

## DRAFT WORKING PAPER

Subject: **RE-ORGANIZING THE FEDERAL GOVERNMENT – II PROPOSALS FOR RESTRUCTURING FEDERAL MINISTRIES AND DIVISIONS.**

1. The Federal Government until 2002, had a small but effective Cabinet which consisted of 16-17 ministers. Since then there has been a proliferation of the Ministries to 41 and the number of Division to 46 but very little visible improvement in the efficiency or effectiveness parameters. The NCGR has therefore reviewed the existing structure of the Federal Ministries and the Divisions and has come up with some proposals for a new configuration.
2. The proposed configuration of the Ministries and Divisions stems from the following principles:-
  - (a) A compact and manageable number of Ministers add to the quality of discussion, debate and decision making by the Cabinet and bring about greater coherence in the Affairs of the Government.
  - (b) The Prime Minister has a better span of control and is able to monitor the performance of his Ministers more effectively.
  - (c) Each Ministry should be organized on the basis of the volume of work, number of agencies to be supervised a critical mass of active personnel working in the Ministry and identify in the nature of functions.
  - (d) The current priorities and the scope of the future responsibilities should be correctly reflected and assigned due weightage.
  - (e) Overlapping, duplication and the need for continuous inter-ministerial coordination and consultation should be minimized.
  - (f) There should be a clear demarcation between the Line Ministries and the Support Ministries (Cabinet Secretariat, Finance, Planning and Development, Information and Media, Law and Justice, Parliamentary Affairs)
  - (g) Functions of similar and complementary nature should be grouped together e.g Railways and Communication dealing with surface Transportation be brought under one Division and lumped with the Division dealing with Air and Sea Transportation to form the Ministry of Infrastructure Development.
  - (h) As more administrative and financial powers, functional and operational autonomy are delegated to the Executive departments and autonomous bodies the work load on the Division will be reduced to a considerable extent. This freeing

up of time and resources can therefore be better utilized by achieving economies of scale.

- (i) Privatization, deregulation, transfer of activities to the provincial governments, mergers, winding up and liquidation of several entities proposed in this paper will create an uneven impact on the residual size of each Ministry. It is therefore, necessary to realign each Ministry to a uniform bench mark.
- (j) Coordination Committees of the Cabinet are time consuming and time consuming in terms of the opportunity cost of the Prime Minister and Key Ministers. The implementation of the decisions taken by consensus at these committees has been marred by dilatory tactics of the ministries adversely affected by the decision. Such Coordination Committees should therefore be kept at a minimum and allowed to function only where the number of stakeholders involved is quite large the issues are multifaceted and complex with broad consequences for the economy or society. In case involving two or three ministries only it is inadvisable to form such Committees. The better way to accomplish this goal is to entrust the responsibilities to one single ministry.

3. Applying the above principles to the existing Ministries and Division and considering the proposals that follow in this paper subsequently in regard to the attached departments and autonomous bodies it is proposed that the number of divisions be reduced from 46 to 37 and the number of ministries from 41 to 23. It may be relevant to point out that some ministries have as few as 55 or 58 or 61 or 64 staff members on their strength which is highly sub-optimal from an organizational structure point of view. Our survey shows that at least 12 ministries have less than 100 staff members. The Major changes proposed from the existing configuration are as follows:-

- (1) Cabinet Secretariat will continue to work directly under the Prime Minister with three Divisions;
  - (i) the existing Cabinet Division (minus Regulatory Agencies),
  - (ii) an expanded Human Resource Management Division replacing the current Establishment Division with the functions to formulate Human Resources policies for the entire Federal Government, directly manage the All Pakistan Unified Grade (APUG), the proposed National Executive Service (NES) cadres, set standards and norms for management of Federal Cadres and services and non-cadre employees by other Divisions, ensure that the policies, standards and norms are being followed. The HRM Division

would also be the interface with the Federal Public Service Commission for recruitment into the Federal Government.

