, through all parties' conference, on the Civil Service Reforms to make the entire effort sustainable. The agreed upon reforms should be implemented through a plan spread over ten years.	Political ownership of civil services reforms to ensure continuity across regimes	Convention of political parties on civil service reforms proposals; working groups of representatives of political parties in the parliament	Establishment Division; Cabinet Division; provincial S&GADs
The report of NCGR of 2008 may be used as the working paper and a working group through Member (Governance) P & D Division may review the report in the light of 18th Amendment and other changes which have happened since 2008.	Comprehensive and update Civil Services reforms agenda for implementation	Selection and notification of the working group	P&D Division
The methodology of competitive examination for cadre posts in the occupational groups may be revisited and the ability of the candidates may be tested with reference to specialization one may like to adopt in the civil services.	Specialized civil services cadres as per aptitude	Working group to develop proposals of shifting to testing for specialisation	P&D Division; Establishment Division
Allocation of Occupational Group may be made after the completion of training program.	Improve quality of specialised cadres through more rigorous selection process	Working group to prepare recommendations	P&D Division; Establishment Division
The system of recruitment at all the levels should be similar.	Standardised recruitment process	Working group to prepare recommendations	P&D Division; Establishment Division; Provincial S&GAD department
The roles of all officers, generalists and specialists, may be clearly spelt out. Job descriptions with KPI's and KPS may be prepared for every post in the Federal and Provincial Governments.	Clear benchmarks for expectations and performance evaluation	Working group to prepare recommendations	P&D Division; Establishment Division; Provincial S&GAD department

City governments may be fully autonomous and independent in their working. District services may be created. Recruitments for district offices may be made for Districts on the basis of domicile and merit.	Effective and efficient local government	Working group to prepare recommendations in the light of earlier work completed by the National Reconstruction Bureau (NRB)	P&D Division; Establishment Division; Provincial S&GAD department
The vacant posts in BS 1-16 may be slashed.	Eliminate redundancy	All Ministries be given instructions to identify these positions to Establishment division, provincial S&GADs and finance	Establishment Div; Finance and provincial S&GAD
The pay package of officers may be enhanced.	Improve efficiency and attract quality human resource from the market	Policy paper be prepared by P&D Division and presented to Pay and Pension Committee	Establishment Division; Finance Division; Pay and Pension Committee
Redundant departments/offices may be closed down.	Economic efficiency of the Government	All Ministries and provincial departments to undertake an audit of their offices and departments and send reports to provincial S&GADs and Establishment Division as the case may be; Management Services Wing to review the audit reports and make recommendations	All Ministries and departments; Management Services Wing; Establishment Division
Service conditions of civil servants may be improved and credibility reinstated including provision conducive working environment.			
Federal and Provincial Public Service Commissions may be strengthened.	Improve quality of recruitment by the public service commissions	Capacity assessments of public service commissions and development of recommendations for strengthening	Establishment Divisions; Cabinet Division and provincial S&GADs
Frequent transfers of officers may be avoided. The tenure at one post may be ensured.	Security of tenure to eliminate political pressures on officers	Tenure of posting be written in the transfer order issued with clear reference to law	All ministries and provincial departments; Establishment Division and S&GADs

At the time of promotion, appropriate weight-age may be given to the performance of an officer in the training programs.	Merit based promotion based on competence	Review current promotion criteria and practices and recommend changes	Management Services Wing of the Establishment Division
In the Federal and Provincial Governments specialists may attend training programs relating to the specialized sector and also training at the NSPP/NIMs.	Continuous Professional Development of specialised cadres	Training programme for specialised cadres be developed in sync with the generalised trainings given by NSPP/NIM	Relevant line ministry/provincial department
The contents of all training programs may be reviewed to focus on outcome orientation in accordance with the framework of vision 2025. Bureaucracy should focus on service delivery.	Objective based training and service delivery of Bureaucracy	All cadres and departments to development their vision and objectives in alignment with Vision 2025 and all trainings to be designed accordingly	Relevant line ministry/provincial department
Creation of new occupational groups like Economic & Finance (BS 19 and above) may be considered.	Economic and financial policies and implementation to be undertaken as a specialised function	Feasibility of the new group and its details be prepared through a working group created for the purpose	MSW; Establishment Division; Planning Division
Recommendations relating to civil service reform submitted by the participants of the training courses at NMC/SMC and NIMs may be reviewed and considered for implementation.	Benefit from existing efforts of proposals for reforms in the civil services	Notify all training institutions to place research on electronic database (or their websites) to be accessible to relevant reform agencies like P&D, Establishment Division, Provincial S&GADs and to each other	Establishment Division; S&GADs

6 REGULATORY BODIES

During the discussion, all regulatory bodies and business regulations were mapped and various business regulations were identified at each tier of the government i.e. federal, provincial and local. The group decided to primarily focus on federal sector regulatory bodies, and later consider provincial regulators that are mostly in the areas of social, labor, environment, retail pricing and quality controls.

Numerous bodies were identified that perform quasi-regulatory functions even though they are not regulatory bodies. These include Private Power Infrastructure Board (PPIB) which regulates contracts, Board of Investment (BoI) which provides permissions to foreign companies for registration, Higher Education Commission (HEC) which regulates university education, Federal Board of Revenue (FBR) which issues Statutory Regulatory Orders (SROs) and Federal Investigation Agency (FIA) which provides approval for certain business activities.

It was also decided to deliberate on the following regulatory bodies in the next round of discussion: Pakistan Standards and Quality Control Authority (PSQCA), Private Education Regulatory Authority (PERA), Pakistan Medical and Dental Council (PMDC), Pakistan Engineering Council (PEC), Pakistan Nursing Council, Pakistan Tibb Council, Pakistan Veterinary Medical Council, and Pakistan Environmental Protection Agency, among others.

Recommendations were made for the following agencies:

1. State Bank of Pakistan
2. Securities and Exchange Commission of Pakistan (SECP)
3. Competition Commission of Pakistan (CCP)
4. Pakistan Electronic Media Regulatory Authority (PEMRA)
5. National Electric Power regulatory Authority (NEPRA)
6. Oil and Gas Regulatory Authority (OGRA)
7. Drugs Regulatory Authority
8. Civil Aviation Authority
9. Pakistan Nuclear Regulatory Authority
10. Public Procurement Regulatory Authority

6.1 POLICY RECOMMENDATIONS

Various short and medium term interventions were proposed by the group. This report focuses on the medium term interventions. Further details on the short term interventions are provided in the table below.

For the purpose of enhancing the autonomy of regulators in the medium term, the regulators should not be placed with line Ministries. For example, currently PEMRA operates under Ministry of Information. This reduces the autonomy of the regulator. Additionally, financial independence of regulatory bodies should also be ensured so that they can become autonomous. To achieve this goal, Cabinet Division and relevant line Ministry and Establishment Division should incorporate changes in rules of business to remove regulatory bodies from line ministries in order that they are given a more autonomous status.

Duplication and overlap of functions between different regulators should be avoided for the purpose of increased efficiency and predictability. Currently, this is the case for regulatory bodies such as PEMRA and PTIA in addition to NEPRA and OGRA. This objective can be achieved by the formulation of a committee of experts and chambers members that review mandates of all regulatory bodies to evaluate mandates, this is to be followed by the preparation of a proposal for revision of mandates to eliminate overlaps. The relevant agencies responsible will be the Cabinet Division; relevant line Ministry and Establishment Division.

Moreover, policy formulation and review should be carried out in consultation with all stake holders including relevant regulators for the purpose of inclusive policy making as per ground realities. As

part of standardized policy preparation process key stakeholders should be identified for inclusion.

In terms of the human resource, it was proposed that the pay scales of officials of Regulatory Bodies should be not be benchmarked with Government pay scales. This should be done to attract and retain quality human resource in regulatory bodies and can be achieved by the establishment of a working group to review recruitment policies of regulatory bodies; allow more flexible and higher pay packages. In addition to making pay scales more competitive, sectoral experts should be recruited at midcareer jobs in regulatory bodies to allow enhancement of expertise in the regulatory bodies. This can also be achieved through a working group that would review recruitment policies of regulatory bodies; allow more flexible and higher pay packages. The agencies that should be responsible for this new policy would be the Cabinet Division; relevant line Ministry and regulatory body, along with the Finance and

Establishment Division.

