

F E B R U A R Y

PIDE **P&R** 2021

PIDE's GUIDE TO POLICY & RESEARCH

# CIVIL SERVICE REFORM

Cover Story

**The real status  
of reform**

Exclusive Interviews with

**Ishrat Hussain - Hassan Khawar  
Pervez Tahir - Saeed Shafqat**



**PAKISTAN INSTITUTE  
OF DEVELOPMENT  
ECONOMICS**



# PIDE P&R 2021

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PIDE Policy & Research is a guide to policy making and research. Each issue focuses on a particular theme, but also provides a general insight into the Pakistani economy, identifies key areas of concern for policymakers, and suggests policy action. The publication offers a quick orbit of the country's economy and is a hands-on and precise go-to document for the policymaker, businessperson, academic, researcher, or student who seeks to remain updated and informed. This issue is themed around PIDE's recent research efforts regarding the diagnostic of growth. We welcome contributions from within PIDE as well as from any external contributors.

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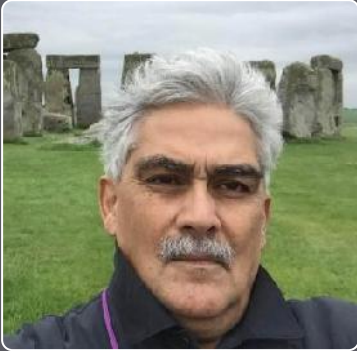
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## Message By Vice Chancellor



Much time is wasted debating the government or the market, as if the polar positions are more than a teaching device. Mere claims “leave it to the market” or “the government must provide or ensure” are used as clever closing arguments in debates and even research papers. Yet at no point in history has there been any human civilization that has functioned without either some form of market or some form of government.

Over the last 5 decades, historical experience has been distilled by global research effort to show that economic growth and opportunity is driven by the underlying institutions and culture that humans collaborate to govern their life. What are these institutions?

Institutions are laws, regulations and other rules (and how processes and systems that enforce them) that determine human transactions and relations. Without enabling laws and regulations and systems for their efficient management, contracts and transactions would cease, corporations would not exist, and markets would shrivel.

If these institutions are not carefully crafted and nurtured, or if the government becomes either overbearing or inefficient, productivity, transactions and investor confidence erode. Governments cannot be judged by claims but by their ability to develop, maintain the key rules processes and regulations that govern life and relations in society.

Despite this now evident importance of institutions, the economic conversation in Pakistan remains focused on projects, taxes and aid financing. The inefficiencies of government though they show up in the rising energy losses (IPPs, circular debt and high tariff rates), the poor project development (cost overruns and long development periods) and regulatory failures (wheat, sugar, cars, city development) are often in view but with little analysis of the causes of these failures.

The national economic conversation assumes the status quo is conducive to development and growth with clever economic policy and tight top-down administration. But for a few corrupt leaders, the institutions inherited from our colonial masters with some self-serving changes will foster investment and efficiency to achieve a sustained growth acceleration to allow Pakistan to break out of the poverty trap. This approach places large emphasis on clever financing and tax subsidy policy while downplaying the need for reform.

PIDE's mission is to develop the best research in Pakistan. In the last year, following international experience and research, we have developed a country-wide dialog on the state of our institutions, governance and markets and their impact on the economy. In this connection, we have looked at the state of our democracy, judiciary, laws and legal system, regulation and policymaking.

Policy and laws are largely not only implemented by the civil service, they are also monitored and evaluated by it. The civil service is critical, therefore, in all aspect of policy and is central to regulation as well as to shape laws and policy.

Decades of efforts to reform the civil service have made little difference to the colonial centralized pyramid that controls districts, divisions, provinces, federal divisions, PSEs, public service delivery and regulation. The Prime Minister too is committed to reform and appointed Ishrat Husain to be an adviser for reform. We have firsthand view from him on the progress made so far.

In this issue, we get a snapshot of aspects of thought in the civil service and reports of ongoing reform. This is a subject on which we intend to focus going forward. We look forward to hearing from you to help us deepen our thinking on reform.

## EDITORIAL

Greetings from PIDE P&R. It marks a year when Covid-19 hit the world at its worst, almost forcing the world to shut down. All went silent and the normal had to change; the world had to adapt to the new normal that no bounds are rigid enough and no rules are inflexible. It reminded us that the only constant in the world is change. Change helps societies advance. Reform is the way to manage change.

The current issue focuses on the most talked reform in the country - the Civil Service Reform (CSR). The time is about right to bring out this issue as the CSS exams will be conducted in the middle of the month. This prestigious exam selects the bureaucratic elite of the country. The CSS has become stagnant overtime; it has failed to adapt the changing demands of time. Its centralized character and social distancing are relics of the colonial past. Even piecemeal efforts at reform have failed the test of implementation. Competencies have eroded and professional training does not meet the requirements of increasingly complex decision making. Political interference and arbitrary inductions have taken their own toll. Failure to devolve power and authority to the local level has adversely affected public service delivery.

Based on inhouse and invited research, PIDE has consistently raised its voice about the absolute essentiality of CSR in its webinars. This issue of P&R puts together the efforts PIDE has made on civil service reforms in particular, and reforms in some other institutions of governance. We are lucky to have a specially contributed piece by Dr. Ishrat Hussain, the author of the set of reforms announced recently. An interview, held before the announcement, touches on a broader set of issues. As first installment of reform, the measures taken are welcome. Mostly, these measures improve procedures, rules, open doors to groups other than DMG and revamp training and skill formation. It should be hoped that future reform will lead to changing the structure of the civil services. A number of the critical elements of the desired structural change are outlined in the other contributions in this issue.

Happy Reading!



# The real status of reform

Ishrat Husain

The information about the Civil Service Reforms is coming in dribs and drabs from time to time and a complete picture as to what are the main objectives of these reforms interwoven in a holistic picture and how much progress has been made so far, is not available at one place. This article is an attempt to spell out the broad objectives (Section I) and the progress made so far (Section II).

The agenda for reforms is ambitious by design as it would be implemented over a decade or so to make meaningful impact. But a beginning is to be made. It must be conceded that there are no quick fixes, no abrupt disruption, as the present bureaucracy has to keep running the country while reforming gradually.

Why do we need to reform in the first place? The rationale for this plan should be viewed in the context of the prevailing malaise and weaknesses in our governance structure, long term vision of Pakistan, the external environment in which Pakistan will be operating as a country, the lessons learnt from other successful developing countries, the diagnostic studies including public opinion polls about government performance in Pakistan and the growing expectations of the public at large.

## I. Broad Objectives Underpinning the Reform

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

### Civil Services

- i) Open, transparent merit-based recruitment to all levels and grades of public services with regional representation as laid down in the Constitution.
- ii) Performance-based promotions and career progression for all public sector

employees with compulsory training at post-induction, mid-career and senior management levels.

iii) Equality of opportunities for career advancement to all employees without preferences or reservations for any particular class.

iv) Replacement of the concept of Superior Services by equality among all cadres and non-cadres of public servants.

v) Grant of a living wage and compensation package including decent retirement benefits to all civil servants.

vi) Strict observance of security of tenure of office for a specified period of time.

vii) Separate cadres of regular Civil Services at the Federal, Provincial and local government levels co-existing with contractual appointments.

viii) Creation of an All Pakistan National Executive Service (NES) for senior management positions drawn through a competitive process from among the Federal, Provincial and local government cadres, ex-cadre and non-cadre officers, those working in autonomous bodies and other public sector entities

ix) Introduction of four specialized cadres under the NES for Economic Management, Technical, Social Sector Management and General Management.

## Structure of Federal, Provincial and District Governments

- Devolution of powers, responsibilities and resources from the Provincial to local governments.
- Establishing inter-governmental structures with adequate authority and powers to formulate and monitor policy formulation.
- Clear separation of policy making, regulatory and operational



- responsibilities of the Ministries /Provincial departments
- Making each Ministry/Provincial department fully empowered, adequately resourced to take decisions and accountable for results through financial and performance audit.
  - Streamline, rationalize and transform the attached departments/ autonomous bodies/ subordinate offices/field offices, etc. into fully functional arms of the Ministries for performing operational and executive functions.
  - Reduce the number of layers in the hierarchy of each Ministry/ Provincial department to three to expedite decision making process.
  - Cabinet Secretary to perform the main coordinating role among the Federal Secretaries on the lines of the Chief Secretary in the Provinces.
  - Revival and strengthening of the Secretaries Committee at the Federal/ Provincial governments to become the main vehicle for inter-ministerial coordination and dispute resolution among various ministries.
  - District level officers interacting with the general public in day-to-day affairs should enjoy adequate powers, authority, status and privileges to be able to resolve the problems and redress the grievances of the citizens.

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

- All laws, rules, regulations, circulars, and guidelines issued by any government ministry/department/ agency should be available in its most updated version to the general public free of cost in a user-friendly manner on the webpage and in electronic and print forms at public places. The websites should be designed in such a manner that government-public physical interaction is brought to the minimum and maximum services are provided online with transparency in the application of rules and procedures.
- Service standards with timelines for each type of service rendered by the Federal Government departments and bodies dealing with public matters

- should be developed, widely disseminated and posted at websites of each department. Interaction of the public with government offices involving financial transaction for services like permits, taxes, fees should be preferably done through online or digital payment mode.
- Rules of business of the Federal, Provincial and District government should be revised to make them simple and comprehensible, empowering the Secretaries/Heads of Departments to take decisions without multiple references, clearances and back and forth movement of files. Post-audit of the decisions taken should be used to ensure accountability rather than prior clearances.
- Delegation of financial, administrative, procurement, human resource management powers should be revisited to ensure adequacy.
- Powers commensurate with the authority should be delegated at each tier of the hierarchy.
- Estacode, Financial Rules, Accounting and Audit Rules, Fundamental Rules and all other rules in force should be reviewed systematically and revised to bring them in line with modern management practices.
- E-Government should be introduced in a phased manner. Technological solutions, hardware and software applications are easy parts of the process, but the most difficult aspect is the training and change in the culture, attitude and practices. E-Government should be driven by business needs rather than crafted as an elegant technical solution. E-Government would replace the outdated and manual files system and bring about transparency, accountability and efficiency

### **II. Proposed Approach and Progress update**

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

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

### Civil Service Reforms

At the Federal level, we identified that in the civil service reform would adopt the “whole value chain of policies” approach in an integral manner. This value chain starts with (a) Induction and Recruitment and extends to (b) Post-induction and Mid-career Training (c) Performance Management (d) Career Progression (e) Compensation and Benefits and, finally, (f) Retirement and Severance and (g) Efficiency and Conduct. Each one of these topics was analyzed at length by the sub-groups of the Task Force, discussed at the whole Task Force meeting, discussed at consultative sessions with stakeholders and then crystallized in the form of recommendations. As the task force had a diverse group of membership, there were at times heated discussions, some members withdrew or resigned and others expressed strong dissenting views. Criticism was levied that the Task Force was dominated by the PAS officers and had little representation from other services and the Chairman himself was an ex-CSP officer. The PAS officers dominated because the ex-officio members i.e.

the Chief Secretaries and Federal Secretaries all belonged to that service. Non-official members were drawn from among the academia, private sector, also retired civil servants belonging to PFS, PSP, IRS. More than 60 consultative sessions held at Quetta, Karachi, Lahore, Peshawar and Islamabad including training institutes were attended by more than 1900 officers from all services cadres, ex-cadre and non-cadre. Their views were incorporated while finalizing the recommendations. The Task Forces formed sub-groups on each of the components of the HR value chain and came up with their recommendations which were discussed at the joint meeting of the two Task Forces and the final proposals were passed on to the Divisions concerned.

The Task Force was of the view that unless the elements of this value chain were not revamped, any structural changes such as creation of National Executive Service would not make much sense. So it was proposed that each of these items and allied policies should be taken for the consideration of the Cabinet for their approval. So far the Policies which have been approved by the Cabinet pertain to Selection of heads of public sector corporations and bodies, Training of officers, Performance Management, Promotion Policy, Rotation and Directory Retirement rules.

The status of progress made up to date is as follows:

- A transparent procedure for selection of Chief Executives, Managing Directors and heads of public sector organizations and enterprises through an open merit based competitive process has been put in place since 2019. About fifty such positions have been filled so far following this procedure which is aimed at finding the right person for the right job.
- Systematic training of ex-cadre and non-cadre officers on the lines of the Cadre services has been made mandatory for promotion. Mid-career and senior management training courses at National Institutes of Management (NIMs) have been divided in two parts—the first half would be common training course at NIMs while the second part would take place at the Specialized Training Institutions (STIs) in their respective professional fields.
- For Performance Management, the starting point would be the Performance agreements signed by the Prime Minister with his 25 Cabinet Ministers.

