Business Process Re-Engineering in E&TD and L&DD

Government of Punjab

Punjab Government Efficiency Improvement Programme

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List of Abbreviations

ADB	Asian Development Bank
ADIO	Assistant Disease Investigating Officer
AFI	Area for Improvement
AG	Accountant General
AH	Animal Health
AI	Artificial Insemination
AIPO	Assistant Information and Publicity Officer
ARV	Annual Rental Value
BI	Breed Improvement
BPI	Business Process Improvement
BPR	Business Process Reengineering
BPS	Basic Pay Scale
C&E	Communication and Extension Services
CDWP	Central Development Working Party
CA	Crown Agents
CM	Chief Minister
DDWP	District Development Working Party
DDO	Deputy District Office
DEO	Data Entry Operator
DFID	Department for International Development, UK
DG	Director General
DGPR	Director General Public Relations
DISCOs	Power Distribution Companies
DLO	District Livestock Officer
DSR&M	Disease Surveillance Reporting and Management
DVL	Draft Valuation List
E&TD	Excise & Taxation Department
ECNEC	Executive Committee for National Economic Council
ED	Entertainment Duty
EDO	Executive District Officer
ETI	Excise & Taxation Inspector
ETO	Excise & Taxation Officer
G2C	Government-to-Citizen
G2G	Government-to-Government
GARV	Gross Annual Rental Value
GoPb	Government of Punjab
HR	Human Resource
I&C	Implementation & Coordination Department

IT	Information Technology
KPO	Key Punch Operator
L&DD	Livestock & Dairy Development Department
LESCO	Lahore Electric Supply Company
MTBF	Medium Term Budgetary Framework
MTC	Motor Transport Clerk
MTMIS	Motor Transport Management Information System
MVT	Motor Vehicle Tax
NADRA	National Database & Registration Authority
NBP	National Bank of Pakistan
NOC	No-Objection Certificate
NTN	National Tax Number
P&D	Planning & Development Department
PGEIP	Punjab Government Efficiency Improvement Program
PITB	Punjab Information Technology Board
PKR	Pakistani Rupee
PLGO	Punjab Local Government Ordinance
PMU	Project Management Unit
PPP	Public Private Partnership
PRMP	Punjab Resource Management Program
R&D	Research & Development
S&GAD	Services & General Administration Department
SBP	State Bank of Pakistan
SMS	Short Messaging Service
SOP	Standard Operating Procedure
SPU	Semen Production Unit
TAMA	Technical Assistance Management Agency
TQM	Total Quality Management
UIPT	Urban Immovable Property Tax
UVAS	University of Veterinary & Animal Sciences
VA	Veterinary Assistant
VO	Veterinary Officer
VRI	Veterinary Research Institute

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Executive Summary

EXECUTIVE SUMMARY

Business process re-engineering (BPR) forms an important part of the work to be carried out under the CSR component of the PGEIP project. This BPR report not only maps existing processes, identifying room for improvement, but also suggests new processes in the two model departments – Excise & Taxation Department and Livestock and Dairy Development Department.

Implementation of the recommendations contained in this report, if approved by the Departments, would include amendments to existing laws/rules/regulations and procedures, as well as the preparation of new standard operating procedures, tools, instruments, forms, etc. needed for reengineering of the business processes and their implications.

Considering that BPR is primarily a private sector concept, the consultants[1] faced some key issues, while undertaking this exercise. Given time constraints, the consultants felt that there was a trade-off between covering a lot of ground and capturing a number of processes without going into much detail; and only covering selected processes, in much greater detail. The approach taken was a hybrid of the two, whereby priority was placed on:

- Key Government-to-Citizen (G2C) (rather than internal) processes, captured at a reasonable level of detail, and
- Those business processes where practical, implementable solutions were likely, and which could be delivered within the organisation boundaries of the Departments

In the case of Excise & Taxation Department, the BPR review exercise focused on the processes involved in imposition & collection of UIPT, Excise Duty and regulation of restricted substances, imposition & collection of Professional Tax and Entertainment Duty and motor vehicle registration and tax collection.

In the case of Livestock and Dairy Development Department, the exercise included a review of processes involved in disease surveillance & management, breed improvement, curative and preventive animal health services, communications & extension services and Farmers' Helpline & Citizen Feedback System.

The suggestions for improvements across the range of these processes have been listed in two tables, given at the end of this executive summary.

The BPR review report has attempted to scan through a number of critical G2C processes, where a number of high impact improvement areas have been identified. Some of these interventions, if undertaken successfully, are likely to result in substantial improvements in government functions and service delivery to citizen. Moreover, some of the suggested solutions also aim at improving government's capacity tremendously by developing a technology-based foundation for taking on more challenging improvements at a later stage.

The way forward should now include departmental review and prioritization of the suggested interventions; the development of an implementation plan; the mobilization of resources for implementation; and the commitment of departmental support and ownership to effectively manage transformation.

These interventions are not only likely to result in improving the service delivery in the two client departments, but would also help in refining the reform agenda in the light of this pilot experience and calibrating it with the needs of government departments.

[1] This report has been developed by Hasaan Khawar (BPR Specialist), who acted as the technical lead, whereas substantial support was given by Mr. Hamed Yaqoob Sheikh (CSR Specialist), Mr. Zahid Zaman (Project Coordinator for L&DD) and Mr. Abdul Mueed Khan (Project Coordinator for E&TD)

EXCISE & TAXATION DEPARTMENT	
PROCESS	**RECOMMENDATIONS FOR IMPROVEMENT**
Imposition & Collection of UIPT	• Consolidation and computerization of PT-1 records at DG/Director level, making them custodian of this record, once the information is fed through a survey/DVL. • Providing restricted access to circle level staff to this information through web-based access (or any other solution) to create demand registers and issuance/printing of challans • Scenario planning to refine tax structure and frequent updating of tax slabs • Frequent updating of valuation tables
Excise Duty and Regulation of Restricted Substances	• Development of clear excise policy emphasizing the desired level of regulation • Availability of NADRA terminal at the PR-I issuance office with capability to track the family codes of applicants; This must be accompanied by a revised policy to rationalize the permits issuance and link them with family quotas. • Developing a database of license/permit holders accessible to law enforcement agencies • Directing L-2 holders to scan bar codes of bottles and record them against specific PR-1 numbers; Direction to distilleries for putting bar codes on the bottles if required
Imposition & Collection of Professional Tax	• Comprehensive legal review and introduce new sub-processes, wherever required for deletions, remedial action, etc. • Awareness campaigns to increase self-assessment; with some incentive for self-assessment • Computerization of demand register, along with cross-verification with NTN database for income tax payers • Development of a new register/database between survey and demand register (similar to PT-1) • Formal and structured survey to identify taxpayers • Capacity development of existing staff and deployment of new staff
Imposition & Collection of Entertainment Duty	• Change of criteria for ED liability from actual participation to average occupancy • Third party surveys to assess average occupancy • Computerized web-based interface for application of NOCs, along with a clearly laid out criteria
Motor Vehicle Registration and Tax Collection	• Undertaking an institutional development review of the function and institutional restructuring, developing a robust management model, private sector participation in managing the service centres and also focusing on emission control and road safety regimes • Issuance of non-transferrable license plates to ensure quick transfers, making use of the existing database • Issuance of yearly stickers for annual token tax payment and automated notices sent to defaulters

LIVESTOCK & DAIRY DEVELOPMENT DEPARTMENT	
PROCESS	**RECOMMENDATIONS FOR IMPROVEMENT**
Disease Surveillance & Management	• Development of dedicated Provincial Disease Warning and Quarantine Unit at the provincial level for development of SOPs and for direct and rapid response • Improved disease forecasting process • Improvement in software, adding web-based functionality • Automated report generation and more productive use of such reports through linkages with preventive healthcare staff, VRI, etc. • Farm biosecurity measures for disease prevention at the farm level • Better field visit planning and strengthening diagnostic capabilities
Breed Improvement	• Developing and implementing a provincial breed preservation policy and secure the biodiversity of indigenous livestock • Better field visit planning to enhance coverage and optimal utilization of the office of DDO (BI) • Demand forecasting for semen straws and better production planning at SPUs • Facilitating establishment of private semen banks and developing regulatory regime to ensure quality • Exploring PPP opportunities for SPUs
Curative Animal Health Services	• Review of the existing curative health service delivery model in light of the changing ground realities • Demand-based procurement of medicines for dispensing at veterinary healthcare facilities • Computerization of outpatient register • Animal tagging of animals accessing curative health services
Communications & Extension Services	• Establishment of a dedicated Communications Unit in the Directorate of C&E • Demand-based action plan formulation based on incoming queries and communication effectiveness assessment results • Expansion of farmers' database • Capacity development to ensure adequate capacity to undertake extension services effectively
Farmers' Helpline & Citizen Feedback System	• Separation of Helpline from Citizen Feedback System • Introduction of technological solution to receive more meaningful feedback and using the same to improve the performance of staff • Analysis of incoming queries to identify the information needs and using that information to develop better communication campaigns and more relevant extension services
Preventive Animal Health Services	• Increased supply of vaccines, through increased production and facilitating private production • Institutional review of vaccine production and possibly a PPP arrangement for managing the facility • Increased focus on research for new/improved vaccines • Maximum coverage through better field visit planning • Demand-based production/supply of vaccines linked with disease forecasting

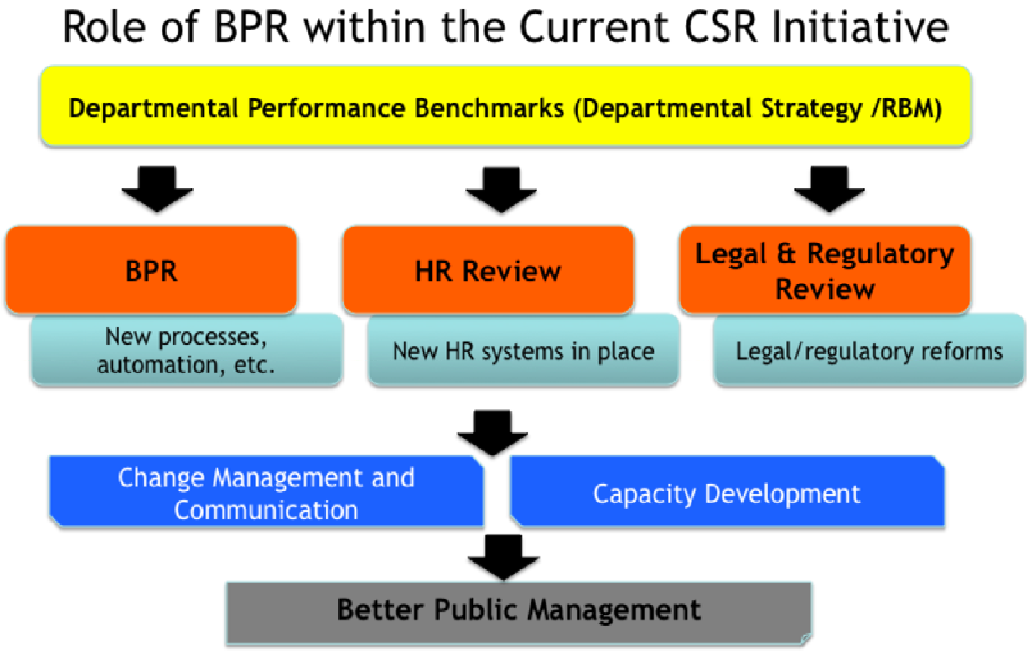
Section 1: Introduction and Background

1. Punjab Government Efficiency Improvement Program

The Government of the Punjab under the Punjab Resource Management Program (PRMP), supported by the Asian Development Bank (ADB), has introduced a series of wide-ranging reforms since 2003. In 2007, PRMP entered into second phase of reforms under the aegis of the Punjab Government Efficiency Improvement Program (PGEIP). Building on reforms introduced under first phase, PGEIP is supporting the Government in realizing long-term goals of improved service delivery and strengthened management of resources to create fiscal space for investment in public service.

As part of efforts to meet these objectives, GoPb has recruited Crown Agents (and its consortium partner PFM Consulting) through a technical assistance loan provided by Asian Development Bank to mobilize and deploy requisite technical experts. The project focuses on two key components of PGEIP: public financial management reforms and civil service reforms.

Under the second component GoPb intends to undertake a comprehensive civil service reform exercise in two selected departments – Excise and Taxation Department and Livestock and Dairy Development Department – to make them 'model departments' and to enable the roll out of similar interventions across Punjab. The business process review exercise falls under the civil service reform component, where the intended outcome is well-calibrated business processes adopted in the two departments to deliver the performance targets set by the departmental leadership in the medium term. The business process improvement exercise will be supported by a comprehensive human resource review as well as support to the departments in setting medium term performance benchmarks.



2. Business Process Review and Reengineering

Business process re-engineering (BPR) is a consulting approach that achieved peak popularity among western private sector consulting firms in the mid-1980s. Defined narrowly, it focuses on streamlining processes (often using IT solutions) to achieve efficiency gains. Such efficiency gains can be quite substantial, especially where the process concerned involves many actors, is used frequently and is identical each time, as such processes lend themselves to automation. Defined more widely, BPR can also be about adjusting processes to cope with changes in mandate, mission or objective. This may not focus so much on efficiency gains (or even automation) but more on the 'basics' of business management - relevance, clarity, responsibility and accountability.

Hammer and Champy[2] define BPR as "the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed", whereas the business processes are defined as "a set of activities that, taken together, produces a result of value to a customer''.

BPR is supposed to be an integral part of employing technology in business processes and is generally considered to have delivered quicker results and lower costs than other techniques, such as total quality management (TQM). While BPR reviews aim to analyze the business processes and identify solutions/recommendations to redefine them, the actual benefits such exercises lie in implementation, which in some cases poses a bigger challenge than the review itself. Moreover, defining the scope of the BPR is also critical to ensure focused effort. Some of these issues relating to implementation and scope of the recommendations evolving from this report have been identified and discussed in subsequent sections.

Lessons Learnt from Business Process Improvement Efforts

Research suggests that business process reengineering involves changes in processes, technology and people, both in terms of behavior and culture, resulting into a number of factors hindering effective implementation of BPR and impeding innovation and continuous improvement. Some of the factors include loss of nerve, focus and stamina; senior management who are comfortable in their "ivory towers'"; lack of "holistic'" focus and settling for minor improvement gains; human and organizational issues; organizational culture, attitudes and skills based; and resource restrictions and fear of information technology.

2.1 BPR Review in the Two Departments

Business process re-engineering forms an important part of the work to be carried out under the CSR component of the project. The project ToRs state that the BPR exercise is intended to focus on clarifying span of control; smoothening business operations; eliminating duplication and overlap of efforts; enhancing efficiency, effectiveness, and economy; strengthening internal controls; eliminating redundant procedures; introducing simple client oriented processes and procedures, and last but not least, optimum automation of processes to achieve swiftness in service delivery. This BPR report not only maps existing processes, identifying room for improvement, but also suggests new processes. The subsequent work on BPR, during the implementation phase, should include amendments to the existing laws/rules/regulations, and procedures, and the preparation of new standard operating procedures (SOPs), tools, instruments, forms, etc. needed for reengineering of the business processes and their implications.

3. Key Issues

Considering that BPR is primarily a private sector concept, the consultants[3] faced some key issues while undertaking this exercise. These issues include:

3.1 Developing Focus – Digging Deeper or Going Wider?

The current PGEIP project aims to complete all major diagnostic work in a short period of time early in the project, in order to concentrate the remainder of the project on implementation. Given time constraints, the consultants felt that there was a trade-off between covering a lot of ground and capturing a number of processes without going into much detail; and only covering selected

2 Hammer, M. and Champy, J. (1993), "Re-engineering the corporation: a manifesto for business revolution", Harper Business, New York, NY.

3 This report has been developed by Hasaan Khawar (BPR Specialist), who acted as the technical lead, whereas substantial support was given by Mr. Hamed Yaqoob Sheikh (CSR Specialist), Mr. Zahid Zaman (Project Coordinator for L&DD) and Mr. Abdul Mueed Khan (Project Coordinator for E&TD)

processes, in much greater detail. The approach taken was a hybrid of the two, whereby priority was placed on:

- Key Government-to-Citizen (G2C) (rather than internal) processes, captured at a reasonable level of detail, and
- Those business processes where practical, implementable solutions were likely, and which could be delivered within the organisation boundaries of the Departments

It was felt that this approach would not only help retain the focus on improving service delivery but would also identify some concrete, actionable initiatives for the implementation phase, through process improvement.

3.2 BPR in the Context of Two Client Departments – Alignment with Ground Realities

The current project has adopted the approach of implementing reforms initially in two model departments and then subsequently going across the governmental landscape covering other departments. While this serves as a good model to refine the reform agenda and to align it with the ground realities, this approach also pushes some cross-cutting issues, faced by all the departments, beyond the scope of the reforms. For instance, in case of BPR, the planning and budgeting process[4], monitoring and evaluation and general documentation and file work are either managed by external agencies such as S&GAD, P&D, I&C and CM Secretariat or through regulations affecting the government at large. Keeping this constraint in mind, the focus of BPR has been kept on only those issues that can be addressed within the organizational boundaries of the department.

3.3 Complete Re-Engineering or Incremental Approach – BPR or BPI?

Another key issue, faced by the consultants, during the BPR review was either to come up with entirely new solutions, totally re-engineering selected processes, or to come up with incremental and more practical improvements. The success of any of these approaches is contingent upon the level of commitment and support from the client departments. Considering the fact that not many drastic reforms have been implemented in GoPb over the last few years, it was felt that coming up with practical, incremental solutions might prove to be a more viable approach. Complete automation and total transformation should still be considered. However, as a first stage it may make more sense to focus on some critical sub-processes, which, if improved, could significantly impact on service delivery as well as can integrate well with any future plans to totally revamp and improve these processes.

3.4 GoPb's Wider IT Initiatives - The Issue of Synergy

GoPb is already working on process improvement and automation. The Punjab Information Technology Board (PITB), for instance, is working on developing common IT-based platforms, which can be used by multiple departments. However, due to workload, the two client departments are not among their priority departments. It may, however, be advisable to align the BPR recommendations evolving from this report with the work that PITB is planning to undertake in future and make it compatible with any such initiatives.

[4] The budgetary reforms are covered under the MTBF Component of the PGEIP Project, whereas a separate HR review is aimed at addressing various issues related to human resource management in the two client departments.

Section 2: Methodology & Situation Analysis

4. Adopted Methodology - Key Activities

The general approach and method-of-working for this review has comprised the following steps:

4.1.1 Review of Earlier Work

A number of reports have been written on reforms in the two selected model departments. All these reports were initially consulted to take into account the work done earlier and to synergize the proposed reforms with earlier recommendations. However, in case of L&DD none of the reports touched upon the subject of BPR, whereas in case of E&TD, one of the reports has a detailed section on BPR, which has been consulted. A list of reports consulted is attached at Annex A.

4.1.2 Situation Analysis

A quick situation analysis was undertaken to take into account the ground realities, during the inception phase. A number of processes were identified, which are being performed in the two pilot departments and the departmental priorities were identified.

4.1.3 Narrowing Down BPR Focus

As explained earlier, given the time constraints, it was essential to define the focus of this BPR exercise to make the whole exercise more meaningful. As a result, this report focuses on those processes, in which the line departments are dealing with the public - Government-to-Citizen (G2C) processes.

4.1.4 Stakeholder Consultations and In-Depth Interviews of Line Staff

In order to collect information on the existing processes, stakeholder consultations were done through visits to the field offices, secretariat, etc. and one-on-one detailed interviews were conducted with a number of officials from various ranks in the two client departments.

4.1.5 Mapping 'As-Is' Processes

Based on the information collected, all the key G2C processes were initially mapped, using Microsoft Visio, to lay out the details clearly.

4.1.6 Validation of 'As-Is' Processes and Refinement

The mapped processes were then shared with a number of departmental staff to remove any anomalies and to refine the 'as-is' processes further.

4.1.7 Identifying Potential Areas for Improvement

After reviewing the 'as-is' processes and the insights gained from stakeholder consultations, a number of potential areas for improvements (AFIs) were identified to improve each process.

4.1.8 Discussion with Middle-to-Lower Level Tiers to Assess Appropriateness of Identified AFIs

Some discussions were then held with the departmental staff to assess the appropriateness of the identified AFIs and to identify some issues in their possible implementation.

4.1.9 Developing 'To-Be' Processes

Based on the AFIs, new 'to-be' processes were mapped using Microsoft Visio, which now form part of this report. These processes aim at removing redundancies and making these processes more efficient and effective. These 'to be processes' would define the new way of working in these areas and will require short-listing/approval by the department before implementation.

4.1.10 Submission of Draft BPR Report

Based on the findings of the work done so far, the BPR report has been developed and shared with the stakeholders. These stakeholders include PMU-PRMP, ADB and the senior management of the two client departments.

4.1.11 Validation of Findings and Draft BPR Report

These findings will now be discussed in details with the two client departments and would be validated.

4.1.12 Incorporating Comments on Draft BPR Report

The comments on the draft reports would be incorporated in the report and it will be finalized.

4.1.13 Submission of Final BPR Report

The final report will be submitted to PRMP, ADB and the two client departments, by the end of March, as per the deadlines given in the Inception Report.

5. Situation Analysis - Existing Key Business Processes in the Two Client Departments

E&TD and L&DD, like other provincial departments, engage with a number of other government agencies as well as with citizens and the general pubic through a variety of processes. Besides these processes for internal management, the departments follow a number of standard operating procedures. Therefore, for simplification, the business processes within the two target departments have been classified into three major categories:

- Internal Processes
- Government-to-Government Processes (G2G) and
- Government-to-Citizen Processes (G2C).

The first two categories (Internal and G2G processes) are predominantly common for all the departments, where as G2C processes differ for each department, depending upon the scope of its activities.

5.1 Cross-Departmental Processes

Document/File Management and Internal Decision-Making: This is an internal process common for both E&TD and L&DD. This process forms the crux of the functioning of any government department, whereby all critical decisions are taken in official files. These files are processed through the relevant hierarchy of officials and the competent authority, for any specific decision, finally disposes of the file by taking a decision. Often, on the same file, comments are sought from different govt. agencies involved in the relevant policy area. This process is primarily governed by the Rules of Business, Secretariat Manual and in some cases certain other regulations such as Punjab Delegation of Financial Powers Rules (Amended 2006).

While these processes are easy to map, there are many redundancies present, as the file is generally initiated at the Section Office level, where the subordinate staff develop some brief write-up about the issue in hand and the concerned Section Officer sends the file to the Secretary of the department, through the Deputy Secretary and often an Additional Secretary. In most of the departments, the bulk of the decisions are taken by the Secretary and the offices of DS and AS just provide relevant comments or ensure that the file contains all the necessary information to help the Secretary takes a decision. Similarly, the Directorates seek approval for various issues through the same process by sending requests to the Secretariat.

A similar process is followed to seek Chief Minister's approval for critical decision, through initiation of a summary.

Preparation of Annual Budgets and Expenditure Management: This is an internal process common to both E&TD and L&DD. Although Finance Department is finally responsible for the compilation and consolidation of annual budgets for approval by the provincial legislature, the departments take the lead in preparation of the annual recurrent and development budgets. The first component of this project, focussing on the introduction of a Medium Term Budgetary Framework, deals in detail with this process.

For the development budget the Planning and Development Department plays a key role, in terms of allocation of the overall budget ceiling and approval of development schemes. For

expenditure management, the Secretary acts as the Principal Accounting Officer and is responsible for overall financial management in the department and its subsidiary organizations. Under the Secretary, a number of controlling and spending level Drawing and Disbursing Officers work.

These processes generally have a cross-departmental scope and are partly dealt with under MTBF and therefore are not included in this CSR component.

Personnel Management: Personnel Management (postings, transfers, disciplinary actions, promotions, etc.) is both an internal and a G2G process, common to both E&TD and L&DD. The top management (BPS-19 and above) of the provincial civil service is generally put in place by the provincial govt. through the Services & General Administration Department, with approval from the Chief Minister. Similarly for BPS-18, the same function is performed after approval from the Chief Secretary. However, for technical staff, the Secretary plays a key role for postings, transfers, etc. The Punjab Public Service Commission on the other hand is responsible for recruitment in BPS-17 and above. The HR sub-component of the current project deals with all such issues in detail and therefore any BPR requirements or recommendations for these processes would evolve out of that work.