The performance of regulatory bodies is generally presented to CCI or Parliament. It is recommended to carry out independent in-depth technical analysis of the performance report by a group of technical experts formed by the relevant Ministry. The same assessment of the report may be shared with the relevant forum. This review by technical experts would allow better professionalism. This can be accomplished by the formation of technical experts group for each regulatory authority. The group also recommended that a Regulatory Oversight Body may be established to carry out periodical performance evaluation of regulatory bodies and the reports may be submitted to the concerned forums. The oversight of regulatory bodies would help ensure performance accountability. This would also be possible with the establishment of a working group to prepare proposals for oversight body for regulatory bodies.

Short Term Interventions	Intended Outcome	Steps that need to be taken for	Agency responsible
Members and Chairmen of Regulatory Bodies should have relevant sectoral experience and qualifications	Specialized understanding of sector to improve quality of regulation	Review terms and conditions of service and qualifications for senior management of all regulatory bodies	Cabinet Division; relevant ministries
Normal vacancy in the authority/commission may be filled 15 days prior to expiry of tenure of incumbent. In case of extraordinary circumstances, the same may be filled within 60 days after the expiry of tenure.	Continuity ensured in policy and regulation	Review of relevant rules	Cabinet Division; relevant line ministry
Pay structure of Members and Chairmen may be aligned with relevant sectoral dynamics	Ensure attraction and retention of quality senior human resource	Conduct study of pay structures for each sector; review pay structures as per findings of the study	Cabinet Division; relevant line ministry

Key Performance Indicators (KPIs) should be determined at the time of appointment and compliance may be reported to appointing authority on semiannual basis.	Objectives and outcome based accountability structure	Inclusion of KPIs in job descriptions, ongoing review of KPIs, semiannual assessment introduced with inclusion of KPIs	Cabinet Division; relevant line ministry
In case of nominations by the provincial governments, the criterion for appointment may be prescribed by the Federal Government.	Ensure relevant and qualified personnel be appointed from the provinces	Review current criterion for appointment of personnel from the provincial governments; notify new criterion	Cabinet Division; relevant line ministry
Legal, technological and human resource needs of regulators should be assessed and strengthened.	Review capacity of regulatory bodies to improve effectiveness	Undertake a holistic review capacity of regulatory bodies; based on the assessment prepare and implement a capacity development process	Cabinet Division; relevant line ministry
The regulators should be given autonomy in recruitment as per their HR policy instead of back and forth movement of permissions from Establishment Divisions and other Government Ministries/organizations	Autonomy in HR policy to ensure effectiveness of regulatory bodies	Review current recruitment policies; notify new policies which allow greater freedom in HR	Cabinet Division; relevant line Ministry and Establishment Division
The regulators must be given autonomy in sponsoring capacity building programs for officials from their own funds	Autonomous HRD capacity to allow continuous improvement	Introduce independent HRD functions in all regulatory bodies; provide freedom to budget for continuous professional development	Cabinet Division; relevant line Ministry and Establishment Division
The relevant data along with sources, assumptions and methodologies must be placed on the websites prior to public hearings	Transparency in functioning of regulatory bodies	Catalogue information required to be placed on websites of regulatory bodies; revision of websites of regulatory bodies	Cabinet Division; relevant line Ministry and Establishment Division

The websites of the regulators should display comprehensive information about all related issues, decisions and matters under the purview of the regulator.	Transparency in functioning of regulatory bodies	Catalogue information required to be placed on websites of regulatory bodies; revision of websites of regulatory bodies	Cabinet Division; relevant line Ministry and Establishment Division
Awareness campaigns regarding rights of consumers must be carried out in Urdu and local languages	Greater consumer knowledge and empowerment	All regulatory bodies to develop awareness packages in urdu and local languages	Regulatory bodies
Complaint redressal mechanisms should be automated and improved.	Greater responsiveness to consumers	Review current complaint redressal mechanisms; develop new complaint redressal mechanism (using automation)	
The regulators should not be placed with the line Ministries, e.g. PEMRA is under M/o Information	Autonomous regulators	Changes in rules of business to remove regulatory bodies from line ministries and given a more autonomous status	Cabinet Division; relevant line Ministry and Establishment Division
Financial autonomy of the regulators should be ensured.	Autonomous regulators	Changes in rules of business and financial procedures for regulatory bodies	Cabinet Division; relevant line Ministry and Establishment Division
Duplication and overlaps of functions between different regulators should be avoided, such as the case of PEMRA & PTIA, and NEPRA and OGRA	Increased efficiency and predictability	Form a committee of experts and chambers members review mandates of all regulatory bodies to evaluate mandates; prepare proposals for revision of mandates to eliminate overlaps	Cabinet Division; relevant line Ministry and Establishment Division
Government's sectoral policy should be announced in a timely manner	Predictability in policies	Working group to prepare a standardised policy preparation process.	Cabinet Division; relevant line Ministry and Establishment Division

Policy formulation and review should be carried out in consultation with all stake holders including relevant regulators	Inclusive policy making as per ground realities	As part of standardised policy preparation process key stakeholders be identified for inclusion	Cabinet Division; relevant line Ministry and Establishment Division
Pay scales of officials of Regulatory Bodies should be not be benchmarked with Government pay scales	Attract and retain quality human resource to regulatory bodies	Working group to review recruitment policies of regulatory bodies; allow more flexible and higher pay packages	Cabinet Division; relevant line Ministry, regulatory body, finance and Establishment Division
Sectoral experts should be recruited at midcareer jobs in regulatory bodies	Allow enhancement of expertise in the regulatory bodies	Working group to review recruitment policies of regulatory bodies; allow more flexible and higher pay packages	Cabinet Division; relevant line Ministry, regulatory body, finance and Establishment Division
The performance of regulatory bodies is generally presented to CCI or Parliament. It is recommended to carry out independent in-depth technical analysis of the performance report by a group of technical experts formed by the relevant Ministry. The same assessment of the report may be shared with the relevant forum.	Review by technical experts to allow better professionalism	Formation of technical experts group for each regulatory authority	Cabinet Division; relevant line Ministry, regulatory body, finance and Establishment Division
Regulatory Oversight Body may be established to carry out periodical performance evaluation of regulatory bodies and the reports may be submitted to the concerned forums.	Oversight of regulatory bodies to ensure performance accountability	Working group to prepare proposals for oversight body for regulatory bodies	Cabinet Division; relevant line Ministry and Establishment Division
Benchmarks for service quality including efficiency, reliability and coverage must be clearly laid out and communicated to producers and consumers. These evaluations should be made publically available	Measurable and transparent accountability benchmarks	Regulatory bodies to prepare clear indicators for performance to be publicized	regulatory bodies

7 Post-Eighteenth Amendment Challenges and Solutions

In April 2010, Pakistan's 18th Constitutional Amendment was signed into law. It marked a bold effort to decentralize political power by transferring resources and responsibilities from the central government to the provinces.

Decentralization, according to the amendment could bring services closer to the people and remove concerns about meddling federal capitol. The amendment's localizing spirit could also promote more equitable governance by better accommodating ethnic minorities and other marginalized residents often overlooked or ignored by the central government.

Expectations continued to rise as the amendment was rapidly implemented – a rapidity that is unusual within Pakistan's policy realm. By late June 2010, all 17 of the Federal Ministries targeted for devolution had been abolished, and their functions had been fully transferred to provincial authorities.

However, the provinces and federal governments faced various challenges after the implementation of the 18th amendment which includes capacity building issues at provincial level which stem from a lack of Provincial preparation and clarity in functions. There was difficulty generating revenue at provinces due to the lack of financial decentralization at district level. Employees faced career progression and absorption issues at both federal and provincial level since the enabling laws were not framed for employees career planning. Bureaucratic resilience against devolution of ministries and departments was strong due to lack of commitment and inclination towards status quo.