The goals specified in these agreements would then translate themselves into key performance indicators (KPIs) for goals down to the hierarchical chain. These KPIs would be agreed upon by the officer and the supervisor replacing the present highly subjective evaluation process. Only top 20 percent would be placed in outstanding category and their annual increments would be twice as much as those of the fully satisfactory categories. Those who get below average performance reports would get no increment.

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

- b) Amendments in Efficiency and Discipline Rules for making internal accountability more effective, have been notified
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The proposals that are yet to be approved by the Cabinet are as follows:

- a) Induction and Recruitment: After thorough discussion with the Federal Public Service Commission, the proposals for Induction and Recruitment have been finalized and would be submitted soon for Cabinet's approval. The initial screening tests and selection of mandatory electives to match the requirements of the occupational group at CSS examination are the innovative feature of the proposed recruitment system
- b) For Pay and Compensation, the PIDE was commissioned to prepare a study. A Pay and Pension Commission has been formed to review all proposals for rationalizing salary structure and the current system of pensions.
- c) The Cabinet, just like the Musharraf Government and his chief Ministers and the Prime Minister at that time, did not agree with the proposal on the Security of tenure and adopted a policy for Federal Secretaries to be selected by a committee consisting of Ministers and Secretaries that would recommend a panel of three candidates to the Prime Minister against each vacant post. The selected officers would have a fixed tenure for two years but could be removed in the initial six months on the recommendation of the Minister Incharge. This action has been criticized by many civil servants as it entails undue political influence in the appointment of the Secretary of the Division. The counter argument given by the Cabinet members was that if they were to be held accountable for results according to the performance contract signed with the Prime Minister, they should have a say in selecting the team leader of their management team.



In their opinion this would minimize frictions and tensions that may hinder smooth functioning of the Ministry.

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

### **Restructuring of the Federal Government**

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

### **The status of progress up to date is as follows:**

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

- Implementation Committee has also recommended abolition of almost 71,000 posts which have been lying vacant for at least one year with the objective of rightsizing and observing austerity.
- Amendments have been made in the Rules of Business recommended by the Task Force and the Secretaries Committee.
- A proposal to reduce the tiers of the hierarchy in each Division from six to three with broad banding - Joint Secretary (BPS 19/ 20), Additional Secretary (BPS 20/21) and Secretary (21/22) – has been approved by the CCIR. The positions of Director General, Director, Principal Staff Officer, Senior Staff Officer and Staff Officer would be created to assist the officers occupying the three tier posts in the vertical hierarchy
- 23 training institutions engaged in training of the civil servants are being made autonomous, empowered to take decisions, fully resourced both financially and with quality instructional staff. Incentive structure for these institutions' instructional staff would be brought at par with those serving the National School of Public policy.
- Maximum limit for approval of PSDP schemes has been raised and the Division can now approve schemes up to Rs. 2 billion
- Planning and Development Division has introduced a number of changes to simplify the processing, approval and implementation of development schemes. No unapproved scheme is included in the PSDP Budget allocation
- Finance Division has set up a mechanism of quarterly releases of funds on PSDP schemes in a timely manner

### **Strengthening key institutions of Governance**

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

established in seven Ministries. These sub-offices have received appreciation from host Ministries.

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

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

### **Summing up**

It need not be overemphasized that the reform agenda is comprehensive. This is as it must be, given the decades of poor governance and institutional degradation. It requires a slow but steady pace of devising and executing reform to ensure inclusion, efficiency and sustainability. The people of Pakistan deserve better. There is the political will to do just that. Failure is no more an option



# Knowing civil service reform

Nadeem Khan

## The Long Road to Reform

Civil service reform is not a short term endeavor. It is of course simply a means to an end, which involves 'deliberate changes to the structures and processes of public sector organizations with the purpose of getting them to run better'. Christopher Pollitt and Geert Bouckaert's comparative analysis of public management reforms identified the following ends:

- making savings (economies) in public expenditure
- improving service quality
- making government operations more efficient
- increasing the likelihood that the chosen policies will be effective.

The public sector of Pakistan was inherited from the British colonial system that sought compliance with state policies and supported little public participation. These propensities shaped the whole range of bureaucratic structures and systems comprising recruitment processes, training, mobility systems, inefficient

public administration and incomplete devolution. The dominance of state in the market and elite capture were the characteristic features. Geopolitical threats and political settlement framed the role of bureaucracy in higher-level policy formulation and implementation systems.

The public sector is plagued with both political and technical problems. The political problems which include the scheme of the public administration, and the relationship between several categories and hierarchies in the various parts of the civil service that can only be resolved through a political process.



The technical problems have created functional weaknesses that could be attended through technocratic responses. The various sets of reforms have not appropriately adjusted to suit the respective realities of Pakistan's public administration because reforms have focused on the structure of the organizations rather than on the functioning of these institutions. The technocratic problems have been considered less than political problems in some cases due to which the reasons or the rules for poor performance have still been attached with the system.

The Public Service Commission has recognized that rules for recruitment, poor motivation and lack of incentives are the major challenges. The absence of strong human resource management (HRM) systems, including a functional HRM planning system, damages staff allocation and management. (HRM) systems, including a functional HRM planning system, damages staff allocation and management. The HRM system is still manual and staff records are kept in individual files, even basic staffing data such as number of sanctioned and filled positions, titles, grade levels, qualifications, training obtained, years in service, etc. are not available in electronic form at the department level. This has led to inefficiency and created hollowness for opportunities in personnel management, including in the filling of vacant positions. The absence of data and a poor monitoring system for HR planning means that estimating staff strength can be a challenge. So, this inefficiency has become the reason for two main problems. First, it is possible to hire more staff than are needed that leads to an increase in the wage bill. Second, without human resource planning, various unwanted vacancies exist in several departments due to the difficulty of establishing staff movements at any given time.

It is clear that the talented people are attracted by those countries which have large economies, well developed businesses, good living standards, social security, growth opportunities

and above all high financial incentives. Unfortunately, Pakistani employment market is not much attractive for talented and growth loving people and fails to create good opportunities for potential talented employees. For example, recruitment process of public sector organizations is too slow, confusing and unfair. Talented people with multiple options are unlikely to make the effort or wait the six months that it can sometimes take to hear back from an employer.

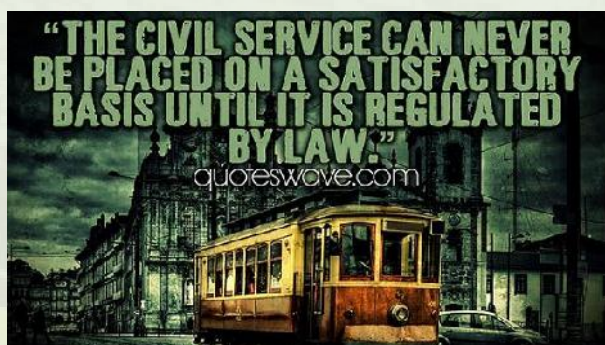


Another most important factor in public sector reforms is existing compensation structure. The compensation system of public sector based on political constraints as compared to the private sector is subject to profit constraints.

The public sector may be willing to pay higher wages to its employees especially semi-skilled workers but it does not pay attractive financial incentives to its higher skilled or talented workers. But, the burning question is why civil service reforms are not implemented in true spirit and its goals hardly achieved. One reason may be that we ignore the success factor of such reforms. In a paper, Institute for Development Policy and Management, Manchester, highlighted following reasons of failure

- The main problem is that the low administrative capacity and poor performance favors an incremental approach to reform.
- The “power of the purse” of donors has led them to take center stage in the selection and definition of reform projects, undermining the sense of local ownership and distorting decision-making as governments adopt initiatives that are likely to bring the most aid money rather than those that are the most necessary.
- Effective central coordination and a sustained focus on end results are necessary to bridge internal gaps and diffuse ownership of reform within government.

World Bank (1995) experience suggests that unless the political will is strong, the reform process will be ineffective. They argue that political desirability, feasibility and credibility are necessary political conditions for successful reform.





## Interviews

PERVEZ TAHIR

# Civil Service Reform Begins

A good beginning is in a direction that the critics have ignored



The case for civil service reform has long been established beyond a reasonable doubt. Most new regimes begin with the talk of reform. It dies down as soon as the regime settles down, greased of course by the DMGs. Little wonder, they were described as the Central Sultans of Pakistan (CSP), replacing the Internationally Created Sultans (ICS). The present regime had no choice but to walk its campaign talk. No time was lost in setting up a task force and appointing a designated adviser to start the process. Eyebrows were raised about the composition of the task force, dominated as it was by DMGs, past and present. There were questions about the chair as well, who wrote a book on the elitist state and joined the most elitist regime of General Musharraf, and recently finished another to extol the overly incentivised DMG-centred model of governance run by Shehbaz Sharif in Punjab. If there was any hope left, it was dashed by

the performance in the first ining power continue. month in office. Nearly all federal ministers were seen hostage to the ground-reality lectures that the DMG secretaries are so adept in giving to the new entrants. The ifs and buts in their public pronouncements became inversely proportional to their reformist zeal. The finance minister, oddly described as the most educated by the opposition leader, seems to have been the most mesmerised of them all. He was lectured for a month by the DMG demagogues on delicate issues facing the economy. Discarding the convention of a formal written speech backed up by explanatory publications, his extempore outbursts included, among other routine proposals, the repeatedly failed trick of leaving the bulk of the additional tax mobilisation to administrative measures. "Forget reform, leave it to the incorrigible FBR," is what it effectively meant. It should be obvious that the main obstacle to reform is the centralised services in general and the DMG in particular.

The PTI leadership was at pains to expose these services as a colonial legacy. In the interest of the Raj, the colonial services were centralised. After the 18th amendment, the centralised state has been contained to a considerable extent. In contradistinction, the centralised services and their

collective barga There are a lot more grade 22/21 positions than required by the subjects in Federal Legislative Part I. Akin to a mezzanine floor, the subjects in Part II are the domain of the CCI. It requires, and the Constitution stipulates, a separate secretariat. A few more positions will be needed here. All others, and the number will be huge, should have been placed in a pool and eventually deployed in the province of their choice. The federal government, provinces and local governments should have the autonomy to recruit their own for effective service delivery. Political interference is another issue that the PTI government has resolved to address. However, it fell directly into the trap laid by the DMG about the restoration of the constitutional protection of service withdrawn by prime minister Bhutto under the 1973 Constitution. It was also a colonial relic, designed to ensure loyalty to the British crown rather than the 'native' politicians emerging after the promulgation of the Government of India Act of 1935. After independence, the 'civtablishment' stepped into the shoes of the British crown because of this protection, superseded in time by the more powerful 'miltablishment'. Thus, started the unending tussle between the political and other institutions. It is possible to frame rules of business that ensure operational autonomy without constitutional protection. One way would be the legal protection proposed by the caretaker PM Moin Qureshi.

*Published in The Express Tribune, January 29th, 2021.*



## Interview

### Dr. Ishrat Hussain

**There is extreme centralization. Federal, provincial, and local level services are merged at this stage.**

In the current system, there are two issues: one is that the Constitution under Article 240 provides three types of civil services: All Pakistan, federal, and provincial civil service. The provincial civil service is 4 times larger than the federal civil service. Second, under the shared positions of All Pakistan services, more than 1700 were reserved for Pakistan Administrative Service (PAS) officers. Out of these, 650 posts have been taken away from PAS and allocated to the members of the provincial civil services. It has also been decided to induct Provincial Civil Service officers into the Pakistan Administrative Service through the FPSC. Thus, the dominance of the All Pakistan Services would be diluted to some extent. If the interpretation of Article 240 in the constitution of Pakistan is clarified by the Supreme Court and it orders that All Pakistan Services should be abolished, the PAS and Police Service of Pakistan would become Federal cadres with no representation at the provincial level. . In my personal view this would not be a forward looking step as we need intimate knowledge of local and provincial problems for decision making at the Federal level. There should also be a new cadre i.e. District Service in addition to the provincial service because most of the interaction between the common citizen and the Government takes place at the local level.



#### **Will the National Executive Service (NES) end up in an imbalanced federation?**

The NES will abolish the monopoly and quota of PAS (former DMG /CSP). How would NES work? After reaching grade 19 any officer of the Federal or Provincial Government will have to compete to enter the NES by appearing at a test and interview conducted by the Federal Public Service Commission. NES will open up the doors for both generalists and specialists. There will be specialization within NES organized in four groups: one will be the economic group, second technical group, third, social development group, and the fourth will be the general management group. Officers belonging to each group would rotate in those Ministries, and also get promotions within the groups. This approach would ensure equality of opportunity for every one and curb demotivation and demoralization among those who do not belong to any cadre and also the provincial servants who cannot rise to the top positions.

