

## **AGENDA FOR CIVIL SERVICE REFORM**

### **I INTRODUCTION**

The Government of Pakistan desires to create a more efficient civil service through holistic reforms that restore merit-based recruitment and promotions, enhance career development through adequate training and meaningful experience and improve the skill-mix. This would be encouraged by a more transparent compensation (and pension) system with closer links to comparative wages.

2. The Civil Service reform process was started by the government that took power in October 1999 and has been going on under the overall supervision of the *Cabinet Committee on Civil Service Reforms (1)*. The National Reconstruction Bureau was created to, inter alia, propose and help implement structural reforms (under governance improvement) in the Civil Service. Devolution, Police reforms, Judicial Reforms, Tax Administration, Public Financial Management and Procurement have been launched; though some implementation issues remain outstanding. These are being resolved. A proposal for restructuring the Civil Service is to be presented to the Prime Minister. Several important policy decisions on recruitment, promotion, posting, compensation, professional development have been taken. Follow-up on these is under review for ensuring meaningful implementation.

3. Civil Service reform is an intrinsically political process and will not only take time (five years to a decade) but will also continue in an evolutionary manner as the challenges facing the civil service change. The evolutionary change is being jointly guided by the Establishment Division and the National Reconstruction Bureau.

### **II. OUR VISION**

4. The Government recognizes the motivating power of an articulated vision for the civil service. The purpose of Civil Service reforms is to improve the effectiveness and performance of the civil service and to ensure its affordability and sustainability over time. The ultimate goal is to improve upon the service delivery mechanism which citizens consider necessary and to enhance the level of institutional capacity in the public sector to carry out core government functions by:

- Fostering among public servants the values of 'service', 'responsiveness to public', 'transparency in public dealings', 'concern for the taxpayer's money' and 'centrality of the citizen'.
  - Promoting national cohesion and inter-provincial harmony while ensuring necessary autonomy to provinces in matters relating to public services of their respective provinces.
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*(1) Cabinet Committee on Civil Service Reforms is chaired by the Minister of Finance. Members include Chairman, National Reconstruction Bureau; Deputy Chairman, Planning Commission; Principal Secretary to the Prime Minister; Establishment Secretary; Secretary Finance, Chairman FPSC.*

- Curbing corruption, strengthening internal accountability and institutionalizing accountability to the people.
- Providing to all government employees equal opportunities for professional development, recognition and advancement to the highest position in public service.
- Ensuring continuous updating of the skills / capacity of public service to meet the demands of a modernizing and progressive state and providing mechanisms for induction of the needed skills, where / when such skills are not available, particularly at the higher policy-making levels.
- Instituting effective personnel establishment controls so as to preclude the possibility of unauthorized / irregular induction at all levels.

5. The purpose is to create a qualified and professional civil service, responsive to the needs of the people in changing socio-economic environment and is willing to adapt to change and applies creative and innovative solutions in decision making and is professionally trained to cope with global and national challenges.

6. Total public employment is about 3.2 million i.e. about 2.3% of the population. The wage bill is about 4.3% of GDP (2). These characteristics are close to the norm for similar countries such as India, Bangladesh, China, but are below the norm for such dynamic countries as Korea or Malaysia. The average public sector wage as a multiple of per capita GDP is 2.9 and is about the middle of the range between the high (more appropriate) level in Korea and Malaysia and low level in China and Sri Lanka. There is thus a scope for rationalizing the structure and composition of public sector employment.

### **III. PROGRESS SO FAR**

7. As mentioned above, several major structural reforms have been launched and key policy decisions have been taken. Given the complexity of the on-going reforms there are implementation issues. The key initiated reforms are briefly discussed below:

- i. Devolution*
- ii. Recruitment Reforms*
- iii. Promotion Reforms*
- iv. Accountability and Customer Focus*
- v. Pay and Pension Reforms*

#### **[i] Devolution**

Prior to the introduction of the Devolution plan, Pakistan had a highly centralized political and fiscal system dominated with elements of patronage. To improve governance through decentralisation and weakening of this system of patronage, the devolution plan was launched in August 2001, through promulgation of a comprehensive *Local Government Ordinance* (LGO) in each of the four provinces. The LGO clearly defines the role of three different tiers of local government and spells out a fiscal framework, including taxing authority. For this fiscal year, Provincial Transition

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(2) *Public Sector Expenditure Review, World Bank Report, 2003.*