7.1 POLICY RECOMMENDATIONS

After discussing the initial and persistent drawbacks of and subsequent progress made since the 18th amendment, the group formulated policy recommendations for ways of improving upon the current conditions. The group proposed that

provincial representation in IPC Ministry be increased for effective national coordination and ownership of inter-provincial matters. This can be done by bringing changes to the Rules of Business and structure of IPC Ministry. The lead agencies responsible would be the Ministry of IPC; Cabinet Division.

Through frequent meetings of CCI, post 18th Amendment issues should be taken up regularly in CCI for CCI to ensure comparable national development effectively. For this purpose it is proposed that all provinces and federal government should develop a three year plan on objectives and meetings of CCI on an ongoing basis. Agency responsible would be the CCI Secretariat.

It is recommended that capacity building be prioritized at the provincial level to capacitate provinces to undertake tasks devolved after the 18th Amendment. This can be done by forming a committee that can assess the areas requiring capacity building, along with identifying current efforts to build capacity in these areas and prepare a plan in coordination with the provinces to fill the gap. The primary agency responsible would be the IPC Ministry. To further improve coordination in devolved areas for better national ownership and harmony it is recommended that a Council of Ministers is established to discuss Inter-provincial issues before CCI. This can be achieved by notifying interprovincial ministerial forums with terms of reference, including frequency of meetings, for all devolved subjects.

Reform Initiatives	Intended Outcome	Steps that need to be taken for	Agency responsible
Provincial Representation in IPC Ministry	Effective national coordination and ownership of inter-provincial matters	Changes in the Rules of Business and structure of IPC Ministry	Ministry of IPC; Cabinet Division
Frequent meetings of CCI & Post 18th Amendment issues to be taken up regularly in CCI	Effective CCI to ensure comparable national development	All provinces and federal government to develop a three year plan on objectives and meetings of CCI on an ongoing basis	CCI Secretariat
Capacity building at provincial level	Capacitate provinces to undertake tasks devolved after the 18th Amendment	Form a committee rake stock of areas requiring capacity building; Also stock of current efforts to build capacity in these areas; prepare a plan in coordination with the provinces to fill the gap	IPC Ministry
Establish Council of Ministers to discuss Inter-provincial issues before CCI	Improve coordination in devolved areas for better national ownership an harmony	Notify interprovincial ministerial forums with terms of reference, including frequency of meetings, for all devolved subjects	IPC Ministry, line ministry

8 HEALTH SECTOR REFORM

Pakistan's Health sector is faced with certain governance related challenges and binding constraints which are outlined below along with weaknesses of implementation which led to the failure of conducting key reforms (interventions) such as the 18th constitution amendment underpinned with the intention to support the system empower stakeholders at the grass root level. The key lessons learned in due course will also be explored in order to identify bottlenecks and find ways to relieve them.

Countries around the world have reformed their health systems with great success and a brief overview of this will also be presented here as best practices. This is done for assimilation of information which can be used further for the improvement of other health systems. At the end, based on the analysis, various short, medium and long term solutions in Pakistani context will be presented.

The main facets of the health system confronting various implementation issues and challenges are related to governance, service delivery, health information, health financing, human resource and medical products/technologies. Each of which will be discussed below.

Some of the main binding reasons constraining the governance of health system are the absence of adequate national health policy framework, dearth of inter provincial harmonization on health policy development, lack of federal regulatory authority for coordination of international funding, lack of use of National health information due to limited reporting mechanisms, absence of aligning health strategies with financial forecasting, irregular donor coordination and fragmented functions and coordination activities.

In terms of service delivery; ambiguity in transfer of vertical programs and their fiscal support to provinces, sudden transfer of funds without appropriate technical guidance and lack of Inter-provincial coordination and resource mobilization

are some of the challenges that still need to be addressed by the health care system. In terms of health information multiple challenges also emerge such as the absence of integrated centralized disease surveillance system, lack of effective mechanism for inter-provincial information sharing, irregular reporting and absence of collated information and minimal use of information and evidence in planning, management and surveillance of diseases resulting in faulty or unrealistic decision making.

Financing in the health sector is also challenging due to weak capacities at the provincial level, ambiguous and delayed transfer of funds, lack of accountability, weak resource monitoring and tracking, low percentage of GDP being spent on health and low prioritization of Research and Development. Similar to issues of financial resources, the human resources involved in the health sector suffers from a dearth of trained personnel, uneven deployment in urban and rural areas and financial and managerial issues due to federal staff's absorption at provincial levels

One of the major reforms of the health sector in Pakistan has been the 18th Amendment, envisioned to lead the devolution of power from federal government to the provincial and district governments. This initially proved to be challenging to adopt at the provincial level because the provincial governments whose function before the amendment was to focus on service delivery - its management, monitoring and evaluation - did not have the capacity to rapidly adjust to the new role. Additionally, the role of federal government in case of service delivery, human resource and drug regulation was ambiguous. Lessons learnt from this policy change are that devolving functions to the provincial level should be in tandem with capacity building at several levels within the provincial health administrative set up and clarity in role of Federal Government is required.

Some international best practices highlighted by the group are as follows:

- South Korea increased health care spending by 10% annually until 2017 with focus on quality and efficiency of health care. This policy change saw positive results in the field. Based on this the group advocates increase in health care spending in Pakistan.
- Indonesia expanded universal health care through innovative public private partnership models. Translating this to health sector of Pakistan would mean that PPPs should be initiated with strong emphasis on sustainability, practicality and do ability
- Singapore targeted health insurance for poor families. Similarly, Pakistan should develop insurance mechanisms with focus on targeted health insurance e.g. poverty and pregnancy
- Nepal, Bhutan and Bangladesh improved results-based monitoring, management and budgeting. In Pakistan, along similar lines aligning of national health plans/strategies/policies with Medium Term Budgetary Framework (MTBF) should be achieved.
- United Kingdom, USA, Canada, Australia, New Zealand, Switzerland and Western Europe development of accurate databases and measurement methodologies. Devised ways of application of performance measurement in decision making, e.g., for strategic planning, budgeting, human resource management and investment, infrastructure development, acquisition and procurement. Similar reform can be replicated in Pakistan by establishing performance assessment and accountability, Evidence based decision-making, sustainable community participation and philanthropy.

8.1 POLICY RECOMMENDATIONS

A plethora of recommendations were made for the improvement of the health sector in Pakistan. Some of the main recommendations are highlighted by this report, for further details please see table below.

The group recommended a standardization of national health policies and protocols along with their implementation in ICT and at the provincial

level. This would lead to the adaptation of a comprehensive approach towards health. It can be achieved by reviewing existing policies, comparing them with international or regional best practices, improvement in existing policies on basis of recommendations, followed by a standardization of national health policies through consensus building and seeking approval from government. The agencies in charge would be the National Health Policy Unit (NHPU) and provincial counterparts.

The group also advocates for inter-provincial coordination with Maternal, New Born & Child Health (MNCH) cells in provincial DGHSs to assess progress on effective monitoring of vertical programs. This would improve quality and integration of services at point of delivery and can be done by establishing a mechanism for effective inter-provincial coordination and progress mechanism by the Ministry of National Health Services, Regulations & Coordination.

Additionally, for efficient disease control and response the group recommended the development of a centralized integrated disease surveillance system with a strong inter-provincial information sharing mechanisms. To create such a mechanism a working group would be established to assess present disease surveillance system, establish inter-provincial sharing mechanism and design centralized disease surveillance system with consensus from all federal and provincial stakeholders. Agencies responsible would be the Ministry of National Health Services, Regulations & Coordination & technical experts and Ministry of Information Technology.

Along the lines of inter-provincial coordination the group also advocated greater inter-sectoral collaboration and integration of health, nutrition and population welfare. This would smooth implementation of national health policy and can be achieved through the establishment of a national advocacy forum with full representation and participation from both national and provincial level.

In order to ensure and maintain the quality of health education the group urges the Ministry of National

Health Services, Regulations & Coordination & technical experts to come together to develop quality control standards for health education. It recommends a re-orientation of the curriculum towards a problem-solving approach and competency based training. It also recommends the establishment a system for those who wish to continue professional development to enhance competencies and skills; and the development of a

curriculum for laboratory assistants, technicians and technologists. This can be achieved by reviewing existing curriculum and training approach, identifying gaps and recommending changes accordingly. In addition, relevant agencies are advised to develop and implement a re-oriented curriculum and a system of Continuing Professional Development (CPD) after approval from government.