#### **Centralized government, how much centralization is needed, given the consequences and outcomes?**

The government is moving away from centralization. Strong, empowered and fully resourced Local governments are going to be established under the new laws at least in KP and Punjab. This system would have directly elected mayors and chairmen of the tehsil councils. These bodies would have the powers and resources to appoint their own staff. They can bring it in from either the private sector,

federal government, or the provincial government. This step would empower the lower tier of government where there is interaction between citizens and the government. Health, education, sanitation, water supply, and similar would all fall within the purview of the local governments. Provincial governments have 3 million appointees of their own. I think there should be more qualified and well trained staff at the District level rather than at the provincial headquarters.

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**Is the DCs and Commissioner system going to be abolished?**

Under the new local government structure, there is no move to abolish the DCs and Commissioner. They would be responsible for general administration, law and order, security, land records and revenue, natural disaster management etc. However, the DCs and Commissioner would have limited authority under the new local government laws in KP and Punjab. The elected mayors and Chairmen would have more powers and resources at their disposal.

Yet, the present laws in Sindh and Balochistan are still outdated and the control of the provincial government is quite pervasive.

**How long would it take to take-off? How can we ensure transparency in the system? How can we ensure decent compensation? Why does the NES have a quota system?**

The concept and mechanics of NES is still at a discussion and consultation stage and has not yet been finalized or approved. FPSC would conduct the exam of NES to ensure transparency, and NES has no quota system. Some of the reform implementation has started already. For example, revamping of training component has already started and the performance contracts that would usher in a new Performance Evaluation system have been signed by the 25 ministers and the prime minister. As far as compensation is concerned, we are waiting for the compensation study and the Pay and Pension Commission report to introduce a decent salary structure

**What would be the rules of the game for promotions?**

The new promotion rules have been notified and were followed by the Central Selection Boards in their last sessions. The revised weightage system is 40% on Performance reports, 30 % on Training outcomes and 30% on the collective assessment of the Selection Board members. Only those having outstanding and excellent performance, competence and integrity would be promoted and seniority would no longer be the main criterion. The Islamabad High Court has endorsed these rules and upheld the promotions made under the new rules.

**How to handle the disgruntlement between civil society and civil service?**

Under new Efficiency and Conduct rules, these malpractices will be under control. PM Portal has so far received more than 3 million complaints against various government departments and officers. These complaints are monitored for redressal and the officers who fail to satisfy the citizens are taken to task. I would encourage civil society to make use of this Portal if they have any grievances against any Government department or officer.





### Why are there various tribes?

There are two models: British model for induction into cadres and occupational groups and the US model for position based induction. Under new laws, the performance evaluation mechanisms are changing. The disparity of representation between the generalist and specialist will be abolished. It will end the tribes and monopoly of generalists would inshallah come to an end, although generalists would most probably fit in quite well in most leadership positions as they have diverse experience, broad based experience and the skills to synthesize divergent viewpoints and come up with a coherent solution.

### Why can't we involve universities, professors, and educational institutes in civil servant training?

For training, educational institutes will not be used, but resource persons from universities will be asked to teach at the training institutes. The current training courses are being split into two - four to five weeks at the National Institutes of Management (NIM) for general management and soft skills training and the remaining five weeks of training in their specialized field. University professors who have done research or case studies on public policy issues and the problems of practical nature would be invited to present their cases and research findings at these training courses. I would urge the academics to involve themselves in paying attention and finding solutions to the multifarious problems facing Pakistan.

## HAQUE SURVEY

**Nadeem Haque** @nadeemhaque · Oct 5

If we want civil service reform we must get rid of service groups with guaranteed position including the dominance of the PAS



134 votes · Final results

## Interview

### Hassan Khawar



**The productivity and performance of almost all public sector organizations are deteriorating for the last 30 to 40 years. What do you think are the reasons? Why has civil service failed to deliver?**

The performance of all major public sector institutions has, in fact, been deteriorating for the last 30-40 years, but I think it's a little far-fetched to say that the civil service is the only institution that's responsible for their failing. I think we, as a country, are failing, and everyone must share the blame: civil servants, politicians, and even other institutions like judiciary. You can look at a number of examples where each institution has played its due part in failing these institutions. Politicians do that by taking poor resource allocation decisions and by using these large public-sector enterprises to oblige their constituencies, while civil servants play their part in following through with these policies to get good postings and make their careers out of it. And judiciary has also not helped in this regard – for example, if you look at the Reko Diq case, it was a judicial decision that led to a \$5.8 billion fine for Pakistan.

**It is a general statement that Pakistan needs the right civil service reform for good governance. What does that mean, also which reforms are the right reforms?**

I think that's a good question. Pakistan certainly needs a good and capable civil service to have good governance because civil service forms the core of the government machinery. For any policy that a political government makes, it is the civil service that has to implement it. And if you do not have a capable civil service, those decisions would either not get implemented, or worse, would lead to a different outcome than what the policymaker had intended.

The question of what the right civil service reform is, is perhaps the most important question, because over the years, our think-tanks, our intelligentsia and our academics have all come up with a variety of reforms, which at times are contrary to each other, baffling the policymakers as to which way they should go.

One person would come in and ask to enhance the duration of a training program, and another one would want to shorten the training program. Someone would say, give tenure security to the bureaucrats, while another would recommend enhancing accountability, and all these together would lead to even more confusion.

I think the right reform is the one which can improve service delivery for the citizens at the frontline, while at the very top, the right reform would be what could change the quality of advice given to politicians for them to take informed policy choices. Anything in between is merely a means to an end, and I think any reform that does not either lead to an improvement in the quality of advice given to politicians or improve service delivery means nothing on its own. I think if we have such criteria to screen reforms, that could perhaps be the first step towards adopting and embracing more meaningful civil service reforms.

**Why do public sector employees oppose reforms, and why the government isn't serious about implementing such reforms?**

The tragedy of civil service reforms is that while everyone wants to reform the civil service, everyone has a different axe to grind. When you ask the civil servants, they believe tenure security and a better compensation package is the right reform to undertake. Politicians think that civil service needs to be more efficient and pliable, so that whatever they decide or say gets implemented on ground very quickly. Similarly, other lobbies have their own version of what civil service reform should look like.

Now, why do public sector employees oppose reforms. Bureaucrats reflect status quo. Any reform that will hurt their interests is definitely not something they would welcome. Change is always painful. Whenever as part of a change you hurt the interests of a particular lobby, it is not going to embrace it.

But there is also another side to the argument. One-sided reforms, only driven from the top, also run the risk of making the civil service more pliable. For example, more accountability without adequate compensation can lead to deterioration in the quality of civil servants that you get. So any reform to improve civil service should be a holistic package, which brings in perspective from all quarters so that while civil servants get good compensation, there should also be enhanced accountability. And while civil servants should not be left at the discretion of politicians, they should also not be given safe havens where they do not respond or listen to the politicians. I think that at the end, it is about achieving a fine balance.

**After the 18th amendment devolved power to provinces, some of the major subjects have shifted from the center to the provinces. Still, the transition isn't completed in the true sense. What do you think are the causes, and how has the service delivery been affected?**

With the 18th Amendment, provinces got more responsibility and also got more funds. Some of the provinces developed new organizational structures to be able to spend those budgets, but you're absolutely right in that it hasn't happened in the true sense. In fact, the debate right now is to reverse the 18th Amendment because the federation finds itself in a fix where it does not have enough money, but it has significant expenditures that it cannot meet.

I think we, as a country, need to find a sustainable solution for that. Provinces should be, and are, responsible for service delivery, and I think the idea to devolve powers to the provinces is that the decision-making should happen close to the service delivery. In principle, it's a good move. Provinces should be accountable for service delivery, and they should be the ones making those decisions. For example, as part of the newly announced

power reforms, DISCOs are supposed to be transferred to provinces. Provinces are the right tier to manage them and reduce line losses and thefts, and I think all of that would bring accountability close to home, and in the longer run, should lead to good service delivery outcomes.

**The performance of autonomous bodies is declining; what is your opinion on inducting professionals/technocrats rather than generalists may improve the performance? What is the right way to bring in the right people?**

It should not be the debate of generalists versus technocrats. If you look at all the multinational corporations, you do find people with general management and leadership experience leading those firms. Some of them come from HR function, some from marketing functions and some of them come from technical functions. I think it's about having the right leadership experience.

However, I also feel that the recruitment in autonomous bodies and state-owned enterprises should primarily be open to both public and private sectors, with the aim to have the best person for the job. Right now, the problem we face is that even if we open up recruitment to the private sector, not enough people from the private sector are interested, and even if they come in, they fall victim to a very complex political economy of these organizations where they fail to hire and fire people, where they cannot bring the changes they want to bring, and hence they become part of a larger ecosystem which is not poised to change. I think that's what keeps even the best of the best from performing well in these organizations.

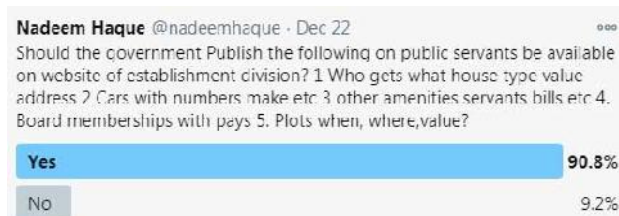
If we really are serious in changing and turning around these state-owned enterprises around, not only do we need to bring the right talent from wherever we can get the best of it, whether it's the public or private sector, but we should also give them full autonomy to manage these organizations and should make them accountable for the results. We cannot just recruit them, not give them autonomy, or

hold them accountable, or vice versa – I think all of that must be part of the overall equation.

### **Do you think the current CSS examination system and salary structure has failed to attract capable and highly talented people?**

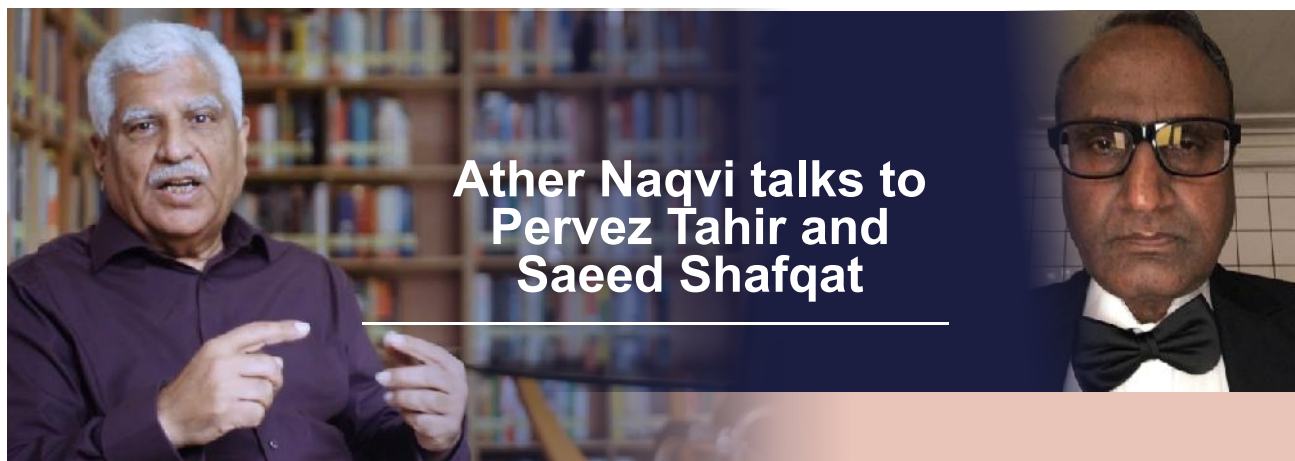
I don't think so. If you look at the civil service, it does attract the right quality of people. I think the salaries are certainly low, and they could have discouraged people to apply, but in a country like Pakistan, where CSS is seen as a tool for sure social mobility, people still get attracted. I think what happens is that once you get the right people, civil service offers perverse incentive for the people who stay, because people who do not want to be corrupt, who don't want to seek rents or accept bribes, find it difficult to manage their expenses within the meagre salaries. They then either exit from the civil service or opt for positions which may be less impactful but come with more perks. For example, some of them go on deputation to donor agencies, others find well-paying project jobs, and they do not end up at the critical positions, which in most cases are left for those, who have found other means to support their expenses. So my opinion is that a low salary package is more consequential for talent retention than for talent induction in the case of Pakistan.

## **HAQUE SURVEY**





## Interview



### Ather Naqvi talks to Pervez Tahir and Saeed Shafqat

In accordance with Prime Minister Imran Khan's inaugural address to the nation, the task force on civil service reforms has been established. Broadly, the task force will look into human resource management, training, accountability, and career planning. Dr Ishrat Husain, an economist and former governor State Bank of Pakistan is heading the 19-member task force.