Committees have done the work of drawing up the budgets for each of the 96 districts, but these have been revised by the elected governments. Drawing from the experience of other countries, the LGO sets up a system of financial controls based on hard budget constraints and extends to the local government level the public financial management and accountability systems that operate at the federal and provincial levels. The LGO also prescribes additional systems of checks and balances to prevent capture of the local governments by elites. Local service delivery has been set to depend on the interplay between the District Councils and grass-root Citizen Community Boards (CCBs) who will determine the allocations of 25 percent of total development expenditure at the district level and below. On the political side, significant steps have been taken to ensure broad representation. Seats are not only reserved for women but the quota system also extends to peasants, workers and religious minorities.

With more than one hundred thousand new councilors at different levels of local government, training programs for their new role are essential and form part of the future agenda. With political decentralization launched, the next and more time-intensive step of fiscal decentralization is under development. The provinces, districts and NRB are jointly designing a system of intergovernmental fiscal relations to secure transparency, to maintain hard local budget constraints and to give local governments the opportunity to raise additional resources. A next key area of reform will be the effective devolution of the civil service to District cadres. This is also under discussion. Finally, for effective devolution, the districts soon need to do their own budget preparation and management with appropriate mechanisms for provincial monitoring starting with the next fiscal year 2004 budgets. Capacity build-up for this is underway.

**[ii] Recruitment reforms**

- In order to institutionalize merit based and transparent appointments ensuring de-politicization of civil service, the Government has amended the Federal Public Service Commission (FPSC) Ordinance so as to enhance FPSC's independence, increase its financial autonomy, extend its role in the recruitment, promotion and major disciplinary matters of public servants and limit and define the posts which are outside its purview.
- FPSC has reduced the maximum age limit for entry into the government service from 30 to 28 years.
- The enhanced role of the FPSC has been ensured in law rather than in rules. *FPSC (Amendment) Ordinance-2000*, which inter-alia provides security of tenure to FPSC members with no provision of an extension. This is to ensure that the members of the Commission exercise their judgement without fear or favour.

**(iii) Promotion reforms**

- In order to check inflationary trends and to make evaluation of officers more objective, *Performance Evaluation System* has been revised to ensure that the

- evaluation is job specific, against pre-determined targets while grading is comparative.
- In order to improve career management of officers a system of monitoring, appraisal and evaluation and computerization of PERs has been developed in the Establishment Division.
  - An exercise for formulating job descriptions of posts in the Federal Secretariat has been initiated to ensure posting of officers on posts matching their experience, qualification and training.
  - To ensure transparency in promotion of officers against selection posts (BS-19 and above), the Central Selection Board has been made broad based and more representative and is now chaired by the Chairman, FPSC. Previously, the board used to be chaired either by Principal Secretary to the Prime Minister or the Establishment Secretary or as notified by the government.
  - Successful completion of mandatory 12 days concept/skill mix training of the civil servants in BS-17, 18 and 19, at various civil service training institutions is linked to promotion to higher grades in BS-18,19 and 20. No such requirement existed previously.

**(iv) *Accountability and Customer Focus***

In order to enforce accountability within due process of law and rules, a legal framework has been developed to undertake an exercise to weed out in-efficient and corrupt government servants. Major enactments of the framework include Removal from Service (Special Powers) Ordinance, 2000.

The exercise to review the cases of Government Servants who have ceased to be efficient and have completed 20 years of service has been initiated and cases have been recommended for compulsory retirement by Review Committee.

Under the new setup, National Accountability Bureau, Anti-corruption agencies in the Federal and Provincial governments, have become active. The Federal, Provincial and District Ombudsman's Office, Police Complaint Authority and District Public Safety Commissions in districts are playing an active role under the new system for redressal of public grievances.

To strengthen the process of accountability further, the National Accountability Bureau has recently formulated the National Anti-Corruption Strategy (NACS), which stands approved by the Federal Cabinet and the President. This strategy envisages a holistic approach designed to diagnose the causes of corruption in Pakistan, and develop and implement recommendations to curb corruption. The strategy also aims to reduce the multiplicity of laws governing federal and provincial issues of corruption. Further, it recommends that there should be a single, autonomous and specialized anti-corruption agency at the federal level and the existing provincial anti-corruption agencies should be revamped to increase their effectiveness. The National Accountability Bureau has had

major successes in prosecuting politicians and bureaucrats involved in corruption and has recovered considerable amounts of money and ill-gotten property from them.