Policy Formulation & Approval: Policy Formulation & Approval (including regulatory changes, etc.) is both an internal and a G2G process, common to both E&TD and L&DD. The provincial departments generally formulate draft policies, which are then approved by the Chief Minister or the cabinet. However, there is no uniform process followed in all the departments and many decisions are either dictated by the incumbent leadership of the department or through ad hoc directives from various quarters. Sometimes, a specific functional area gains prominence due to donor support or other external factors. In case of L&DD there is a medium-term strategy, developed through assistance from DFID, which has been approved by the CM and dictates the policy and vision for the department. In case of E&TD no such document exists, however, it can be presumed that the department generally functions with the unsaid goal of achieving revenue targets.

Development Planning: This is an internal process common to both E&TD and L&DD. Most development schemes are conceived either by the department officials and management or are developed around needs identified through political leadership or other stakeholders. Once a scheme is identified, a PC-I is developed and is approved by the relevant forum (DDSC, DDWP, PDWP, CDWP, ECNEC). These schemes then form the development portfolio for the department. In recent years GoPb has developed a three-year Medium Term Development Framework. While this process is structured for a given scheme, there is generally a planning process vacuum at the strategic level, which should dictate the overall planning priorities, project identification, project appraisal in line with departmental policy and vision, etc.

Approval of Budget, Supplementary Grants and Re-appropriations: This is a G2G process common to both E&TD and L&DD. These processes have already been mapped under DFID-funded TAMA project and also lie outside the purview of the two client departments.

Approval and Monitoring of Development Budget and Schemes: This is a G2G process common to both E&TD and L&DD. This process is critical and involves extensive interaction with P&D. However, this process is uniform across all departments and any improvement would need to involve P&D. This process has not been mapped in previous available studies.

Processing of CM Directives and Other Administrative Communications: This is a G2G process common to both E&TD and L&DD. This process takes substantial time, as the CM Secretariat and other key offices convey their priorities to line departments for implementation. This process has not been mapped in the previous available studies.

5.2 Processes Specific to Livestock & Dairy Development Department

Communication and Extension Services Provision to Livestock Farmers: This is a G2C process for L&DD. This process has not been mapped in previous available studies and has been included in this study, along with the Framers' Helpline and Citizen Feedback System.

Preventive and Curative Animal Health Management: This is one of the major G2C processes and involves thousands of veterinary officers and assistants all over Punjab. This process has not

been mapped in previous available studies but has been included in this study, including vaccine production and supply.

Breed Improvement through Artificial Insemination: This is a G2C process for L&DD. This process has not been mapped in previous available studies but has been included in this study, right from the supply of semen straws to AI processes.

Disease Surveillance and Management: This is a G2C process for L&DD, under the Directorate of Disease Surveillance and Management. This process has not been mapped in previous available studies.

Research & Development and Its Linkage with Extension: This process is virtually non-existent in L&DD. Presumably, there is no strong linkage of R&D with extension services, however no mapping has so far been done. Recently, DFID-funded TAMA has undertaken similar work in Agriculture Department, which may be reviewed to capitalize on similarities and lessons learnt.

5.3 Processes Specific to Excise & Taxation Department

Imposition and Collection of Urban Immovable Property Tax: This is a G2C process for E&TD. Various UIPT related processes, including survey process, draft valuation list (PT1), debit, payment & reconciliation, enforcement and appeals and refunds, have already been mapped earlier. This mapping has been validated and, in some respects, revised in this study.

Imposition and Collection of Motor Vehicle Tax: This is a G2C process for E&TD. Various MVT related processes, including new registration of vehicles, post-registration transactions, registration at non-computerized offices and token tax, have already been mapped earlier. This mapping has been validated and, in some respects, revised in this study.

Imposition and Collection of Professional Tax: This is a G2C process for E&TD. Various professional tax-related processes, including tax demand, determination of tax liability, appeals and enforcements, have already been mapped earlier. This mapping has been validated and, in some instances, revised in this study.

Imposition and Collection of Excise Duty: This is a G2C process for E&TD. The process has not been mapped earlier.

Revenue Forecasting: This is virtually a non-existent process for E&TD. Some work on this area has been undertaken by DFID-TAMA in conjunction with FD and the MTBF component of this project has developed a comprehensive Medium Term Fiscal Framework that includes forecast revenue streams based on macro-economic analysis.

Section 3: BPR in E&TD

6. Urban Immovable Property Tax (UIPT)

The Urban Immovable Property Tax (UIPT) is one of the most important sources of revenue for Excise and Taxation Department, claiming around 35% of E&TD revenue collected for 2009-10[5]. The primary objective of this activity is to generate own-source revenues for the provincial government, although record collection and maintenance is an important ancillary function. UIPT was a provincial tax until the Punjab Local Government Ordinance (PLGO) was promulgated in 2001, under which TMAs were given authority to determine rates. However, in practical terms UIPT has remained a provincial tax and responsibility for policy and administration primarily lies with the office of the Director General, overseen by the Secretariat.

Under the Director General, the Directors operate in respective geographic divisions, supported by Excise and Taxation Officers (ETOs) in districts, Assistant Excise and Taxation Officers (AETOs) in sub-divisions and Excise and Taxation Inspectors (ETIs) in circles[6]. The same organizational structure applies in the majority of the districts, although some variations do exist in large districts such as Lahore and Rawalpindi, where several Directors operate within the same division (or various ETOs within one district), taking the lead for different taxes.

6.1 'As-Is' Process

The process for assessment, collection, rate determination, rebates and appeals is determined, to a large extent, by concerned statues including The Punjab Urban Immovable Property Act 1958, Punjab Local Government Ordinance (PLGO), 2001 and associated rules therein.

The major steps in this process are as follows.

The liability of UIPT is assessed by a team of E&TD staff consisting of ETI, Clerk and Constable by conducting surveys in rated urban areas that result in the creation of a database and Survey Register (PT-4). The information gathered during the survey is put on a PT-4 by the Clerk, which is then sent to ETI and AETO for checking and verification respectively. It takes around a week from the identification of a tax unit detailing kind, construction, location etc. to the registration of that unit on the Survey Register. The ETO is the assessing authority for UIPT, as per Section 6 of UIPT Act 1958), which also requires him to validate 25% of the survey directly (although it is unclear whether this happens in practice).

If there are no objections filed, the Draft Valuation List (DVL PT-6[7]) is created on the basis of the Survey Register (PT-4), taking around a week. In doing this survey forms and registers are produced and checked manually, making the whole process time consuming and difficult in which to run queries.

The DVL is made public and notices under PT-5/PT-13 are issued inviting objections to the survey. If there are objections, these are reviewed by Director/ETO for acceptance or rejection. Objections are received, checked and verified by ETI and decided by ETO/Director. If these are accepted, changes are made in the PT-1 register: the complete process from receipt of objection to decision usually takes around a week. The last comprehensive survey was undertaken in 2000-2001, although in some areas the survey was updated in 2005.

The Demand Register (PT-8) takes its input from the Basic Record of Properties (PT-1) and contains columns for demand and recovery figures for five years. The preparation of the demand register from PT-1 entails: preparation of demand by the Clerk; verification by ETI; authentication by AETO; and finalization by ETO. PT-8 also identifies the class (or category) of a particular property, depending upon its geographical location. The Valuation Table then also feeds into PT-

[5] Punjab Estimate of Receipts 2010-11; Finance Department, Govt. of the Punjab

[6] For instance, Lahore is divided into 12 zones, with each zone having 13-14 circles. In Lahore Zone 12, there are a total of 36,638 property records, out of which 22,262 properties are taxable.

[7] The formula used for calculating Gross Average Rental Value (GARV) is Land Area and Covered Area noted in the survey register multiplied by valuation rates that are given for specific categories.

8 by identifying the respective rental value multiplier for that respective class (or category). The UIPT is assessed based on GARV (Gross Annual Rental value), derived from the respective multipliers in the valuation table and the size/covered area of a particular property.

After giving a 10% rebate across the board, the GARV transforms into the ARV, which is the basis for imposition of UIPT (20% if ARV is up to PKR 20,000 and 25% if ARV is greater than PKR 20,000). The valuation table has been developed based on average rental values of the properties in a particular area and the table distinguishes between the rental and owner-occupied properties, with more favourable treatment for owner-occupied properties. As per E&TD officials, the rental values incorporated a deep discount (up to 50%) in the rental values when the valuation table was developed. Over time, this discount has deepened due to rising inflation.

Once the demand register is ready, the Challan (PT-10) is delivered to the tax payer, after which he has 60 days to deposit payment if he agrees with the assessment. If the tax payer does not agree with the assessment, he can file an appeal with ETO/Director who then decides the appeal within 30 days. Executive District Officer (Revenue) and High Courts have appellant jurisdiction under law, after the Director.

If the tax payer agrees with the tax assessment, he deposits the payment in NPB/SBP. There are three foils of the payment challan: one is kept by the tax payer, while the remaining two are sent to Treasury. At the circle level, receipts are collected in a daily collection register and the demand register is updated. Collection figures are summarized by ETO/Director and consolidated monthly figures are sent to the office of DG for verification and compilation.

If the payment is not deposited, notices are sent to the defaulter and ETI reports either to ETO for issuance of PT-14 for attachment of rent or to Director for attachment of property in case the property is owned.

Data is not available for exact number of employees engaged for UIPT collection by the department, although one analysis for Lahore suggested that almost half of all personnel were involved in collection of UIPT, with one (1) technical staff member being responsible, on an average, for control of approximately 2500 properties.[8]

Copies of relevant forms such as PT-1 and valuation tables are attached at Appendix B.

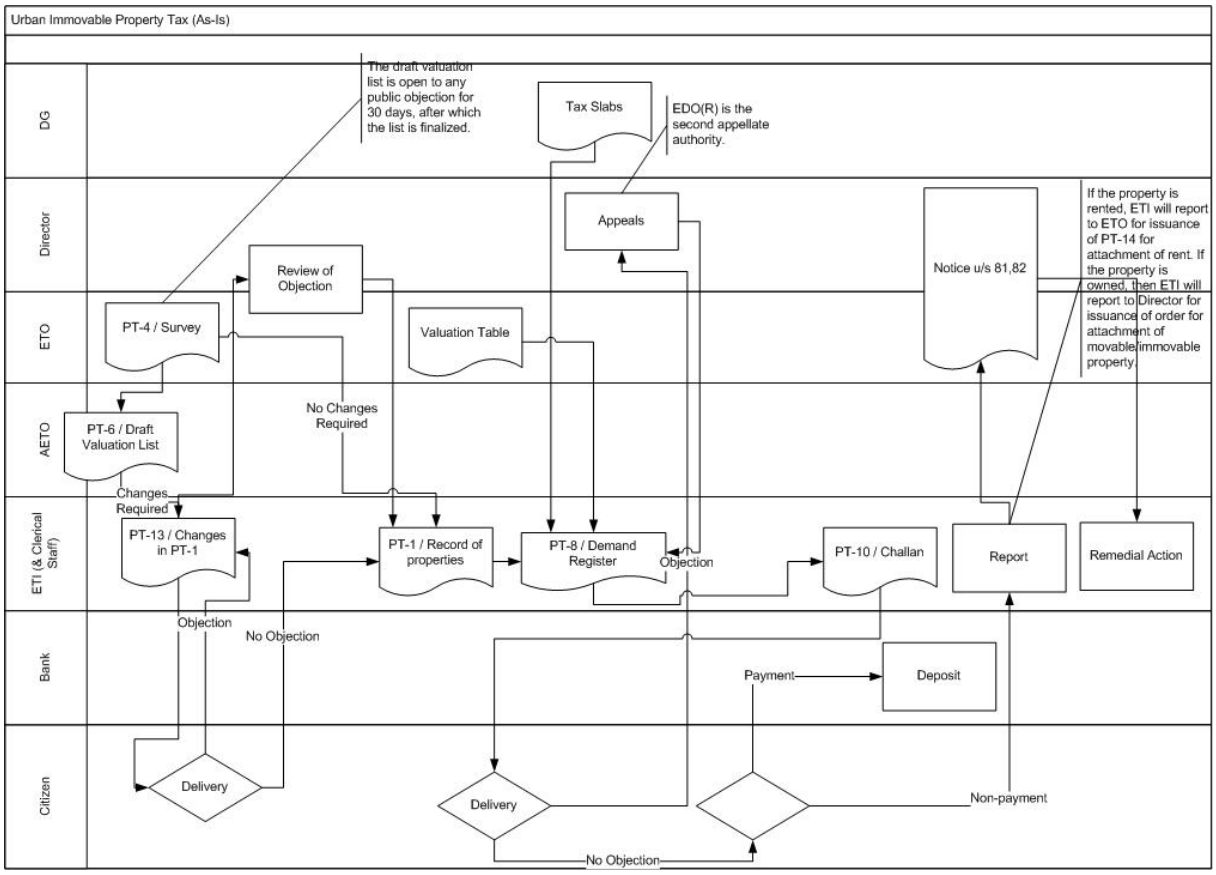
Approved Reforms to UIPT

In 2011, as action required under SP-3 of PGEIP, the CM has approved the summary of the following reforms/changes. However, they may take some time in implementation.

a) Revision of valuation tables and enforcement of new valuation lists
b) Reduction of the rate of tax from 20-25% to 10%
c) Rationalization of the exemptions under Section 4(c) of the Punjab Urban Immovable Property Act, 1958
d) Increase in rebate for lump sum payment of property tax from 5% to 10% and extension in the period of such payment from 31st August to 30th September
e) Massive public awareness campaign
f) Capacity building of Excise & Taxation Department

[8] Property Tax Decentralisation Program; Scope, Evaluation and Gap Analysis Report (IRV 2009)

Figure 1: Urban Immovable Property Tax – 'As-Is' Process



6.2 Potential Areas for Improvement

6.2.1 Automation of PT-1 Records

PT-1 records form a critical part of the whole UIPT collection and imposition process chain, as they not only contain urban property records but also details such as status (rented vs. self-occupied), size and covered area and location (defining the geographical class – A to G – in which the property lie). These parameters in turn help to calculate the Annual Rental Value of the property and the consequent tax liability. The demand register is also developed based on these property records. The manual processes involved in updating these PT-1 records, developing the demand register and issuing challans are quite tedious and consume bulk of the time of E&TD staff. Considering that E&TD is already understaffed, this lack of automation further adds to their work burden. As per E&TD's record, there are a total of 2.89 million property units in Punjab, including 1.19 million taxable and 1.69 million non-taxable units. Region-wise distribution of taxable and non-taxable property units in Punjab is presented at Figure 2.

Although complete automation of UIPT regime would be ideal to enhance efficiency, it may be more practical to start automation at a smaller level. Computerizing just the PT-1 records ccould greatly improve the efficiency of the process. The survey can still be completed manually and, based on its results, the relevant staff can update the PT-1 database. Once computerized, the demand register and challans' issuance would be computerized as an ancillary output, as the information in them is fed from PT-1 records. Such an automation initiative can free up much of the time of E&TD staff, making them available for other time-intensive tasks.

Automation of PT-1 records would entail:

- Consolidation of PT-1 data at a central level (preferably DG's office) from circle level. This would also create a backup for this valuable information.

- Development of a database to store this information, along with appropriate restricted access for different users. Ideally, a web-based software may be used to enable Circle staff to access this information from their offices and print challan forms locally. However, IT security is always a concern with web-based systems, so appropriate safeguards would need to be put in place to protect the integrity of the system.
- Data entry to convert the PT-1 records into digital form
- Report generation capabilities for use in other wings of the department
- Establishment of a well-resourced database management unit at the DG office
- The provision of computer terminals, heavy duty printers and training at the circle level

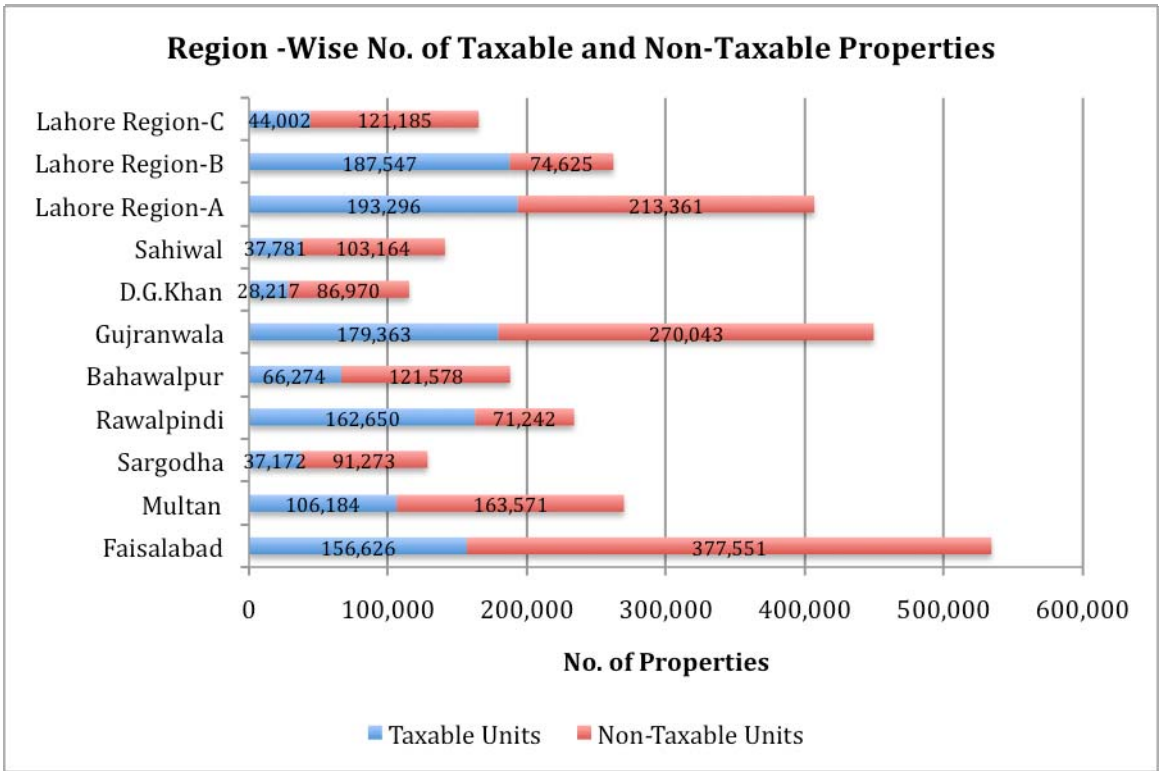


Figure 2: Region-Wise No. of Taxable and Non-Taxable Properties

6.2.2 Scenario Planning to Refine Tax Slabs

Currently there are only two tax slabs for UIPT[9], which may not translate effectively into government's taxation priorities. In order to refine this structure more tax slabs may be needed, which could be developed through structured scenario planning and sensitivity analysis. If PT-1 records are computerized, this scenario planning could be conducted with ease and thus would facilitate the development of multiple tax slabs. This would result in more meaningful exemptions (rather than 5-marla across the board, it can be based on multiple criteria); revenue collection enhancement; and increased ability to make changes, in response to changing requirements.

In addition to the computerization of PT-1 records, this intervention would also require:

- The establishment of a tax policy and planning unit at the DG's office, or in the Secretariat

6.2.3 Updating Valuation Table

Valuation tables classify properties in different geographic zones and assign an average rental value to these zones. The valuation table for Lahore, for instance, classifies properties into seven

[9] Now reduced to one, after the recently approved summary, but it has not been made effective.

classes (A, B, C, D, E, F and G), with some further sub-classifications. The average rental values in this valuation table, however, do not accurately reflect the rental prices in these areas. This disconnect of rental values from situation on ground may be because of two reasons; infrequent updating of valuation tables and some political reasons for not enhancing the tax burden.

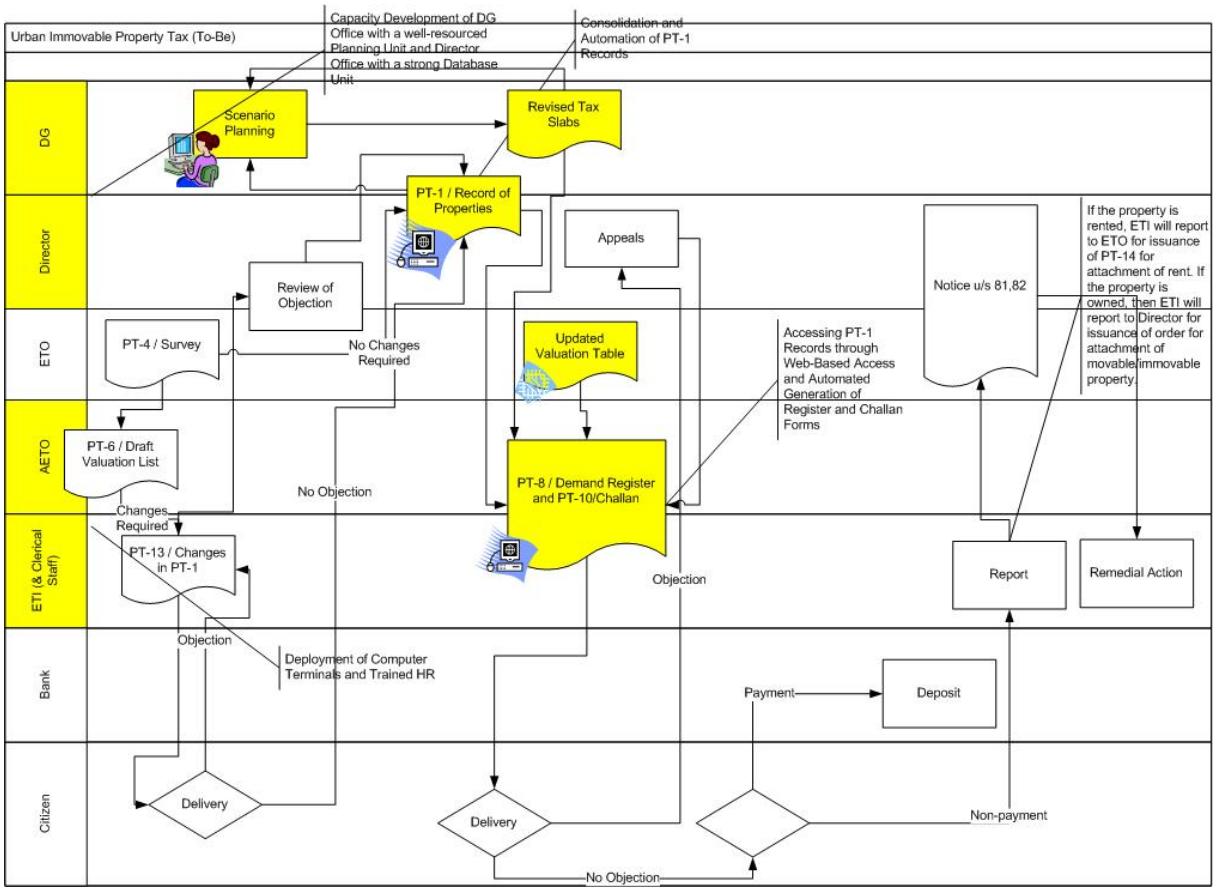
In any case, the valuation table does need to be updated and brought closer to real prices. If PT-1 records are computerized, the tax burden on public could still be rationalized through more refined tax slabs, however, in this case the cost of such subsidies/low taxation would be known much more accurately enabling government to make a more informed decision.

6.3 New Proposed Process

Based on the above recommendations, it is proposed to introduce some key changes in the UIPT imposition and collection regime. All these changes may not be adopted at once, however, it must be kept in mind that some of these proposed changes are contingent upon other changes and are inter-dependant.

- Consolidation and computerization of PT-1 records at DG/Director level, making them custodian of this record, once the information is fed through a survey/DVL.
- Providing restricted access to circle level staff to this information through web-based access (or any other solution) to create demand registers and issuance/printing of challans
- Scenario planning to refine tax structure and frequent updating of tax slabs
- Frequent updating of valuation tables

Figure 3: Urban Immovable Property Tax – 'To-Be' Process



7. Excise Duty

Although Excise Duty produces around 12% of E&TD's revenue each year (PKR 1.025 billion in 2009-10), the primary function of this function is intended to be the regulation and control of certain restricted substances. The overall responsibility of collection of duties and control of restricted substances sits with the office of Director General, which exercises control through Directors for specific divisions/regions, supported by Excise and Taxation Officers (ETO) at the district level, Assistant Excise and Taxation Officer (AETO) at sub-division and Excise and Taxation Inspector (ETI) at circle level. The ETOs also act as District Probation Officers for regulatory purposes.