Reform Initiatives	Intended Outcome	Step(s) that need to be taken to ensure implementation	Agency Responsible
Strengthening of Health Information System (HIS) for Islamabad Capital Territory (ICT) health system	Effective progress monitoring of ICT health system	1- Review of current HIS being used for ICT 2- Assessment of gaps and weaknesses 3- Based on gap analysis, develop/improve HIS for ICT.	Ministry of National Health Services, Regulations & Coordination & technical experts and Ministry of Information Technology
Development of a model to integrate different health managers in ICT	Improved service delivery in ICT	Pilot testing of a model of integration in selected Basic Health Unit (BHU) of ICT	Federal Directorate General Health Service (DGHS)/Capital Administration and Development Division
Create referral system between primary, secondary and tertiary healthcare centers of ICT	Improved referral system for efficient ICT health service delivery.	1- Review existing referral system 2- Compare with international/provincial best practices 3- Recommend changes, pilot test and latter fully implement a strong referral system developed according to ICT needs.	Federal DGHS/Capital Administration & Development Division (CADD)

Standardization/Uniformity of national health policies & protocols and their implementation in ICT and provincial level	Comprehensive approach towards health	1- Review of existing policies 2- Comparison with international/regional best practices 3- Improvement in existing policies on basis of recommendations 4- Standardization of national health policies through consensus building 4- Seek approval from government	National Health Policy Unit (NHPU) and provincial counterparts
Inter-provincial coordination with Maternal, New Born & Child Health (MNCH) cells in provincial DGHs to assess progress on effective monitoring of vertical programmes.	Improved quality and integration of services at point of delivery	Establishment of a mechanism for effective Inter-provincial coordination and progress mechanism	Ministry of National Health Services, Regulations & Coordination.
Development of a centralized integrated disease surveillance system with a strong inter-provincial information sharing mechanisms	Better and efficient disease control and response	1- Assess present disease surveillance system 2- Establish inter-provincial sharing mechanism 3- Design centralized disease surveillance system with consensus from all stakeholders (national/provincial levels).	Ministry of National Health Services, Regulations & Coordination & technical experts and Ministry of Information Technology
Advocacy for greater inter-sectoral collaboration and integration of health, nutrition and population welfare.	Smooth implementation of national health policy	Form a national advocacy forum with full representation and participation from both national and provincial level	Public & private stakeholders
Conduct Human Resource Health (HRH) Forecasting with focus on Increasing population demand and attrition of manpower through retirement & brain drain	Realistic planning and evidence based HRH specific decision making for what?	Conduct current situation analysis of gap between need for a health workforce, actual supply and population's demand for health services Gather data on HRH and Plan/forecast available resource aligned with required needs	Ministry of National Health Services, Regulations & Coordination and Technical Experts

Development of National HRH policy	Effective Health workforce planning and measurement	1- Task force to be constituted including representation from provinces to develop national HRH policy 2- Establish mechanisms of Quality Assurance (QA)/ Quality Control (QC) using competency assessment, certification & registration of qualified HRH.	Ministry of National Health Services, Regulations & Coordination & technical experts
Utilization of a central Logistic Management Info System (LMIS)	Improved and organized management of logistics	1- Review of existing logistic management system 2- Integrate LMIS with consensus (What does consensus stand for?)	Ministry of National Health Services, Regulations & Coordination & technical experts and Ministry of Information Technology
Establishment of Pakistan Medical Laboratories Regulatory Authority	Regulation of medical laboratories	1- Preparation of Terms of Reference and other Project documents 2- Seek approval from Government for establishment of Regulatory Authority	Ministry of National Health Services, Regulations & Coordination
Development of guidelines, rules/regulations, and Standard Operating Procedures (SOPs) for good medical laboratory practices and medical educational institutes	Ensure Good Laboratory/Manufacturing Practices	1- Review of international best practices and successful guidelines 2- Development and Approval of: a) Pakistan Good Laboratory Practices b) Rules/regulations c) Minimum standards/SOPs for medical laboratories & educational institutes d) Good laboratory medicine manufacturing practices e) Pre-Qualification of medicines f) Standard Treatment (Not elucidated that this standard treatment is for what?)	Technical Assistance from independent experts and Ministry of National Health Services, Regulations & Coordination and Ministry of Science and Technology

Development of quality control system of health education. Re-orientation of curriculum to problem-based approach & competency/utilization based training. Establish system of continuing professional development to enhance competencies & skills of health workers. Development of curriculum for laboratory assistants, technicians and technologists	Ensure quality health education	1- Review of existing curriculum & training approach 2- Identify gaps and recommend changes 3- Develop and implement re-oriented curriculum and system of Continuing Professional Development (CPD) after approval from government	Ministry of National Health Services, Regulations & Coordination & technical experts
Standardize Central Drug Testing Format for registration of drugs. Formulation of Pharmacovigilance system	Provision of safe, effective and quality medicines. Patient safety is ensured.	1- Review of existing formats 2- Comparison with international practices 3- Improvement in existing format on basis of recommendations 4- Standardisation of Central Drug Testing Format through consensus building 5- Seek approval from government Payment of annual fees to WHO Monitoring Center Uppsala, Sweden within 2 months.	Ministry of National Health Services, Regulations & Coordination Drug Regulatory Authority of Pakistan (DRAP)/WHO
Formulation of National Drug Policy and Pricing Policy Initiation of Anti Spurious Code campaign Development of National Action Plan for Antimicrobial Resistance (AMR)	Regularized policy on drugs & rational use of drugs Eradication of spurious drugs Effective planning & management regarding antimicrobial resistance	Task force to be constituted including representation from provinces to develop related policy Pharma industry needs to upgrade its machinery for provision of anti-spurious code 1- Conduct current situation analysis on AMR to gather data and develop an action plan aligned with needs 2- Seek approval from government	Resource Action Plan (RAP)/Economic Coordination Committee Pharma industry DRAP with technical experts

Improve linkages between national health strategies, Medium Term Budgetary Framework (MTBF) and forward expenditure estimates	Alignment of national health strategies with budget s	1- Review of strategies in line with MTBF. 2- Comprehensive action planning with detailing of strategies into actions and budgets 3- Approval from government	NHPU and Finance Ministry
Development of Millennium Development Goals (MDGs) Acceleration Framework (MAF) for identifying & addressing bottlenecks in progression towards MDGs targets.	Achievement of MDGs	1- Localization of targets/goals to country level ground realities 2- Identify specific measurement frameworks 3- Establish a system for check and balances in order to measure success and failure of various strategies 4- Assess disaggregated targets, so disparity across different population segments can be understood. 5- Setting up a review mechanism for continuous progress monitoring	Ministry of National Health Services, Regulations & Coordination along with independent bodies
Formulate central regulatory & accountability mechanisms	Betterment in performance of HRH	Study current regulatory and accountability mechanisms to assess gaps and basic needs	Ministry of National Health Services, Regulations & Coordination along with independent bodies

9 EFFECTIVE LOCAL GOVERNMENT

Local governments have proven to be effective in delivering services to general population due to their vicinity and accountability to local communities. Local governments are capable of providing people their fundamental rights, along with redressing their day-to-day issues. The system works as a nursery for political leaders, who can then progress from the union council level up to the national level.

The system of local governments in Pakistan however, has not been able to establish itself in permanency. This is because it was established during the military regime to gain local support, but was not carried on by other political parties that followed. The group deliberated various recommendations for short term, medium and long-term initiatives. Some of the initiatives are discussed in some detail in this report.

9.1 POLICY RECOMMENDATIONS

The group recommended that local government elections should be conducted countrywide immediately. This would help preserve and cherish the essence of true democracy, as the people at grassroots will be made responsible for managing their affairs. This can be achieved by training the polling office staff and launching awareness raising campaigns to educate masses on how to cast votes. In this scenario, district chairmen or mayors should be elected directly. In this way the concept of public accountability will be empowered in the long term because the opportunity for the candidates contesting for these elections will be created to perform without the political influence. For this purpose the political parties' trust needs to be earned for this reform initiative. The agency responsible should be the Election Commission of Pakistan.