Since various governments have been working on civil service reforms in the past, it will be important to see if the present government has done its homework and how it will go about this challenge.

To start with, a certain section of the bureaucracy has been expressing reservations over what they call the domination of one group in this whole exercise of reforms. Bureaucrats are questioning a task force which reportedly has 13 members from the District Management Group (DMG).

Out of the total of 12 occupational groups in the bureaucratic set-up at both the federal and provincial levels, DMG is considered the most sought after. This group has largely been at the top of administrative affairs and the tussle between this group and the rest seems to be an on-going process.

Dr Pervez Tahir (former Chief Economist) : Half, if not more, of the reform is about the pervasive role of the DMG. But it is too well-entrenched to let reform touch its centrality to the system inherited from the Raj. What is required is a shock and awe approach.

Apart from the controversy over the members of the task force, it is pertinent to see what the salient objectives of this task force are and whether it is likely to achieve its goals.

Ather: Public policy experts say for reforms to achieve even a semblance of effectiveness and success the task force needs to evolve an integrated approach that covers reform at all levels -- federal, provincial and local.

Dr. Saeed Shafqat (Professor and Founding Director, Centre for Public Policy & Governance (CPPG), Forman Christian College, Lahore): At the federal level, the challenge before the task force is to build capacity in policy formulation. The federal bureaucracy must be recruited and trained with the goal that it becomes the champion of harmonising provincial interests with federal interests.

The need is to build the higher bureaucracy's capacity on two levels. The first level should focus on macroeconomics, social sector and infrastructure, while at the second level the stress should be on security, defense and foreign policy. The focus ought to be officers between BPS 18-20. It is at this level that retaining competent officers in the federal civil service is emerging as a serious challenge.

If immediate and appropriate policy measures are not devised to retain officers in this grade bracket we could face a serious dearth of competence in the coming five years and the provinces would be adversely affected.

Pervez Tahir: For the PTI government it is not a good start as far as civil service reforms are concerned, Before introducing lateral entry and discontinuing constitutional protection in 1973, Prime Minister Zulfikar Ali Bhutto showed the door to the most powerful of the lot. Before entering the government, the PTI had created the impression that it would do something similar. Far from it.

Prime Minister Imran Khan's first month in the government witnessed its most capable ministers learning the art of government at the feet of DMG secretaries, including some PML-N faithfuls. The group also managed decisive presence in the Task Force on Civil Service Reform. The expected momentum has been lost."

Q: So what is the task before the task force?

Saeed Shafqat: Taking appropriate policy measures by carefully re-designing the recruitment process and strengthening the autonomous status of the Federal Public Service Commission (FPSC). The second level of reform has to be at the provincial level, where policy formulation and implementation capacity also needs to be redesigned and strengthened.

Pervez Tahir But, as things stand, it seems easier said than done. The DMG group is unlikely to lose its position, With Ishrat Husain as the spearhead, reform is expected to focus on further strengthening the DMG. Not exactly a governance expert, he has been a syndicated admirer of the DMG-managed government of Punjab under Shahbaz Sharif and a member of the "depoliticised" Musharraf regime."

Q: In this backdrop, is the task force clear on the issues before it?

Pervez Tahir: Clarity will be achieved by compulsory reading of the report of the National Commission for Government Reforms set up by General Musharraf.

What the task force is unlikely to do is respect provincial autonomy by putting an end to centralised services." The only good that might come out would be, according to him, some local level changes in administration, "something that all pseudo political governments are known to have pursued. Civitablism will continue to play second fiddle to militablism.

Saeed Shafqat: At the provincial level the functioning of the bureaucracy has been most adversely affected, by recruitment through patronage, posting transfers and lack of accountability. At this level, there is need to revamp the Provincial Public Service Commission (PPSC), so that recruitment both at the officer and subordinate level is merit-based, transparent and competitive, he suggests. The responsibility-sharing mechanisms between the provincial and local government must be redesigned constitutionally, politically, administratively and fiscally, experts argue. "The 18th Amendment provides a clear direction on these matters. In the existing arrangements of governance, we need to review the recruitment, conduct and training of 1-16 grade public officials, with particular focus on 7-16 grades.

Still, the need is to adopt a bottoms-up approach to introduce reform at the grass root level so that the ordinary citizen is able to see the benefits of reform. "Simultaneously, a top-down approach, synthesising the two approaches would be a tough challenge for the task force but that is the challenge it must accept and show resolve to redesign The Civil Services of Pakistan to The Public Servants of Pakistan.

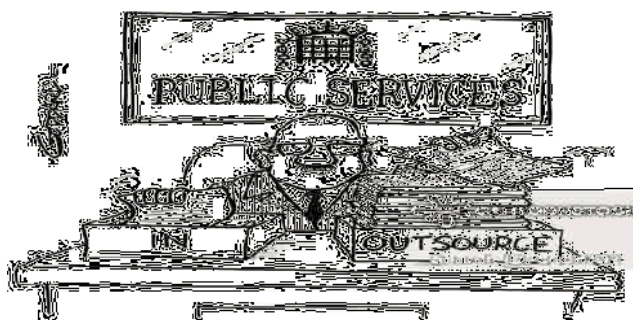
***The interview was published as a special report in The News on Sunday, October 7, 2018.***





# THE STATE OF CIVIL SERVICE REFORM

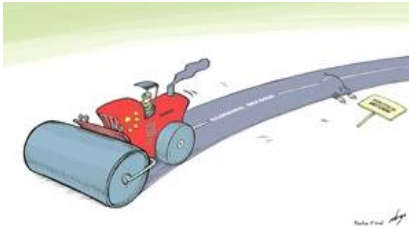
Naseem Faraz



Weak institutions, flawed democracy, over-regulated markets, and competence of the civil services are the key challenges to economic growth in Pakistan. Without good institutions and public sector delivery, we cannot accomplish economic development in the country. PIDE has generated an extensive national debate on civil service reforms to suggest policy guidelines to the government. Dr. Ishrat, Head of National Task Force on Institutional Reforms has provided his detailed views on the current state of the Civil Service Reforms. A three-fold approach will shape the civil services structure.

## I. Economic Governance Reforms

The first approach is going to look at the few key economic governances such as the State Bank of Pakistan (SBP), Security Exchange Commission of Pakistan (SECP), Federal Board of Revenue (FBR), Pakistan International Airline (PIA), Railways, and the Competition Commission that are crucial to promoting the private sector development and economic growth in Pakistan. These institutions need a lot of revamping both in terms of processes and human resources, and technology adoption which enables the service provider to be able to reach the general public without much interaction between the government functionaries and the person physically. Initially, this approach is going to be applied to the selected institutions and the most important of them is the FBR. Unless we try to reorder the FBR structure, processes, human resources, and information technology, we will not be able to bring the change. We will remain dependent on donor agencies.



## II. Restructuring the Federal Government

The second reform approach is looking at how many organizations were working under the divisions/ ministries. We have no functional and legal classification of these entities. We didn't know why they were established, and what they are doing now. To proceed with the restructuring, a survey has been carried. The survey findings found that 440 different organizations can be divided into 16 types of entities: autonomous, councils, and so forth. The reforms have divided these 16 entities into six categories that would be retained by the government. Then there will be only two types of organizational structure. One, the autonomous bodies, and second would be the executive bodies. The philosophy behind this organizational structure was that there will be a clear distinction between policy making, implementation of policies, and regulatory functions. The regulation of function will be completely independent of the ministries because the citizens of Pakistan have the right to approach an independent agency. The operations will be carried out by autonomous bodies that have their board of directors with no interference from the ministry or the executive department which



will give the task to carry out their functions. Therefore, this will be the two types of the 330 entities that will be grouped under this. The remaining 110 entities either be privatized or liquidated, merged, given to provinces, or liquidated because some of them are no longer performing the functions for which they were established. This approach has been established already, and now part of the structure of government.

## III. Complete Value Chain Reforms

The third approach is going to focus on the complete value chain restructuring. The following all the 6 components are interrelated. (1) induction /recruitment (2) training (3) performance management (4) career progression/career planning and promotion (5) compensation and benefits (6) retirement. All have to be worked together to make the capacity and competence of the Civil Servant matched with the job requirement.



### 1. Induction and Recruitment

For induction and recruitment, the new system is trying to create the clusters. For example, for financial services, if you qualify for financial services that include accountants or commerce and trade or taxation, you must have an elective paper in finance and economics to become part of this civil service. Similarly, if you want to opt for police you have to take two electives in criminology and criminal procedure courts. If you want to bow into foreign service, you will take exams in diplomacy and international relations. Therefore, bringing the partial

specialization along with the general starters' requirement for induction.

### 2. Civil Service Training

On the training, one can be surprised that out of 29000 employees, there are 23 000 employees belonging to specialized groups such as economists, engineers, doctors, professors, accountants, etc. They have been treated as second-class citizens in an era where knowledge and innovation are going to drive economic growth. There is no career planning and no training for them, so Cabinet decided for the first time to have the training and organized training. Just like general cadre, their promotion would be linked to performance and training. Ideas of training will be designed by the professionals. The officer will have 5 weeks of work in a generalist environment and spend 5 weeks in specialized academies and training institutes for which they belong.

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**3. Performance Management**  
Annual Performance Report (ACR) is subjective and must be replaced by the new performance evaluation policy. According to new policy, performance evaluation is based on the agreement between the Prime Minister and Minister of charge, then the agreement between the minister of charge and secretary.

The performance evaluation report will be based on certain objectives with certain indicator that will be measurable, verifiable, and quantifiable, they will be signed by the officer and the supervisor at the end of the year. If there is any disagreement on the evaluation, it will be escalated by the independent board and an appeal board that listens to both sides and decides what the final rank and performance would be.

Only 20% would be rated as outstanding, 60% will be given average/satisfactory, and below average. This is the bell curve which is decided by ministries. Some of the ministries already carried this out as pilot bases because this is not an easy task. You have to write the job descriptions and then you have to each objective have two to three performance indicators. The defining of the indicators is not an easy task. This design of performance evaluation would reduce the subjective evaluation that currently places 80% as outstanding while the performance is average or satisfactory in the current setup.

#### **4. Career planning and Compensation, and Promotion**

In the new system all the cadres and non-cadres are on equal footing. There is no monopoly of one cadre or any

particular service group. All the positions of secretary, joint secretary, deputy secretary should be reserved based not on one exam, now it should be open up for everyone. They should be competitive so that they can be accommodated on the equal level of footing in the level playing field.

Promotion will be held based on three indicators: (i) performance report which will carry 40%, (ii) what will be the training outcomes are 30%, and (iii) central selection board headed by the chairman of Federal service commission with all top civil servants chief secretaries, some secretaries, and heads of cadre sitting in collective judgment on the performance evaluation. Now seniority will no longer be a criterion for this kind of promotion.

#### **5. Compensations and Benefit**

PIDE has assigned a task to come up with a study as to what the compensation would be. The unfortunate situation is that grade 1-16 constitutes 95% of the workforce and they take away 85% of the total wage bill. Now, with the support of e-governance and automation, we should be freezing all cleric jobs. For example, in the current 71000 clerical vacant jobs have been abolished.

The salary saving from this would be used to boost the salaries of the officers who are not getting decent wages in the current setup. Further, there are too many variations in allowances and perks and benefits, and there are too many exceptions.

There is a mismatch between performance and compensations. The PIDE study would help to monetize the benefits and also create a structure where there is fairness and equity. It is essential to go away from the Unified Pay Scales. We must introduce the

scarcity premium for the professionals for which we have the shortages. Then realign the salary structure based on the premium discount on the norm. If you look at the SBP, the starting salary at SBP is 85000 which is equivalent to standard charter and Unilever offers to the students from the top universities

#### **6. Retirement and Pension**

Government just introduced the directory of retirement and there is huge resistance which is understandable. There is early retirement scheme after completing 20 years, if officer is not performing well, because of his below-average performance or training and not suitable for continuation of the job or if he/she is superseded three times then he/she will be given the opportunity to improve yourself but they are not able to improve, they will be asked for early retirement.

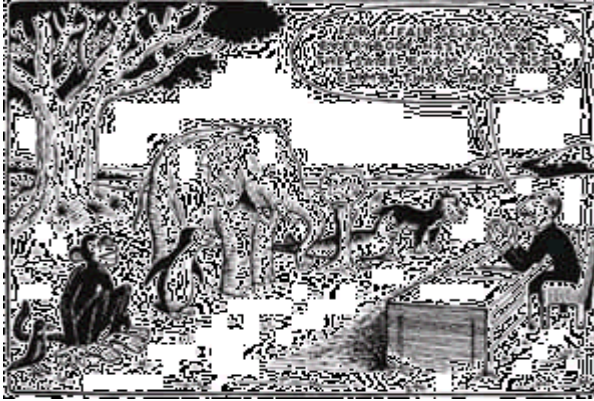
Pension is becoming an explosive liability for public finances. Government just forms the pay and pension commission in which we want to migrate from the pay-as-you-go system to the defined contributed system. Where officers would contribute to the pension fund, where the officers pay some amounts, and the government makes major contributions. Then contributions would be invested by the managers.