ETIs, and staff below them, generally work on specific tax areas (e.g. MVT or Excise), although this is not uniform across districts. However more senior officers, including ETOs and Directors, work across multiple tax areas. For example, an ETO in a district typically works as Motor Registration Authority as well as Assessing Authority for Urban Immovable Property Tax (UIPT).

Most of the staff responsible for excise collection and enforcement are junior staff, with Excise Constables performing a pivotal role in enforcement under supervision from ETIs.

7.1 'As-Is' Process

The processes relating to Excise focus on the granting licences/permits/permissions with associated enforcement related activities and the collection of various duties and fees. There are around 12 licences issued by the offices of Director General, Director and ETO, depending on the type and quantum of restricted substance involved. Depending on the type of licence and permit, the application for these licenses is lodged with the office of Director General, Director and ETO. These applications in case of offices of Director General and Director are sent to the office of ETO for processing, while ETOs also mark down applications given to him to his support staff.

Punjab Excise Act 1914 deals with the issuance/grant of L-1, L-2 and L-17 licenses[10]. L-1 and L-2 deal with wholesale and retail of (consumer use) liquor, whereas L-17 deals with wholesale and retail of denatured liquor. Retail outlets (inside hotel premises in case of Punjab) have L-2 licenses and they procure liquor from the three distilleries of Pakistan (Murree Brewery, QDL and Indus, each having a D-1 license)[11]. The liquor is then issued to individual consumers having PR-I (for non-Muslim Pakistani citizens) and PR-II (for non-Muslim foreigner citizens) permits. These permits are issued under the Hadd Order of 1979.

The Office of Director General is the sanctioning authority for D-2, L-1, L-2, L-42-A, L-42-B, L42-D, L-42-J licenses/permits, Director for L-17 (Wholesale and retail), while ETO is the sanctioning authority for PR-I and PR-II. ETO marks these applications to ETI and clerical staff for processing and for follow-up field visits, if required.

In the cases of PR-I and PR-II, where ETO is the sanctioning authority, the application is either accepted or rejected by ETO. However, for other permits, processed applications are then sent to the office of Director and Director General for onward issuance or rejection.

The enforcement of the regulatory regime involves crime detection and imposition of fines, which is basically performed on specific information and in an ad hoc manner. Excise Constables, ETIs and AETOs perform a supervisory role in this regard, with support from other institutions such as Police, Anti Narcotics Force (ANF) and Customs.

On the revenue collection side, various kinds of levies are imposed. Still Head duty is payable by licensee before the issuance of any consignment from distillery unless it is consumed inside the premises of the production unit (declared as bond – for various industrial uses, etc.). Vend Fee is payable on the sale of liquor/beer/wine by the Vendor. The fee is fixed at the current rates of vend fee of actual sales. Duty of manufacture of rectified spirit is on a distillery payable in advance by consignee. Export Duty is on Pakistani Made Foreign Liquor (PMFL) and beer. There is also a levy on the sale of opium and associated fees for various types of licences and permits.

There is widespread recognition that much of the illegal trade of liquor (from Pakistani distilleries) takes place through PR-I holders, who sell the liquor in the black market. Many non-Muslim families involved in illegal trade have permits issued in the name of each family member and they procure substantial quantities. On each PR-I, depending upon the granting authority, a permit-holder can procure up to 6 bottles of liquor each month, sometimes resulting into a family of five members procuring up to 30 bottles per month.

Besides the licenses and permits mentioned above, The Punjab Liquor Permit and Pass Rules 1932 deals with L-42-A, L-42-B, L-42-D and L-42-J licenses for possession, sale and use of denatured and rectified spirit for various uses such as for chemists, varnish-makers, medical practitioners, homeopathic practitioners, etc,. Some illegal trade of liquor supposedly also happens through this channel.

Serious health hazards can arise from the illegal use of denatured spirit. Illegal traders claim to dilute this denatured spirit sufficiently enough for consumer use, but without any proper checks insufficient treatment can result in injury or even death.

There is no formal database of such licenses/permits, however at the level of each sanctioning authority the record of all such permit/license holders is maintained. The licenses/permits are issued against specific criteria, although informal means are understood to play a critical role in the issuance of such licenses/permits.

7.1.1 Revenue vs Regulation?

A lack of functional clarity is a major issues faced in the execution of the Excise regulation/collection process. Officials are often unclear whether their aim is to regulate the use of

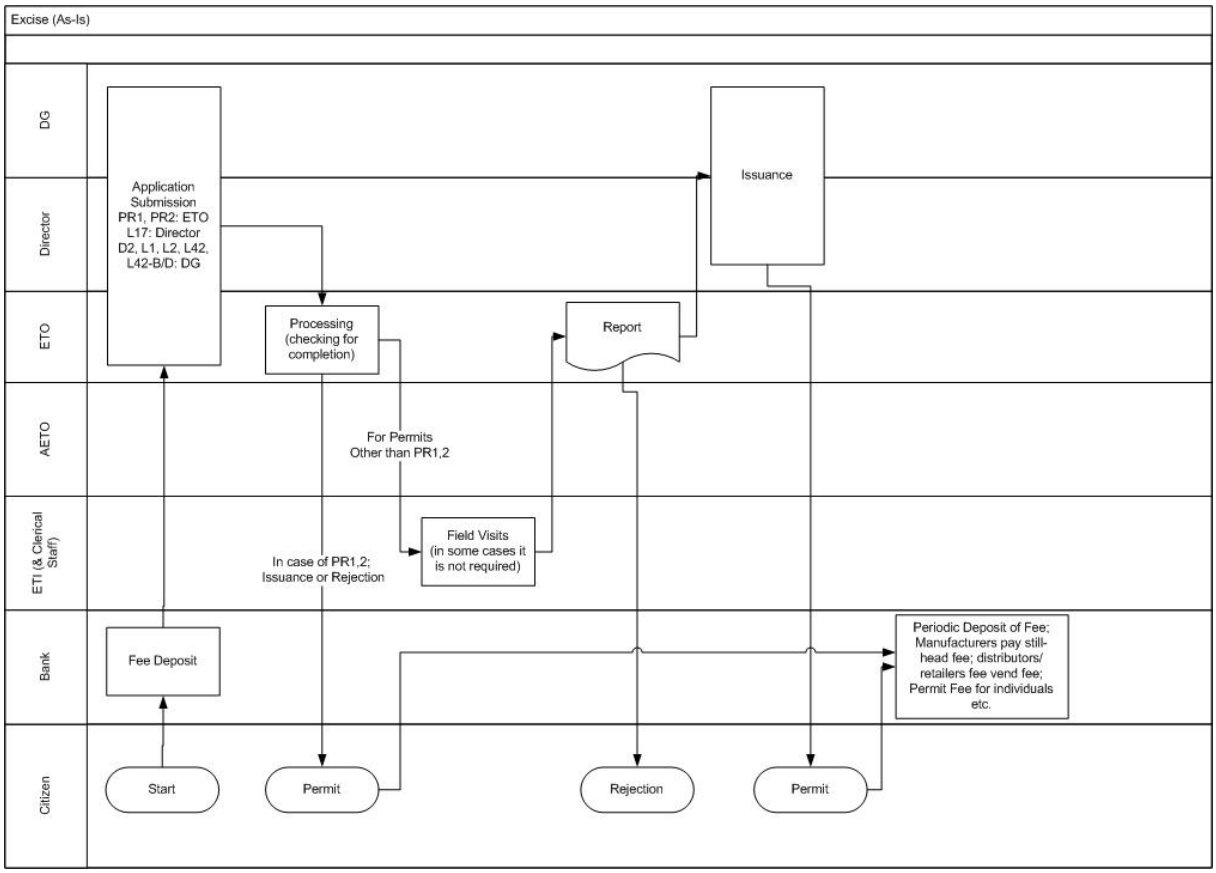
[10] Punjab Excise Act 1914 also used to deal with issuance of MC-12 for chemical works for manufacturing of medicinal and other preparations containing alcohol, but that has now been taken out of purview of E&TD, due to sensitive nature of such material.

[11] The transportation is done on L-32 driving permits.

restricted substances and curb illegal trade as much as possible, or to maximize revenues. These two objectives are exclusive to an extent, since strict enforcement is likely to curb illegal trade and therefore reduce demand for permits, translating into a revenue shortfall.

Other issues faced by the Department include shortage of staff, absence of specialized capacity, and weak coordination with other law enforcement agencies.

Figure 4: Excise Duty – 'As-Is' Process



7.2 Potential Areas for Improvement

7.2.1 Functional Clarity – Revenue Versus Regulation

In fundamental terms, there needs to be functional clarity with regards to desired policy outcomes. In the case of Excise, regulation and revenue generation are two diametrically opposite goals and cannot be pursued together effectively. This clarity can be brought through deliberations and policy dialogue and formalized through a clearly laid out policy.

7.2.2 Rationalization of Permits Regime

As explained earlier, much illegal trade depends on PR-I holders, who procure liquor on their personal consumption permits and then sell the same in the black market. Sometimes many family members from the same family engage in such trade. In order to address this issue and rationalize this consumption, thereby reducing illegal trade, the criteria for issuing such permits may be changed, allocating the quota to a family. This can be done through a collaborative arrangement with NADRA, which has family data/code available. A NADRA terminal with appropriate access at the permit issuance office, along with appropriate regulatory changes, could help easily implement the proposed intervention.

7.2.3 Supply Chain Improvements to Track Illegal Trade

L-2 license holders do not keep track of individual bottles sold to individual permit holders. Therefore it is proposed that L-2 retailers should scan the bar cods of the bottles sold, with a record of the PR-I numbers. Even if the bottles do not have bar codes, there are only three distilleries in Pakistan, which could be required to put bar codes on bottles/cans. Such bar codes

will improve traceability of bottles/cans, once apprehended from illegal trade. This in turn can help E&TD track the specific PR-I holders who are involved in such activities, who could then can be blacklisted or other penalised, creating a major dis-incentive for continued illegal trading.

Moreover, denatured spirit is also sometimes consumed after dilution. Such processes often result in serious health hazards, including death. This situation can also be improved through better management and tracking of the denatured license regimes and vigilance on the license holders.

7.2.4 Consolidation/Automation of Database of License/Permit Holders and Better Coordination with Other Law Enforcement Agencies

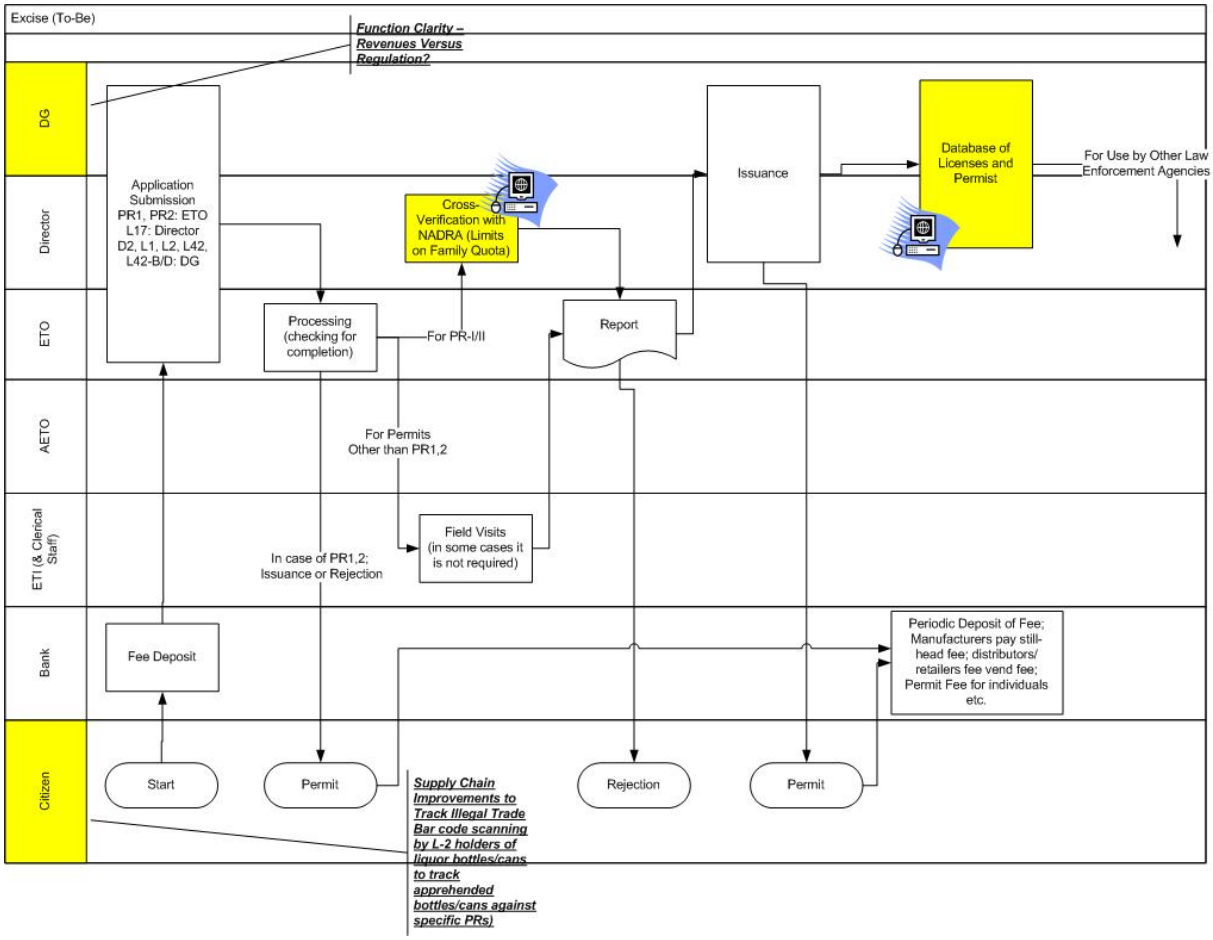
PR-I permits are issued at the zone level and data is also primarily kept at that level. There is apparently some record of such permits at the DG office, which could not be accessed by the consultants. However, there is a need to consolidate this data and develop a structured database of all such permit holders, which should be accessible by the law enforcement agencies to enable better coordination, intelligence sharing and enforcement.

7.3 New Proposed Process

It is proposed that the excise processes should be revised through the following:

- Development of clear Excise policy emphasizing the desired level of regulation
- Availability of NADRA terminal at the PR-I issuance office with capability to track the family codes of applicants; this should be accompanied by a revised policy to rationalize permits issuance on a family quota basis
- Development of a database of license/permit holders accessible to law enforcement agencies
- A new requirement for L-2 holders to scan bar codes of bottles and PR-1 buyers; or direction to distilleries to place bar codes on bottles/cans if required

Figure 5: Excise Duty – 'To-Be' Process



8. Professional Tax

Professional Tax is levied on persons or classes of persons engaged in professions, trades, or employment in the province of Punjab. The Punjab Finance Act, 1977 and the Punjab Professions and Trade Rules, 1977, provide the legal and regulatory framework for this tax. Revenue from this tax amounts to around 4% of the revenue collected by E&TD annually (PKR 434 million collected in 2009-10[12]).

Professional Tax is levied on companies, factories, commercial establishments, importers and exporters, government contractors, builders, property developers and service providers. The assessment criteria are different for various kinds of taxpayers.

The Office of Director General is entrusted with overall responsibility for professional tax collection and, as with other functions, this is undertaken by region-specific Directors and their staff. Directors exist at the divisional level, while ETO heads the district setup (except for Lahore which has three Directors and several ETOs). The Director is the appellate authority in case of divisional headquarters while ETO is assessing authority. In case of non-divisional headquarters, AETO is the assessing authority while ETO is the appellate authority. EDO (R) has been assigned the role of second appellate authority in both these cases.

8.1 'As-Is' Process

In consultants' discussions with the department, it appeared that processes for Professional Tax are not as clearly defined as UIPT or other taxes. Officials tend to follow processes similar to UIPT, wherever a vacuum exists. The reason for this confusion stems from the fact that this

[12] Estimates of Receipts 2010-11; Finance Department, Government of the Punjab

regime is based on self-assessment and is unclear what consequent action, if any, should be taken in case of incorrect or absent self-assessment.

The process in theory starts from self-assessment by any person liable under this tax – although in practical terms this virtually never occurs.

The actual process therefore starts with the development of a list of persons/enterprises liable to pay this tax. There is no structured method used in the development of this list; various lists are obtained from trade bodies, professional associations, etc, for collection of this information. A survey is also sometimes performed by ETI and other clerical staff, to develop a list of commercial enterprises in their respective areas.

All this information is then put into the survey register. On the basis of the survey register, notices are issued to potential taxpayers for submission of relevant information and documents. The information includes date of opening of office with documentary evidence, photocopy of incorporation certificate, paid up capital, value of import/export, number of employees, tax returns etc. If the prospective taxpayer does not reply to the first notice, second and third notices are issued.

The assessing authority for Professional Tax is ETO who, based on the information provided by the tax payer, assesses the quantum of tax, which is then recorded in the demand register. As described earlier, general public can also carry out self-assessment that could then be a part of demand register. All the assessed units are recorded in the demand register, in which all paid amounts as well as arrears maintained as records (under Section 11 of the Punjab Professions and Trade Rules 1977) are available in P.F.T-3 form.

From the demand register, challan notices are issued to tax payers, who then deposit the required amounts in NBP/SBP/Treasury (Form P.R.T-2), if they agree with the assessment. If there is a dispute, appeals can be filed in the office of ETO/Director. In case of non-payment, remedial actions are taken; however, the legal vacuum seriously impedes the government's capacity to take this remedial action. There are no processes for deleting a demand, if the taxable entity discontinues its trade, profession, or employment etc. Staff involved in the imposition and collection of Professional Tax prepare various types of statements including circle-wise recovery statements, monthly consolidated statements, quarterly statements and total target and proportionate target-wise statements.

The exact number of staff involved in activities related to professional tax is not available, though our general understanding is that this is not the top revenue generation priority of the department as, in all practical terms, it has become a voluntary tax.

Almost 50% of Professional Tax is collected through deductions. These deductions are either made by employers (including private employers and AG Office for government employees), who deduct PKR 200 per annum for each Income Tax payer or through deduction in motor vehicle token tax payment. This presumably results in double taxation, as most of tax payers already come under one or both of these categories.

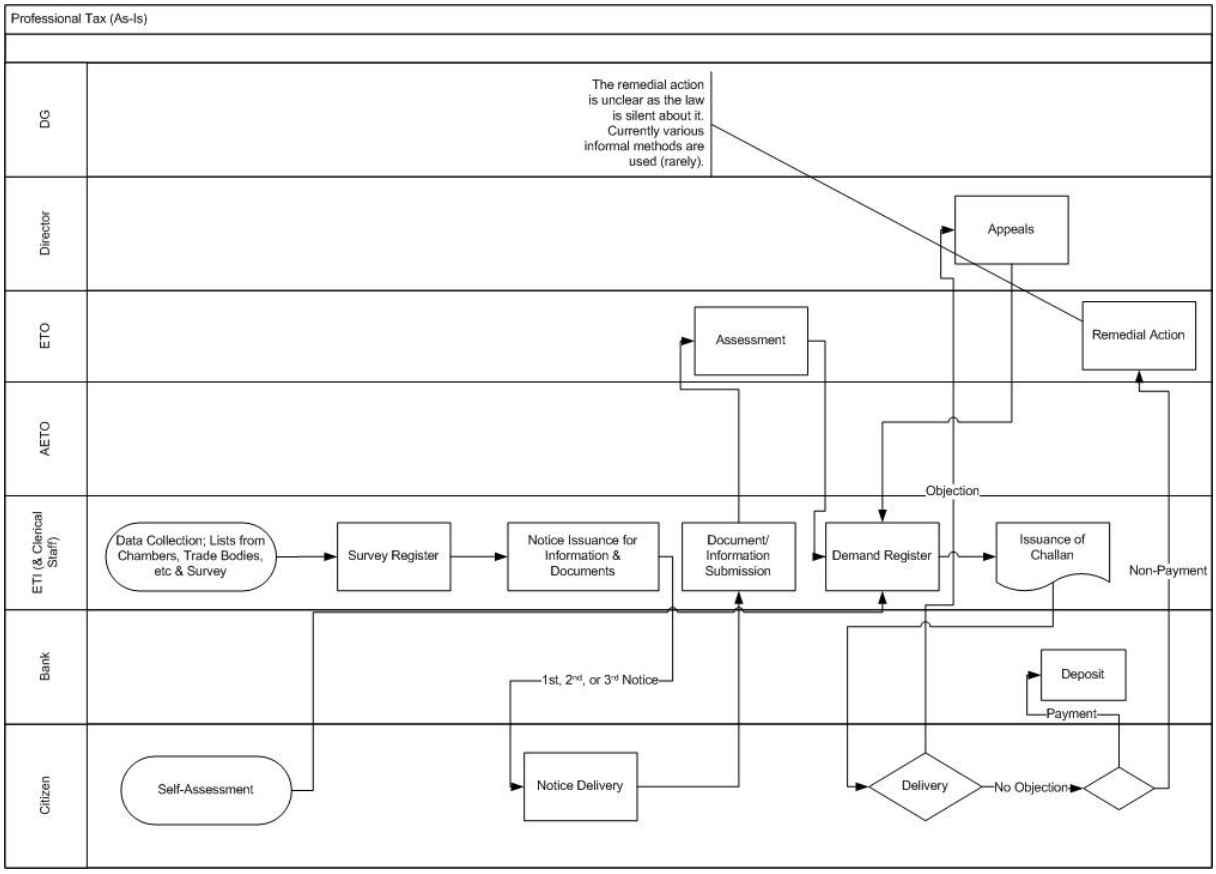
Although E&TD officials have been generating substantial revenues from Professional Tax, there is no structured regime for management of this tax and therefore there are a number of issues:

- First and foremost, there is no formal pipeline for identifying prospective tax payers. The regime is based on self-assessment, however this avenue has rarely been exercised. Even E&TD has seldom engaged in a media awareness exercise to spread awareness about this tax. An informal survey, conducted by E&TD officials, generates some lists of prospective tax payers. Attempts to create such lists from Chambers and Trade Associations have also failed, as mostly, the memberships in these forums are based on individual names and not on business titles. The survey registers are also not formally maintained and are frequently changed/revised.
- There is no database (manual or automated) maintained by E&TD for keeping a record of tax payers, similar to PT-1 in case of UIPT. The demand registers are directly prepared from information received from tax payers identified through informal surveys.

- In the absence of a comprehensive legal regime, there are no processes for deletions of a particular tax payer and, in most cases, the arrears keep on running in the demand register for years, even if a particular business has been closed down.
- Although entries made in the survey register are marked against relevant entries in the demand register, the entries in the demand register cannot be tracked against the source (the particular entry in survey) and therefore there is no method to know how the demand register is being developed. Moreover, in the absence of a structured format, there is also no way to know if there are any duplicate entries in the demand register.
- If a particular tax payer refuses to pay the Professional Tax, there are no options available to staff for any remedial action.

We understand there was a previous attempt to computerize the demand register, but this failed due to software issues.

Figure 6: Professional Tax – 'As-Is' Process



8.2 Potential Areas for Improvement

8.2.1 Comprehensive Legal Review of the Taxation Regime

The absence of an effective legal regime critically hampers E&TD's ability to effectively manage the Professional Tax regime. There is no process laid out for deletions and, as explained earlier, nominal arrears keep running in the records despite the closure of businesses, on which the original tax was imposed. There is no recourse available to staff for remedial action in case of non-payment. Therefore, there is a need to comprehensively review and revise the legal regime and align the same with the policy objectives of the government. Professional Tax could be a good measure to tax services and could enhance the GoPb's capabilities to move in that direction, however for such initiative, Professional Tax would need to get some priority from the policy makers, along with implementation of recommended interventions.