To sustain the local government system, elections should be done on party basis. This would help ensure that free and fair democracy will be practiced as the political parties develop their ownership. Political parties would play an important role in this

case as advocates of the system. This will be done through holding meetings with the political parties' representatives and convincing them of the idea.

Local government laws, rules, regulations and manuals should be amended and updated as per the need of an hour. Additionally, in reviewing the rules and regulations, more power should be delegated to local bodies and implementation of development project funds should be through the local governments instead of MNAs/MPAs. This would lead to the effects of democracy trickling down to the grassroots. To achieve this, subject specialists need to be hired to review the existing laws, rules, regulations and manuals and correspondingly draft the recommendations. Agency in charge would be the Ministry of Planning, Development & Reform. Additionally, resources should be focused on building technical and financial capacity of the local bodies' institutions. Along with, developing a Monitoring and Evaluation System for development projects executed under the local governments supervision. In this case, service delivery will be promoted through good governance. To conduct this, the human and physical infrastructure needs to be assessed and developed.

The group also recommended that information about the local government should be introduced into the curriculum at secondary school level. This would help advance community ownership. For this purpose, the Ministry of education would have to take the lead and implement the changes through the text book boards of various provinces.

It would also be helpful to establish a federal level central policy unit that will formulate policies for provinces from time to time. Through this needs based provincial development will be accelerated. In this case, provincial representation must be ensured in this central policy unit.

For more details on the reform initiatives recommended please see table below

Reform Initiatives	Intended Outcome	Step(s) that need to be taken to ensure implementation	Agency Responsible
Local government elections should be conducted countrywide immediately.	The essence of true democracy will be cherished as the people at grassroots will be made responsible for managing their affairs.	1- The polling office staff need to be trained. 2- The awareness raising campaigns will be launched to educate masses how to cast a vote.	Election Commission of Pakistan
District chairmen/mayors will be elected directly.	The concept of public accountability will be empowered in the long term because the opportunity for the candidates contesting for these elections will be created to perform without the political influence.	1- Political parties' trust need to be earned for this reform initiative.	Election Commission of Pakistan
To sustain the local government system, elections should be done on party basis.	Free and fair democracy will be practised as the political parties will develop their ownership.	1- Political parties will be convinced and advocated to own the system. This will be done through holding meetings with the political parties' representatives.	Election Commission of Pakistan
Local government laws, rules, regulations and manuals should be amended and updated as per the need of an hour. More power delegation to the local bodies. Transferring of development project funds to the local governments instead of MNAs/MPAs.	The effects of democracy will be trickled down at the grassroots.	1- Subject specialists need to be hired to review the existing laws, rules, regulations and manuals and correspondingly draft the recommendations.	Ministry of Planning, Development & Reform

Building technical and financial capacity of the local bodies' institutions. Developing a Monitoring and Evaluation System for the development projects executed under the local governments supervision.	Service delivery will be promoted through good governance.	1- Human and physical infrastructure needs to be developed.	Ministry of Planning, Development & Reform
Information about the local government should be introduced into the curriculum at secondary school level.	Community ownership will be enhanced and people will feel themselves the master of their destinies.	1- Text book boards need to be contacted.	1- Ministry of Education
Establishing a federal level central policy unit that will formulate policies for provinces from time to time.	Need based provincial development will be accelerated.	1- Provincial representation must be ensured in this central policy unit.	Ministry of Planning, Development & Reform
Census should be conducted in the country.	Proper planning for the welfare of the general masses will be ensured.	The census teams need to be trained.	Ministry for Overseas Pakistanis and Human Resource Development

10 EASE OF DOING BUSINESS

The group highlighted various challenges faced by stakeholders in terms of each of doing business. In terms of starting a business, despite the same regulatory framework there are differences in the time and cost needed to start a business in Pakistan, mainly due to differences in the efficiency of local branches of national agencies, practices at the local government level, and variations in the use and availability of online services. Continued reforms have reduced start-up times and costs but the number of procedures remains high. Entrepreneurs must complete the same ten business start-up procedures across the country. Post-registration procedures are the main reason behind the high number of procedures and delays.

When dealing with construction permits, obtaining all the necessary clearances to build a warehouse and hook it up to utilities is a simple, but rather expensive, process across Pakistan. The process takes less than 170 days in those cities of Punjab that have recently adopted new building and zoning regulations. In contrast, Karachi is the slowest, with 223 days. Variations in time are mainly due to delays in obtaining building permits and electricity connections. In Karachi and Quetta, it takes 2 months to have the building plan approved. Obtaining an electricity connection is easier in Peshawar, where it takes 40 days. The same process takes 5 weeks longer in Sukkur and Hyderabad. Dealing with construction permits, on average, costs more than 5 times the income per capita.

When registering a property, one finds that property transfer is still a manual process in most of Pakistan, but several cities, such as Lahore and Sialkot, have reformed by computerizing their land-record and deed-registration systems. Time delays are due mostly to the inefficiency of the Revenue Office, in charge of issuing the fard (proof of ownership) and transferring the property title.

When paying taxes, there are few local variations in the total tax burden, the number of payments, and the time frame for paying taxes in Pakistan. Small

entrepreneurs spend 560 hours and approximately 31.5% of their commercial profits spread over 47 yearly payments.

Companies are also faced with issues in trading across borders. It requires the same number of documents to export (8) and import (9) from and to any of the Pakistani cities. It is easiest to import and export from Karachi, where the country's two major ports are located—22 days to export and 18 days to import. There are substantial differences in the cost of trading across Pakistan's cities, especially when it comes to importing. It costs 57% more to import a container to Lahore (US\$ 1,088) than to Quetta (US\$ 693).

Resolving and enforcing contracts is also challenging in Pakistan. Resolving a commercial dispute takes 6 years in Peshawar compared with 2 years in Faisalabad and Lahore. The time needed to go through trial and judgment is the lengthiest of the three stages of commercial dispute—service and filing, trial and judgment, and enforcement of judgment. Court efficiency, case backlogs, and the provision of legal services are the main sources of time differences. The cost to enforce a contract ranges from 20.6% of the claim value in Sukkur to 42.8% in Lahore. Differences in court fees, legal fees, and the cost of enforcement explain these variations.

Evidence from other countries shows that business registration relates to informality and productivity. Requiring fewer procedures to start a business is associated with a smaller informal sector. Formally registered businesses grow larger and more productive than informal ones. Reforms that ease new firms' entry into the formal sector are relatively simple and inexpensive to implement, and often do not require major legislative changes.

Pakistan's tax-to-GDP ratio is among the lowest in the world, as revenues are collected from a very narrow tax base. Taxes change all the time, and it is difficult to understand the payment process. Most tax payers spend hundreds of hours every year figuring out how much they owe to which authority. Many don't

bother anymore. In the Maldives, the best performer for the paying taxes indicator, an individual tax payer would spend less than 1 hour and 9.1% of his profits on single yearly tax.

The more time-consuming the export or import process, the less likely that goods will be able to reach markets in a timely fashion. A recent study of 126 economies calculates the loss from export delays at around 1% of trade for each extra day. For perishable agricultural products like Pakistan's renowned mangos, the cost is nearly 3% of the volume of trade for each day's delay. Exporting a container of textiles from Quetta through the port of Karachi requires 9 documents and takes 23 days. In Singapore, the best performer, it would take Sana 4 documents, 5 days, and US\$ 456 to complete all export requirements.

10.1 POLICY RECOMMENDATIONS

Various recommendations were provided by the group to tackle the key challenges of the sector based on best practices and local knowledge.

The group suggested that online incorporation be made fully functional and the use of online business registration services be promoted. Although online name submission is available in Pakistan as a result of the e-Services reform, the registrar personnel still have to check for company name availability and appropriateness for each application. Entrepreneurs would save precious time if checking availability and reserving the name could be done online in just a few minutes. Furthermore, while entrepreneurs in Pakistan can file incorporation forms and documents electronically, the registration fees must still be paid at a bank. Making the incorporation process fully electronic would reduce the time involved and make the work of the registrar much easier. This can be achieved by reviewing current online procedure used on line incorporation of companies; revamp the current registration process for companies to make it fully online.