- (iii) the third division i.e Organizational Development will work in close liaison with the Human Resource Management Division to manage and coordinate training and skill upgradation of the Federal Civil Servants, to develop the job descriptions, position classifications, strength and new post creation in the Ministries, to realign the business processes and revise the manuals, standard operating procedures from time to time. The Organizational Development Division will absorb the existing Management Services Wing of Establishment Division.
- (2) Ministry of Regulatory Affairs: In view of the increasing number of regulatory agencies a new Ministry responsible for Regulatory Affairs be carved out from the existing wing in the Cabinet Division. All the existing and regulatory agencies will be under the policy, administrative and legislative control of this Ministry while enjoying full operational, financial and legal authority and powers as laid down in their legal instruments under which they were established. This Division will be responsible for providing policy directives, selection of the top management positions, training and development of the staff of the regulatory agencies, consumer satisfaction surveys, monitoring of the agencies in light of their business plans and all legislative matters including an Annual Report to the Parliament.
- (3) A new Technology Development Ministry consisting of the existing Science Technology (S&T) Division and Information Technology and Telecom Division be created to steer the country on the path of technological upgradation in the light of vision 2030 for Pakistan. A major restructuring of our Science & Technology organizations that is under consideration by the Prime Minister.
- (4) Ministry of Human Development: Considering that Education, Health, Population, Welfare, Labour are provincial subjects there is hardly any need to have separate Ministries for each of these subjects at the Federal level in the future. However, the synergies between each one of these subjects are essential to design, develop, implement and monitor a human development strategy for the country in consultation with the provinces, private sector, NGOs and other stakeholders. While it is recommended that there should be separate Divisions for each one, these subjects they should be all brought together under a Ministry of Human Development. This will supplant the time consuming process of Social Sector Coordination Committee of the Cabinet that has hardly

met in the past and highlight the importance the Government attaches to a more integrated and holistic approach to the development of country's human resources for reaping the demographic dividends in the future.

- (5) Ministry of Social Protection: It has become quite obvious that the present segmentation of the instruments of social protection and social safety nets among the different ministries, agencies and provinces has proved to be inefficient and devoid of any tangible impact on the intended target population of the poor and vulnerable. A Social Protection Ministry that brings under one umbrella the existing government interventions scattered across the Government and replaces the more narrowly focused Social Welfare Division would be in a better position to meet this objective. The Ministry will also be designing new interventions that have proved successful in other countries such as Brazil and Mexico. Special Education and Social Welfare clearly belong to the Provincial Governments and as such should be transferred to them.
- (6) Ministry of Culture: Cultural Development is not only an essential ingredient of a nation's heritage but also a reflection of the values of a living nation. Tolerance, humaneness, creativity team spirit, instincts to excel are all nurtured through the media of performing and visual arts, drama and theatre, folk music and dance, sports etc. Pakistan also offers unexploited avenues for heritage tourism, ecological tourism, religious tourism etc. The present fragmentation between these different dimensions of our culture has retarded the progress. It is therefore, proposed to establish a Ministry of Culture to bring together these disparate pieces in a wholesome continuum. The Divisions of Culture and Tourism that are inextricably interlinked with each other will form one Division while the Divisions of Sports and Youth Affairs that are intertwined but do not make critical mass on their own will form the other Division under the Ministry.
- (7) Ministry of Infrastructure Development: As Railways will be operated by an autonomous corporation, highways will be developed and maintained by an autonomous National Highway Authority (NHA), and Ports and Shipping by autonomous trusts and authorities it is feasible to form a single Ministry for Infrastructure Development with two divisions. The Division for Surface or Land Transportation will be formed by the merger of Communications and Railways Divisions. The Division for Air and Sea Transportation will be culled from the Civil Aviation Wing of the Defence Ministry and the Ports and Shipping Division. This grouping will help optimize Inter-modal transport

network for the country and also facilitate the coordination and interlink problems inherent in the development of the National Transport Corridor.