**(iv) Pay and Pension Reforms**

In 2000, the government established a Committee to review Pay and Benefits Reforms. The first phase of the pay and pension reform scheme for the federal government's civil and military personnel was implemented in late 2000 through a) the revised pay scale b) the rationalization of pension benefits. All federal civil services including military have been provided the option of accessing a new pay scale in conjunction with revisions in pension benefits. The revised pay-scales restored about 75 % of the lost purchasing power of wages (which had not been increased since 1994), decompresses the salary scale for every grade and subsumes all ad-hoc salary increase obtained by some services between 1994-2000.

This pay and pension reform was complemented by a program to right-size the federal work-force which was approved by the Cabinet in June, 2001. As a part of second phase of the pay and pension reforms, a Special Relief Allowance @ 15% of the basic pay p.m. to all the civilian employees in BS-1 to BS-22 of the Federal Government as well as the civilians paid from Defence Estimates and to all the Armed Forces Personnel/Civil Armed Forces Personnel has been sanctioned and is effective from July 1, 2003. This has improved compensation somewhat but the wage structure remains severely compressed. The compression ratio (of top to bottom salaries) is 1:10. It was 1:46 in 1960's. The higher echelons of public servants have significantly lower compensation than comparators. This is an important issue under review. The Government envisages further improvement in the wage structure in the next one year, based on a compensation rationalization study which, inter-alia, would study options such as comparators for creating a modern self-adjusting compensation system.

**(v) Financial Management Reforms**

*Tax Administration Reforms* is the cornerstone of the reform program. In the absence of improved tax administration leading to substantial increase in revenue, it will be impossible to exit the debt trap and implement poverty reduction strategy. It is envisioned that modern tax system and broad based taxes with improved tax collections through modern and honest tax administration agency, will reduce collection costs and the burden of poor governance on taxpayers. After a process of consultations, fundamental restructuring of CBR has been launched aimed at fundamental changes in human resource management, business processes and use of technology.

*Accounting and Auditing Function Reforms:* Comprehensive reforms are also being implemented to have a modern public accounting and integrated financial management system at the federal, provincial and district levels, to modernize the public audit function and to establish more effective external oversight through *Public Accounts Committees* and public access to information. The public accounting and audit functions have been separated and the Office of the Controller General of Accounts (CGA) was established. External oversight has been significantly strengthened through the combined work of the Auditor General and the functioning of the federal Public Accounts

Committee (PAC). For the first time in years, the PAC is now reviewing the actions of a government *in office* and is open to press.

Issues of misappropriation, negligence in financial management and the like are now public knowledge and this is having a deterrence effect. Once these systems are functioning and in place, it is the intention of the government to devolve the accounting and treasury functions now under the purview of the CGA to the provincial and district governments.

***Procurement Reforms:*** The Government is determined to implement fundamental procurement reforms at the national level. Pakistan has a plethora of procurement rules and regulations. But there is lack of uniform rules. A *Federal Public Procurement Regulatory Authority (PPRA)* is responsible for leading the process of establishing modern procurement rules and a new Procurement Law soon. It is expected that in fiscal year 2003/2004 at least one third of the national public procurement will be carried out under the revised rules and regulations including the defense procurement. After passage of the Procurement Law, the proportion of procurement under modern rules will exceed 50 percent. Provinces are also being encouraged to adopt modern procurement framework so that coverage should reach 100 percent.

#### **IV STRATEGY FOR THE FUTURE**

##### **8. Our strategy has two broad components:**

a) ***Continue implementation of the above initiated Governance, Structural and Policy reforms.*** These include design and implementation of training program for the new Councilors; follow-up actions for fiscal decentralization to district governments; capacity building at district and provincial levels for budget preparation and monitoring; improving the meshing of Devolution and Police Reforms; deepening Judicial Reforms and the on-going reforms in Tax administration, Public Financial Management and Public Procurement.

b) ***Develop consensus through analysis and stakeholders discussions.*** Additional reforms in three areas are:

- **Strategy for Restructuring** the civil service to further the devolution and other on-going reforms
- **Strategy for Compensation** to ensure adequacy and to reduce the severe compression in wage structure
- **Strategy for Professional Development** This will include direct investment for professional and parallel development of domestic public and private sector educational institutions. This strategy will jointly be guided by the Establishment Division and the National Reconstruction Bureau. A Civil Service Reform Unit

(CSRU) is being created in the Establishment Division to catalyze and manage the implementation of the above two pronged strategy. The CSRU will report to the Establishment Secretary but the implementation and on-going evolution of the strategy will be under the overall guidance of the Cabinet Committee for Civil Service Reform.