8.2.2 Automation/Computerization of Demand Register and Linkages with NTN Database, etc

There is a strong case for initially only computerizing the demand register. This recommendation, in view of the consultants, is still valid, despite the fact that earlier attempts (by Acrologix) to computerize the demand register were not successful. Such computerization can provide greater visibility to the senior management in collection of Professional Tax and can create greater accountability for the collection staff. This in fact may be a reason for failure of the earlier computerization effort. E&TD staff, in the absence of a robust legal regime, have been performing a decent job in terms of meeting revenue targets, but there may have been a lot of procedural irregularities, owing to the absence of such a regime. Professional Tax staff are therefore not likely to be very pro-computerization. It is therefore recommended that before any such effort is undertaken, there is a need to review all such concerns of the staff, which must be addressed to ensure successful computerization. Such an initiative, if successful, is likely to result in automatic generation/printing of challans and record management and would reduce the workload on the already burdened staff.

The computerization would also help in indentifying any duplicate records in the demand register.

Moreover, a number of taxpayers have been categorized as income tax payers and are therefore subjected to a very nominal Professional Tax liability (PKR 200 per year). It is proposed that the information for these tax payers may be verified through cross-checking with FBR data on NTN holders. At minimum, there can be a condition to enter the NTN number for anybody being classified under this category.

8.2.3 Creation of a Database of Prospective Tax-Payers

At present there is no database of prospective taxpayers of Professional Tax. Prospective taxpayers are identified in the survey and are asked to submit required documentation. If they are liable to pay tax, they are entered in the demand register with the payable tax. If however, staff believe that they are not liable to pay Professional Tax, their information is not recorded anywhere. Therefore, there is a need to establish a database of taxpayers (similar to PT-1, which is developed for UIPT), in which the information from the survey would be recorded, before ascertaining demand. This would not only result in more transparency but would also help in calibrating and refining the taxation regime. Ideally, this should be a consolidated and automated database, however, to begin with even a manual register would help to institutionalize the process.

8.2.4 Rationalization and Simplification of Taxation Regime

The taxation slabs/structure is quite complicated and uses a number of criteria for assessing Professional Tax depending upon the category/class of enterprise. Such criteria include paid-up capital for companies, number of employees for factories and commercial establishments, values of goods imported/exported for importers/exporters, value of services given on government contractors and government property developers, value of contract for government builders and fixed for service providers. There are also a number of anomalies in this tax structure. For instance, an importer/exporter with imports/exports exceeding PKR 5 Million (up to any level) would only pay PKR 5,000 per year as Professional Tax, whereas Real Estate Dealers would pay PKR 10,000 irrespective of their size. Therefore, there is a strong need to rationalize and simplify this regime, basing it on fewer criteria.

8.2.5 Awareness Campaigns for Increased Self-Assessment

Although Professional Tax regime is based on self-assessment, there has been virtually no self-assessment done. The E&TD staff blames the absence of tax culture for this lack of responsiveness. However, another factor, which may have contributed in this poor response, is the lack of awareness about this tax. Many people do not even know about this tax or their liability to pay. Furthermore, due to a rather fluid regulatory regime, there has been a lot of duplicity in Professional tax payments and therefore the staff is seemingly not very keen on spreading such awareness. It is however recommended, that awareness campaigns launched by E&TD must focus on Professional Tax, which is likely to improve the self-assessment culture.

Furthermore, GoPb could also consider introducing an incentive for self-assessment, in terms of a lower tax slab applicable to those who voluntarily complete self-assessment, which may produce a stronger tax-payer response.

8.2.6 Formal Survey Planning and Execution

Although a survey register is developed by the Professional Tax staff, there is no formal survey undertaken and the register is generally updated through ad hoc entries made by ETIs, after a field visit, if they come across a new establishment. There is a strong need to effectively undertake a formal survey periodically to identify the potential taxpayers. This can also be done through involvement of a third party.

8.2.7 Capacity Development of Staff and Deployment of Additional Resources

As explained earlier, there is a severe shortage of staff for Professional Tax, which must be beefed up both in terms of numbers and capacity for effective regulations, impositions and recovery.

8.2.8 Exploring Collection Through Alternative Sources, Through Deductions

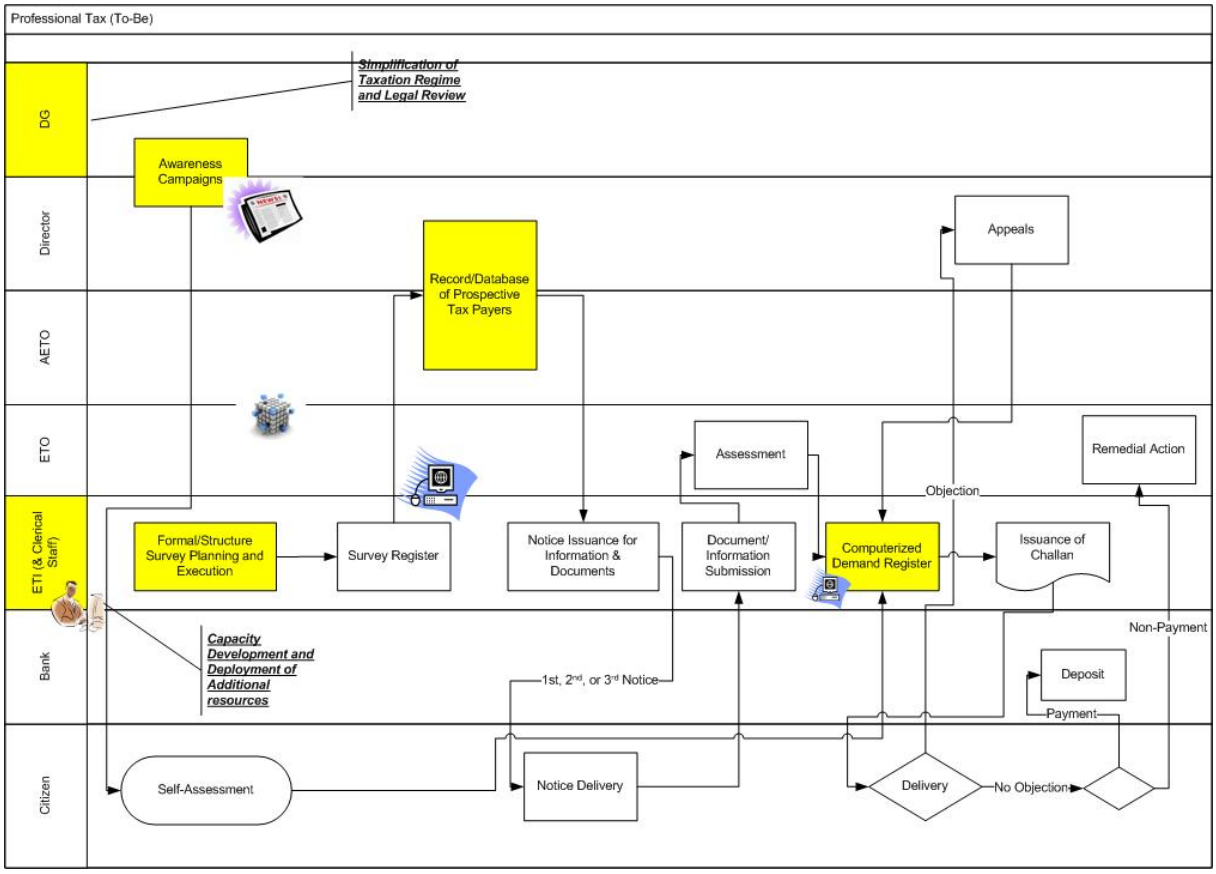
As discussed earlier, Professional Tax can be a very effective measure to develop some capacity at the provincial level to tax services, and for this purpose, this regime must be improved drastically. However, if the goal is just to maximize revenues, E&TD may explore other alternatives to collect this tax more effectively. One way of doing this could be to change the tax imposition criteria and somehow collaborate with LESCO and other DISCOs to collect such tax along with electricity bills, as they are generally believed to have much better information about commercial activities.

8.3 New Proposed Process

Based on the above analysis, it is proposed that the process of imposition and collection of Professional Tax my be improved through the following:

- Comprehensive legal review and introduce new sub-processes, wherever required for deletions, remedial action, etc.
- Awareness campaigns to increase self-assessment; with some incentive for self-assessment
- Computerization of demand register, along with cross-verification with NTN database for income tax payers
- Development of a new register/database between survey and demand register
- Formal and structured survey to identify taxpayers
- Capacity development of existing staff and deployment of new staff

Figure 7: Professional Tax – 'To-Be' Process



9. Entertainment Duty

Entertainment Duty is levied on entertainment activities under Punjab Entertainment Duty Act, 1958 and is calculated on the volume of participants. The tax is collected by Excise and Taxation Department and revenue from this source accounts for around 0.5% of E&TD's annual collection. A total of PKR 49 million was collected in 2008-09 as Entertainment Duty.[13]

The office of Director General is entrusted with collection of Entertainment Duty, which is distributed geographically among Directors, Excise and Taxation Officers (ETOs), Excise and Taxation Inspectors (ETIs), Constables and support staff. The source of revenue collection from this head is from cinemas, exhibitions, performance, drama, race club, circus, etc., as given in the Act.

9.1 'As-Is' Process

The process for collection of Entertainment Tax can be divided into two distinct sub-processes; issuance of No-Objection Certificates (NOCs) for the entertainment activity; and enforcement/ compliance of the tax regime. In the case of regular exhibitions or performances such as cinemas, Entertainment Duty is paid in advance and is based on the volume of viewers/visitors. The ETIs are responsible for verifying the claim of the taxpayer regarding the volume of visitors by making a visit within one hour of performance.

In case of a one-time performance or exhibition, application for an NOC under Section 3 of Entertainment Duty Act 1958 is lodged with Director E&TD. The application is marked down through ETO to ETI and then to clerical staff who conduct field visits ascertain details regarding the performance. A substantial security deposit is demanded in advance by E&TD staff under

[13] Excise and Taxation Department; Benchmarking Exercise

Section 9 of the Act for non-commercial functions, whereas an advanced deposit is demanded in case of commercial function, based on interim assessment of participants, under Section 10. If the provider of the performance agrees with the amount to be deposited in advance, they purchase stamps on challan issued as per Section 4 of the Act, otherwise an appeal is lodged with the Director. After fulfilling all legal and procedural formalities, an NOC is issued for the performance. The participation is then verified by the ETI, based on which the exact duty is imposed, if it's a commercial function.

For regular performances such as Drama Halls (Theatres) and Cinemas, the Entertainment Duty is paid in advance. (It must be noted though that the government has recently given exemption to cinemas on paying Entertainment Duty for three years). The cinema/theatre owner files an application with the ETO for purchase of duty stamps, who generally allows such purchase and the manager/owner then applies to Treasury Officer for purchase of such stamps on ED-1 form. The Treasury Officer issues the stamps in required denominations along with ED-2 forms, with all the details of stamps issued. At the facility (cinema/theatre), the owner/manager maintains the record of stock of all stamps on ED-3 register. These stamps are pasted on entertainment tickets and destroyed (to avoid re-use) after issuance of tickets. After each show, the exact amount of duty imposed/paid is recorded on ED-4 register.

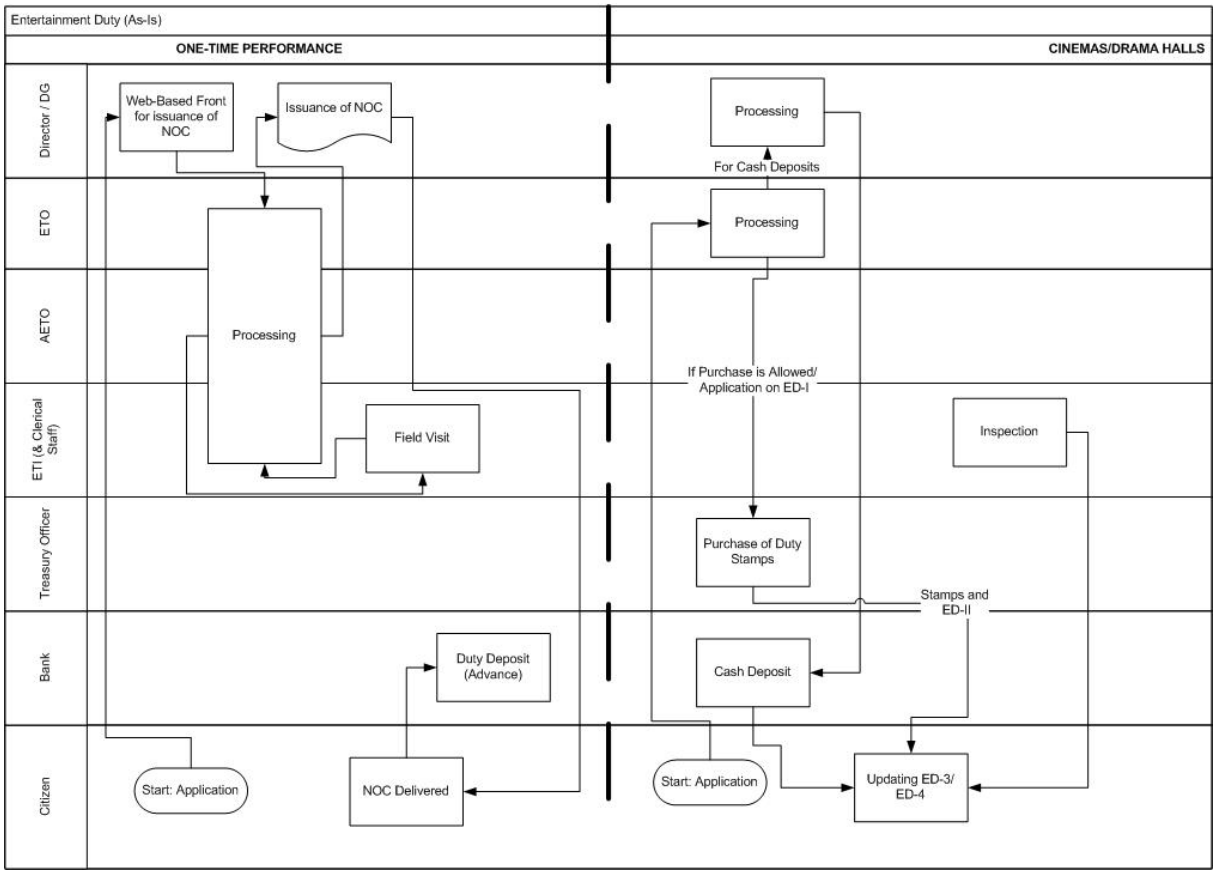
On the enforcement side, ETI is supposed to inspect ED-4 Register for every performance within one hour of the performance to ascertain the number of audience present since Entertainment Duty is proportional to number of participants. If he does not find any irregularity, he verifies the entry made in ED-4 Register maintained by management and updates the demand register. If he finds an irregularity, the difference in the amount of duty found is reported to ETO. On this, Senior ETO/ETO issues notice and penalty, which is then recorded on the demand register. If the management of the performance does not deposit the requisite amount, coercive measure including sealing of cinema/theatre and attaching property can be taken.

If there is a shortage of duty stamps available, the ETO sends an application to his Director requesting permission for the Owner/Manager to pay the advanced Entertainment Duty in cash, against specified tickets, under Rule 23 of the Entertainment Duty Rules. In this case, the ED-3 is not filled but ED-4 is duly maintained.

As in the case of other E&TD functional lines, the exact number of staff involved in activities related to Entertainment Duty is not available. In Lahore, there are a total of 8 ETIs managing 10 theatres as well as other one-time functions.

The duty is imposed at 20% of the ticket price (exclusive of duty) in the case of drama halls/theatres and 65% of the ticket price (exclusive of duty) in the case of other commercial functions (including cinemas when not exempt).

Figure 8: Entertainment Duty – 'As-Is' Process



9.2 Potential Areas for Improvement

9.2.1 Duty Imposition Based on Average Occupancy

Currently the Entertainment Duty is imposed on actual participation, even for drama halls/theatres holding regular or multiple shows in a day. This is a tedious process and requires the actual presence of ETIs at every show. It also gives substantial discretion to the staff. It is therefore proposed that the duty be imposed on *average occupancy* of these facilities. Average occupancy can be ascertained through third party surveys, updated periodically. This would simplify the duty imposition and collection process and would be easier to manage given staff constraints.

9.2.2 Simplification and Automation of Issuance of NOCs

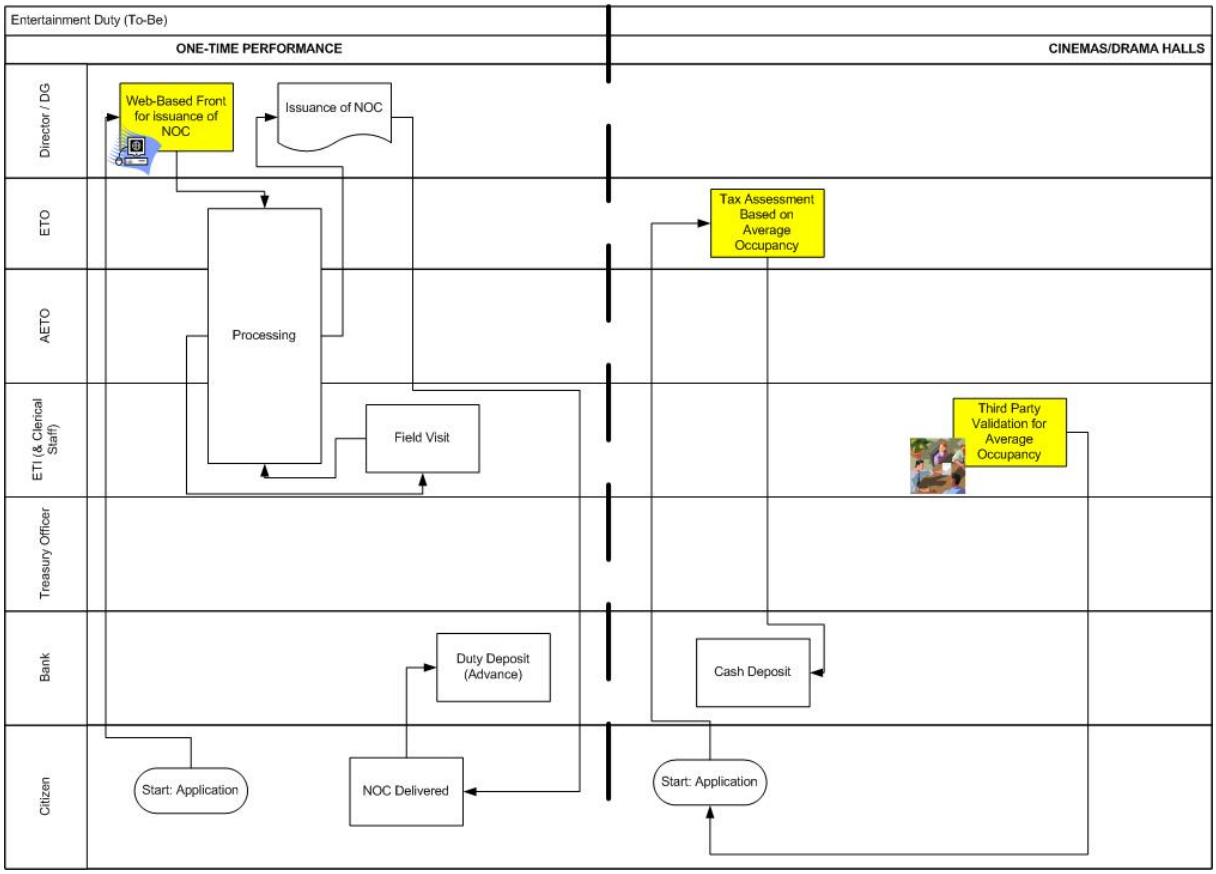
For any commercial or non-commercial function, the organizers must apply for an NOC along with a security/advance duty deposit. Moreover, the security amount is ascertained by the ETO, based on the field visit report. This process needs to be simplified through a clearly laid out criteria for security deposit. And a web-based process for the application of this NOC should be employed, rather than a physical visit by the applicant.

9.3 New Proposed Process

The process of collection of ED can be improved through the following:

- Change of criteria for ED liability from actual participation to average occupancy
- Third party surveys to assess average occupancy
- Computerized web-based interface for application of NOCs, along with clearly laid out criteria

Figure 9: Entertainment Duty – 'To-Be' Process



10. Motor Vehicle Tax

New Registration of Vehicles: Registration of new vehicles has been computerized under Motor Transport Management Information Systems (MTMIS), which has recently been rolled out to all districts in Punjab[14]. The primary function of this activity is one of regulation, although motor vehicle taxation (MVT) is also of the major sources of revenue for E&TD, representing around 47% of annual collection for E&TD in 2009-10 (PKR 5.7 billion[15]). This function includes many sub-functions such as the new registration of motor vehicles and post registration transactions with associated revenue collection.

The Office of Director General is entrusted with overall responsibility for implementation of the regulatory and revenue collection functions associated with motor vehicle registration; specific roles are geographically distributed among Directors, Excise and Taxation Officers (ETOs), Excise and Taxation Inspectors (ETIs), Constables and support staff.

The Punjab Motor Vehicles Registration Act 1958 is the relevant statute. ETO is the Motor Registration Authority (MRA) under the Act, whereas the processing of documents is performed at various stages explained below. Since 2003, motor registration and associated transactions have been conducted under the umbrella of MTMIS, which has greatly reduced process times and improved customer facilitation and maintenance of associated databases.

In total, there are more than 7.9 million registered vehicles in Punjab. Category-wise number of registered vehicles in Punjab are given in Table 1.

[14] Although the legacy record is still being computerized.

[15] Estimates of Receipts, 2010-11

Category / Body Type	Stood Registered Vehicles up to 31.12.2010
Motor Cycles/Scooters	5,674,455
Motor Cars / Jeeps	1,063,954
Station Wagons	62,540
Pickups/Delivery Vans	146,525
Buses	70,210
Rickshaws	188,218
Carrier / Trucks	65,429
Tractors	669,203
Taxies	18,295
Ambulances	3,052
Others	3,307
Total	**7,965,188**

Table 1: Total Number of Registered Vehicles in Punjab

Post-Registration Transactions: Post-registration transactions related to motor vehicles include transfer of ownership, duplicate registration certificate, alteration of vehicle, payment of token etc. Though MTMIS has been rolled out to districts in Punjab, legacy systems are still manual with the manual records being computerized one by one.

10.1 'As-Is' Process

New Registration of Vehicles: Responsibility for the registration of a vehicle under the Act falls on the purchaser.

The process of registration starts when vehicle owner, with the required set of documents, arrives at the motor registration office and obtains a token from the Qmatic system. On his turn, the citizen visits a Data Entry Operator (DEO)/Key Punch Operator (KPO)/Motor Registration Clerk (MTC), who receives the file from the citizen and initiates the checking and data entry procedure. The DEO checks the documents, enters data, receives cash as per assessment, prints the computer generated payment receipt and hands over the number plate to the citizen. At the same instant, DEO/KPO defaces all pages of the file and endorses the registration number on each page.

The file is then sent to Excise and Taxation Inspector (ETI) working in the motor registration branch, while the daily cash collection is deposited in the bank. The ETI examines the documents, including particulars of the vehicles, and physical verification carried out if required. The documents filed by the applicant should include a fitness certificate that is furnished by a Motor Vehicles Examiner from the Transport Department. ETI then signs the Form 'F' and sends the file to ETO/MRA for approval.

The ETO along with his team examines the document and approves registration on computer. If approved, the registration book is printed and sent to scanning section. If registration is rejected for some reason, it is sent back to ETI for correction or rejection. Approved registration and signed Form 'F' is scanned by MTCs/DEOs in the scanning section, after which it is handed over to the delivery section manned by MTCs and DEOs. In Lahore, the envelope is then sent to the applicant courier; in other districts the applicants picks it up.

As in the case of other E&TD functional lines, the exact number of staff involved in activities related to registration and collection of taxes through motor vehicle registration is not available. Our general understanding is that this is one of the top priority areas for the department not only because of the significant amount of revenue collected but also because of the importance of the service provided to citizens. Also, since the introduction of MTMIS, the quantum of work/registration has increased. In terms of the number of days, registration of new vehicle from issuance of Q-management token to handing over of file takes around 3 days. From recognition of collection of revenue to reconciliation/audit of the total collection, it is around 11 days.