Above discussion provides a precise succinct overview of reforms. However, it is not the linear path. The implementation of these reforms is not that straight forward. There are a lot of skeptics and a lot of people who do not believe in reforms because it disturbs the status quo. Therefore, a big battle ahead to bring institutional changes in Pakistan



# Debate on Civil Service Reform in Pakistan

Nadeem ul Haque & Naseem Faraz



## The Need for a Wide Debate

- PIDE series on institutional reform are important to generate a national debate on this important notion of getting the government right.
- The discussion on any such institution should therefore not be seen as a critique. Instead this should be a regular subject of public policy research in all our universities.
- Civil service is a key organization for any age, any country, any organization and therefore a key determinant of the country's success in everything including record keeping, security, policy, M&E and economic development.
- Critically success depends on ensuring good systems for government policy development, M&E and management of community, cities and organizations. Several Nobel's have been awarded for this research.
- Civil service reforms are a central subject for development in Pakistan. Unfortunately, there is a lack of understanding of civil service. Institutions are important for economic development & growth.
- Reforms are not only changing names of things but the connections are important. We have to connect with the actual public sector, organizations & institutions. We need to connect with matters, edifice of civil service and the notion of reforms.

## The Debate is not Intended to Vilify

- When we discuss civil service, it is to review the workings of an institution and not against any one group. Every state

organization is trying its best and often doing food work under difficult circumstances. So is the civil service.

- However, every state institution, especially the civil service must be kept under constant review and probably in a state of reform to improve key systems and processes which underpin national productivity.



## Efforts but little Reform

- Largely people felt that we have been too slow in reforming our inherited colonial institutions. Reform while it is a continuous and slow process has not really taken root in Pakistan.
- NCOC and public companies are representative of shorter version of reforms. NCOC worked well and is appreciated.
- In Pakistan, previous efforts done were meant for a certain cause. Executive problems were dealt and were taken as national reforms. Urgency of what is needed e.g. tax efforts and fixing FBR should not be considered as civil reforms.



## Decentralization, Autonomization, Professionalization

- The main issue that everyone talked of is the extreme centralization of the way our current civil service structure is structured. The



federal civil service at the pinnacle of which is PAS controls almost all areas of governance—cities, educational institutions, regulatory agencies and many other areas of governance. The PAS acts as a central pyramid at the heart of the executive.

- Received wisdom of the operation of the executive suggests that there should be a clear separation between policy development and M&E, regulation, and implementation.
- Efficiency requires that effective service delivery be closer to the people. Thus, more local government is required but remains elusive.
- Similarly, efficiency requires that regulatory and delivery agencies (universities, hospitals etc.) should be independent and professionally staffed.
- Above all, ministries are for M&E and policy development. They should stop running PSEs, attached departments, implementing policy taking transactional decisions and regulating markets
- At a minimum we need clear separation between the federal provincial and local civil services not the current pyramidal structure that exists.

### Policymaking, Record Keeping and M&E

- “Who makes policy” remains a confusion in our thinking. Currently, civil servants think policy is made by the politicians. In reality most of our policy originates in donor conditionality.
- Democracy through elections and consultations develops a general will which have to be translated into legislation and policy. The bureaucracy

has to do the work of policy development for the cabinet decision. It should not be merely using donor work.

- M&E of the economy was done by the civil service even in the colonial days and it is lying in the India office library. Record-keeping of the civil service in those days served as M&E and is still used by research. Have we given up M&E?



### Regulation

Regulation is a professional research and M&E job and should be totally outside the purview of the ministries for it to work effectively.



### Perks, Privileges, Power

- Perks privileges and power need to be rationalized as they are non-transport and distracting from the goal of public service.
- Bureaucrats and politicians may not support each other but the reality is they cannot survive without each other.

### Reform Efforts

- Too much tweaking leaving the old colonial system of centralization and confusion in place. Reform is seen only as improving performance and some processes leaving key issues alone.
- Reform is always envisaged to keep the pace too slow, blaming it on politics. But it seems it is more a matter of politics within government service than political will.

- There is limited research on the civil service and the public sector make no data available for such research.
- Sustenance of colonial superstructure which creates incentives that aligns interests of various aspects of the state of judiciary and provincial civil service or military or part or parcel of that. Any exit from the system, politicians or technocrats become allays of the existing system to sustain the stethoscope and to prevent reform. Everyone talking about reforms is an allay. No occupational group is bad. Our civil service is an absolute asset.
- Reforms should not be group specific. Making people friendly reform is important where there is improved service delivery and increased transparency. Reforms are not giving undefined powers to bureaucracy

### Stakeholders

Civil servants are a mirror image of society at large. Important stakeholder is the civil servant himself. Karachi and Lahore are like mini states and still run by DC. They need good governance. State has to change now. Lateral entry was not supported.

### Clarity and Time Line for Reform Agendas

- Purpose of civil service reform must be clear. If the reform agenda is for the monopoly of one group, then it has no sense and purpose. Reform must target development and growth in the economy through service delivery.

Reform is a slow process and cannot be achieved in one or five year. It may take a longer period. The question is how much more time we will take to bring suitable reforms?

### Recruitment and Mobility

- Why should recruitment be a once in lifetime event with a guaranteed career?



- Should there be lateral entry
- Should there be more mobility into and out of the civil service?
- Previously reforms were partially implemented. Were studies problematic? Were institutions not fair?





# STRUCTURE OF CIVIL SERVICE REFORM IN PAKISTAN

Nadeem ul Haque & Naseem Faraz



## The Need for a Wide Debate

- PIDE series on institutional reform are important to generate a national debate on this important notion of getting the government right.
- Several questions are the center of the discussions such as, who makes policy? What civil service is doing? Is regulation, managing PSEs and education, etc. the job of civil servants? Who owns the city? Why do there have civil service tribes, where are the professionals?
- Civil service reforms are a central subject for development in Pakistan. Unfortunately, there is a lack of understanding of civil service. Institutions are important for economic development & growth. Reforms are not only changing names of things, but the connections are important. We have to connect with the actual public sector, organizations & institutions. We need to connect with matters, edifice of civil service and the notion of reforms.



- There is no disagreement to have the civil service reforms. Looking back, since the 1950s we have had large recommendation reports and commissions to reform the federal civil service?
- But no commission has been formed to implement the reform recommendations. Reports have shelf life. Last report was done nearly a decade ago. To keep the civil service right, a major need is to move forward for implementation strategies.
- Question arises, how can we bring clarity and move forward to improve the civil service structure? One should admit that there is a connection between reports recommendations and implementation strategies.
- The reform agenda must understand what we need now. Do we need good governance? Are we looking for better public service delivery? If we really want to move forward with the reform agenda, we need to have some kind of governance charter, on which all stakeholders can agree. There must be consensus of the provincial and federal governments.
- Further, currently several forums are working on civil service reforms including the donor agencies. We must have the homegrown reforms agenda that must understand the underground realities.
- We need to have a very effective implementation strategy, governance charter, where we can move forward. Reforming civil service does not necessarily

improve the whole society merely reforming the civil service. For that purpose, you need to improve the working conditions and political culture of politicians.

- Lastly, successful reforms can be expected only if we implement fresh recommendations at the entry level. Those will be joining first time they will be most willing to take whatever the TORs set. There will be no resistance in accepting the new rules and regulations



## What should be the Role of Government?

- An important question asked, what should be the role of the government in the society. First, the government should not be in the running of Government owned enterprises.
- Second, what the government should pay for, and should do. For example, security, justice, etc. because you need them.
- Third, what the government should finance, but should not do. The best example is the provision of education or the education system. A responsible state should make it sure that everyone must get education. But delivering education should not be the government's purpose.

- Fourth, it should be known fact that which level of government? An effective service delivery like social and economic services. Under these conditions, the government should do strategic direction, standard setting, policy formulation, monitoring and evaluation but nothing beyond that.
- Fifth, where should the policy be made? In the absence of a donor, policy is made by the secretary at provincial level. Provincial level power to PAM instead of secretaries.
- Sixth, need for unbundling through the dedicated autonomous bodies. This would include the recruiting people directly from the market by the body or organization.

#### Career Streams and Career Path

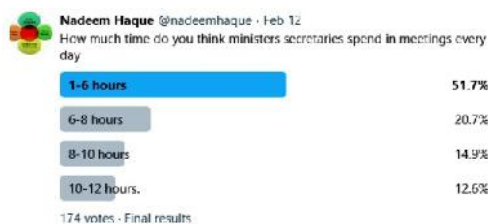
- There are too many designated layers which look after the same purpose. Simply through looking at business prophecies for certain business, the civil service layers should be reduced.
- The technical skills, professionalism and experts are needed in current civil service. The professional skills, competition, open up the competition, and no career path should be guaranteed as it is happening in the current structure.

- The Unified Pay Scales are unfair. Despite having different levels of skills officers of the same grade receive the same salary, the skills are not paid off. You cannot induct good talent under this system. The compensation should be linked to skill and professionalism.
- The compensation structure should be rationalized and capable of reducing the inequality. This can be addressed by monetizing them.
- The policy is made at the level of civil services. Has anyone done research on this aspect?
- Has the government ever thought about research for any policy making?

#### Policy Making

“Who makes policy” remains a confusion in our thinking. Currently, civil servants think policy is made by the politicians. In reality most of our policy originates in donor conditionality. We must have the homegrown reform agenda that must understand the underground realities.

## Haque Survey





# What stops civil service reform?

**Pervez Tahir**

The case for civil service reform has long been established beyond a reasonable doubt. Most new regimes begin with the talk of reform. It dies down as soon as the regime settles down, greased of course by the DMGs. Little wonder, they were described as the Central Sultans of Pakistan (CSP), replacing the Internationally Created Sultans (ICS). The present regime had no choice but to walk its campaign talk. No time was lost in setting up a task force and appointing a designated adviser to start the process. Eyebrows were raised about the composition of the task force, dominated as it was by DMGs, past and present. There were questions about the chair as well, who wrote a book on the elitist state and joined the most elitist regime of General Musharraf, and recently finished another to extol the overly incentivised DMG-centred model of governance run by Shehbaz Sharif in Punjab. If there was any hope left, it was dashed by the performance in the first month in office. Nearly all federal ministers were seen hostage to the ground-reality lectures that the DMG secretaries are so adept in giving to the new entrants. The ifs and buts in their public pronouncements became inversely proportional to their reformist zeal. The finance minister, oddly described as the most educated by the opposition leader, seems to have been the most mesmerised of them all. He was lectured for a month by the DMG demagogues on delicate issues facing the economy. Discarding the convention of a formal written speech backed up by explanatory publications, his extempore outbursts included, among other routine proposals, the repeatedly failed trick of leaving the bulk of the additional tax mobilisation to administrative measures. "Forget reform, leave it to the incorrigible FBR," is what it effectively meant. It should be obvious that the main obstacle to reform is the centralised services in general and the DMG in particular. The PTI leadership was at pains to expose these services as a colonial legacy. In the interest of the Raj, the colonial services were centralised. After the 18th amendment, the centralised state has been contained to a considerable extent. In contradistinction, the centralised services and their collective bargaining power continue. There are a lot more grade 22/21 positions than required by the subjects in Federal Legislative Part I. Akin to a mezzanine floor, the subjects in Part II are the domain of the CCI. It requires, and the Constitution stipulates, a separate secretariat. A few more positions will be needed here. All others, and the number will be huge, should have been placed in a pool and eventually deployed in the province of their choice. The federal government, provinces and local governments should have the autonomy to recruit their own for effective service delivery. Political interference is another issue that the PTI government has resolved to address. However, it fell directly into the trap laid by the DMG about the restoration of the constitutional protection of service withdrawn by prime minister Bhutto under the 1973 Constitution. It was also a colonial relic, designed to ensure loyalty to the British crown rather than the 'native' politicians emerging after the promulgation of the Government of India Act of 1935. After independence, the 'civtablishment' stepped into the shoes of the British crown because of this protection, superseded in time by the more powerful 'miltablishment'. Thus, started the unending tussle between the political and other institutions. It is possible to frame rules of business that ensure operational autonomy without constitutional protection. One way would be the legal protection proposed by the caretaker PM Moin Qureshi.