### ***The Restructuring Agenda***

9. *Restructuring of the Civil Service* is one of the significant administrative features of the Civil Service Reforms under the Economic Revival Program of 1999. While there has been some improvement as a result of the on-going reforms, Pakistan's civil service still suffers from a low level of professionalism. Further, neither the organizational set-up in the public sector catalyzes the potentials and energies of the civil servants nor on-the-job training provides adequate development of the required executive management, creative policy analysis and development skills. Absence of good governance, ad-hocism, over centralization, non-transparent decision making and skills, low wages and weak evaluation system are responsible for a weak and dysfunctional civil service. To address the structural issues one proposal is to create of five new categories of service:

- The Federal Civil Service
- The National Executive Service
- The Provincial Civil Service, including Provincial Executive Service
- The District Civil Service
- The Tehsil Municipal Service

10. This proposal recommends that both the Federal and Provincial Civil Services will continue to be divided into occupational groups below grade 18. A National Executive Service (NES) would, however, be an *All Pakistan Service* comprising a pool of officers selected on merit amongst officers of the Federal, Provincial and District Services for critical policy and management positions beginning at Grade 19. A maximum of 20 per cent of the entrants would be recruited laterally from the private, NGO and academic sectors through a competitive process. The NES posts would total between 1,000 and 1,500 and would encompass all grade 19 to 22 positions in the federal secretariat, heads of important departments in the federal government and senior positions in provincial and district governments (e.g. Provincial Chief Secretaries, some posts of provincial secretaries and additional secretaries and DCOs in District governments)

11. The proposed NES would have three broad streams of professional specialization:

- Economic Management
- Social Sector Management
- Regulatory Management

Each stream would encompass various related ministries, divisions and departments.

12. The compensation package for NES would be attractive. They will get double the basic salary plus relevant grade allowances. It is proposed that NES officers (and officers

of the proposed Provincial Executive Service) would be required to undergo specialized training in foreign and domestic universities and later in the proposed National School of Public Policy (NSPP), which would be an independent institution for education, training and research along modern and professional lines (see paragraph 27 under section “Training and Capacity Building”).

13. These reform proposals are under discussion and can be a significant contribution towards increasing institutional capacity at the higher levels of government. The proposal will encourage improved performance and greater skills development because promotion beyond grade 18 will not be automatic to the specialized streams.

14. These convergent proposals are under discussion and after extensive consultations with stakeholders, will be presented to the Prime Minister. The time frame we envisage is about one year.

### ***The Compensation Agenda***

15. Since the size of the Public sector employment is within norms of comparator countries, retrenchment of large number of employees is not an overriding priority. However, the government believes that significant pay reform, combined with highly selective future hiring is desirable and can be achieved through fiscal space and attrition in low priority civil service groups. Essentially compensation reforms should ensure compensation related to responsibility, initially, and ultimately, compensation related to responsibility and performance – thus decreasing the compression.

16. An analytical case can be made for adjusting the compensation for higher managerial and professional grades, say grade 19 to 22. The numbers involved are small. For instance, Federal employees in grades 19 to 22 are only about 3,200, which is less than 1 per cent of total Federal employment. So financial costs for a 100 per cent real pay increase over the next five years would be only 0.1 per cent of GDP. A substantial part of this increase could be financed from natural attrition of lower grade staff focused on areas where employment is excessive and services are no longer needed. The de-compression in compensation that is being recommended here is under discussion and government expects that this issue may also be partially addressed within a year.

17. However, before a new compensation policy can be formulated, the future pension liability must be assessed and actions taken to avoid a crisis in the future. The Ministry of Finance has initiated a comprehensive review of reform options for the pension system. Such a review should identify alternatives for controlling pension expenditure and designing and financing the new system, including proposed methods for data collection and for an actuarial valuation of cash flow and liabilities. Further work will include a review of the proposal by a *Commissioner of the Securities and Exchange Commission of Pakistan* that would move employees of autonomous bodies onto privately managed defined contribution pension schemes. Terms of reference for a compensation rationalization study are in “CSR Agenda” appendix .