Post-Registration Transactions:

Post-registration transactions include:

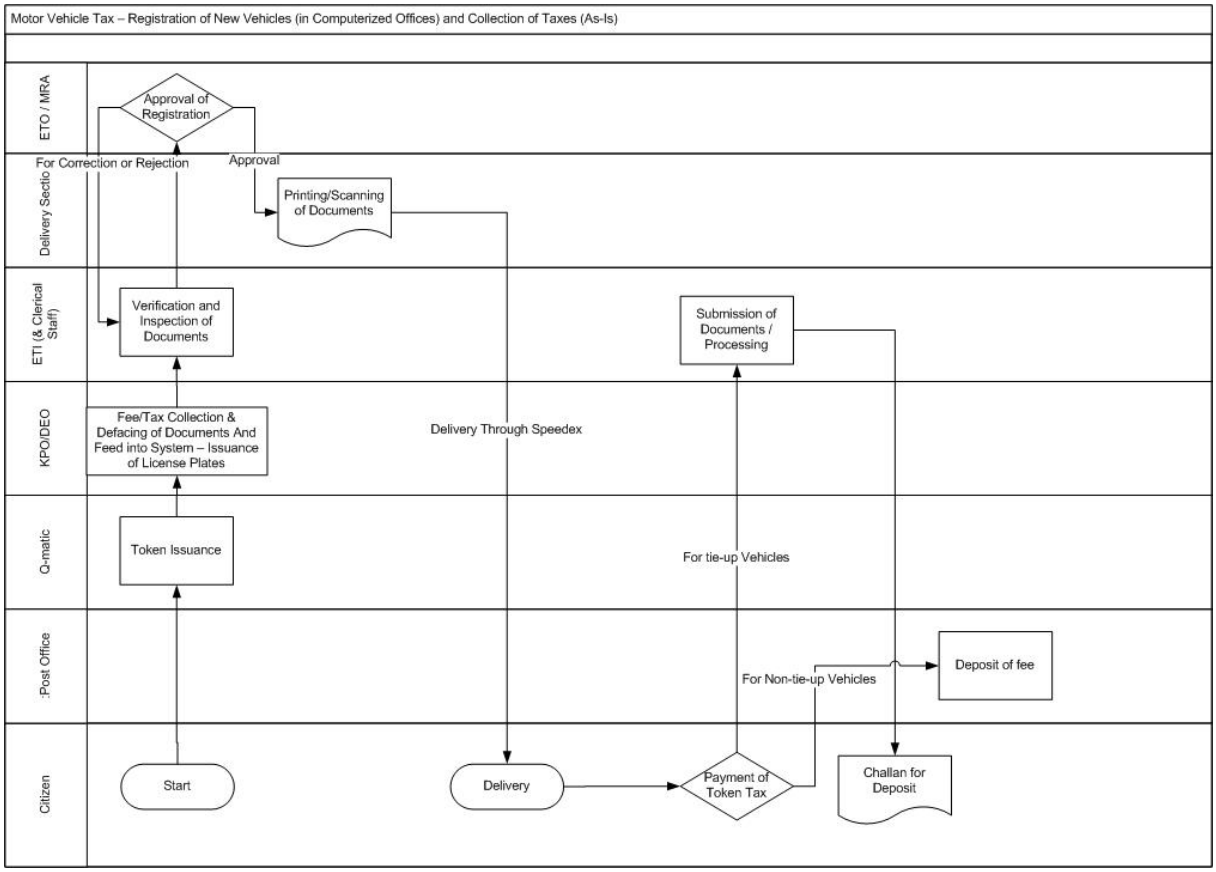
- Transfer of ownership
- Duplicate registration certificate
- Alteration of vehicle
- Payment of token

Payment of Token Tax: Along with registration, token tax provides a major source of MVT-related income to the Department[16]. Token tax collection for non-Tie Up vehicles is through Post Offices, most of which are not computerized. This makes it impossible to run queries to identify defaulters against this tax. The process is that owners present registration documents at the post office and deposit the associated tax, which is recorded in manual register PT-3. If the post office has to be changed, a fixed amount of fee has to be paid so that all the associated records are then moved to the new post office.

In the case of Tie Up vehicles, E&TD officers prepares a challan requiring the taxpayer to deposit the amount in select branches of NBP/SBP on Form 32. Two copies of Form 32 are sent to Treasury Office from which one copy is sent to E&TD office for record. After presentation of original receipt, a token number is issued to the tax payer on Form V.

Figure 10: Motor Vehicle Tax; Registration of New Vehicles – 'As-Is' Process

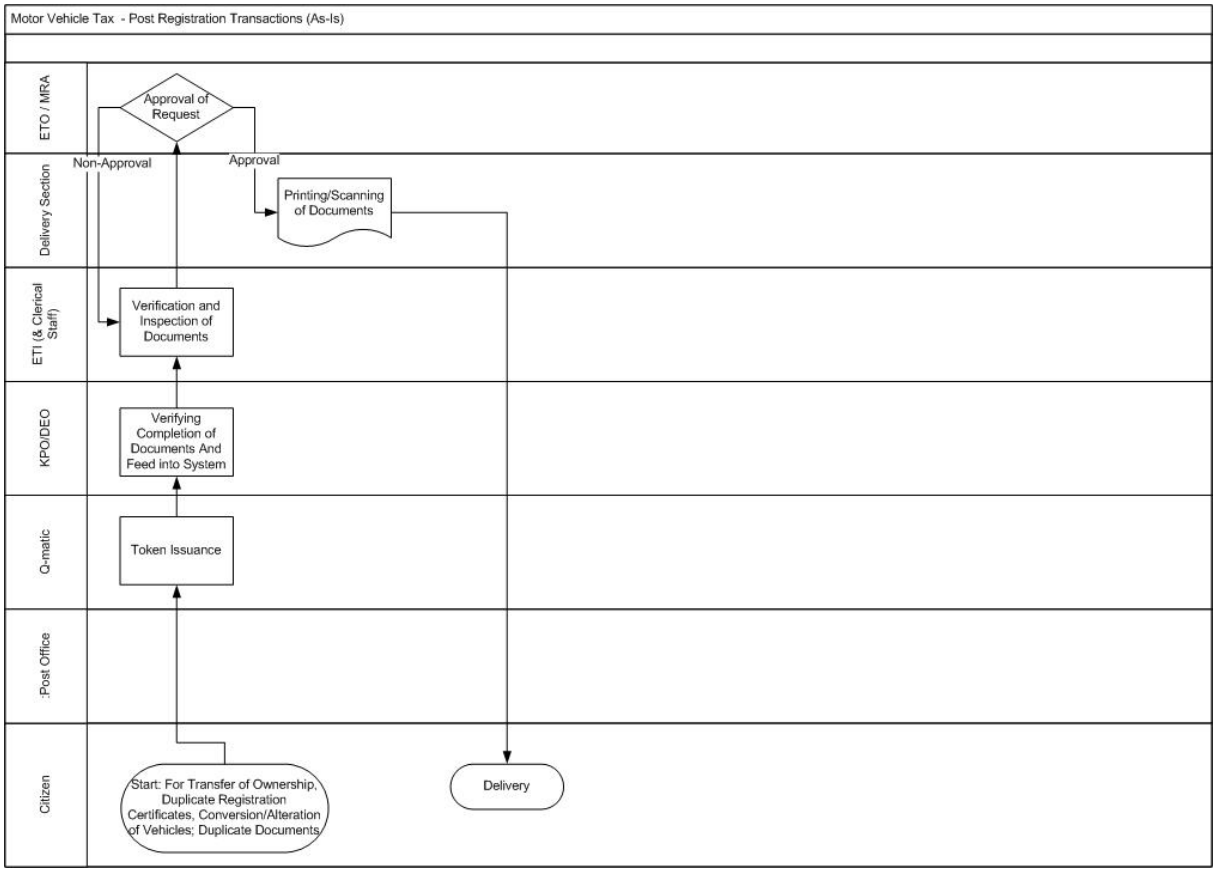
[16] Others include Advance Income Tax, CVT, etc.



Other Post-Registration Services: The citizen approaches the office of motor registration with relevant documents and takes a token from the Q-Matic system. On his turn, the citizen approaches KPO/DEO, who checks the attached documents. If there are discrepancies found, the applicant is asked to remove these, otherwise data is fed into the computer, fee is received, computerized receipt is issued to the applicant, stamps are affixed and the file is then passed onto ETI working in the motor registration branch.

ETI examines and verifies the documents and particulars of the vehicle; if a physical check is required, it is performed. If the vehicles had already been registered through computer system, that data is retrieved; otherwise the file is sent to MTC for processing and recording. ETI then signs the post transaction documents and sends the file to MRA/ETO for approval. MRA either approves the transaction or, in case of objection, the file is sent to ETI for removal of objections or rejection. A duplicate registration certificate is printed and scanned, otherwise the transaction is endorsed and sent to delivery section where, after verification, the file is handed over to the applicant.

Figure 11: Motor Vehicle Tax; Post-Registration Transactions – 'As-Is' Process



10.2 Areas for Improvement

10.2.1 Issuance of Non-Transferable License Plates

Currently E&TD issues license plates which are transferred to subsequent owners upon sale of the vehicles in the secondary market. Many people continue using the vehicles without getting them registered in their names and get 'open transfer letters'. However an alternative option (as used in the US) is to issue non-transferable license plates, which the sellers are bound to take off while selling the vehicles. This could ensure quicker transfer of vehicles to the new owners. Currently, the MTMIS has all the computerized information available and apparently, this intervention can be undertaken rather quickly, through a regulatory change and adequate dissemination to public at large.

10.2.2 Automatic Issuance of Notices to Defaulters of Token Tax

The payment for token tax can be deposited in any post office for non-tie-up vehicles and although E&TD does get a copy of the deposit receipt, this receipt is not formally recorded against the registration record. Currently, E&TD is planning to transfer this payment system to a network of banks. It is proposed that payment receipts be recorded against the registration record to provide visibility of defaults and allowing notices to be automatically for payment. This could substantially reduce defaults, and improve timeliness of payment. Although we assume the MTMIS can be configured to perform this function, even if not, a simple database can be developed with a link to MTMIS records.

10.2.3 Yearly Stickers for Number Plates for Token Tax Payments

E&TD should issue yearly payment stickers on payment of token tax, which must be clearly displayed on the license plates or windscreens. This would enable easy and immediate identification of defaulters. These yearly stickers can be printed in a different colour every year.

10.2.4 Web-Based Access from Local Automotive Manufacturers to Feed Registration Information

Currently FBR provides web-based controlled access to various registration authorities across the country to details (engine no., chassis no., etc.) of imported vehicles. Whenever an imported vehicle is registered, the registering authority accesses this database and records the details of the owners in this database. This prevents forgery and fake registrations.

It is proposed that similar access may be provided by the local automotive manufacturers for provincial authorities. This can be enabled through a regulatory directive, making it binding for the automotive manufacturers to develop a similar database. The motor registration authorities can then update this database whenever they register a vehicle. It should be noted here that all the MTMIS, even in Punjab, are not currently connected and have no means to counter-check authenticity of registration documents automatically. Provision of such a database by the manufacturers, therefore, would prevent development of fake documents and registration on such documents.

10.2.5 Institutional Restructuring of the Motor Vehicle Registration Authority

There are appear to be few synergies between collection of motor vehicles tax (and motor vehicle registration) and other taxes/duties collected by E&TD. This suggests reconsideration of the institutional position of the motor vehicle registration authority is warranted. Such an authority can either be devolved to the district/division level or can be retained at the provincial level, for example as an autonomous organization. This would not only ensure focused management but also enable the recruitment and development specialized staff and systems.

In many countries, such facilities are managed by either the Transport Department or Police, with driving licenses usually issued by the same authority (given the similarity of process and commonality of data used). All these aspects can be reviewed in an institutional development review. Even if the MVT function remains under E&TD (as an autonomous agency), complementary functions such as road safety testing and emission control testing could be performed by this new entity.

10.2.6 Emission-Control Testing and Road Safety Testing

Currently the emission control regime is virtually non-existent in Punjab. For commercial vehicles there are some requirements for controlling emissions, but in practice these are being enforced very loosely. For non-commercial vehicles, such controls are totally absent. Similarly, a road safety regime is absent. There is a strong need to introduce promulgation and enforcement of effective emission-control and road safety regimes. This can also be done with minimal investment, through public-private partnerships whereby private partners provide facilities for such testing.

10.2.7 Private Sector Participation

As explained earlier, there is great potential for increased private sector participation in this function. The PPP mode can be adopted not only for emission-control testing and road safety testing facilities but also for the management of customer service centres for motor vehicle registration. Board of Revenue is already exploring the possibility of managing services centres (for mutations, issuance of f*ards*, etc.) through public-private partnerships. A similar model can be adopted for these centres as well.

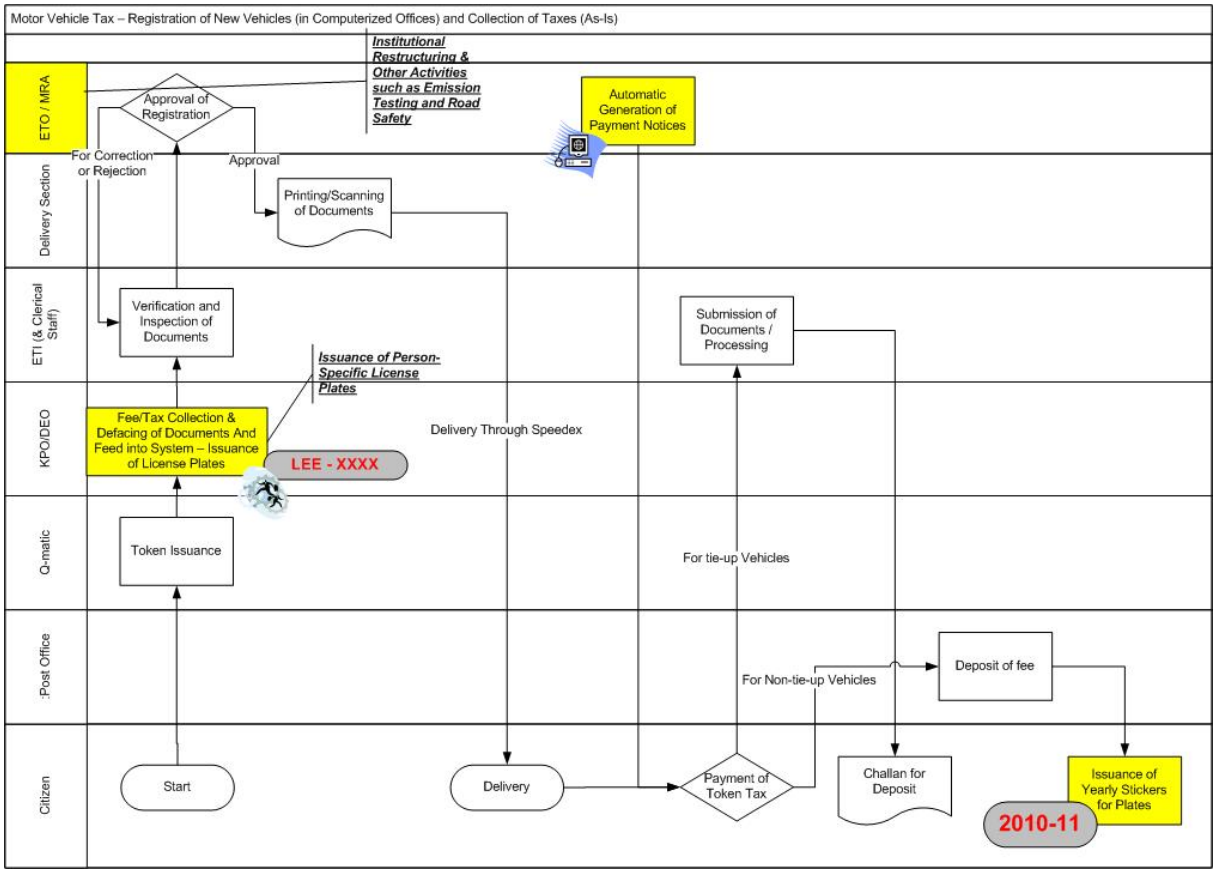
10.3 New Proposed Process

The AFIs identified above can substantially improve the motor vehicle registration and taxation regime. New processes can be developed through:

- An institutional review of the MVT function to enable a robust management model, private sector participation in service centre management and the establishment of emission control and road safety regimes
- Review of the option of introducing non-transferrable license plates to ensure quick transfers, making use of the existing database

- Issuance of yearly stickers for annual token tax payment and the use of automated notices for defaulters

Figure 12: Motor Vehicle Tax; Registration of New Vehicles – 'To-Be' Process



Section 4: BPR in L&DD

11. Disease Surveillance and Management

Disease surveillance, reporting and management is a key function performed by L&DD Department and is aimed at preventing the outbreak of diseases and ensuring good animal health in the province. The Directorate of Disease Reporting, Surveillance and Management is the unit responsible for steering disease management activities in the province and is headed by a Director, who reports to the DG (Extension). The Directorate is supported by DLOs in the districts, who also act as District Disease Reporting Officers. Each DLO (or District Disease Reporting Officer) has a District Diagnostic Laboratory under him, which is staffed by Assistant Disease Investigating Officer (ADIO) and in a few districts also a Veterinary Officer (VO). In addition, in each lab, there is one Lab Assistant and one Lab Attendant. There are functional labs available in 26 districts, whereas in 7 districts these labs are under construction.

11.1 'As-Is' Process

The disease diagnostic process comprises a variety of pathological (or other) tests. The process starts at the District Diagnostic Laboratory level, in one of the three instances:

a) When the Lab Assistants (staffed in the district lab) undertake a field visit and collect samples from villages

b) When a farmer brings in his animal or requests a visit by a Lab Assistant, after which the sample is collected for tests

c) When the district lab gets information about any existing or potential disease outbreak anywhere in the district. This information may come from the office of the Director (DRM&S) or from any other credible source. When so informed, a Lab Assistant goes to the identified area and collects samples

These samples are then subjected to appropriate tests, either at the district lab (if the requisite capacity is available) or sent to the NIH or NVL (in Islamabad) through Director (DRM&S)[17].

Once the test results are prepared they are disseminated to the respective farmers along with advice to contact the relevant VOs for necessary curative measures. The District Lab staff also provide essential advice related to preventive measures (and in some cases related to curative measures) directly to farmers.

The ADIO consolidates information regarding various tests and communicates a summary to Director (DRM&S), through the DLO. The office of the Director (DRM&S) in turn develops three sets of reports; namely:

a) Monthly, Quarterly and Annual Progress Reports

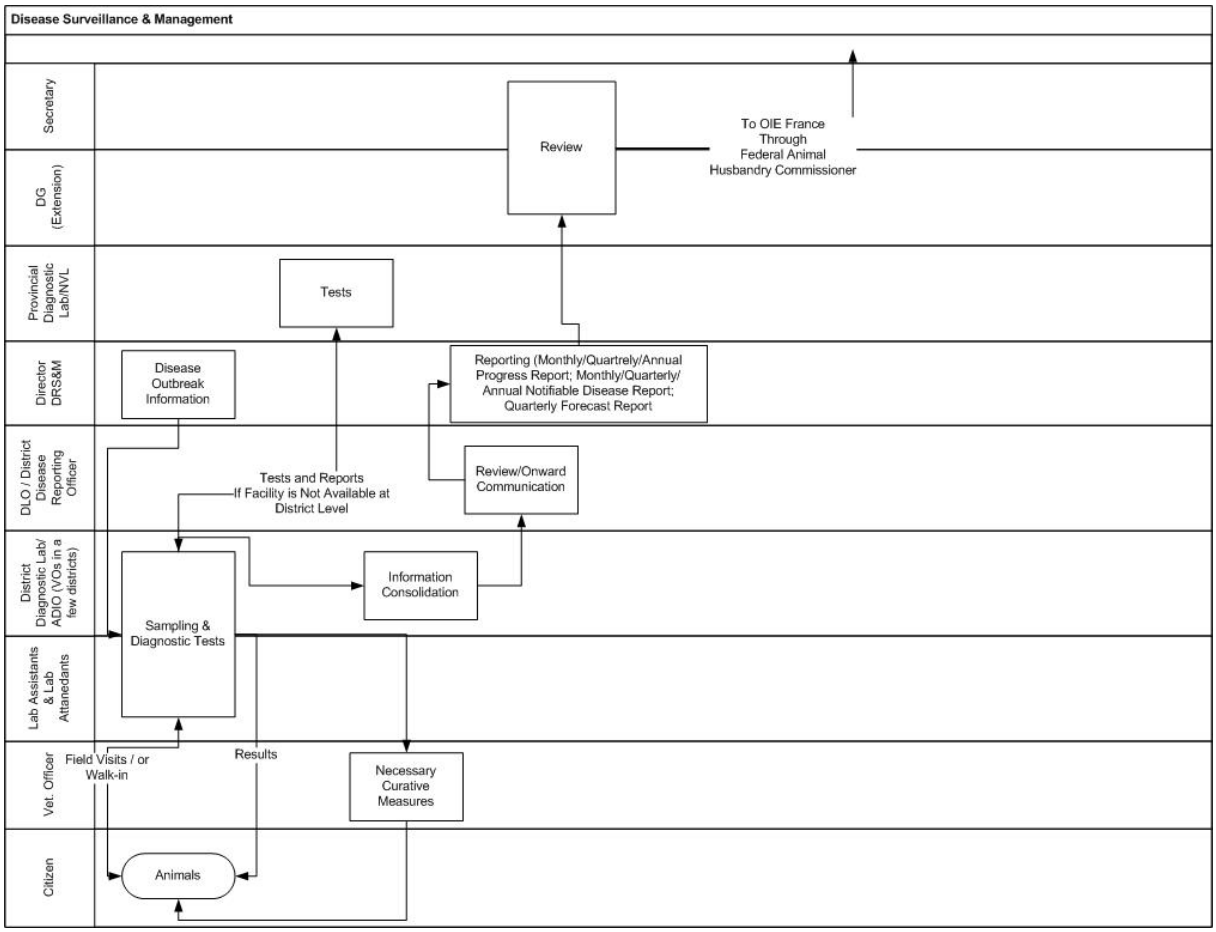
b) Monthly, Quarterly and Annual Notifiable Disease Reports

c) Quarterly Forecast Reports

Director (DRM&S) sends these reports periodically to DG (Extension) and from there to Secretary L&DD. Some of these reports are also passed on to the Federal Animal Husbandry Commissioner and from there to World Organization for Animal Health (OIE), France.

[17] Currently, the Directorate is in the process of establishing an elaborate diagnostic setup at the provincial level (at the premises of Director DRM&S) and once it is functional, it is expected that there would be no need to send these samples to the federal level.

Figure 13: Disease Surveillance & Management – 'As-Is' Process



11.2 Potential Areas for Improvement

11.2.1 Review and Improvements in Software

The Disease Surveillance Directorate currently uses a software programme called 'TADInfo' to record information received from field establishments. This information is then used to generate reports. There is a strong need to improve this software focusing, in the following respects:

- Adding web-based functionality so that the field establishments can enter information direct from their locations, enhancing efficiency as well as making the whole process swifter (shorter response time)
- Improving analysis and report generation capabilities so that reports can be generated automatically, reducing the burden on staff currently manually creating these reports. Such functionality will also enable customized demand driven reports, as per the requirements of different users

Implementing such an intervention would need not only technical software development, but also some capacity development of the district diagnostic labs, especially the provision of computers and internet access to make use of the web-based data entry facility.

It may be noted that TADInfo is a specialist software programme developed by the FAO: it has various modules that can be enabled, as well as the ability to be customized. Subject to further review, it is hoped this would preclude the need to purchase new software.

11.2.2 Use of Periodic Reports and Developing Responsive Capacity

As explained earlier, the Directorate and the field establishments produce a number of reports, but these reports are not being used effectively. Moreover, even if the Directorate receives timely information from the field regarding any disease outbreak, there is very limited responsive capacity to react and manage that outbreak. Other directorates are also not currently making use

of this information for their own operations, although there could potentially be significant use. For instance, the performance of preventive health staff could be assessed by reviewing the disease outbreak in a particular area. And the vaccine production planning at VRI could be based on the disease forecasting report produced by the Disease Surveillance Directorate.