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# The gentlemen at work

Nadeem Ahmed Khan

In the 1950s, Pakistan experienced poor growth and rapid political turnover. In the 1960s, the country became a model of growth in the eyes of the donors. Gustav Papanek, then the head of the Harvard Advisory Group, wrote a book, *Pakistan's Development* (1967) to explain the process and the factors leading to this growth story. In his view, it was a successful blend of private initiative and government intervention in the economy. In a chapter “Gentlemen at Work”, he brings out the role played by the bureaucracy in the self-styled Decade of Development. We summarize this chapter for readers to put the need for civil service reform in perspective.

It is difficult to examine government economic policies and their effectiveness without some understanding of Pakistan's civil service. The government of Pakistan was dominated by the civil service. Until 1958, the political leadership changed, civil servants participated frequently in the cabinet. After 1958 the civil service and the military were dominant even at the political level of government. Usually power, prestige, and competence lay with the civil service, not with the political leadership. The Pakistan civil service was shaped in the pre-Independence period. Its most prominent component was and is a very small group of general administrators who held practically all senior positions- an elite in the true sense of the world. In the late 1950's some 400 of them administered a country of 100 million. Those elites were selected on the basis of a competitive examination in their early twenties. The candidates must be well adjusted, intelligent, all around and participate in the sports and respond quickly on a wide range of subjects were more important than a deep knowledge of a few fields. His pay and benefits were 50 percent higher than those of his college classmates who joined the government but not the elite services. One year he was concerned with personal policy, the next with the agricultural development and a few years later with price controls. His rank, influence, and specific function deepened primarily on seniority though actual performance and specific aptitudes were also taken into account. The result of this process of selection, training, experience, and promotion was the generalist par excellence, an educated gentleman, who made a remarkably fine civil servant. His greatest strength was in fields requiring a minimum of technical knowledge and a maximum of administrative ability. Great responsibilities at an early age made for self-confidence, decisiveness and an ability to work hard of great importance when a tiny group administers the affairs of a large and compels country. The weakness and limits of this selection and training process was inflexibility and technical knowledge



which they could not possess. The selection and promotion process were poorly adapted to deal with extremes in ability. The generalists occupying all important positions had to make decisions which increasingly required technical knowledge they could not possess. Self-confidence and prestige often not enough for the technical staffs. The bulk of the civil service was less effective and more corrupt knowing that almost regardless of performance, they were unlikely to be appointed to senior positions. The second main problem was that the civil service was out of touch with people's aspirations and not very effective in mobilizing widespread support. This was the result of the elite's self-contained, self-confident characteristics, its contempt of politics and politicians, and its isolation from the political process in a country where political organizations were in any case rather ineffective. In 1958 the newly installed military government brought changes in the civil service, as elsewhere. Some officers were assigned to civilian tasks, though most returned to military functions after a year or two. Unlike previous governments, it fired a few officials accused of dishonesty or inefficiency. It reorganized the administrations and changed policy, even if the changes were opposed by the civil service. Not all innovations were beneficial, but on the whole the civil service, public or private, became more effective. From 1949-1950 to 1964-65 gross government investment more than doubled every 5 years in real terms. With this rapid increase in the size of the government investment program, efficiency might be expected to decline. There is no conclusive evidence, and very little that is even convincing, on what happened to the efficiency of or to the return from government investment over time. One can find the usual horror stories, inevitable in any large organization when the capacity of the government to carry out investment programs increased very rapidly, probably even more rapidly than the size of the programs themselves, which more than doubled every 5 years. There were a number of reasons for this. First, several government organizations were quite well staffed and organized from the beginning. As they recovered from the initial disorganization following independence and partition.

They learned to use increasing amounts of capital effectively. The railways were a prime example. Second, there were a number of investments which required little technical knowledge, administration, or suitable institutions. A good example was the construction of a power station with imported machinery, which required only a handful of technicians and presented no complex organizational problems. Third, executing capacity was expanded rapidly in some fields by the use of foreign technicians. The Pakistan government was willing to use foreigners to a considerable extent, especially in the 1960's such specialized and unique investments as the laying of a

pipeline were entrusted entirely to foreigners. Fourth, the effect of a rising rate of investment on executing capacity was an important point that is often overlooked. In the very short run, the higher the rate of investment, the more strain there is on existing manpower and organization, and therefore the less is the direct economic efficiency of investment. At the same time, however, there is no education so rapid and practical as the responsibility for carrying through an investment project. For a variety of political and economic reasons, the investment program always somewhat bigger than the government could carry out comfortably. As a result, there was continuous pressure for more and better people from agencies that were already shorthanded, from foreign sources of funds for the better use of aid, from the political leadership for better organization in order to carry out a program to which they were committed. These and other pressure resulted in a considerable decentralization of responsibility, the establishment of semi autonomous government agencies with greater flexibility on personnel and other policies and considerable departure from seniority in order to place the abler civil servants in positions where they could do the most good. This process was accelerated in the 1960's by the firm leadership. Government organization is far from perfect but definitely much improved as a result of the pressure exerted by a rapidly rising rate of investment.



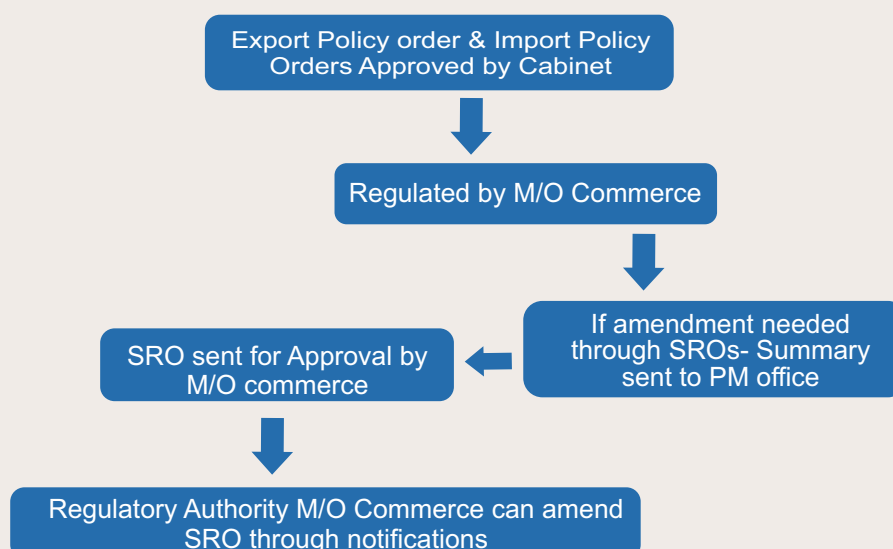
**Uzma Zia**



## Why SROs Seem Quite the Brainteaser for Pakistan's External Sector

The philosophy of the Statutory Regulatory Orders (SROs) has become deeply entrenched in Pakistan's trade sector because of the legislative powers delegated by Cabinet through laws. Ideally, the government limits the use of SROs to framing rules and procedures for implementing a law. SROs are introduced by the procedures necessary to complete a process, and an administrative body prepares them to ensure that the law and regulations apply fairly to all parties.

The Ministry of Commerce regulates the imports and exports of goods in Pakistan. Under section 3 of the Imports and Exports (Control) Act, 1950, the Government may prohibit, restrict, or control imports and exports. The Commerce Ministry regulates this through Import Policy Orders and Export Policy Orders, amending them from time to time through notifications / Statutory Regulatory Orders (SROs). It is important to note that unless the Commerce Ministry so notifies it, importing is not allowed.



The Government can prohibit or restrict imports by notification (Customs Act, section 16), and ban imports from all or any source if considered in the "public interest". The Ministry of Commerce's annual Import Policy Order contains such measures. It restricts certain imports unless they meet specified conditions, such as prior approval or clearance, passing certain testing arrangements, or satisfying procedural requirements. It updates the Import Policy Order list of prohibited imports during the year, at the request of the affected Ministry/Department/Group



### **SROs Regulatory Framework**

Each year many SROs are made and numbered consecutively, e.g. S.R.O 52-1-2019. The Printing Press of Pakistan publishes SROs individually and in annual volumes, all available on demand. The SRO regulatory structure, allowing a visual understanding of an SROs approval in Pakistan's trade sector. In Pakistan's trade sector, the Ministry of Commerce issues SROs from time to time to make amendments in their already written procedures. Similarly, at times SROs can be beneficial or harmful for trade sector, businesses and society. In view of this we present some observations here:

#### **Imposing or lifting ban on imports or exports**

To bring any changes in current decisions, SROs are applicable after the issuance of policy orders. Imposing or lifting ban on imports or exports for any reason which has lost support requires issuing SROs, amendments in the Export Oriented Units and Small and Medium Enterprises Rules, imposing ban on something (machinery, medicines, harmful arms, chemicals) suspension of trade ties with any one country due to some specific reason

### **Unjustifiable discrimination in trade related issues**

Abolition of SRO can be sometimes costly, and may create unjustifiable discrimination in trade related issues. Domestic industry may get affected too which was responsible to supply inputs to exporting units. In fact, the burden is born by the industry as a whole.

#### **Internal economic distortions:**

Sometimes SRO culture is harmful and may cause internal economic distortions, especially when two different tariff rates end up applying to the same imported product. Since July 2006, because of some SROs, tariffs on several products were outstretched above the normal Regulatory Duty. Such situations may bring in invoicing issues.

#### **Specifically designed to benefit trade sectors or for trade of specific products**

They mostly give exemptions in the form of SROs, designing them to benefit specific trade sectors or promoting trade of specific products. These SROs permit modifications in tax rates at the time of import

#### **Import of goods regulated due to any reason**

Import of goods from any of the countries is regulated or

prohibited due to some policy reason, harmful effects on health or life, defense and strategic purpose as notified by the Ministry of Commerce, Government of Pakistan.

### **Measures taken for health, safety, security, and environmental reasons**

They take most measures for health, safety, security, and environmental reasons (they include imported second-hand specialized vehicles, ships, trawlers, aircraft and related parts, and equipment). We have shed some light on the intricacy of SRO mechanism starting from regulatory structure, choosing to do amendments in import or export policy order, giving favors, damaging business, deciding high or low tariffs, and discrimination. Multiple, complex outcomes are present in a single SRO box, making them quite the brainteaser for our trade sector.







## Anti-Corruption Dynamics of Pakistan in Face of Succumbed Perceptions

Hassan Rasool & Nadia Hassan

Corruption is commonly termed as “misuse of public office for private gain”. It has adverse implications for development and governance initiatives. Such as, creating doubt about the legitimacy of state institutions and credibility of public policies. Therefore, it has become a major challenge in various countries. The menace of corruption is rampant and deep rooted in developing countries like Pakistan. Even though, anti-corruption initiatives are high priority agenda in some economies, most of combating reforms seem to bring little or no improvement in international rankings. Hence, it requires having in-depth knowledge about the dynamics of anti-corruption and understanding so-called rankings we want to improve. Here we briefly review important aspects with reference to Pakistan.

Pakistan has struggled with high levels of corruption since its inception. Different political regimes have taken various initiatives to combat this evil. In particular, there was

introduction of anti-corruption acts and establishment of anti-corruption institutes. Such as, Special Anti-Corruption Establishment (1947), Federal Investigation Agency (FIA, 1975), Accountability Bureau (1997) and National Accountability Bureau (NAB, 1997) etc. According to the Corruption Perception Index by Transparency International, Pakistan's rank in 1996 was the second most corrupt country. Although, Pakistan has improved over the years but it has never made it above the bottom ranks. Recently, it has gone 3 points down the ratings with absolute score of 32 and is ranked 120 among 180 countries (Figure 1). Naturally this report creates an outrage among the people of Pakistan. And has casted doubt about the ruling party's proclaimed “fight against corrupt status quo”. However, empirical evidence discloses some facts behind such increased corruption. Some of the evidence is discussed here.

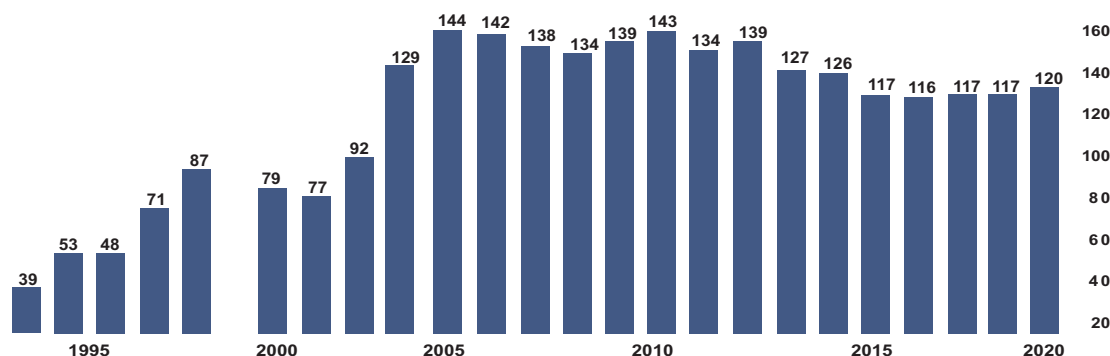


Figure 1: Pakistan Corruption Rank 1995-2019

### **Systematic Nature of Corruption:**

Several arguments explain the failures to implement the anti-corruption reforms (Hill & Hupe, 2002) in developing countries. Because corruption in these economies is often systematic in nature. Mostly people are not corrupt by default but they become 'corruptible' (Miller (2006). In addition corruption becomes acceptable to citizens (Heidenheimer, 2002). By default, incentives and value judgments of participants persuade them towards non-compliance of anti-corruption laws (Batory, 2012). So, they tend to create more alternate opportunities (Back and Hadenius, 2008) after strict enforcement of anti-corruption law. Consequently, there is substantial increases in cost of corruption that compels people to pay higher bribes. However, these incentives cannot sustain for long if localized solutions are introduced.