## **V. TRAINING AND CAPACITY BUILDING**

18. As part of its efforts to enhance capacity of its Civil Servants, the government plans to pursue a professional development agenda, revolving around three principal components:-

- Professional Development Program (PDEV)
- Executive Development Program (EDP)
- Revamping of Existing Training Institutions
- National School of Public Policy (NSPP)

### ***The Professional Development Agenda***

19. Pakistan already has an extensive formal system of both initial recruitment-level and in-service training. Sizable resources are devoted to this process. But there are several factors clamoring for re-direction and change in the system and process of in-service training. Training driven by supply rather than demand, absence of a well-structured regimen of courses of study and case material, lack of proper assessment of the training needs of the civilian bureaucracy and scarcity of skilled Master Trainers at the training institutions are some areas which need improvement. Access to long term foreign training is not only very limited but is also not demand driven to suit scientific needs of the civilian bureaucracy. Unfortunately the inadequacies of the existing system of training lie at the root of much of the indicated problems of diminished quality and reduced impact. As compared to the early sixties, the statistics today, point to a sharp decline in the pursuit of advance degree programs. There is also under investment in human resource development in the public sector. Estimates made by the *Committee on Civil Service Reforms* indicate that during the last two decades annual expenditures on civil service training has been less than 0.5 percent of the compensation of civil servants.

20. As an immediate response to these inadequacies, the Establishment Division has taken a number of steps for improving training of civil servants and for capacity building of the training institutions, in the last two years (please see paragraph 23 under Revamping of Training Institutions).

### ***Professional Development and Executive Development Programs***

21. The government intends to expand the investment rate in human resource development to create a critical mass of civil servants in various professionalized streams and equip public executives for their role in a dynamic and developing society. Through the World Bank supported *Executive Development Program*, for BS-20 & 21 officers and *Professional Development Program*, for BS 17,18 & 19 officers, the strategy is to provide world class graduate education, fostering the vision, knowledge and practical skills to empower a new generation of policy makers and to build a critical mass of civil

servants, from BS-17 to BS 21, to be positioned to exercise leadership within their organizational and geographical setting, and to make an immediate impact on government's efforts to improve governance. The goals of these professional development programs are:

- To create a critical mass of professionally trained officers from BS-17 to BS-21, in Public Sector Management, Social Sector, Public Policy & Public Finance and Regulatory Sector, who can translate policy designs to real-world behaviors in a management environment and be able to work productively with diverse groups of experts, staff, and citizens;
- to ensure development and maintenance of strategies aimed at improving the State's ability to attract and retain competent senior managers and professionals;
- to oversee the development of management and leadership training programs in consultation with comparable civil service training institutions
- to improve the relevance, quality and content of training at domestic civil service training institutions.
- to revise curriculum and training methodologies of Civil Service Training Institutions in the light of what has been learnt from other public sector training institutions and to introduce new themes in the training courses, with emphasis on participatory and interactive activities in the institutions. 10% of the project shall specifically focus on this aspect.
- Strengthening domestic education and training institutions for producing professionally trained and technically competent public officials.

22. Professional Development through training is a dynamic process, which will train around 500 officers from various occupational groups/services/Specialist & Technical cadre/Provincial service as "*Agents of Change*" through the *Professional Development Program* and *Executive Development Program* over a period of five years. This capacity building initiative will focus on further capacity building. Through proper placements in all key Ministries/Departments/Provincial Governments/Civil Service Training Institutions, this core of civil servants will further train the officers.

### ***Revamping of Existing Training Institutions***

23. Establishment Division has taken a number of steps for improving training of civil servants and for capacity building of the training institutions, in the last two years. These include, constitution of Foreign Training Committee, revision of syllabi of Civil Services Academy, the four National Institutes of Public Administration, Pakistan Administrative Staff College, introduction of NIPA entry examination, restriction of NDC/PASC training to the officers having promotion potential, revised performance evaluation system for NIPA, PASC courses, minimum twelve days of mandatory training for every completed year of service for promotion to BS-18, 19 and 20.

24. The changes introduced in the Civil Services Academy, the four NIPAs and the Pakistan Administrative College, Lahore, are important as these institutions would eventually merge and evolve into the National School of Public Policy.