11.2.2.1 Deployment of Adequate Quarantine Processes and Capacity – Provincial Disease Warning and Quarantine Unit

In order to develop some responsive capacity at the provincial level, it is proposed to establish a well resourced Provincial Disease Warning and Quarantine Unit under the Directorate of Disease Surveillance. This Unit should be responsible for:

- Developing SOPs and guidelines for managing disease outbreaks and training district staff in quarantine processes
- Issuance of timely disease warnings
- Developing capacity for rapid response, undertaking quarantine process and outbreak management for those diseases, if the capacity is not available at the district level

11.2.3 Farm Biosecurity

Farm Biosecurity should be given due attention and the Directorate should develop guidelines/procedures to prevent livestock from common animal diseases at the farm level, which can then be disseminated through extension services. This capacity can also be housed at the proposed Provincial Disease Warning and Quarantine Unit.

11.2.4 Improvements in the Disease Forecasting Process

Currently, the disease forecasting process is quite limited. Various geographic zones have varying vulnerabilities to different disease. It is therefore proposed to improve the disease forecasting process and institutionalize the same to undertake more accurate and precise disease forecasting. The process should include the production of different forecasts for different zones and should also be linked with international warning and prevention systems.

11.2.5 Strengthening Diagnostic Capabilities

Diagnostic capabilities for a number of tests are not available at the district level. The samples are therefore sent to NVL at the federal level for testing. There is a need to strengthen the diagnostic capability both that the district and the provincial level. It is proposed that a district-wise review may be undertaken for more frequently needed tests in various districts and accordingly the capacity may be beefed up in district diagnostic laboratories. Moreover, at the provincial level, the Department needs to maintain substantial diagnostic capability. Currently the Directorate is constructing a provincial diagnostic lab, which should be completed at the earliest. A relatively well-resourced facility is also available at UVAS, however, it charges certain fees for these tests and therefore is not being used by the Directorate. The Directorate needs to develop some collaborative arrangement with UVAS to make use of that facility.

11.2.6 Better and Structured Field Visit Planning for Comprehensive Risk Assessment

Field visits to collect samples are made either in response to specific requests or on an ad hoc basis. The Directorate needs to improve this process through better field visit planning and more comprehensive coverage and risk assessment for disease.

11.2.7 Animal Tagging

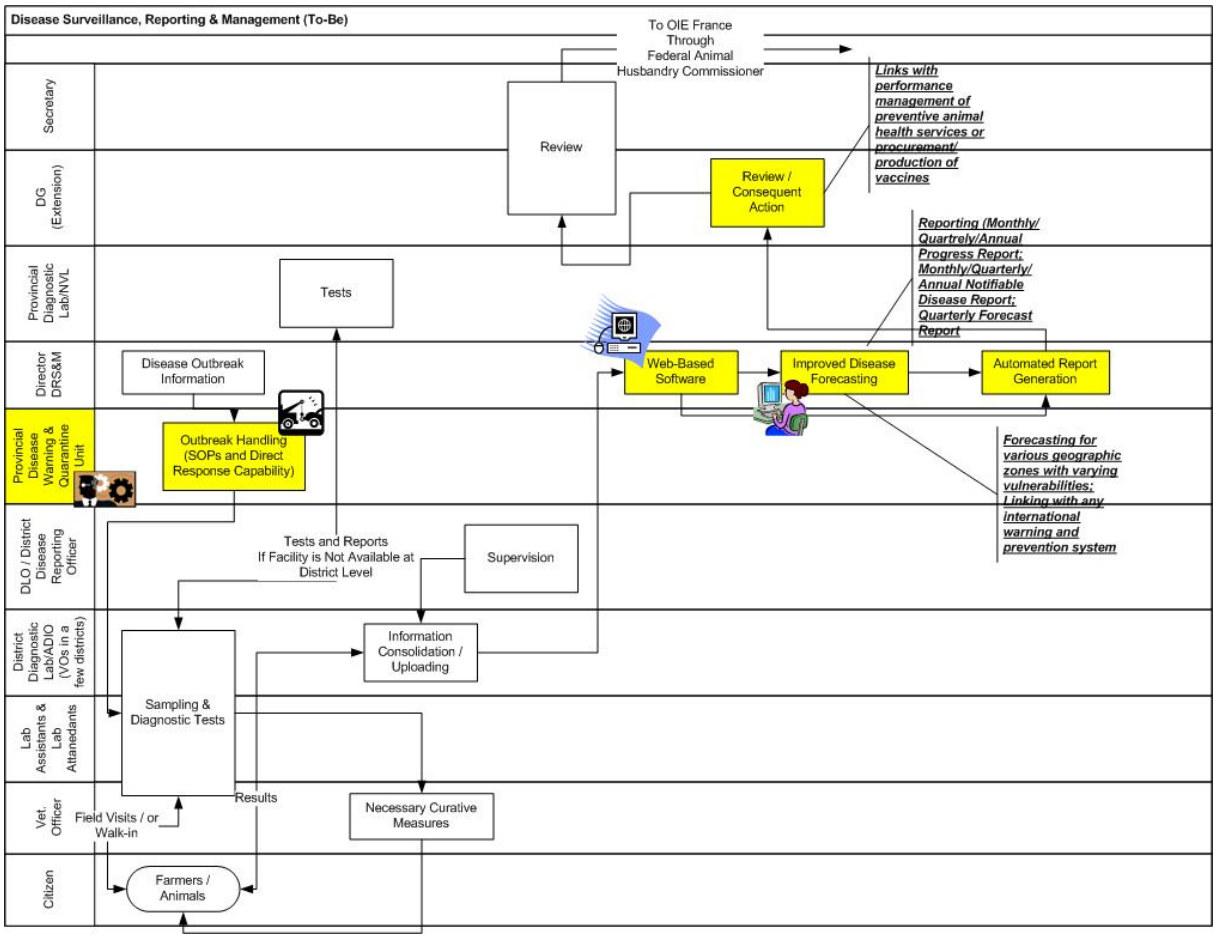
L&DD is also planning to initiate animal tagging to improve traceability for effective disease surveillance and management. However it must be considered that it is a resource-intensive exercise and should be backed by a very strong technological backbone. Moreover, this should be done comprehensively for a whole area, if not for whole Punjab, then for a few selected districts on a pilot basis.

11.3 Proposed New Process

As per the identified AFIs, it is proposed that the disease surveillance, reporting and management function may be improved through the following:

- Creation of a dedicated Provincial Disease Warning and Quarantine Unit at the provincial level for development of SOPs and for direct response
- Improved disease forecasting process
- Improvement in software, adding web-based functionality
- Automated report generation and more productive use of such reports through linkages with preventive healthcare staff, VRI, etc.
- Prevention of disease at the farm level through adequate farm biosecurity measures
- Better field visit planning for comprehensive risk assessment and strengthening diagnostic capabilities

Figure 14: Disease Surveillance & Management – 'To-Be' Process



12. Breed Improvement

Breed improvement is a key function performed by the L&DD Department aimed at improving livestock breeds through artificial insemination. The Directorate of Breed Improvement, working under DG Extension, is responsible for this function. There are three Semen Production Units in Punjab under the Directorate of Breed Improvement, which are responsible for production of semen straws. In addition, there is one more Semen Production Unit managed by the army, which also feeds into this supply chain.

At the provincial level there is a Provincial Semen Bank, which serves as the key supply source for semen straws throughout the province. The Assistant Officer (Genital Diseases) is responsible for managing this supply chain. District Semen Banks store stocks of semen straws, which are

managed by DDO (Breed Improvement) and DLOs. The field establishments for this function include about 195 AI Centres and 800 AI Sub-Centres, which are staffed by Veterinary Officers (Breed Improvement) and AI Technicians, in various hospitals/dispensaries, who actually impart these services and are accountable to their respective DLOs

12.1 'As-Is' Process

L&DD ensures provision of bulls to three Semen Production Units (Karanwala, Bahawalpur; Kullurkot, Bhakkar; and Qadirabad, Sahiwal) for semen production, mostly from government-managed farms. In addition the BI function also procures semen straws from an army-managed Semen production Unit at Renala (Okara). Semen Production Units collect semen from proven breeds and covert them into semen straws. These semen straws are then sent to the Provincial Semen Bank at Lahore. These semen straws come in goblets of 400-500 doses each and at the Provincial Semen Bank, they are re-stored into smaller goblets of 100 doses each and appropriately labelled. The Provincial Bank also procures some semen straws directly either from army facilities or through import in certain cases. The procurement, either from Semen Production Units or through other sources, is mostly supply-driven rather than on the basis of any formal demand assessment exercise.

Some of these semen straws are dispatched for immediate delivery, where the rest are stored in the Provincial Bank (having a storage capacity of about 100,000 doses). From the Provincial Semen Bank, the semen straws are delivered to District Semen Banks, established in each district, through a fleet of 8+ vehicles maintained by the Directorate of Breed Improvement. In some cases, these straws are also delivered directly to a few AI centres. These semen straws are then allocated to various dispensaries/hospitals for further treatment. The AIs from various dispensaries/hospitals collect the semen straws on a weekly basis on credit from District Semen Banks. In addition, they also get their weekly supplies of liquid nitrogen from these facilities, to ensure quality storage of these straws. The field staff (mostly AIs) then undertake field visits to farms and inseminates the straws on the basis of demands from livestock farmers (as well as undertake pregnancy tests - the pregnancy test can be taken at least after 2-1/2 months after the AI.) The field activity is supervised by the VO (Breed Improvement). The AI Technicians charge certain user fees[18], which are then deposited back[19].

A monthly report of insemination and pregnancy tests is developed by each VO/AI Technician and sent to DLO by each clinical unit, who in turn compiles all the data received from the district and sends it to Directorate of Breed Improvement. This information is further communicated to DG and Secretary for review.

As mentioned earlier, there is no formal demand assessment process and the whole supply chain is mostly supply-driven, although at the farmer level AI technicians do cater to individual demands of the farmers. Moreover, staff are not held accountable for AIs performed. Although the success rate of AI is quite high, it is still dependent upon levels of care and the establishment of appropriate conditions. The AI technicians and VOs looking to establish a private practice in this area are generally more careful in performing these procedures and have a higher success rate.

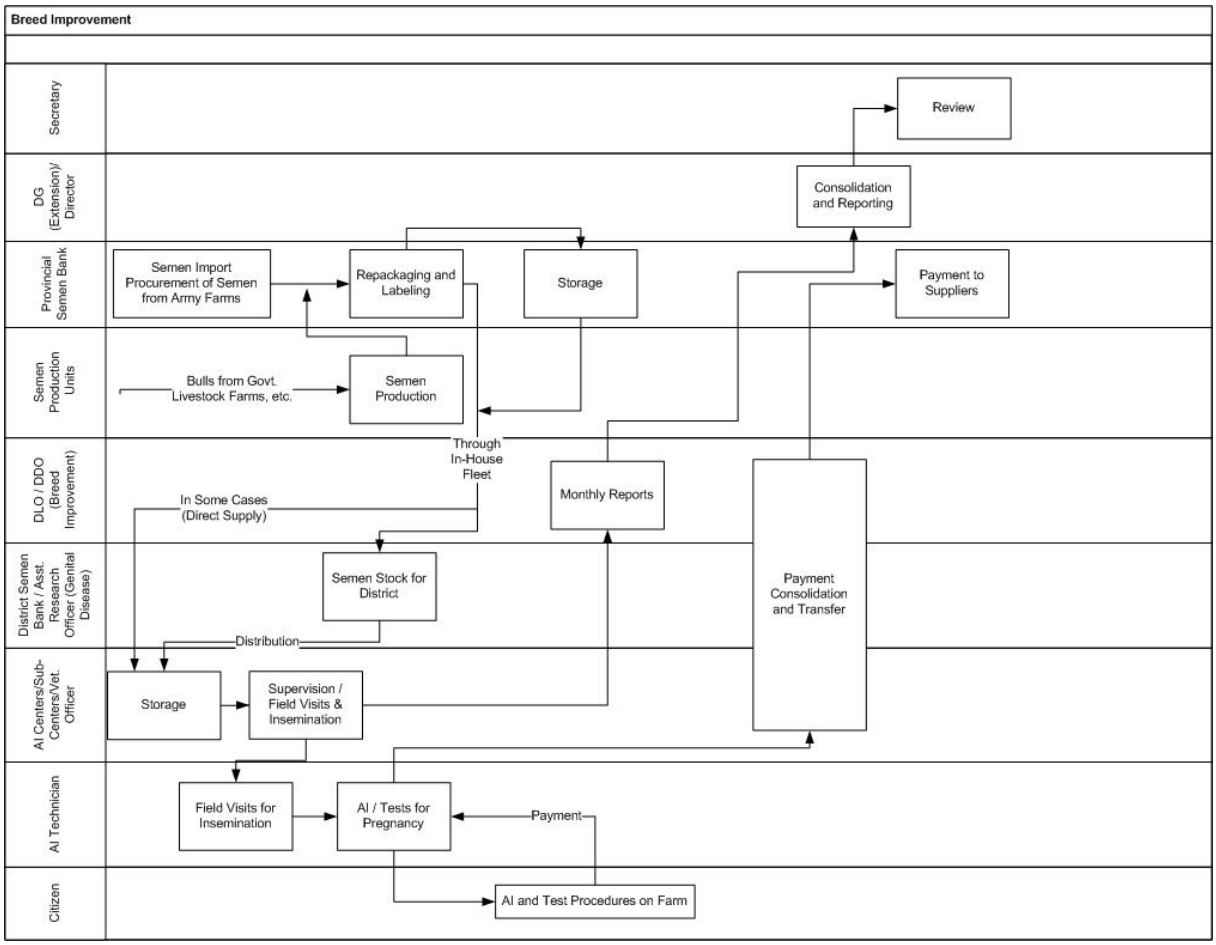
Although the government dominates the market for AI, there is substantial involvement from the private sector as well. Currently there is no regulatory regime to supervise these private operators, although L&DD is considering developing a well-calibrated regime to ensure quality of private semen production/distribution units.

[18] The price of each semen straw varies from between PKR 50 or 100, depending upon whether it is from a proven bull or not. The charges for pregnancy tests are PKR 5. However, besides these formal charges, the AI technicians in most cases also charge the farmers an informal fee, to cover their logistics costs, etc.

[19] They are deposited back in the bank (for deposit in govt. treasury) for semen straws produced by the three L&DD-managed SPUs, whereas for the Renala SPU (managed by Army), the cash is consolidated and deposited all the way back through Provincial Semen Bank.

It is pertinent to note that at the district level the office of DDO (BI) is sub-optimally used as most of the powers (drawing & disbursing as well as supervision) are delegated at the DLO level. In case of Lahore, however, the DDO (BI) is sufficiently empowered and active to undertake its work.

Figure 15: Breed Improvement – 'As-Is' Process



Each AI Technician undertakes 200-300 artificial inseminations per month, although sometimes this number is not reached. The Department sets a target of 2000 AIs per year for each AI technician, but in many cases this target is not met. On average, a total of 135,000 to 140,000 AIs are done every month across the province and the Directorate claims to cover 15% of the breed-able animal population through its AI services. The semen straws are primarily available for four categories – Neeli, Sahiwal, Friesian and Cholistani.

12.2 Potential Areas for Improvement

12.2.1 Demand Forecasting and Better Production Planning of Semen Straws

Semen straws are being produced by the Semen Production Units without any formal demand forecasting. The whole supply chain is mostly supply-driven. There is a need to periodically assess demand for semen straws and accordingly plan production from the SPUs.

12.2.2 Breed Preservation Policy and Implementation to Secure Livestock Biodiversity

The L&DD needs to review and develop a comprehensive breed preservation policy and ensure implementation of this policy to secure the biodiversity of indigenous livestock. The overall functions under BI must be aligned with this breed preservation policy for the province.

12.2.3 Opportunities for Outsourcing (or PPPs) in Semen Production

Semen production units are stand-alone units, producing semen straws, which are then used for AI on payment of user charges by the farmers. There is a strong case for this activity to be outsource or otherwise managed through PPPs, without any additional public investment.

12.2.4 Facilitating Establishment of Private Semen Banks Regulatory Regime to Ensure Quality of Private Semen Producers

The public sector alone cannot meet the demand for semen straws and as a result private semen producers are emerging. This is a positive development, but in response the Department needs to develop a sound regulatory regime to ensure quality and to align such activities with the broad preservation policy. The Department could also encourage quality private sector provision through the use of appropriate incentives.

12.2.5 Enhancing Coverage to Meet Demand

As the supply chain is mostly supply-driven, field staff are given a target for a particular number of AI procedures, for which they have to deposit the user charges. These targets do not include any conditions relating to the coverage area or rural communities. If the BI staff can find enough customers in nearby villages, they do not have an incentive to go to far flung areas. There is a need to improve this process to extend BI services through out the rural pockets.

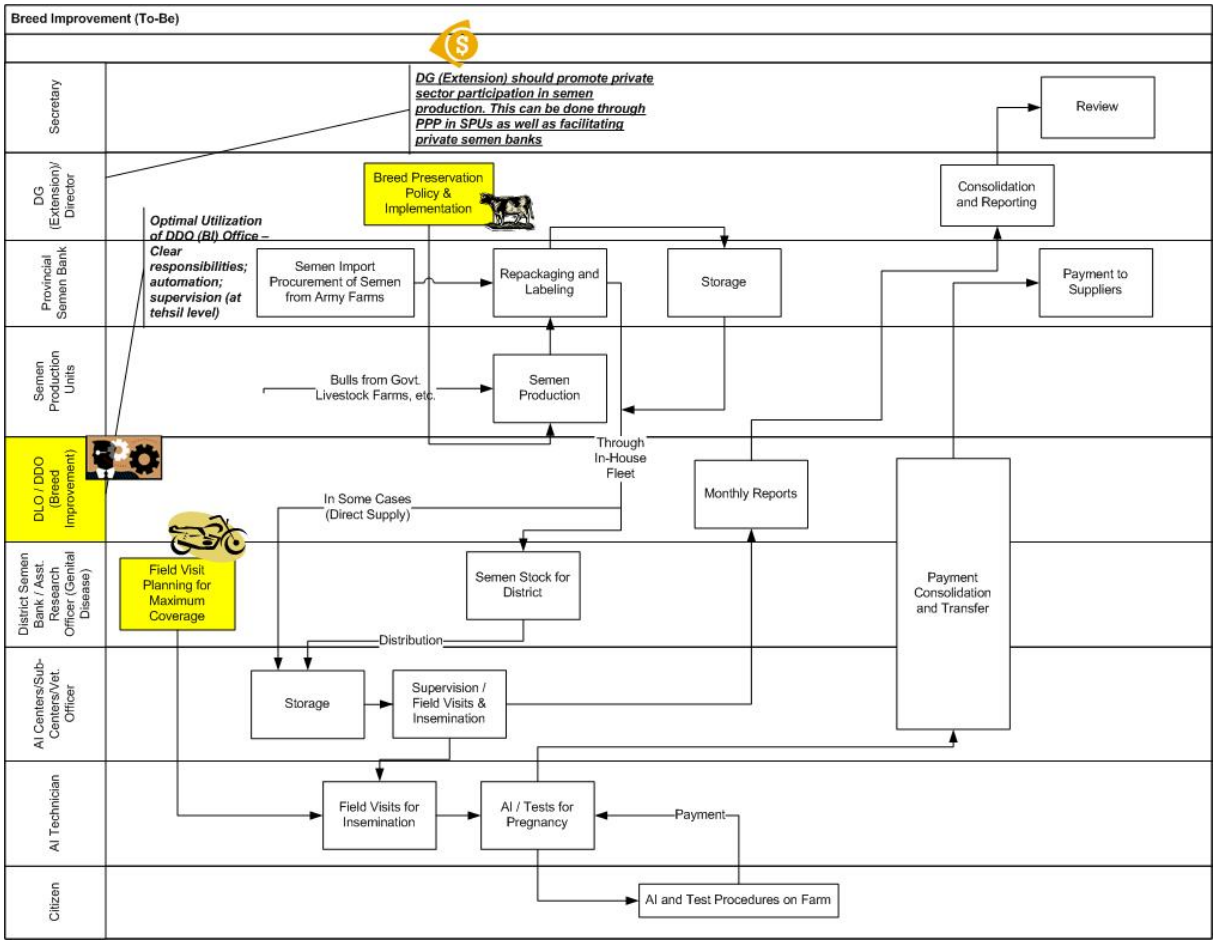
Moreover, the office of DDO (BI) that was developed under the PLGO 2001 has been mostly under-utilized. It is proposed to review the functions of this office and to make the best use of it. One of the ideas floated by BI staff was to make this office responsible for supervising AI activities at the *tehsil* level, although this requires some further investigation.

12.3 Proposed New Process

It is proposed to possibly undertake some or all of the following interventions:

- Developing and implementing a provincial breed preservation policy to secure the biodiversity of indigenous livestock
- Better field visit planning to enhance coverage and optimal utilization of the office of DDO (BI)
- Demand forecasting for semen straws and better production planning at SPUs
- Facilitating establishment of private semen banks and regulatory regime to ensure quality
- PPPs for SPUs

Figure 16: Breed Improvement – 'To-Be' Process



13. Curative Animal Health Services

The objective of the animal health function is to provide responsive curative services to livestock farmers. This is primarily a service delivery function, managed by the Directorate of Animal Health, under DG Extension. Curative services are provided through a network of veterinary dispensaries, clinics and hospitals. The staff at these facilities comprise a Veterinary Officer (VO) and one or more Veterinary Assistants (VAs), with the VOs reporting to his/her respective DLO.

Veterinary facilities are classified into four categories – A, B, C and D. A-category facilities (commonly known as 'hospitals') and B-category facilities (commonly known as 'clinics') have a Veterinary Officer, whereas C and D-category facilities only have Veterinary Assistants. This situation has also improved with the 'Support Services for Livestock Farmers' project[20], under

[20] The third phase of the project is underway with PC-I costs of PKR 954 Million.

which VOs have been deputed at the Union Council level in 18 districts of Punjab. In addition, mobile dispensaries are now also present in 21 districts at the *tehsil* level (18 of these districts were given mobile dispensaries under the Support Service project). In total, there are 3,761 veterinary facilities in Punjab, including 580 veterinary hospitals, 1,392 veterinary dispensaries, 96 mobile veterinary dispensaries and 1,672 veterinary centers.

13.1 'As-Is' Process

The process starts from the livestock farmer, who either brings the animal to the veterinary facility or requests a field visit. The VO records his name, address and other information in a register and issues him a chit ('*parchee*') for a nominal charge of PKR 0.50. If the animal is brought to the clinic the VO undertakes the diagnosis and prescribes the medicine. If, however, a field visit is required, the VO undertakes the visit himself or directs the VA to undertake that visit and prescribe medicine. The details are then recorded in the tour register. Although the VA is not authorized to issue a prescription without the consultation of the VO, in practice this does happen. Veterinary staff are not supposed to charge farmers for the field visit. Again, though, this does happen, ostensibly to cover logistical costs.

The DLO Office procures medicines through a contract at the district level on a yearly basis and then distributes the same to dispensaries/clinics/hospitals according to their size and category. The DLO can only procure medicines from an approved list of medicines, issued by the Secretary's office. This list is approved through a nominated committee, comprising representatives from the office of Director (AH) and DG (Extension). The Secretary occasionally conducts price verifications of procured medicines, on a sample basis.