In setting up a business, antiquated and unnecessary requirements should be eliminated and a single access point for all tax registration and Social Security

requirements should be created. Although Pakistan has regulations allowing electronic signatures, it is still a standard commercial practice to make a company seal and use it for commercial transactions, including stamping of documents later submitted online. Moreover, entrepreneurs must currently visit 5 different agencies after incorporation to register for taxes and social security benefits. This can be done by reviewing the current processes to eliminate antiquated and redundant requirements; notify new requirements which reduce unnecessary steps and reviewing current registrations for taxes/levies; create single access point for registration after review.

For the purpose of simplifying construction process, government and other relevant bodies should continue rationalizing the construction planning and approval processes across cities, identify and eliminate areas of overlap among agencies, rationalize inspections, and provide on-the-job training to staff of development authorities and municipal administrations. These changes are relevant because, dealing with construction permits involves multiple agencies and approvals. Understanding how these agencies interact with one another and identifying and eliminating areas of overlap can be the first step toward speeding up approvals while maintaining control over the quality of construction. One way to make inspections more efficient is to change from a system of random inspections to a system of risk-based inspections, where inspections take place at critical phases of the construction process. Moreover, assessing building applications and carrying out inspections requires a deep understanding of the bylaws and a considerable degree of technical knowhow. Currently, such understanding and know-how are rare across different authorities and cities.

For creating ease in registering property, it was recommended that the government improve the efficiency of the Revenue office through computerization and greater accountability, reduce the number of fees and introduce a flat fee for stamp duty. This can be achieved by reviewing the current system for each of these and making recommendations accordingly.

For establishing an efficient tax regime the group proposed that we simplify the tax system and broaden the tax base, ensure level playing-field for all categories of tax payers, further reduce SROs, eliminate the need for tax refunds, improve audit capacity, provide incentives for local governments and keep expanding the electronic filing payment system. This is because a complex tax administration is costly, both for entrepreneurs who spend valuable time filing their tax and for the government who administers it. Removal of excess tax would reduce confusions and eliminate discrimination. Moreover, tax evasion cannot be properly tackled if companies are not audited regularly. With risk-based audit systems, tax authorities audit only companies whose taxes returns reveal an anomaly or a significant risk of fraud.

For the purpose of enhancing trading across borders one should further reduce and streamline documentation requirements for international trade, strengthen inland clearance facilities, improve electronic data interchange system for international

trade, improve inland transportation and Commercial Counselors' at Pakistani foreign missions should be made accountable to business community for performance. These are all possible if the current conditions are reviewed, needs are assessed and a plan is prepared accordingly.

To make contract implementation more effective the group proposed setting up specialized courts or commercial divisions in existing courts, improving case management and monitor impact of reform, introducing time limits and strengthening the Alternative Dispute Resolution (ADR) system. Currently, Pakistani courts hear both civil and criminal matters, thereby slowing down the process for specialized commercial matters and they are missing detailed tracking of the number of commercial cases being handled and disposed of, the clearance rate on how long cases take to be resolved, and the time it takes for different types of commercial cases to move through the court process. By enforcing the proposed reforms trust can be restored in the judicial system to implement contracts.

Reform Initiatives	Intended Outcome	Step(s) that need to be taken to ensure implementation	Agency Responsible
Make online incorporation fully functional.	Business setting up made easy	review current online procedure used on line incorporation of companies; revamp the current registration process for companies to make it fully on line	SECP
Promote the use of online business registration services (and one web portal).	Business setting up made easy	review the current registration procedure in provinces/districts; prepare and implement proposals for online registration of businesses	Provincial governments/ district governments/ Board of Investment
Eliminate antiquated and unnecessary requirements.	Business setting up made easy	Review the current processes to eliminate antiquated and redundant requirements; notify new requirements which reduce unnecessary steps	SECP; provincial/district governments

Create single access point for all tax registration and for Social Security requirements.	Business setting up made easy	Review current registrations for taxes/levies; create single access point for registration after review	SECP; provincial/district governments/ relevant organizations/ BOI
Board of Investment (BOI) should be revamped.	Business setting up made easy	review current capacity and mandate of BOI; revamp BOI in the light of recommendations	BOI
Continue rationalizing the construction planning and approval processes across cities.	Simplified construction process	Conduct a study on construction planning and approval processes across cities; prepare proposals on simplification and standardization to the provincial governments and the federal government	MOPD and R; BOI; provincial governments
Identify and eliminate areas of overlap among agencies involved in construction permits and inspections.	Simplified construction process		
Rationalize inspections.	Simplified construction process		
Provide on-the-job training to staff of development authorities and municipal administrations.	Simplified construction process	Review current capacity of development authorities and municipal administrations; propose and implement capacity development of these authorities	MOPD and R; BOI; provincial governments
Improve the efficiency of the Revenue office through computerization and greater accountability.	Easier registration of property	review progress on computerization of land records in areas where it has been piloted; develop and implement proposals for fast tracking the process while correcting for mistakes in the pilots	MOPD and R; BOI; provincial governments
Reduce the number of fees.	Easier registration of property	review the current fee structure for registration of property; prepare and implement proposals for minimal number of fees	MOPD and R; BOI; provincial governments

Introduce a flat fee for stamp duty.	Easier registration of property	study the current stamp duty process; prepare proposals for revamping the process	MOPD and R; BOI; provincial governments
Simplify the tax system and broaden the tax base.	An efficient tax regime	review the tax system to simplify the multiplicity of systems; make efforts to broaden the tax base	FBR; Ministry of Finance
Ensure level playing-field for all categories of tax payers.	An efficient tax regime	study the current inequities in the tax system; prepare proposals to ensure a more level playing field	MOPD & R; FBR; Chambers of commerce and industries
Further reduce SROs.	An efficient tax regime	review the current SRO process and prepare proposals to ensure greater transparency in issuance, equity and predictability	MOPD & R; FBR; Chambers of commerce and industries
Need for tax refunds should be eliminated.	An efficient tax regime	Review the current system of reducing taxation at source across various transactions; prepare proposal to reduce the dependence on withholding taxes etc.	MOPD & R; FBR; Chambers of commerce and industries
Improve audit capacity.	An efficient tax regime	capacity review and development of the Federal Board of Revenue	FBR
Provide incentives for local governments.	An efficient tax regime	Conduct a study on fiscal federalism and devolution to increase local government capacity to generate revenues	MOPD & R; provincial governments and chambers of commerce and industry
Keep expanding the electronic filing payment system.	An efficient tax regime	review and improve the current e-filing mechanism	FBR
Further reduce and streamline documentation requirements for international trade.	more efficient export and import regime	review the current requirements and introduce a less cumbersome process which can be completed in the shortest possible manner	FBR; Ministry of Finance

Strengthen inland clearance facilities.	more efficient export and import regime	study the efficiency and effectiveness of the current inland clearance mechanism and prepare proposals for improvement	MOPD & R; FBR; Chambers of commerce and industries
Improve electronic data interchange system for international trade.	more efficient export and import regime	Working group to prepare proposals for improvement of the system	MOPD & R; FBR; Chambers of commerce and industries
Improve inland transportation.	more efficient export and import regime	Prepare a plan for improving inland transport and communications network with specific focus on railways	M/o Communications; M/o Railways and MOPD & R
Commercial Counselors' at Pakistani foreign missions should be made accountable to business community for performance.	more efficient export and import regime	Conduct a training needs assessment and prepare and implement a training mechanism including induction level trainings	M/o commerce and trade; FPCCI
Set up specialized courts or commercial divisions in existing courts.	More effective contract implementation	Working group to prepare proposals for specialized commercial courts and benches for commercial matters in high courts	M/o Justice and parliamentary affairs; Provincial High Courts; FPCCI
Improve case management and monitor impact of reforms.	More effective contract implementation		
Introduce time limits.	More effective contract implementation	Conduct a study to review international models and possibilities of introduction in Pakistan	M/o Justice and parliamentary affairs; Provincial High Courts; FPCCI
Strengthen the Alternative Dispute Resolution (ADR) system.	More effective contract implementation	Prepare proposals for improved ADR in commercial cases	BOI; FPCCI; MOPD & R

11 STATE OWNED ENTERPRISE

State Owned Enterprises (SOEs) have been established in Pakistan, as in other developing countries, in pursuit of various socio-economic objectives. These include correcting for market failure, ensuring flow of investment to priority sectors of the economy, promoting self-sufficiency in production of goods and services and keeping low and stable prices. Historically, SOEs have played an important role in major sectors of the economy; they have been instrumental in bridging the gap of private sector investment in strategic sectors like transport, communication, public utilities including energy, heavy industries, banking, finance, food and agriculture.

