

**MINUTES OF THE 5<sup>TH</sup> MEETING OF THE IMPLEMENTATION  
COMMITTEE FOR REORGANIZING THE FEDERAL GOVERNMENT  
HELD ON 06-09-2019**

The 5<sup>th</sup> meeting of the Implementation Committee was held on 06-09-2019 at 11:00 am in Institutional Reforms Cell (IRC), the P.M. Office. It was chaired by Dr. Ishrat Husain, Advisor to the Prime Minister on Institutional Reforms and Austerity. The list of the participants is annexed. The agenda of the meeting was as under:

- (i) Briefing on Institute of Strategic Studies and proposals of placement of Institute of Regional Studies with Ministry of Foreign Affairs by Secretary Ministry of Foreign Affairs.
- (ii) Objections received from the Ministry of Postal Services and also to reconsider the reservations received from the Poverty Alleviation and Social Safety Division and Textile Division regarding the previous decisions taken in the 2<sup>nd</sup> meeting.

2. The proceedings of the meeting started when the Chair invited the Secretary, Poverty Alleviation and Social Safety Division to present the reservations on the decisions of the Committee. She first of all stated about the decision of the Committee regarding the merger of Trust for Voluntary Organizations (TVO) and Pakistan Poverty Alleviation Fund (PPAF) as under:

- a. TVO is the "Trust for Voluntary Organizations" established under charitable endowment Act 1890 and notified vide SRO 171(1)190 of 15<sup>th</sup> February, 1990. The PPAF is a Section '42' Company under the Companies Ordinance 1984, now replaced by, The Companies Act 2017.
- b. TVO entered into an agreement by signing an MOU with USAID. The guidelines for implementation of the Special Development Fund (SDF) Agreement by the TVO, and to enable USAID to monitor the progress of the SDF, both parties agreed to administer the funds in accordance with the precepts of the SDF agreement and, in doing so, maintain the funds in a non-comingled manner to be utilized only in accordance the purpose of the SDF agreement.
- c. The SDF agreement was signed between the Islamic Republic of Pakistan and United States of America. The same agreement provides for administration of

SDF funds which cannot be altered as stated above and is enshrined in the said MOU as Annual report of the TVO is to be sent to USA Embassy. In the light of this agreement, it is not feasible for TVO to be merged with PPAF.

3. On this, Mr. Shafqat Mahmood, Member, remarked that the Division should utilize the existing infrastructure of the departments available in other Ministries/Divisions instead of establishing a new entity for such activities. The Chair remarked that by merger it never meant to dissolve TVO. The Committee further inquired the existing cost of the overheads so that it could objectively be analyzed that how much public fund are being utilized on overheads and how much for the functional performance. It was emphasized that a clear picture of objectives along with available resources is necessary for reconsideration of the case. The Committee made it clear that they do not find any rationale to allow the existence of any entity while all its fund share being spent on the overheads.

4. Regarding the existence of Poverty Alleviation Coordination Council (PACC), the secretary stated that the Division requires frequent interaction with experts from public & private sector in poverty alleviation, nutrition, disability, orphanages, street children, labour issues, health issues, micro financing, poverty graduation, etc. Hence, the need to retain this body. She further stated that PACC stage serves as a country wide "consultative platform" with the built in provision to establish subordinate groups for consultation prior to launching schemes / programmes for poverty alleviation by the PA&SS Division.

5. The Chair made it quite clear that the Committee has no objection whatever the council or cell the Division makes for the smooth functioning provided that it does not give it a statutory status or makes it part of the Rules of Business as it will be an internal arrangement within the Division. The Committee made it quite clear that if private sector can perform any function better and comparatively in a low cost for community welfare then there remains absolutely no justification for keeping it under the inflexible regulations of the public sector. The question is that whether governments should do such jobs which the private sector is performing better. The members of the Committee in this connection also shared different national and international success stories / case studies in the discipline of

micro financing for guidance. On a comment that it is the function of government, the Chair made difference between function and provision clear and stated that the concept should not be confused. Function should not be perceived as provision by the State.