- (8) Ministry of Energy Development: The location of an Advisor to the Prime Minister on Energy and an Energy Coordination Committee of the Cabinet speak volume about the inadequacy of the present institutional arrangements about Energy Development efforts in the country. As WAPDA is further broken up into self standing Generation Companies, Transmission Company and Distribution Companies and some of them are sold off to the private sector the nature and scope of the Ministry of Water and Power will have to undergo significant a transformation. With the successful separation of policy making, regulatory and operational activities of the Ministry of Petroleum and Natural Resources and ultimate privatization of most of the large operational companies under its control time it is now propitious to have a Ministry of Energy Development with the two existing ministries becoming the two divisions. The ensuing work load distribution will result in a more efficient and integrated development of hydrocarbon and alternate fuels and the allocation among competing energy supply sources.
- (9) Ministry of Industries and Trade: The three divisions – Commerce, Industries and Textiles – should be lumped together under the Ministry of Industries and Trade. The successful Japanese model of MITI in the 1960s and 1970s has a lot of parallels with the current stage of Pakistan’s development and the backward and forward linkages between the strategies for industrial production, imports substitution and export diversification can be exploited in a seamless, boundary less stream navigated by this Ministry. The issues surrounding Pakistan’s competitiveness in global markets can also be sorted out by this Ministry in a concerted manner.
- (10) Ministry of Special and backward areas: The two existing divisions dealing with the Azad Jammu and Kashmir, Northern Areas, FATA, Afghan Refugees etc. would better serve the interests of these special and backward areas under a single set up. The present strength of 182 employees working in the two divisions together does not justify their continued existence as separate entities.
- (11) Ministry of Finance and Revenue: should have control over Domestic Tax Revenues and external resource mobilization. The CBR would be transformed into an autonomous tax collection agency but the tax policy issues will have to be dealt by the Ministry of Finance in the overall context of the fiscal policy. The head of the new Revenue Authority can continue to have the status and

powers of commensurate with his responsibilities. As Pakistan's dependence on official assistance will decline in the future the role of EAD will also change. Private sources of external finance, bilateral joint economic commissions, backstopping our embassies in economic intelligence and information gathering, organizing economic fora, managing external debt will assume much greater importance in the future. The framework for these activities will be provided by the Ministry of Finance. It is logical to have these three division working under the single Ministry.

- (12) Ministry of Local Government and Rural Development: should be disbanded as the Federal Government does not have such a major role to play.
- (13) Ministries of Food and Agriculture and Environment: should be merged as most of the activities pertaining to crops, livestock, fisheries and also environment such as water supply, sewerage solid waste disposals, taxes to resources etc. belong to the Provincial and Local Governments. Agriculture Research and new product and new technology development along with natural resources management for sustainable development should remain under the purview of the new Ministry.
- (14) Narcotics Division had traditionally been part of the Interior Ministry and should revert to that Ministry.
- (15) Ministry of Population Welfare: is not justified as a separate entity for two reasons. This subject can be administered better by the Provincial Governments who should receive matching grants and development budget allocations for this purpose. Second, from cost effectiveness viewpoint it makes sense that the field staff should approach the households for preventive health as well as promoting population planning at the same time rather than in piecemeal fashion. As the private social marketing companies have assumed a major role in delivering supplies it is not obvious as to what will be the advantage for a separate Ministry of Population Welfare.
- (16) Ministry of Inter Provincial Coordination: should be further strengthened. The National Councils of Ministers for Education, Health, Agriculture, Labour, Environment, Social Protection, Culture etc. consisting of the respective Federal and Provincial Ministers should have small Secretariats located in this Ministry rather than in the subject matter Ministries. Formulation of National policies and their implementation will thus become the joint responsibility of the Federal and the Provincial Governments which will enjoy equal status as members of these councils. This arms length relationship between the Federal Division or Ministry

concerned and the National Council Secretariats (located in the Ministry of Inter Provincial Coordination) will ease the fears of domination of the Federal Government, nurture a relationship based on trust and mutual respect and build consensus for decision making and implementation. Under this proposed arrangement the tendencies for posturing and turf fighting would be minimized if not altogether eliminated.