However, in view of the need to manage the existing SOEs in a more efficient manner, the Government has developed an SOE Reform Strategy. The main focus of the PSE Reform Strategy is to improve corporate governance, restructure of SOEs and Strategic Partnership through Privatization. In order to institutionalize corporate governance initiatives for SOEs, the Public Sector Companies (Corporate Governance) Rules 2013 have been approved by the Government. The Rules help clarify roles of different stakeholders involved in the management of SOEs. A gradual shift towards majority of independent directors in the Board of Directors (the Board) has been stipulated in the rules. Role and functions of the Board have been clarified and offices of Chairman and CEO have been separated.

There are a number of SOEs that are operating in public domain. The GOP may need to pursue clarity as what it needs to own and what it may offer for privatization. For instance, the electric service industry (DISCOs) may remain under GOP's ownership in order to regulate end user price of electricity for consumers. The same may not be true for services such as Pakistan Railways where consumers are better served under private sector. Therefore, it is important for GOP to rethink what may be owned in the longer term under public domain what may be offered for divestment/privatization.

Government of Pakistan has already initiated privatization agenda for the selected SOEs in order to bring sector and organization efficiency in the process. The privatization agenda is to be appreciated as it brings efficiency, reduction in fiscal burden of GOP as well as improved service delivery and output.

11.1 POLICY RECOMMENDATIONS

Various short, medium and long term reform initiatives were proposed by the group. In terms on medium and long terms initiatives the group proposed that SOEs should transition to automation and e-governance rather than manual intervention, where possible. This is because Automation brings more efficiency to the businesses, better employee productivity and fewer labor costs while enhancing transparency in the process. This can be done by all SOEs, by preparing automation plans and implementing them.

Moreover, SOEs should transform trade unions and make them productive to overall organizational efficiency. Transformation of trade unions will start by educating the workforce on the need to realign themselves with organization's goals and improved productivities. A highly motivated workforce brings improved productivity and enhanced profits for the overall business. Agencies responsible would be relevant Ministries and Management of SOE.

The group also proposed that SOEs should induct fresh talent across all cadres. The induction of fresh talent brings added vigor in the organization as well as improved focus and competition at all levels which results in improved productivity and profits levels. This can be achieved by reviewing current recruitment current development processes and introduce modernization in HRM. Management of SOEs should be agency responsible.

KPIs should also be set (both quantitative and qualitative) in order to gauge and benchmark performance of SOE with respect to its peers and

industry benchmarks. Setting up on KPIs would help understand businesses performance with respect to industry and peers, improves accountability and expand service delivery goals. Relevant ministries, BODs and Management of SOEs should take up responsibility of setting up the KPIs.

In the long term the group proposed a continued focus on improved service delivery through automation and e-governance along with a focus on SOEs evaluating business performance on the pre-defined benchmarks and set KPIs.

Short Term Reforms	Intended Outcome	Step(s) that need to be taken to ensure implementation	Agency responsible
All public sector State Owned Enterprises (SOEs) to appoint Board of Directors (BODs) on professional basis.	BODs brings additional skills that a SOE may require. BODs also contribute their experience, especially if they come from a top tier professional background. BODs also offer an invaluable source of expert advice and bring in management accountability which triggers good governance and compliance to rules and regulations.	Change in operational laws for various SOEs to ensure appointment of professionals	Relevant Ministries
SOEs to appoint technically competent and professional CEOs and CFOs.	Appointment of technically sound CFOs and CEO bring lot more focused results in day to day operations. HR is better managed, costs are attacked more rigorously and opportunities are followed with more vigor.	Appointment of all CFOs and CEOs through advertisement to attract national and international (except in areas of state security) personnel of quality	Relevant Ministries and BOD
Formation of Business Plans	The development of a concrete business plan will show the future vision of a business, help attract better financing and managing risk and uncertainty along with efficient utilization of resources.	Change in operational laws for SOEs; CEOs mandated to prepare business plans (long, medium and short term) as part of their job descriptions	Relevant Ministries and BOD
SOEs to transition to automation and e-governance rather than manual intervention, where possible.	Automation brings more efficiency to the businesses, better employee productivity and fewer labor costs while enhancing transparency in the process.	All SOEs to prepare automation plans and implement them	BODs and CEO of the relevant SOE.

SOEs to transform trade unions and make them productive to overall organizational efficiency. Transformation of trade unions will start by educating the workforce on the need to realign themselves with organization's goals and improved productivities.	A highly motivated workforce brings improved productivity and enhanced profits for the overall business.		Relevant Ministries and Management of SOE.
SOEs will induct fresh talent across all cadres.	Induction of fresh talent brings added vigor in the organization as well as improved focus and competition at all levels which results in improved productivity and profits levels.	Review current recruitment current development processes and introduce modernization in HRM	Management of SOEs
KPIs may be set (both quantitative and qualitative) in order to gauge and benchmark performance of SOE with respect to its peers and industry benchmarks.	KPIs help understand businesses performance with respect to industry and peers, improves accountability and expand service delivery goals.		Relevant ministries, BODs and Management of SOEs.

Long Term Reforms	Intended Outcome	Step(s) that need to be taken to ensure implementation	Agency responsible
Continued focus on improved service delivery through automation and e-governance.	Automation brings more efficiency to the businesses, better employee productivity and fewer labor costs while enhancing transparency in the process.		Relevant ministry, BODs and SOEs management
SOEs may evaluate business performance on the pre-defined benchmarks and set KPIs.	If the SOE is unable to compete against private and public counterparts, then a divestment strategy may be devised.		Monitoring unit in relevant ministry

12 PERFORMANCE MANAGEMENT SYSTEM IN THE PUBLIC SECTOR

Performance Management, whether on an individual level or aggregate level and ideally in combination, has to be the central pillar of any reform. Without clear distinction between good and bad performance and related rewards and punishments, most reform efforts will not move forward. A key challenge here is the lack of effective Performance Management System in public sector resulting in poor governance. In some cases this can be attributed to the absence of a Performance Accountability System and legal framework in the Public Sector, in others where there is an established performance management system there may be a lack of clear objectives to measure efficiency in the public sector, weak efficiency, low discipline for laws and rules, lack of professional expertise or capacity in public sector and poor financial compensation at senior level.

The group highlighted the Emergency Services, Civil Defence & Disaster Management Reforms from 2001-2002 by the Interior Ministry of Pakistan as a previous reform that did not produce desired results. The reasons for failure of these reforms are the defective and obsolete Legislation of 1952 revolving around the effect of war, a general lack of will amongst the employees to improve after remaining dormant for several decades, a lack of Capacity of related organizations to improve or modernize to face the challenges of modern times, duplicity of functions resulting in wastage of resources and lack of performance accountability and the fact that present efficiency and discipline rules and laws protect the interests of the employee and not the interest of the organization or the country. The essential elements required to improve governance through performance management systems are the right legal framework with clear objectives for the organization and visionary, dedicated and effective leadership and management.

There was a consensus that instead of trying to copy international or imported models there is a need to replicate best local models like the Emergency Services Reforms leading to the establishment of Rescue 1122- Emergency Management System

which is a role model for SAARC countries. The discussion revealed that good planning backed by effective legislative cover, disciplinary rules, visionary leadership, defining service delivery standards and introducing KPI system for performance accountability resulted in the success of the Punjab Emergency Service (Rescue 1122). Therefore by replicating these steps in all public sector departments and by introducing a Good Governance legal framework in Pakistan to replace existing Efficiency & Discipline Rules can improve Governance in the public sector.