### **Misunderstood Rankings & Succumbed Perceptions:**

Another critical issue about corruption ranking is misunderstanding and lack of awareness to the real outcomes of anti-corruption drive. For instance, Corruption Perception Index (CPI) by TI is a popularly known measure of average corruption level across nations. Yet it merely accounts for the perceptions of some non-heterogenous (businessmen's) groups about corruption. But it is falsely labelled as a measure of actual corruption levels. It must be known that perception based rankings do not depict the real incidence of corruption. Cross country studies have found that corruption perceptions are influenced by different exogenous factors. So corruption in those economies is perceived to be much higher than it actual may be. It requires to develop and adopt a suitable measure of corruption.

# BOOK REVIEW

## PAKISTAN: The Politics of the Misgoverned

Azhar Hassan Nadeem  
Reviewed by  
Iftikhar Ahmad and Fahd Zulfiqar

### Preamble

PIDE organized a webinar of book launch in which Azhar Hasaan Nadeem launched his book titled, "Pakistan: The Politics of the Misgoverned". The book summarizes different important elements from the history of Pakistan, which makes this country difficult to govern. Author discusses all the important players of power in Pakistan and makes their interplay the subject matter of the book. Though the book handles a very difficult topic, the best thing is that as the reader goes along, the text starts offering answers to many questions that come to one's mind. Writing a comprehensive commentary in a concise write-up is the best thing about this book. Overall, this effort offers an extensive review of the prominent events that shaped the fate of Pakistan and helps the reader understand why and how we landed in our current situation.

### What the book offers on Pakistan, country's governance and the stakeholders

The author starts by discussing the events linked with the creation of Pakistan and the priorities therein, elaborating how after Quaid-i-Azam the politicians-cum-leaders deviated from the founding principles of Pakistan. The first chapter brilliantly explains how the political incompetence to resolve issues politically, paved the way for Military Rule, leaving the perpetrators (like Sikandar Mirza) with no gain. The irony of the situation is that the same events are happening yet again nowadays after 73 years where both the Government as well the opposition are looking towards the establishment despite acknowledging the role of establishment in the chains of events. This again highlights the incompetence of political parties to settle their political differences through dialog.

The second chapter vividly starts with quotes and extracts from very pertinent books of North and Acemoglu followed by discussion about events from Pakistan's history, hence presents a great synthesis of theories and events happening in Pakistan. From One unit to land reforms, from feudal elite capture to excessive centralization,

from secular to Islamic Pakistan; every critical event is accounted for and hence, implications for Pakistan's hurdles to progress are acknowledged. Extracts such as (Quote):

*"Politically, a system of indirect elections was introduced, and the key positions in all institutions of local government were given to the Civil Service of Pakistan"*

brilliantly explains the reasons for existing extended turf of bureaucracy due to their initial introduction to power instead of service in General Ayub Khan's era. Such extracts are very relevant to find answers to newly emerging questions, which PIDE is pushing hard to find answers to, in the recent time. Similarly, the chapter presents (as Quoted below):

*"The regime started patronizing a small industrial and commercial elite through direct and indirect subsidies, protectionist import controls, cheap imported machinery and raw materials through an overvalued exchange rate"*

This again truly highlights what remained wrong with Pakistan and how governance and market structures were rigged and rolled back for very marginal personal gains to remain in power. Unfortunately, Pakistan's journey of sufferings continues to date and we see similar glimpses even now in slightly different form such as over-valued currency, untargeted subsidies, ill-planned market interventions, elite capture, nepotism and mis-targeted spending priorities, to mention a few. The chapter also succinctly summarizes the rise and fall of different regimes and linked it well to certain policy decisions and external factors. The extent and details of chain of events exhibit author's deep understanding of the political economy as well as the institutions of Pakistan. Similarly, later chapters concerning Judiciary and Criminal justice system along with other important topics also provides a commentary which takes the reader through history, highlighting all the important junctions. This, though, at time seems repetition of history, which can only be at best regretted.



The third chapter i.e. on Judiciary, though unnecessarily explains all the proceedings of Panama and subsequent cases while leaving the rest of the historical judicial blunders (like political cases including that of Zulfiqar Ali Butto's and cases regarding pure economic policy like Rekodic Case, Karkay Case, Steel Mill Case along with other minute cases during the time of Judicial Activism including sugar pricing as well as case of two bottles aside.

The time of Judicial Activism including sugar pricing as well as case of two bottles aside. The book neatly touches upon various issues that are linked to the lower judiciary in particular and the criminal justice system in general. The book does outline the overburdened courts, which hinders the speed and just recourse. The statements like, "The judicial system in *Pakistan* has failed to deliver predictable and efficient justice, both on the civil as well as the criminal side. This can be judged from the fact that till June 2015, the total number of cases pending amounted to 27,639" succinctly summarizes the situation on the ground and its gravity. Policing is another very important pillar of criminal justice system, which the chapter deeply puts light on. The chapter outlines the weak points in the induction process of officers and the interplay of elites, however, naming few individuals rather does not help in fixing the whole responsibility of the decay. The chapter elaborates the over-time decay in performance, professionalism and leadership of policy due to political interference, lack of institutional structure and lack of meritocracy resulting in connivance of higher-ups with political masters or perpetrators.

In brief, the book takes into account all the important players and circumstances, which made Pakistan hard to govern. Be it the "Rule of law and superior judiciary"; the "Criminal justice system"; the "Political parties, army and politics"; The "Local government"; The "Civil society"; "Terrorism" or be it the "Socio-economic situation in Pakistan";

All important events are covered. The book doesn't heed attention to the role of individuals who grew greater than institutions by unfair means, though the book names few of them.

There are a number of culprits, most importantly the 'Dam/KCR-building' Judiciary followed by Politicians, Establishment and Bureaucracy, who's joint play is left un referenced to, thus reinforcing the view for those known as untouchables'.

### **Delusions and Stakeholders' Interplay**

The book is a valuable piece of writing for the students of social science, technocrats, policymakers, parliamentarians, politicians, and civil society representatives. The book doesn't hinge on the classification of institutions as merely inclusive and extractive political and economic. The author goes beyond the contours of economic orthodoxy and has included social institutions in his analysis. Social institutions, here, are defined with respect to the institutions of social control such as informal policing system, panchayat and Jirga. The intersection of formal and informal legal system describe the pluralistic legal system prevalent in the country. The book also takes a strong position in specifying public vs. private dichotomy when it comes to religious sentiment. The author's clear assertion of constricting matters of religious ethos to private domains is indicative of the fact that he is against politicization of religion, and in order to keep country's development going the bifurcation of public and private domains has to be maintained. The author is critical of intrusion of religious ethos in the political landscape of Pakistan. Similarly, ontologically, he believes viewing and achieving development beyond economic routes. Concurrently, he also lists the issues faced by the country due to pluralistic nature of both legal system and educational system prevalent in the country. In chapter on Civil Society, his critical innuendo is not sharp as it should have been because of critique on the participatory framework adopted, succumbing to the conditionalities of foreign donors, and lack of third degree of

participation. The book also speaks of building a social contract among different stakeholder who have been exerting control and power over the country's politics and shaping, reforming or de-forming Pakistan's development, ranging from judiciary, local communities, bureaucracy, politicians, etc. The social contract seems to be a lousy option as the theory is about subservicing to power without deconstructing and challenging it. Also, left to be desired was the some functional framework of aforesaid social contract.

### **Scanning the Additional Causes of Decay**

The book speaks little about the role of politicians in the way they educate their followers. Slogans like “Yes, I am living beyond means, SO.....”, or putting to rest the slogan of election rigging on 35 seats as “It was a Political Statement”, similarly, inherent inconsistency in action like following full Corona SOPs at domestic functions while asking general masses for mass gatherings. There should have been certain discussion on such inconsistencies on the part of politicians.

Lastly and most importantly, the General Public's apathy is left untouched. Citizens have given up their right to analyze and ask, practically surrendering their right to hold the so-called leaders accountable (whom in fact are their agents in the parliament). Can any democratic system deliver without electoral accountability? Despite generating very informative historical debate, the driving force, The Citizens, The Public for whom all of this is happening is missing from the central discussion. This is however by no means to suggest anything negative about the book.

Overall, we deeply acknowledge the author for doing very intensive work, which is very pertinent to the discussion today to consider and reflect upon. We need to keep touching upon such issues so that the awareness level increases, leading to restart the sustainable people-centric political ecosystem (where citizens are the driving force, not the so-called Politicians cum Leaders, Establishment, NAB or the Judiciary).



Case-flow management means that if there is a problem it doesn't necessarily mean that it should end up in court. Pre-trial communication should be made between both parties, to explore any possibility of resolving the case before it ends up in court. Second, if a case is filed and it is a serious matter, the system should determine the time frame of the case and strict penalties should be introduced if any case deadline is violated. It also involves hard administrative support, pre-trial conferences where the judge meets both parties to evaluate the case, and refers the case to the concerned or expert judge so that the decision can be heard on time. Moreover, the docket system and case track system should be used to monitor the speed of the case, reducing the load burden on judges will shift the low pace case to fast pace case, and eventually, the load on courts will reduce. The problems in the judicial system are the result of an absence of an effective case-flow management system, which is an idea and set of culture and a specific set of prescription which seems to have worked all around the world. Pakistan court system has already developed a case-flow management system. Unfortunately, there is virtually no awareness or use of the system, and it does not appear to be working. All these problems and issues also deter foreign clients from picking Pakistan as an arbitration venue. Punjab has notified and implemented a modern case management system, but the system suffers from discontinuity across changes in judicial leadership, lack of training of staff, and unwillingness to commit to a reform process that will take considerable time.

### Key Messages:

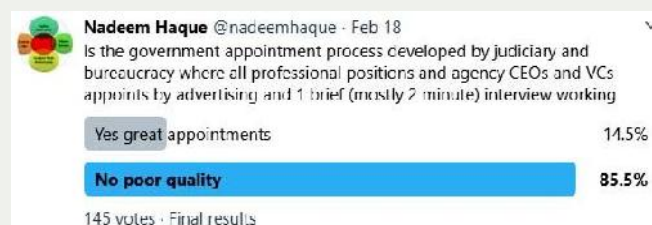
- Dr. Nadeem started the debate that economics recognizes that without good institutions we can't go anywhere; we can have all the money in the world, we can borrow whatever we like, but ultimately it's our institutions that determine our economic performance and where we are going.
- Dr. Nadeem highlighted the overall problems in the country like weak institutions, flawed democracy over-regulated markets, election, tenure, and voting laws, aversion to merit, competence of the civil services, mismanaged energy sector, and so on
- Much judicial and legal work relates to economic transactions which are increasingly becoming more complex.
- Contract enforcement for these transactions requires effective and rapid judicial review for the resources to put to best use.
- For a long time, economists have been talking about the rule of law declining as the law becomes confused, lawyers proliferate, so it is no surprise law is the leading profession in Pakistan. The reason being is the huge number of cases in courts, they get stuck there because the number of laws keeps multiplying, and hence it becomes the best profession in Pakistan.
- In Pakistan, judicial processes are slow and often unaware of the economic consequences of their decisions. The quality of institutions is declining.

- Dr. Nadeem gave examples of two countries, Poland and Ukraine. Poland has better institutions and has more engineers than lawyers, while Ukraine which has bad institutions has more lawyers than engineers.
- Dr. Osama stated that 95 percent of our court's attention is focused on the meta-constitutional and high-profile political cases and there is hardly any conversation about everyday cases in courts. We are operating in the 21st century with a 19th century system.
- Drafted rules for the case-flow management haven't been notified and we have not still come to actual realization about the gravity of the situation.
- The judiciary needs to hire administrative professionals through a competitive process because judges are overburdened

The debate concluded with the suggestion that if we want to change the judiciary system we have to bring in a new management system and reduce the load on judges. ICT can play a role in helping identify whether a case is legit or is it frivolous or mischievous, as well as in case tracking, pace, and docket management.