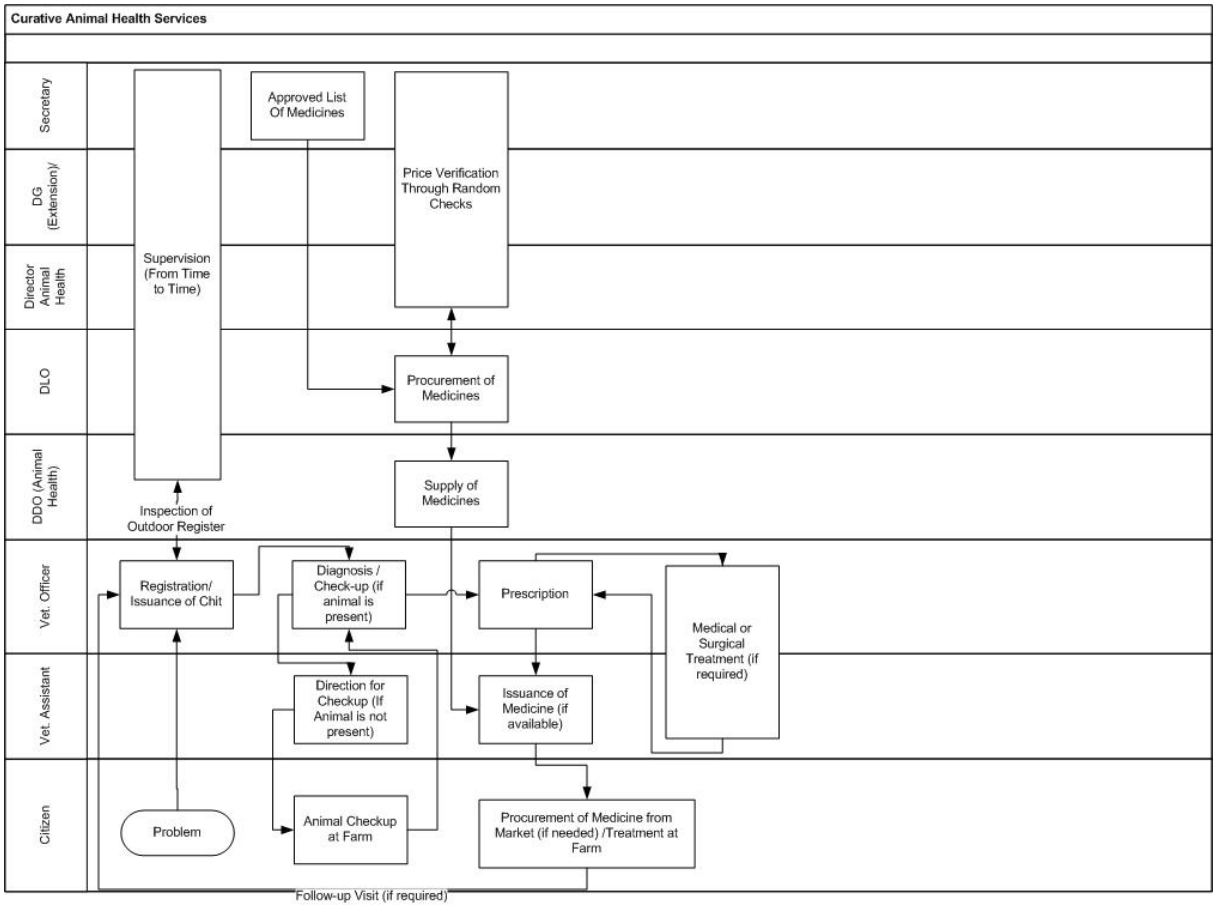
If medicine is available in the clinic from this stock, the prescribed medicine is given to the farmer free of cost. Otherwise the farmer is asked to buy medicines from the market. The animal is treated accordingly and process is completed; although the farmer also makes one or more follow-up visits if required. The VO is also supposed to record the prescription in the outpatient register, however, often he only records those medicines distributed from government stock for the purposes of stock management. No record is generally available for prescriptions used to purchase medicines for private suppliers.

The information recorded in the outpatient register is rarely used, apart from developing periodic progress reports, keeping an account of medicine stock and occasional inspection by senior officials, to verify the contents of the register.

The main diseases handled by the animal health staff include Mastitis, FMD, external parasites, Milk Fever, Hemorrhagic Septicemia, etc. Surgical procedures of a very basic nature are generally performed at these facilities, while for major issues the animals/farmers are referred to major facilities.

Usually a clinic, having a staff of VO and VA, deals with 10 to 12 cases in a day, with one field visit a day, on average. However these statistics may vary from one facility to another. In 2008-09, a total of 19.599 million cases of animal health were treated, including outdoor treatment to 5.341 Million animals and medicines supplied to 1.329 Million animals. Each district has a DLO, under whom the DDO (Animal Health) works. The office of DDO (Animal Health) is under-utilized in most of the districts. Under the DLO/DDO, a number of VOs and VAs work. A total of 828 VOs and 2,407 VAs are working in animal health across Punjab.

Figure 17: Curative Animal Health Services – 'As-Is' Process



13.2 Potential Areas for Improvement

13.2.1 Transformation of Clinic-based Model to Mobile Field Visit Model

Increasingly, the whole curative animal health system is transforming into a field visit model, where farmers prefer to call the vet, mostly through cell phone, and request a visit. However, field staff usually do not have adequate resources to undertake such visits and most of the vets do them on their own conveyance (motorbikes). They in turn charge some user fees from the farmers informally (though they might do this in any case).

There is a need to review the existing clinic-based model and make changes to align the process with ground realities. Most importantly, there is also a need to review the whole informal payment system and somehow institutionalize it. L&DD senior management intends to shift curative health services to the private sector and focus only on preventive health services. In doing so, however, GoPb would also want to keep on subsidizing poorer farmers through some mechanism.

There may also be the possibility to institutionalize the informal payment system whereby vets can be given permission to run their private practice from the same clinics in the evening. In any

case, there is a need to undertake some major reforms in this area, after a comprehensive institutional review.

13.2.2 Computerization of Registration, Prescriptions and Animal Record for Planning

Vets record the details of incoming farmers and dispensed medicines in the outpatient register. Although vets are supposed to record the full prescription in the register, irrespective of whether the medicines are available at the facility or not, they mostly record only those medicines that they actually dispense. This is primarily because they are held accountable mainly for the stock of medicines that they have.

It is proposed that the vets must record the whole prescriptions in the outpatient register, which can then be used to assess the demand of medicines (in stock or out of stock) and undertake demand-based procurement of medicines.

It is also proposed to computerize the outpatient register to make this information readily available for use by all concerned quarters. Providing a computer each at every facility may not be feasible, so this information may be sent to the DLO, in whose office a unit can be established to enter data into a centralized database. The information stored can then be used for medicine procurement, disease surveillance, preventive healthcare planning, etc.

13.2.3 Optimal Utilization of the Office of DDO (Animal Health) and SVO

Similar to BI, the office of DDO (AH) is sub-optimally used and there is a need to review the effective utilization of this office.

13.2.4 Strengthening Feedback System

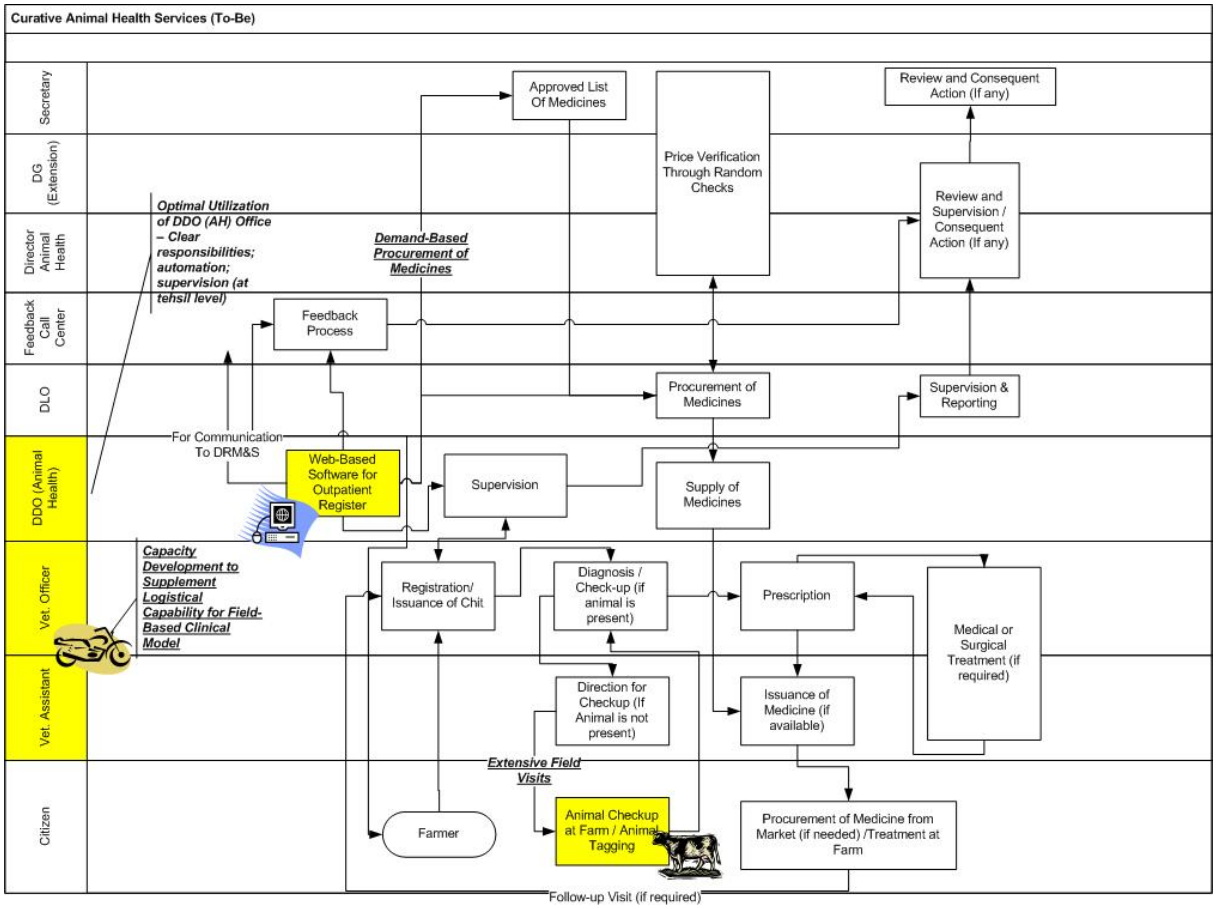
The computerization of the outpatient register will also help strengthen the feedback system, which has been separately discussed in the Feedback System section of this report.

13.3 Proposed New Process

It is proposed to improve and strengthen the curative animal services through the following:

- Review of the existing curative health service delivery model in light of changing ground realities
- Demand-based procurement of medicines for dispensing
- Computerization of outpatient register
- Animal tagging of animals accessing curative health services

Figure 18: Curative Animal Health Services – 'To-Be' Process



14. Communications and Extension Services

The Directorate of Communication and Extension Services[21] is headed by a Director, who is supported by one Deputy Director, 2 AIPOs and 1 Assistant Director. The Director reports to the DG Extension and is responsible for all the media campaigns of the Department. The Helpline also works under Director (C&E), which is discussed separately in Section 15.

14.1 'As-Is' Process

The process starts with an annual meeting of all directorates, in which the Directorate of Communications and Extensions compiles the publicity requirements of these directorates and develops an annual action plan. The annual plan indicates each activity, the number of telecasts to be released from ATV/PTV (two TV channels), the number of broadcasts to be released form radio, the number of press advertisement to be released in newspapers/magazines, and the number of voice messages to be delivered through telephone conveying systems. The action plan is approved by the Secretary.

In accordance with the action plan, the Directorate of Communication and Extension then prepares a draft for advertisement in consultation with the relevant directorate and send it to the media firm[22]. The media firm edits the draft, completes artwork and design and returns to Directorate C&E for review. After reviewing the draft and design prepared by the media firm, the

[21] The Directorate of Communication and Extension was established in 2008 and earlier this function was being performed by a small wing under Director (Animal Health), known as Information and Publicity Unit.

[22] DGPR shortlists media firms and its Department's discretion to deal with any one of them.

Directorate sends the advertisement to Secretary for approval. The Secretary approves the advertisement and returns to the Directorate for further processing. The Directorate passes on print advertisement and radio/TV releases to the DGPR, who selects the specific newspapers/channels for printing/broadcasting/telecasting. If the campaign relates to awareness through banners and billboards, it is sent to DLOs for printing and display. In certain cases, the department gets allocated time from certain radio station (sometimes through DGPR) and sends its staff directly to answer the queries or to participate in awareness campaigns.

In addition, the Directorate of C&E also plans few extension activities to spread awareness. At the moment it delivers a High School Awareness Program and a Farmers Day. In both the cases, the Directorate develops the messages/guidelines for DLOs to deliver in schools or at Farmers Days in different union councils. No special material appears to be developed for both these activities. For the High School Awareness program, a module prepared for Farmer Schools is delivered, whereas on Farmers' Day, general printed material for awareness is distributed. Each DLO is supposed to hold at least one Farmers' Day (at the UC level) every month and one High School Awareness session per month. C&E staff sometimes attend these sessions, although there is no structured formal reporting mechanism.

Apart from these two activities, automated voice calls are also made to directly communicate with thousands of farmers. The Directorate has engaged a firm for this purpose, which has been given a database of about 48,000 farmers (recently expanded from around 40,000). The messages are recorded for different themes, as decided in the action plan, and then released through automated phone calls to these farmers.

The Department does not conduct any evaluation to gauge the appropriateness or effectiveness of these tools.

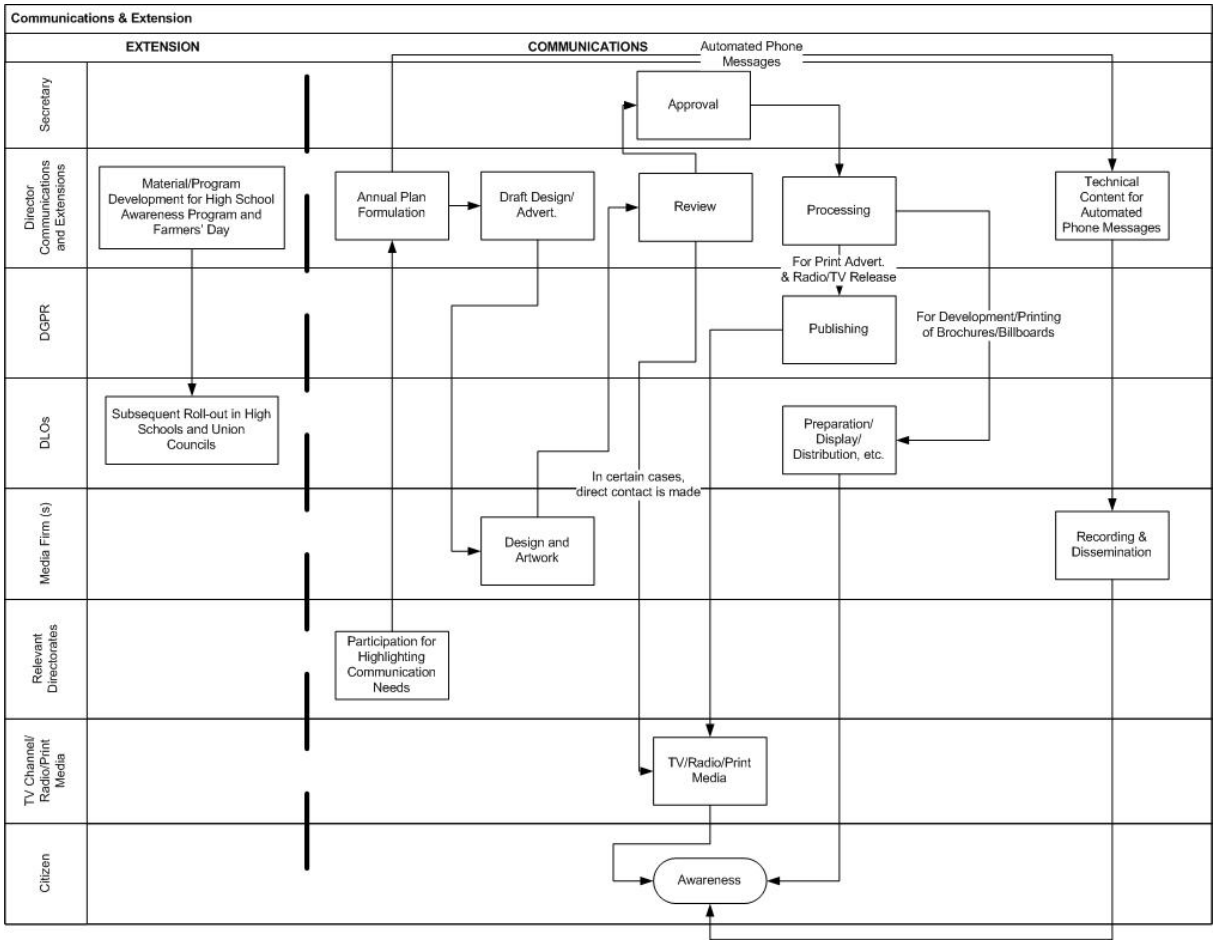
The provision of technical content for the development these awareness materials, phone calls and advertisements is the responsibility of the directorate officials, which is not much of a problem, as all of this staff has come from the Directorate of Animal Health. However, none of these staff members specific technical expertise in communications or media management. Most activities are supply-driven and are not linked with the nature of queries raised through the Helpline or any other media.

Although the annual action plan is more or less followed, there is no annual meeting to review progress against the agreed deliverables.

The total staff strength of Directorate of Communication is around 22 (excluding support staff, which number around 10). As per the Action Plan 2010, the Directorate handled the following workload:

- Number of telecasts ATV/PTV - 744 (number of releases aired)
- No of broadcasts though radio - 1840 (number of times, various broadcasts are aired)
- No of press adv. - 480 (number of advertisements in different newspapers)
- No of message through telephone – 106 (number of different messages, each of which is sent to the entire database)

Figure 19: Communication & Extension Services – 'As-Is' Process



14.2 Potential Areas for Improvement

14.2.1 Communication Effectiveness Assessment Exercise

Currently, the Directorate does not undertake any evaluation process to review the effectiveness of messages delivered through various media campaigns. There is a need to assess their effectiveness periodically to accordingly calibrate the media campaigns. It is proposed that such exercises be conducted periodically, through a third party, and should then help to formulate the annual action plan.

14.2.2 Institutional Capacity to Carry Out Extension Activities Effectively

The Directorate of C&E does not have any dedicated field staff to undertake extension activities effectively and they have to rely on DLOs and animal health staff to carry out various extension initiatives. Consequently, there is very little core extension work being carried out by the Department. There is a need to review this model and the Directorate's capacity must be beefed up to carry out extension activities either through Directorate-based staff or the deployment of additional staff at the district tier.

14.2.3 Demand-Based Annual Action Plan Formulation

Queries received through the Helpline should be analyzed regularly to assess the information needs of the farmers, with conclusions used to inform the annual plan.

14.2.4 Expansion of Farmers Database

The farmers' database developed by the Directorate only had information for about 40,000 farmers, which has now been expanded to 48,000 farmers. Considering that Punjab has millions of livestock farmers, there is a need to substantially expand this database to widen the reach of any communication activities.

14.2.5 Capacity Development

The Directorate of Communications and Extensions is a separate entity, but all staff are drawn from Animal Health Directorate. Consequently there is very little specialized communications capacity. The department considers this function as a core activity but it lacks HR capacity and horizontal as well vertical linkages with the rest of the Department. It is proposed that a Special Communications Unit be established in the Directorate, which should be staffed by appropriately skilled communications and media experts. The Unit should perform the following activities:

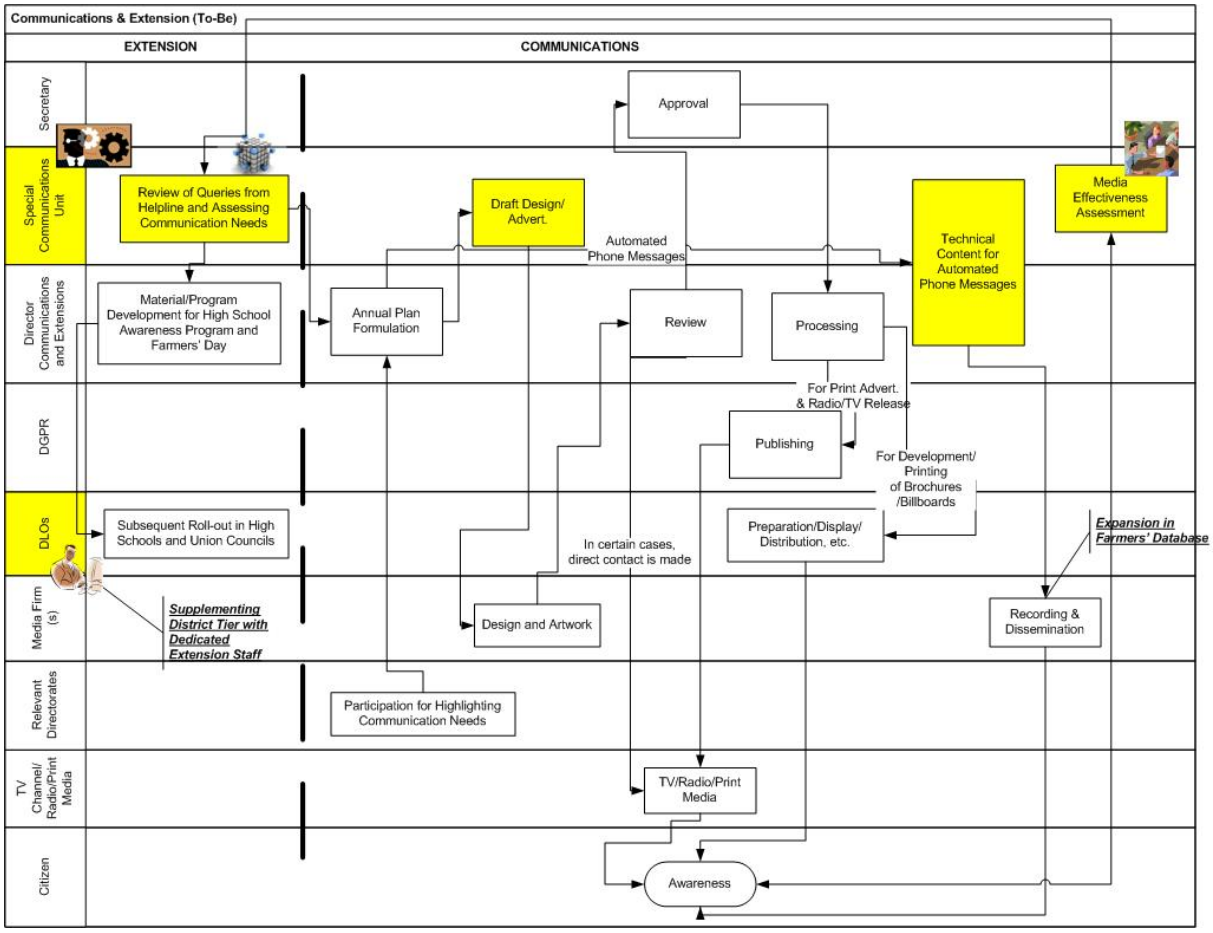
- Demand-based action plan formulation, using Helpline queries (and other sources) to identify information needs
- Development of content for media campaigns
- Management and supervision of communication effectiveness campaigns

14.3 Proposed New Process

It is proposed to improve the communication and extension activities through the following:

- Establishment of a dedicated Communications Unit in the Directorate of C&E
- Demand-based action plan formulation based on incoming queries and communication effectiveness assessment results
- Expansion of farmers' database
- Capacity development to ensure adequate capacity to undertake extension services effectively

Figure 20: Communication & Extension Services – 'To-Be' Process



15. Farmers' Helpline and Citizen Feedback System[23]

L&DD initiated the Farmers' Helpline in 2004. Established under the Directorate of Communication and Extension, the Helpline has two numbers with call jump-over facility. The helpline runs in two shifts (first shift starts at 8am and ends at 2pm and second shift starts at 2pm and ends at 8pm). Two veterinary officers manage the helpline in each shift, supported by a Data Manager and two Data Entry Operators.

15.1 'As-Is' Process

The farmers are made aware of the helpline numbers through L&DD's advertisements, banners, billboards and awareness campaigns. The farmers (or citizens) approach utilise the Helpline for all kinds of problems relating to livestock including animal health, breed improvement, fodder, diseases, etc. The VO receives calls and records queries manually in a register. This information includes name and contact details of the callers as well as the nature of the query. These queries are categorized in one of the five categories: Animal Health (AH); Director Farms (DF); Poultry Products (PP); Breed Improvement (BI); and Miscellaneous (M). These queries are then fed into a make-shift computer database on a daily basis.

An incoming query is generally resolved through one of the following three ways:

- a query could be responded to by the VO on the spot through professional and technical advice;

[23] Although Farmers' Helpline and Feedback System form part of Communications and Extension Services, they have been separately discussed to highlight the key issues involved in this sub-function.

- in case of field problems i.e. outbreak, disease, vaccination, insemination etc, the helpline facilitates the farmers by coordinating with the field offices[24]. Once a farmer is referred to these services, his feedback is also sought through a subsequent call.
- in case a farmer asks for literature, the same is sent to by post or email free of cost

Every month, each veterinary health facility sends 10 telephone numbers of visiting livestock farmers to the helpline, so that feedback calls can be made to 10% of these numbers (picked randomly)[25]. On the basis of this feedback, a report is developed and sent to Secretary on monthly basis. The Secretary passes on any necessary instructions to DGs for further action.