12.1 POLICY RECOMMENDATIONS

In light of the discussion on lessons learnt from reforms and best practices the group proposed that every organization should make clear objectives. This would enable output based management and planning and can be achieved by a review of organizational mandate to develop objectives; identifying the 'customers' for each organization; planning according to develop objectives and making relevant changes in the Rules of Business. These tasks can be performed by relevant Ministry or organizations; Cabinet Division; MOPD & Reforms.

Relevant ministries and organizations should ensure appointment of a professionally competent Heads of organizations to introduce greater professionalism in management. This can be done by revising recruitment criterion to factor relevant competencies into the job descriptions and revising statutes and rules as required.

Additionally, the development of service delivery standards and customer feedback system was also recommended for standards based service delivery. To achieve this relevant ministries or organizations should review the current standards regime and prepare revised standards, especially, on outputs accordingly. Organizations are also advised to develop Key Performance Indicators for all in the organization to ensure transparent and measurable performance accountability of organizations. This

can be done by preparing indicators against objectives and standards; this would include performance against indicators in annual reports, websites etc.

It was proposed that obsolete ACR system be replaced with an Effective Performance Management System in the Public sector. This would lead to a more effective personnel performance assessment and can be brought about by the revision of the current ACR mechanism; introduction of mandatory trainings on

personnel evaluation for all supervisory and managerial positions and addition of specialized sections to ACR forms as per requirement of the organization.

Moreover, the establishment of a Monitoring & Evaluation system is also advised for the organization. This would ensure a continuous feedback process into performance and can be achieved by the creation of specialized monitoring units and relevant training of all supervisors.

Reform Initiatives- Short Term	Intended Outcome	Step(s) that need to be taken to ensure implementation	Agency responsible
Every organization to make clear objectives	Output based management and planning	Review organizational mandate to develop objectives; identify the 'customers' for each organization; plan according to objectives; make relevant changes in the Rules of Business	Relevant Ministry/organization; Cabinet Division; MOPD & Reforms
Ensure appointment of a professionally competent Heads of organizations	Greater professionalism in management	Revise recruitment criterion to factor relevant competencies into the job descriptions; revise statutes and rules as required	Relevant Ministry/organization; Cabinet Division; MOPD & Reforms
Development of service delivery standards and customer feedback system	Standards based service delivery	Review the current standards regime; prepare revised standards, especially, on outputs;	Relevant Ministry/organization; Cabinet Division; MOPD & Reforms
Develop Key Performance Indicators for all in the organization	Transparent and measurable performance accountability of organisations	Prepare indicators against objectives and standards; include performance against indicators in annual reports, websites etc.	
Replace obsolete ACR system with an Effective Performance Management System in the Public sector.	More effective personnel performance assessment	Revise the current ACR mechanism; introduce mandatory trainings on personnel evaluation for all supervisory and managerial positions; Add specialised sections to ACR forms as per requirement of the organisation.	
Monitoring & Evaluation system for the organization.	A continuous feedback process into performance	Create specialised monitoring units; train all supervisors	

13 LEGAL REFORMS

Laws in Pakistan are generally considered complex and antiquated. The Legal reforms group discussed the issue of reform of the legal system in detail. Reform proposals presented over the years were highlighted and it was agreed that these have not been implemented effectively. Some of the key issues identified included a large backlog due to slow procedures exacerbated by frequent adjournments in the courts. The issue of capacity of bench and bar was also raised.

13.1 POLICY RECOMMENDATIONS

Policy recommendations focused on both improvement of the legal framework through review of the previous reports of the commissions and continued reform of laws. In capacity policy recommendation focus training and infrastructure building of bench and bar. Generally the recommendations touched the right set of areas but would require more detailed insight before concrete policy proposals can be made.

Suggested Reforms	Intended Outcome	Step(s) that need to be taken to ensure implementation	Agency responsible
Review the reports of previous law reform commissions	Efficient system of law and judicial administration	Form a committee of professional lawyers and retired judges to review the previous reports	Ministry of Law justice and parliamentary affairs
Law reforms process should a continuous process	Ongoing law reform process	Permanent committee to prepare recommendations on reform of law	Ministry of Law justice and parliamentary affairs
Legislation and resource provision is needed for proper implementation	Very vague		
Capacity building as well as provision of infrastructure and requisite equipment to the justice sector institutions including judiciary, bar, offices of attorney/advocate generals, solicitors, prosecutors and investigators.	Strengthened capacity of bench and bar	Review current gaps in facilities, trainings and automation and develop a plan for strengthening	Ministry of Law Justice and Parliamentary Affairs, Provincial law departments, Higher Education Commission
Through continuing judicial and legal education, professionalism as well as an ethical conduct from the bar is enhanced.	covered in the previous		
Standard and quality of legal education may be improved	Standard based legal education	Develop standards for legal education using international benchmarks	Ministry of Law Justice and Parliamentary Affairs, Provincial law departments, Higher Education Commission

Improve working of the process serving agency	More efficient process serving	Review the current process serving and replace with recommendations that include use of automation and more resources for the process.	Ministry of Law Justice and Parliamentary Affairs, provincial law departments and High Courts
reduce number of appeals			
Adjournments should be discouraged through imposition of cost in favour of the other party	Increased speed of trials	Introduce costs for adjournments	Respective High Courts
Frequent strikes by the bar needs to be discouraged.	Reduction in number of strikes by the bar.	Engage in a dialogue with bar associations to reduce strikes	Ministry of Law, Justice and Parliamentary Affairs, provincial law departments
Enhance the research capacity of the members of parliament and provincial assemblies.	More effective and well researched legislation	Review current capacity and provide additional support	Ministry of Law, Justice and Parliamentary Affairs, provincial law departments.

14 CITIZEN'S CHARTER

Citizen's charter has emerged as a new area in Pakistan. The group discussed the advantages of having a citizen's charter as it would reduce difficulties in obtaining services for the citizens. It would eliminate unnecessary bureaucracy. The group looked at issues like total quality management, e-governance and accountability of organisations to deliver services.

14.1 POLICY RECOMMENDATIONS

Policy recommendations begin with legislation on citizens called a bill for the 'Rights of Citizens'. The proposed bill would include assurance of time bound delivery of service and redressal of grievances across all federating units. Succeeding recommendations focus on capacitating government organisations in implementation of the bill including a total quality management approach and certification under ISO 9000.

Reform Initiatives	Intended Outcome	Step(s) that need to be taken to ensure implementation	Agency Responsible
A bill for The Right of Citizens' For Time Bound Delivery of Goods & Services & Redressal of their Grievances with jurisdiction on all federating units is required to be enacted through parliament.	Bill of rights for citizens	Draft law prepared for the parliament and provincial legislatures	Law Justice and Parliamentary Affairs, provincial law departments
Every government organisation is providing service to either directly to citizens or through intermediary role for other direct service delivery oriented organisations. Hence all organisations are meant to provide service to its clients. For example clients of establishment divisions are Civil servants and clients of a hospital are citizens/patients. The law would be applicable to all the organisations.	Very vague. Already covered in the previous recommendation		
In order to implement the BILL mentioned above in true letter and spirit, mass level/crash training programme through master trainers (1000 in each field) for 1-16 and 17-22 government employees through master Training programme (using predesigned training folders/Videos/ PPT/training CDs/Predesigned Service delivery oriented sample E & M websites) will be launched for	civil servants trained in citizen's rights as per the proposed bill	Conduct a trainings needs assessments for implementation of the Bill of Rights and prepare training modules for all civil servants	Establishment Division and provincial S&GAD departments
Government Process / rules/ procedures/ performance-engineering for effective, efficient, inclusive, responsive and accountable service delivery mechanism	Revised government processes to assure better service quality	Each organisation reviews its processes to improve transparency and service delivery	Ministry of Planning, Development and Reforms, all respective organisations
Designing Service Delivery Measurement Parameter (SDMP) in their organisations in order to support accountability	Benchmark of service delivery standards to strengthen accountability	Development of Service Delivery Measurement Parameters by each organisation	Ministry of Planning, Development and Reforms, all respective organisations
Citizen Charter Designing and Implementations	An effective citizen's charter	Prepare a citizen's charter along with a process for implementation	Ministry of Planning, Development and Reforms