25. At the Pakistan Administrative Staff College, Lahore, which would form the core of the National School of Public Policy, 4 qualified faculty members are being hired in MP-1 scales. 3 officers, after graduating from Kennedy School of Government now form part of the faculty at PASC and the Civil Services Academy. As part of the e-government project of the Ministry of Science and Technology, 90 computers have been purchased and a LAN facility connects the whole campus of PASC as well as providing internet facility. The Pakistan Education Research Network setup by the Higher Education Commission will link up PASC, Lahore with other universities for sharing of research material on-line. Infrastructural improvements in classroom facilities, residential accommodation and sports facilities have been undertaken.

26. The four NIPAs, which would form orbital campuses of the new NSPP, have undergone improvements in terms of revision of training courses, infrastructure and faculty. Special linkages have been formed between NIPA and UNICEF, PASC, Lahore (development of case studies), LUMS (communication and negotiation workshops) and National Reconstruction Bureau. In addition to the regular training programs, Nazims, Naib Nazims and police officers have been trained in the area of devolution. Considerable infrastructural improvements have been made in libraries, residential accommodation, classrooms and sporting facilities. Improvements have also been made in the field of Information Technology.

### ***The National School of Public Policy***

27. The critical role of training to enhance professional expertise and skills capability along modern techniques been recognized. For this purpose the government proposes to establish the proposed National School of Public Policy (NSPP). Under a special legislation, the Government has decided to establish this institute as an independent institution for education, training and research on public policy (3). Under the law, the formal establishment of the NSPP would take place upon notification to be issued by the federal government. Three training institutions, Pakistan Administrative Staff College, Lahore, National Institute of Public Administration, Lahore and the Civil Services Academy (DMG Campus) would stand merged and all their funds, assets, rights, responsibilities, records, debts, liabilities, legal obligations and staff transferred to the new institution-NSPP. The school would also have linkages with reputed domestic and foreign universities.

28. To make the capacity building process sustainable, it is envisioned that the National School of Public Policy (NSPP) shall aim to reform the training methods/ syllabi, quality of education for civil servants and to consolidate fragmented training efforts in specialized fields such as public policy, law, economics, finance and management sciences. Further, to provide consultancy and advisory services for the government and to award degrees in Public Policy, public sector management and related disciplines. NSPP shall be an important follow up component, for continuation of capacity building. It shall also be the key instrument for professional development of civil servants and will run parallel to the Civil Service Reform Unit, a monitoring and evaluating unit, adding to reform process of capacity building. Moreover, once established, the NSPP would also provide specialized training to NES officers (and officers of the proposed Provincial Executive Service).

29. Executive Development and Professional Development Programs are expected to contribute directly to the creation of “fast stream” i.e. the National Executive Service. They would also provide meat to the orbital Civil Service Reform Unit and visiting faculty for the NSPP. Once the NSPP becomes functional with suitable core faculty of Trainers, officers will be trained at NSPP. It is visualized that a major chunk of the NSPP trainees would be potential NES officers.

30. The historical reforms already taken by CBR and PIFRA, on capacity building initiatives, reinforce the idea that civil service reforms begin with capacity building of the civil servants. Investment in these programs will continue and adequacy of resources will be maintained after the completion of the project.

## **VI. IMPLEMENTATION**

### **CIVIL SERVICE REFORMS UNIT**

#### **TERMS OF REFERENCE (TORs)**

31. To facilitate implementation of this comprehensive reform agenda, a Civil Service Reform Unit (CSRU) has been established in the Establishment Division. It will serve as Secretariat to the Cabinet Committee on Civil Service Reforms which oversee's GOP's comprehensive civil service reform program. CSRU will provide technical recommendations in order to support civil service reform through outsourcing technical studies and organizing Seminars/Workshops of provincial and national level stakeholders to develop consensus on the Civil Service Reform Agenda i.e. restructuring, compensation, professional development and associated recruitment and promotion reforms. CSRU will also monitor implementation of agreed reforms.

#### **Restructuring**

- Support evolution of restructuring and devolution of the public sector
- Recommend responsibilities and staff assignments moved from the federal to the provincial level, and from the provincial to the district levels, with less cross management of staff between levels of government.
- Maintain an active dialogue with:
  - National Reconstruction Bureau
  - Provincial Services Departments
  - Federal and Provincial Service Commissions
  - District governments and tehsils.

#### **Compensation Reforms**

- Carry out and/or outsource studies to support pay and pension reforms (including monetization of benefits) which aim for adequately attractive and more transparent packages of total compensation at all, especially senior levels, within fiscal constraints.