5. The representatives of the Textile Division showed their reservations on an earlier decision taken in the second meeting of the Committee regarding the liquidation/winding up of the following four companies:

- i. Karachi Garment City Company (KGCC).
- ii. Lahore Garment City Company (LGCC).
- iii. Faisalabad Garment City Company (FGCC).
- iv. Pakistan Textile City Limited (PTCL), Karachi

The representatives stated that Lahore and Faisalabad Garment Cities Companies are self-generating and meeting their operational cost from their own sources. They further stated that LGCC has generated 4800 employment and is earning foreign exchange amounting to US \$ 40 million per annum through export while FGCC has generated 6000 employment and is earning US \$ 38 million annually through export. Regarding the KGCC and PTCL, they tabled different justifications for their not achieving the target. They further stated that previous government instructed to liquidate PTCL and give land back to Port Qasim Authority. However, the liquidation process has been stopped by the present government.

6. The Chair remarked that this industry needs flexibility and sometimes they have to even negotiate which is not possible while remaining in public sector. It is to admit that the nature of the industry requires that it should be in a more competitive environment. The Advisor to PM on Petroleum stated that the point which the Division is missing is the opportunity cost and with every day passing, it has further been increasing. The Secretary Establishment Division asked what harm they foresee in liquidation. The representative of the Ministry of Finance suggested the strategy of disinvestment. It was commented that liquidation was from the side of government i.e. it is a kind of liberation of the public sector. The Committee made it conspicuously clear that it does not see in it the justification of public sector

ownership and wants to unburden the government. The Chair while alluding to the industrial revolution in 1960s remarked that at least we should learn from our own experience. The representatives were also informed that their views are not in conformity with the stance of high-ups/decision-making authority in the Ministry.

7. No one from the Ministry of Postal Services participated in the meeting.

8. On the agenda of Institute of Regional Studies, the Chair invited Special Secretary, Ministry of Foreign Affairs to share the Ministry's views. He stated that as far as Institute of Strategic Studies Islamabad (ISSI) under the Ministry of Foreign Affairs is concerned, the sphere of its activities is global one. On the other hand, he is not much aware about the quality of research/researchers in the Institute of Regional Studies (IRS) under the M/o Information and Broadcasting. On this, Mr. Fakhar Imam, Member, briefed the Committee that IRS was established in 1982 with specific focus on the region around Pakistan i.e South and Southwest Asia. The representative of the Ministry further stated that M/o FA is not much enthusiast for merging IRS with ISSI. In response to it, the Chair made it clear that firstly, there is no justification for retaining IRS under the M/o Information and Broadcasting and secondly, the Committee also does not want to merge IRS with ISSI instead wants to make it a part of ISSI. AFS, M/o Finance, also supported the move due to financial problems IRS is facing.

## Decisions

- I. The independent statutory status of Poverty Alleviation Coordinated Council is not agreed. The Council should be dissolved in the main Division.
  - II. Poverty Alleviation and Social Safety Division should properly present its case in the light of the observations made by the Committee as to why the earlier decision of the Committee about the merger of TVO with PPAF should be reconsidered.
  - III. Textile Division should present the exit strategy regarding the liquidation/winding up of KGCC, LGCC, FGCC and PTCL after consulting the Minister.
  - IV. After due consultation with M/o Information and Broadcasting, M/o Foreign Affairs should give presentation to the Committee regarding the feasibility of making IRS as part of ISSI.
10. The meeting ended with a vote of thanks to and from the Chair.

**List of participants of the 5<sup>th</sup> Meeting of Implementation Committee held on (06-09-2019)**

- i. Advisor to the PM on Institutional Reforms & Austerity
- ii. Minister for Federal Education & Professional Training and National History & Literary Heritage
- iii. Advisor to the PM on Establishment
- iv. Chairman, Special Committee of the National Assembly on Kashmir, Islamabad
- v. Special Assistant to the PM on Petroleum
- vi. Secretary, Establishment Division
- vii. Special Secretary, Cabinet Division
- viii. Secretary, Poverty Alleviation & Social Safety Division
- ix. Special Secretary, Foreign Affairs
- x. Additional Finance Secretary (Expenditure), Finance Division
- xi. Senior Joint Secretary, Textile Division
- xii. Solicitor, M/o Law and Justice
- xiii. Joint Secretary (IRC)
- xiv. Chief, (NTRC) M/o Communication
- xv. Deputy Secretary, Textile Division
- xvi. Deputy Secretary, M/o Communication
- xvii. Deputy Chief, NTRC, M/o Communication