- (17) Ministry of Women Development: should also be strengthened. Instead of pursuing a proliferation of donor-driven agendas that is impairing the limited capacity of the Ministry a long term strategy with a time bound action plan should be developed in consultation with all the stakeholders. The donors can then be requested to participate in this strategic agenda and action plan and provide their assistance within this agreed framework. The Millennium Development Goals strategy should be aligned with the goals and objectives of vision 2030, the medium term development framework, and the Poverty Reduction Strategy Paper (PRSP). The recommendations of the National Commission on the Status of Women should be translated into legislative and other actions through this Ministry
- (18) Statistics Division will have a much reduced work load in the future as an independent statistical authority is established. The main user of their output is the Planning and Development Division and therefore it is logical that Statistics Division should be absorbed in the Ministry of Planning and Development.
- (19) The Religious Affairs Division should absorb the Minorities Division under the Ministry of Religious Affairs and Minorities.
- (20) The two divisions – Defence and Defence Production have always formed part of the Ministry of Defence. It is suggested that the status quo ante be restored.
- (21) There is no change proposed in the Ministry of Foreign Affairs except that the function of External Publicity should be transferred to this Ministry as is the international best practice. Not only that this move is cost effective but the training of Foreign Service Officers in media management techniques will equip them to do the job in the missions abroad much better than the Information Service Officers who have very little grounding or grasp of substantive issues.
- (22) The future role of the Ministry of Information and Media and that of the Information Service Officers requires a more in-depth study in light of the overwhelming dominance of private electronic media and the marginalization of the government owned channels. Other relatively successful models such as the spokespersons in the office of the Prime Minister or Key Ministries competent

in their own respective professional fields could be tested as possible alternatives. The NCGR has no clear views on this highly critical issue but recommends an exploration of various options.

- (23) No changes are envisaged in the Ministries of Parliamentary Affairs, Privatization and Investment, Law, Justice and Human Rights.

Annex-I summarizes the proposed ministries along with the Divisions under each ministry.

4. To streamline the present vague and unclear delineation of responsibilities between the Minister and Minister of State it is suggested that the reconstituted Ministry is headed by full Ministers and Divisions are headed by the Ministers of State

**PROPOSED MINISTRIES AND DIVISIONS**

<b>Ministries</b>		<b>Divisions</b>	
<b>S. No.</b>	<b>Ministry</b>	<b>S. No.</b>	<b>Divisions</b>
1.	Cabinet Secretariat	1.	Cabinet Division
		2.	Human Resource Management
		3.	Organizational Development
2.	Regulatory Affairs (RA)	4.	Regulatory Affairs
3.	Inter-Provincial Coordination	5.	Inter-Provincial Coordination
4.	Technology Development	6.	Science and Technology
		7.	Information Technology and Telecom
5.	Human Development	8.	Education
		9.	Health and Population Welfare
		10.	Labour and Overseas Pakistanis
6.	Social Protection	11.	Social Protection
7.	Culture	12.	Culture and Tourism
8.	Infrastructure Development	13.	Sports and Youth Affairs
		14.	Railways and Communications (Surface Transportation)
		15.	Ports and Shipping and Civil Aviation (Air and Sea Transportation)
		16.	Housing and Works
9.	Energy Development	17.	Water and Power
		18.	Petroleum and Natural Resources
10.	Finance and Revenue	19.	Finance
		20.	Economic Affairs
		21.	Revenue
11.	Planning & Development	22.	Planning & Development and Statistics
12.	Defence	23.	Defence
		24.	Defence Production
13.	Foreign Affairs	25.	Foreign Affairs
14.	Interior	26.	Interior & Narcotics
15.	Environment	27.	Food, Agriculture & Livestock
		28.	Environment
16.	Industries and Trade	29.	Industries, Production & Special Initiatives
		30.	Commerce and Textile Industry
17.	Privatization and Investment	31.	Privatization and Investment
18.	Information & Media	32.	Information and Broadcasting
19.	Special & Backward Areas	33.	SAFRON & KANA
20.	Religious Affairs and Minorities	34.	Religious Affairs and Minorities
21.	Law, Justice, Human Rights	35.	Law, Justice and Human Rights
22.	Parliamentary Affairs	36.	Parliamentary Affairs (National Assembly Sectt: and Senate Sectt:)
23.	Women Development	37.	Women Development