#### **Professional Development**

- Improving the quality of training and professional development available to serving staff. This will include managing the Executive Development program (EDP) and Professional Development program (PDEV).
- Facilitate the on-going revamping of Pakistan Administrative Staff College, NIPAs and the Civil Service Academy, and accelerate their evolution into the National School of Public Policy (NSPP).
- Facilitate the integration of FPSC's promotion criteria and curriculum of existing public sector institutions, and the future NSPP

### **Recruitment and Promotion Reforms**

- Proposals for modernizing the cadre system and reforming the system of occupational groups so that internal mobility within the public sector is increased, and lateral entry from the private sector for skilled staff is encouraged, including the creation of a national executive service or equivalent broad-based staff grouping at senior levels.
- Proposals for strengthening and empowering the federal and provincial Public Service Commissions so that they oversee merit in recruitment and promotion.

### **Monitoring and Evaluation**

- Monitor implementation of already initiated and to be initiated governance, structural and policy reforms.
- Maintain updated databases of participants in the Professional Development and Executive Development Programs
- Carry out tracer studies for the returnees of the EDP and PDEV Programs.
- Monitor and evaluate human resource management information systems of the federal, provincial and district governments which enable them to plan their human resource management on the basis of actual staff and identified skills, and not just sanctioned positions.
- Carry out evaluation of reforms as directed by Secretary, Establishment Division
- Generate quarterly reports for submission to the Secretary, Establishment Division and the Cabinet Committee on Civil Services Reforms.

### **Coordination**

- Maintain a close liaison with Public Sector Capacity Building Units established in other Ministries/Divisions
- Make concrete proposals for aligning donor initiatives in civil service reforms - particularly between the ADB, WB and DFID.

## **EXPECTED CIVIL SERVICE REFORM OUTCOMES**

**32.** Civil service reform is an ongoing long term process. Blueprinting a time table for its implementation is neither possible nor desirable. The implementation of the consensus on policies for the Agenda items--Restructuring, Compensation, Professional development, Institutional Development (NSPP) and other Reforms of Governance are high priority for the Government. It is expected that the two crucial reforms--Restructuring and Compensation--would be partially agreed upon within the next two years. An analytical study to develop a public sector compensation policy is planned to be outsourced in 2004. The TORS for this study are in "CSR Agenda" appendix.

33. The Professional and Institutional development processes have already begun with the on-going revamping of the existing public sector training institutions (PASC,NIPAs) . This and related training programs will be implemented more or less on schedule. The notification of NSPP and its twinning with a world class university is expected within 2004.

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**“CSR AGENDA” APENDIX**

**Broad Terms of Reference for the Compensation Rationalization Study.**

1. The Government's Pay and pension Reform is an on-going process. However, given the recent analysis of fiscal space in the 2003 Poverty Reduction Support Program (PRSP) by GOP, it was concluded that a comprehensive review is needed to guide GOP in rationalizing public sector compensation.

2. Such a Review would require outsourcing the data gathering and scenario analysis work to a Human Resource Management firm with international experience with public sector compensation policies. Detailed Terms of reference would be developed to ensure coverage of the following major tasks:

- Update the macroeconomic analysis in the 2003 PRSP to provide an estimate of the fiscal space available in the medium term. The 2003 PRSP concluded that under some defensible assumptions fiscal space was available for increasing public sector compensation which had eroded significantly over the preceding decades.
- Evaluate the evolution of public sector compensation during the preceding three decades including the compression ratio (ratio of the compensation of the top and bottom compensation levels--including perks)
- Monetize the perks
- Carry out a comprehensive job content (Analytical ; Leadership etc) analysis of a representative range of civil service jobs (federal; provincial; district; ex-cadre) and make comparisons with comparators (with similar job content) in the private and quasi -public sectors.(This will be the most labor intensive and creative part of the study.)
- Recommend a set of Comparators for the representative civil service jobs.
- Carry out fiscal impact scenarios for a few recommended compensation levels for the representative civil service jobs , including the associated pension liabilities.
- Based on these scenarios and available fiscal space, recommend a set

of compensation levels for the representative civil service jobs. Estimate the associated pension liabilities.

3. This work would be carried out in close co-operation with the Civil Service Reform Unit.
  4. The Draft Final Report will be discussed with key stakeholders and then presented to the cabinet committee for civil service reforms.
  5. The Final Report will incorporate the comments and observation of the Committee and will guide GOP in the reform of its compensation policy.
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