[www.youtube.com/watch?v=vS50A\\_z86Y&feature=emb\\_logo](http://www.youtube.com/watch?v=vS50A_z86Y&feature=emb_logo)

## Haque Survey







## Judging the judges: Dynamics of the Pakistani system of justice delivery

**Muhammad Aqeel Anwer & Usman Qadir**

Dr. Nadeem ul Haque opened the second webinar on the judiciary and Justice system with a tribute to the famous US Supreme Court Judge, Justice Ruth Bader Ginsburg, for her extraordinary efforts on promoting women's rights, wage discrimination, healthcare, and the environment. When discussing the justice system, Dr. Nadeem discussed how justice delivery could only be possible with good quality judges.

Dr. Nadeem started the debate with stressing the importance of institutions. PIDE has initiated debates on institutions in Pakistan (bureaucracy, democracy, education, and more) as every institution is very weak. If we do not develop our institution the country will not grow. The judiciary is a part of our institutions and is important because it deals with property rights, which cannot exist without law or a justice system.



Poor policy development, inconsistency including poor judgment have caused us a lot of harm to our justice system

### Key messages:

- Osama Siddique said that the judiciary has been treated like a sacred cow in Pakistan when it comes to open conversation and open discourse. When the judiciary is looked upon from an institutional standpoint (the structure, how it has been historically governed) that has a huge impact on the outcome.
- Another important facet of the judiciary is the sociological

standpoint, ultimately it is the people, their background, their class preferences, and their education, which has a bearing on all kinds of things.

- Before one gets to the legal appointment, one should look at legal education, which determines the quality of judgment and efficiency of justice disseminated in our courts.
- The minimum education required to be a judge in Pakistan is an LLB! The quality of lawyer's education is now being enhanced through external programs that are affiliated with the University of London. These programs are more popular in Karachi and Lahore, even more so given that the Pakistan bar council also recognizes these as a prerequisite for becoming a judge at a lower level. But still, it does not alter the local dilemma of the judiciary system.



- There is varying quality of education available and access to quality education which depends upon class background and whether it is a private or public institution.
- Dr. Nadeem suggested it is our education system or the ecosystem of the law which hinders the quality of judgment. Law is a profession where you have to keep yourself up to date because each and every case is different. So the question is why do we complain about the legal education system?
- Hurdles in entering the Pakistan legal profession are very low and become easiest to adopt so what has happened is that the number of lawyers enrolled over the last 5, 10 years have increased manifold. When there are so many people in the profession it is difficult to introduce new rules, standards, and regulations.
- From the economist's perspective, Dr. Nadeem felt that when there are more lawyers, their fees will decrease through competition, and when competition will also help select the best lawyer, what is wrong with that.
- Dr. Nadeem raised the question of how we can select the best judges from the market?
- there are several tests which must be passed by law students to become a judge. But how rigorously the authority examines the ability of judges to think critically is still a

myth. Most of the time they are asked about the laws or codes which is not necessarily the best way to test critical skills of a law student. Cases are of dynamic nature that needs dynamic judges and up to date modern solutions.

- Whether the higher judiciary is in a position to monitor the district bar judiciary as they are doing now? There is a high proportion of manipulation of appointments, and transfers from one district to another, which is used by the higher judiciary, but that is scandalous, and it is the place where the system starts to rot.
- Dr. Nadeem asks the host how can we take the matter of appointments from the senior judges without affecting their freedom? How can we fix it?
- One big problem with the judiciary is the high centralization of power which means that the rest of the stakeholders are not taken into account and the other big problem is opaqueness which means no one knows what goes inside the judiciary system.



The debate concluded with the opinion that if we want to change our judiciary system, we must equip them with the tools of knowledge, and creativity. The judicial academies must update judges with a modern dynamic atmosphere. Low-quality institutions should be banned, and an atmosphere of research must be initiated and encouraged, only then will we be able to overcome the blunders of past.

<https://www.youtube.com/watch?v=j6-2QpdTdhA&feature=youtu.be>

# Import and export policy orders and amendments through statutory regulatory orders

**Uzma Zia & Farhat Mahmood**

Imports and exports of goods in Pakistan is regulated by the Ministry of Commerce, Government of Pakistan. Under section 3 of the Imports and Exports (Control) Act, 1950, the Government may prohibit, restrict, or control imports and exports. The Commerce Ministry regulates this through Import Policy Orders and Export Policy Orders amended from time to time through notifications / Statutory Regulatory Orders (SROs). The focus in this composition is only on the SROs issued by Ministry of Commerce.

## **Statutory Rules and Orders:**

Statutory rules and orders are the means by which delegated legislation used to be made in the country. In Pakistan Import Policy Orders and Export Policy Orders amended from time to time through notifications / SROs. SROs deliberate powers on Ministers to bring sections of an Act into force or to vary penalties for offence or to fill out detail in broad provisions of an Act. A policy in the form of a summary is forwarded to the Federal Govt. (Cabinet/ECC) after stakeholders' input, which if approved is then translated into SRO after due process. While analyzing delegated legislation regarding SROs, Supreme Court's definition of Federal Government and importance of Cabinet in the light of that judgement also needs to be discussed though in brief. These powers are generally outlined in the enabling legislation. A form of delegated legislation, developed and enacted by ministers, department heads, or by an independent body or commission, to administer their responsibilities. A violation of a regulation can be treated as an offense and enforced as such.

## **Powers to Prohibit, Restrict, and Regulate**

“The Federal Government may, by an order published in the Official Gazette and subject to such conditions and exceptions as may be made by or under the order, prohibit, restrict or otherwise control the import and export of goods of any specified description, or regulate generally all practices (including trade practices) and procedure connected to the import or export of such goods and such order may provide for applications for licenses under this Act, the evidence to be attached with such applications, the grant, use, transfer, sale or cancellation of such licenses, and the term and manner in which and the periods within which appeals and applications for review or revision may be preferred and disposed of, and the charging of fees in respect of any such matter as may be provided in such order” (Section 3 of Import and Export Control Act, 1950). Thus, the powers with regard to import and export can broadly be divided into following three categories.



- (1) Power to Prohibit—no entry or no exit of goods from the boundaries of Pakistan.
- (2) Power to Restrict—entry and exist subject to certain stipulation e.g. licences, NOCs and quotas etc.
- (3) Power to Regulate—Procedures import and export e.g. what documents shall be required for clearance at the time of import and export? What would be the steps involved in clearance of goods at the ports etc.

The Government can prohibit or restrict imports by notification (Customs Act, section 16), and ban imports from all or any source if considered in the “public interest”. Such measures are contained in the Ministry of Commerce's Import Policy Order. Certain imports are restricted unless they meet specified conditions, such as prior approval or clearance, passing certain testing arrangements, or satisfying procedural requirements. Most measures are mainly for health, safety, security, and environmental reasons (they include imported second-hand specialized vehicles, ships, trawlers, aircraft and related parts, and equipment). Imports are subject to the same national quality standards or regulations as similar domestically made goods.

The Import Policy Order list of prohibited imports is updated during the year, at the request of the affected Ministry / Department / Group. Despite having delegated power, the Ministry of Commerce rarely issues any SRO unless the decision is approved by the ECC or the Cabinet. Moreover, the Ministry of Commerce, sometimes announces export policies and measures at budget time as part of its Trade Policy. While some are announced even after the budget. Exports are allowed unless listed in Schedules I or II of the Export Policy Order. Exports of imported goods in their original and unprocessed form are generally prohibited.

Government of Pakistan has two most recent policy orders: Import policy order (15-18) and Export policy order (15-18). 3 Time to time different SROs are introduced. The SROs of last three years are compiled below:

#### Active SROs in Pakistan in Year 2020

Date of Published SROs Number	Title of SRO	SRO
09-06-2020	Amendment in the Export Policy Order, 2016	S.R.O 526
04-05-2020	Amendment in the Export Policy Order, 2016	S.R.O 351
09-04-2020	Amendment in the Export Policy Order, 2016	S.R.O 297
30-03-2020	Amendment in the Import Policy Order, 2016	S.R.O 257
26-03-2020	Amendment in the Import Policy Order, 2016	S.R.O 254
24-03-2020	Ban on the Export of personal protective equipment	S.R.O 239
24-03-2020	Ban on the Export of Onion	S.R.O 238

For illustration of nature and significance of SROs issued by Ministry of Commerce, it is relevant to mention here the details of a few newly introduced SROs tabulated above. Currently Pakistan is passing and managing the pandemic situation and demand of protective equipment has increased. SRO 239(I)/2020 dated 24.03.2020 has been superseded by SRO 526(I)/2020 dated 09.06.2020. Now only three items i.e. Tyvek Suits, Surgical Masks and N-95 Masks are banned for exports. A timely step has been taken by government by amending Export Policy Order and imposing a ban on export of personal protective equipment. The SRO 239 also explained the ban lapse condition which was indicated upon completion of the process of assessment of the baseline requirements of the country and stockpiling to be notified by the government. In current situation it is more

essential to fulfill domestic health safety needs in the country instead of exporting important equipment. Similarly, the ministry of commerce has made decision in SRO 238 about imposition of ban on exports of onions. As explained in SRO the ban will lapse on the 31st day of May, 2020. The government sources announced enough onion production to meet the local demand and a ban is imposed as the government want to control the prices of onions.

The culture of the SROs has deeply entrenched itself in Pakistan's trade market because of the legislative powers delegated by Cabinet through laws. By definition, the use of SROs should be restricted to framing rules and procedures for implementing a law. SROs are generally written by an administrative body to ensure that the law and regulations are applied fairly to all parties. Numerous SROs are made each year. They have special syntax as letters and a number in

brackets after the sequence number. They are numbered consecutively, e.g. S.R.O 52-1-2019.

The date SROs come into operation is published at the top of the SRO/notification. SROs are published individually and in annual volumes by the Printing Corporation of Pakistan (PCP) and are available on demand. In trade sector of Pakistan, time to time SROs are issued by Commerce ministry to make amendments in their already written procedures. Those issued by Commerce or any other Ministry are meant to give effect to delegated legislation or any clarification. They are usually not discriminatory to benefit a specific sector. The concessions through SROs mainly focus on import substitution and promote local manufacturing protection in different sectors. Imports of inputs can be done on concessionary rates and bring fruitful positive impact. As identified by Nasir (2020) concessions are mainly given to auto sector, CRC manufacturers, fan manufacturer, assemblers of home appliances, manufacturers of fertilizers, pharmaceuticals, textile sector, plastic product manufacturers, leather and tanning, manufacturers of diapers, mobile phone manufacturers, and manufacturers of optical fibre. At times SROs can be beneficial or rarely harmful for trade market, businesses and society. To bring any changes in the current decisions, the SROs are applicable after the issuance of import policy order and export policy order. They are issued for imposing or lifting ban on imports or exports for any reason which has lost support in a country, amendments in the Export Oriented Units and Small and Medium Enterprises Rules, imposing ban on something (machinery, medicines, harmful arms, chemicals) suspension of trade ties with any one country due to some specific reason. SROs by Commerce are usually about procedures are emergencies because of health or sanitary conditions. SROs, in certain conditions, may impact business environment positive or rarely negative.

### Positive Aspects

(1) Export or Import of goods regulated due to any reason: Export or Import of goods from any of the countries is regulated or prohibited<sup>4</sup> due to some policy reason, harmful effects on health/life, domestic increase in demand, defense and strategic purpose as notified by the Ministry of Commerce, Government of Pakistan.

(2) Measures are taken for safety, security, and environmental reasons: Most measures are taken for safety, security, and environmental reasons (these include imported second-hand specialized vehicles, ships, aircraft and related parts, and equipment).

### Negative Aspects

(1) Unjustifiable discrimination in trade related issues: Abolition of SRO can be sometimes costly, and may create unjustifiable discrimination in trade related issues. Domestic industry may get affected too which was responsible to supply inputs to exporting units.

(2) Uncertainty in issuance of SROs by M/o Commerce: Sometimes the goods are on the way and an SRO is issued for them to meet specific conditions. In case any goods get stuck at the port for some time (several months) it may cause huge losses.

(3) Specifically designed to benefit trade sectors or for trade of specific products: Exemptions are mostly given in the form of SROs which are specifically designed to benefit trade sectors or for trade of specific products. These SROs permit modifications in tax rates at the time of import.

In a nutshell, the concessions through SROs mainly focus on import substitution and promote local manufacturing protection in different sectors. Imports of inputs can be done on concessionary rates and are beneficial for the country. Sometimes SROs are complicated to implement as well because they have a tendency to get victimized. It is recommended that SROs need to be used with care at management's responsibility and should target benefit of economy as a whole.



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