The feedback report includes responses from 10-15 farmers in terms of their satisfaction with the services provided by the respective veterinary facility. This feedback is for the whole district and, considering that on an average each district has 80-90 vet facilities, this sample is unlikely to be adequately representative. Not only that, but clinics are free to select which farmers' details thet pass on (since they only have to provide 10), which seriously compromises the independence of the exercise.

These numerical limitations stem primarily from the fact that data collection is done manually - making it impossible to record and collect data from 3,761 facilities across Punjab everyday.

Consequently the feedback collection process acts primarily as a monitoring tool, rather than a pro-active mechanism for improving service delivery and outreach. The deployment of a technological solution, therefore, could bring a paradigm shift by substantially increasing outreach capacity and removing the need to use small, non-representative samples.

The Helpline is integrated with the feedback system, because of some obvious synergies: the availability of dedicated phone lines, VOs, data entry operators, etc. However, strategically these two functions are not complementary enough to be performed by the same unit, for some simple reasons:

- A responsive Helpline should aim to have idle phone lines, to facilitate access, with appropriately qualified technical personnel always on stand-by
- A feedback system, on the other hand, should have telephone lines that are fully engaged, in efforts to reach out to the maximum number of farmers

Furthermore, the feedback system, contrary to the Helpline system, could be staffed by non-specialists.

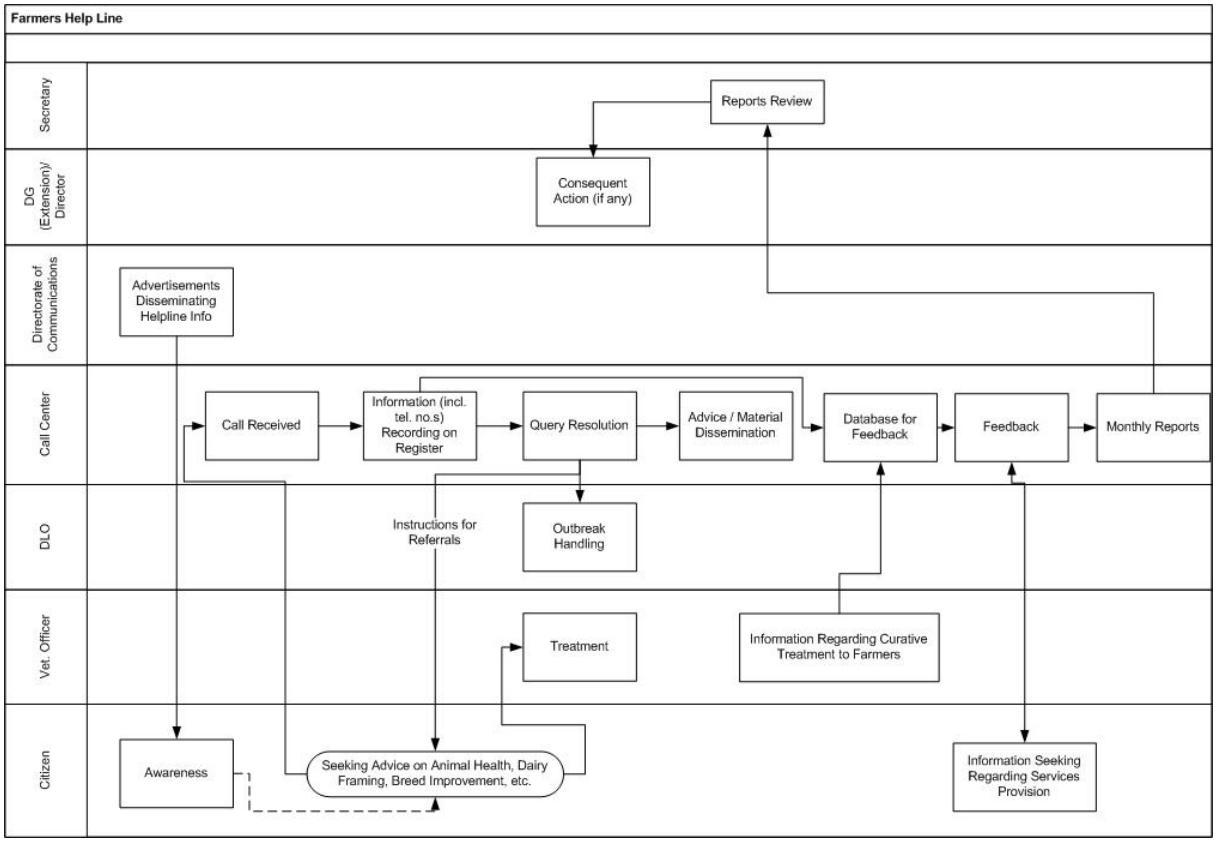
Queries received through the Helpline are recorded in a simple database to enable reporting to the Secretary, although no formal or structured analysis is conducted. In theory, extension and communication activities could be very usefully informed by a careful analysis of queries received. In general, although the VOs manning the Helpline can dispense sound advice on animal health issues, they work in isolation from other wings of L&DD and therefore do not have timely access to specialized information such as disease warnings from Director (DSR&M).

The helpline consists of 7 staff members. From 2004 till to date, 70,326 calls have been received. In January 2011, a total of 1,418 calls were received, out of which 465 were related to animal health, 60 to breed improvement, 509 to dairy farming, 147 to poultry and 237 to miscellaneous issues. Printed material was sent to about 120 callers in January. As described earlier, under the feedback collection mechanism, the monthly reports sent to the Secretary are mostly based on 10-15 numbers/farmers per district.

Figure 21: Farmers' Helpline and Citizens Feedback System – 'As-Is' Process

[24] Although, some officials claim that they pass on these referrals to the concerned field offices, it seems that in most cases, the callers (farmers) are advised to contact the respective field offices on their own.

[25] These numbers could not be verified, as the report sent to the Secretary every month is based on feedback collected from merely 10-15 farmers per district.



15.2 Potential Areas for Improvement

15.2.1 Separation of Helpline from Feedback System

It is proposed to separate the Helpline from the Citizen Feedback System, as

- There are insufficient synergies between the two activities
- While the Helpline should be managed by qualified vets, the feedback system can be staffed with ordinary call centre operators
- The Helpline needs to have available and free lines, on which farmers can call relatively easily; whereas the feedback system should ideally be busy most of the time

15.2.2 Strengthening Feedback System

Currently, the feedback system is based on the data of a very few selected farmers. To enhance its scope and to make it more meaningful, the following changes are recommended:

- Data collection and consolidation at the DLO office level, through computerization of outpatient registration and recording of contact details of farmers
- Web-based software development for digital data transfer
- Deploying an SMS-based technological solution to access/reach out to entire population of incoming farmers
- Structured sampling of farmers for making telephone calls
- Production of more structured and meaningful reports, reflecting on quality of service delivery

15.2.3 Veterinary Facilities Performance Management System

It is proposed that after strengthening the feedback system, a scoring system should be introduced for self-improvement, rather than punitive action. Feedback should be received/recorded according to pre-defined criteria, such as behaviour, satisfactory service, etc., which should be made available to animal health staff so that they know what they are being measured on. Based on the feedback received, different districts (or even vet, facilities, if

possible) should be ranked on each criterion and these districts (or facilities) should be sent periodic reports (monthly or quarterly) describing the best scores along with the name of best scoring district/facility against each criteria, worst score (without disclosing the name of the district/facility) and score/rank of the recipient district/facility against each criteria.

Such a system would provide timely feedback and encourage improved behaviour/performance. At subsequent stages, incentives (or possibly disincentives) could also be introduced.

15.2.4 Analysis of Incoming Queries and Linkage with Communication/Extension Activities

As explained earlier (in the Communication and Extension Services section), incoming queries should be analyzed to identify common information needs and then feed into the planning process.

15.3 New Proposed Process

As described under the above AFIs, the process can be improved through:

- Separation of Helpline from Citizen Feedback System
- Introduction of technological solution to receive (and then disseminate to staff) more meaningful feedback
- Analysis of incoming queries to identify information needs and thus better inform communication campaigns and more relevant extension services

Figure 22: Farmers' Helpline – 'To-Be' Process

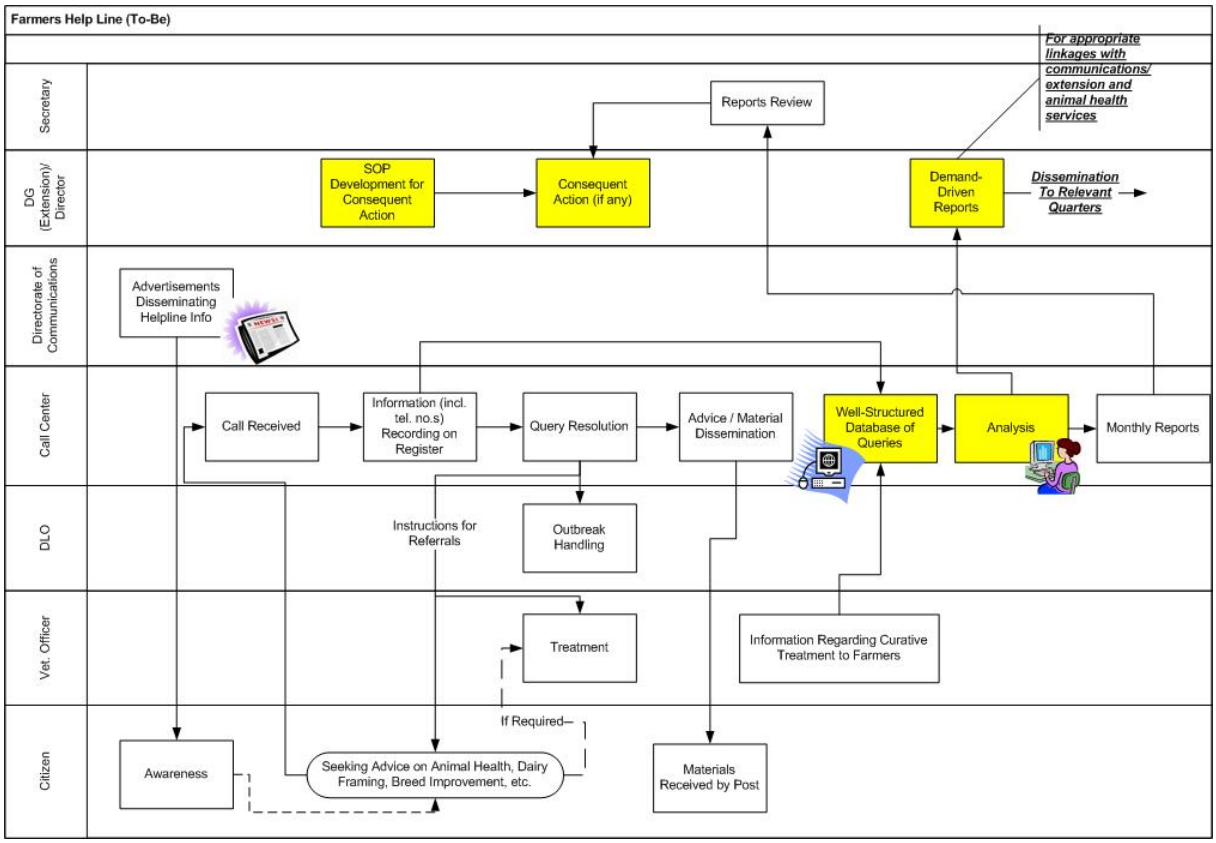
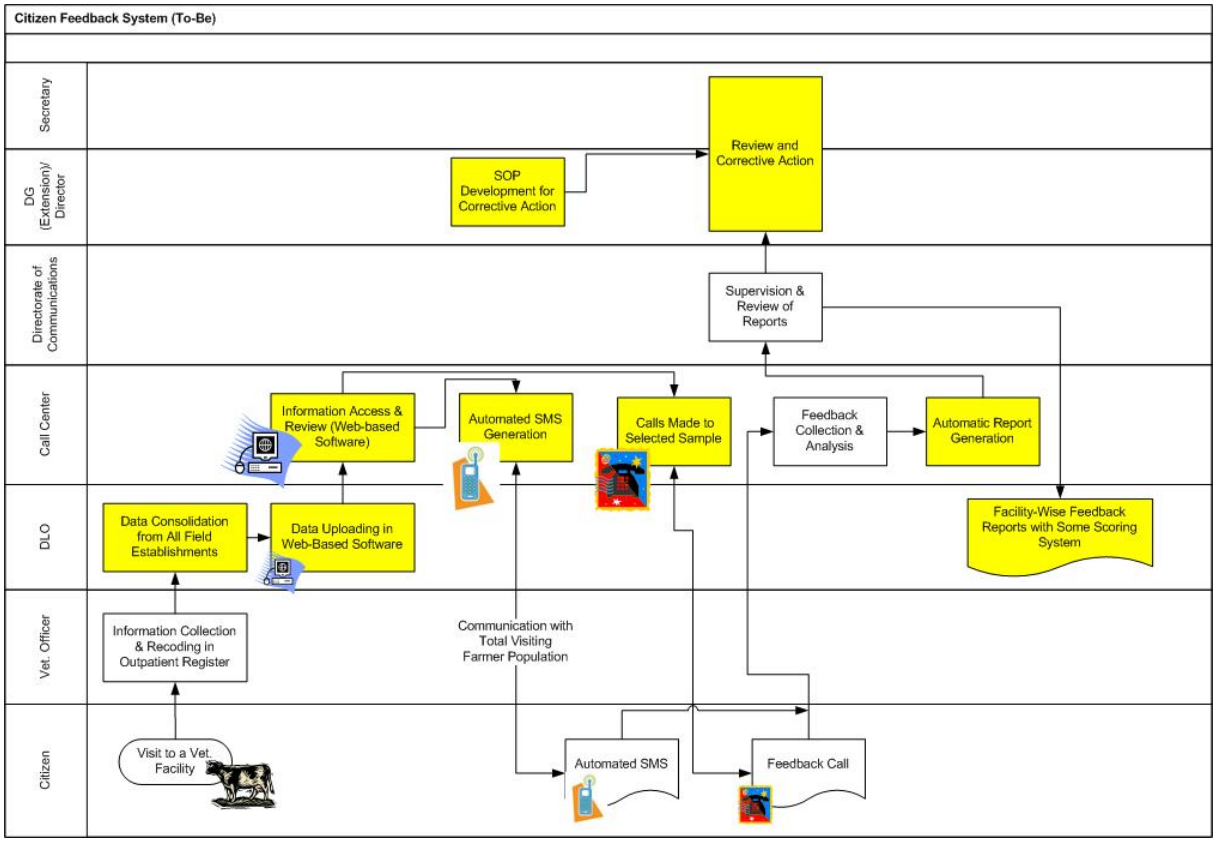


Figure 23: Citizens Feedback System – 'To-Be' Process



16. Preventive Animal Health Services

The Department considers preventive health to be one of its core and most important functions. Multiple layers and wings of the department are involved in performing this function. Vaccine production targets are set by the Secretary and DG Extension, whereas vaccines are produced at Veterinary Research Institute (VRI), headed by Director, and Foot and Mouth Disease Research Centre (FMDRC), headed by an Additional Director. Both VRI and FMDRC work under the office of DG Research. Vaccination is performed through field establishments including dispensaries/clinics/hospitals under the overall supervision of DLOs.

16.1 'As-Is' Process

After approval from Secretary L&DD, DG Extension sets annual targets for vaccination. The target is set at the VA level. Currently, each VA is given a target of vaccinating 15,000 animals, including 7,000 buffaloes and cows, 4,000 sheep and goats and 4,000 rural/domestic poultry per year. Based on these targets, DLOs for respective districts send indents for supply of vaccines to Director (DRS&M), who in turn sends these requests to VRI. Based on information received from VRI, the Director (DRM&S) informs the respective DLOs of the supply dates every month. Vaccine supplies are collected through vehicles arranged by the DLO, which generally have some air-conditioning provision to keep selected vaccines at the requisite temperature.

Vaccine production is somewhat limited by the production capacity of VRI and FMDRC[26]. The vaccines produced from FMDRC are also initially transferred to VRI for onward distribution.

The DLO or DDO (Animal Health) receives vaccines on credit, as per quota and availability. The vaccines are then passed on to VOs at various veterinary health facilities according to their fixed targets, again on credit. The VO issues vaccines to VAs, who visits the field (villages) as per their own local schedule to vaccinate the animals.

[26] In 2009-10, a total of 97.6 million dozes were produced, including 38.7 million bacterial vaccines and 58.8 million viral vaccines.

The VO prepares a monthly summary of vaccinations conducted and reports to the DLO, who then passes on consolidated information from his district to the Directorate of Animal Health. The VA also collects user charges[27], which are deposited in the DLO office. The DLO office collects money from all of its field units and deposits this money back in government treasury.

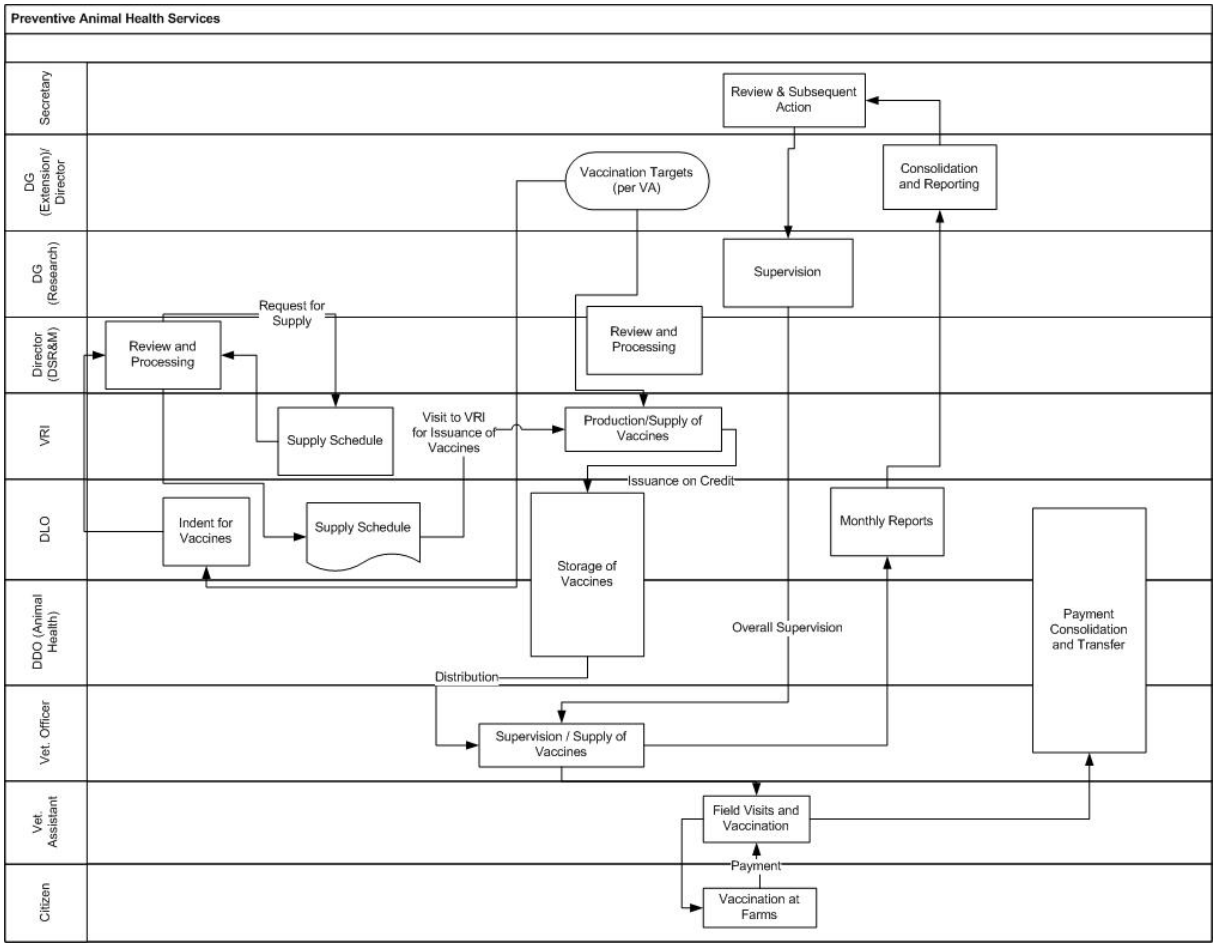
There are no dedicated staff for vaccination and the staff (VO and VAs) assigned to provide curative health services are also responsible for carrying out vaccinations.

VRI operates under the office of DG (Research), which is supposed to improve production technology through the latest research and techniques, although it is widely recognized that this is not happening in any methodical manner.

Apart from routing indents through the Directorate of Disease Surveillance, there is no formal institutional linkage between disease surveillance/reporting and preventive healthcare. Vaccine production is not planned on the basis of any disease forecasting.

Figure 24: Preventive Animal Health Services – 'As-Is' Process

[27] Vaccination charges are PKR 3 for HSV; PKR 15 for FMD and PKR 0.10 for NDV per bird



VRI has a total staff strength of 399 employees, including 85 employees in BPS 17-19 and 314 employees in BPS 1-16. Currently, VRI has 36 vacant posts.

Across Punjab, there are 2,407 VAs in animal health. Based on the target of 15,000 animals per VA, these targets translate into vaccination targets of 16.849 Million vaccinations for buffaloes and cows, 9.628 Million for sheep and goats and 9.628 Million for rural/domestic poultry across Punjab. As per some estimates, the total livestock population in Punjab includes 35 Million buffaloes and cows, 27 Million sheep and cows and 34 Million domestic/rural poultry.

Considering the total animal population, annual vaccination targets, as well as the fact that some vaccinations have to be performed 2-3 times a year, L&DD animal health staff claim a vaccination coverage of 27-30% in Punjab.

16.2 Potential Areas for Improvement

16.2.1 Developing supply chain for vaccination supply, including cold chain (on the pattern of BI)

The supply chain for vaccines currently in use needs significant upgrading. At present vaccines are being collected from VRI by relevant DLOs or their staff using self-arranged vehicles. Some of these vaccines need cold chain storage and consequently officials have to rely on the air-conditioning of their vehicles. The Directorate of Breed Improvement has a dedicated fleet of 8+ vehicles and a similar arrangement can be established for vaccine supply as well. Such an arrangement may include a distribution centre in southern Punjab or at any other appropriate location.

16.2.2 PPP in VRI

L&DD relies on its own production facility – VRI – for production and supply of vaccines. As the production of vaccines is typically considered a ‘private good’, this function can be either privatised or managed through a PPP arrangement. (Such a PPP arrangement is currently under

discussion). The Punjab Public Private Partnership Act 2010 allows PPP arrangements through bidding, although the department would need transaction advisory support to successfully manage this procurement/contracting process.

16.2.3 Enhancing Vaccination Coverage

As explained earlier L&DD's current capacity constraints (especially on the supply-side) prevent it from meeting vaccination requirements adequately. L&DD should consider overcoming this constraint either through increased production at VRI or facilitating private production coupled with guaranteed purchase contracts.

Furthermore, some critical vaccines - such as PPR or FMD's - are not being manufactured at all, either due to capacity constraints or shortage of some specific ingredients. L&DD should consider importing some of these vaccines (or their ingredients) to ensure their supply.

16.2.4 Developing and Strengthening Linkages between Disease Surveillance and Preventive Healthcare

Vaccine production at VRI is mostly supply-driven and is not based on any demand forecasting. It is proposed that production of vaccines be linked with disease forecasting at the Disease Surveillance Directorate.

16.2.5 Strengthening Research Function

Although vaccine production falls under DG (Research), there has been limited focus on research to develop new/improved vaccines. There is need for a dedicated focus on research, either through primary research or through partnerships with national and international research organizations.

16.2.6 Effective Coverage by VAs through Structured Field Visit Planning

Similar to BI, the vaccination function is mostly supply-driven with field staff given a target for a particular number of vaccinations. These targets do not include any condition on the coverage area, or outreach to distant rural areas. If the animal health staff can find enough customers in nearby villages, they do not have an incentive to go to far flung areas. This should be remedied so that vaccination coverage extends to all parts of the Province. Besides a structure approach for effective field visit planning, the staff must be given some incentives and adequate logistical support to perform their duties and enhance the outreach.

16.2.7 Quality Regime for Vaccine Production

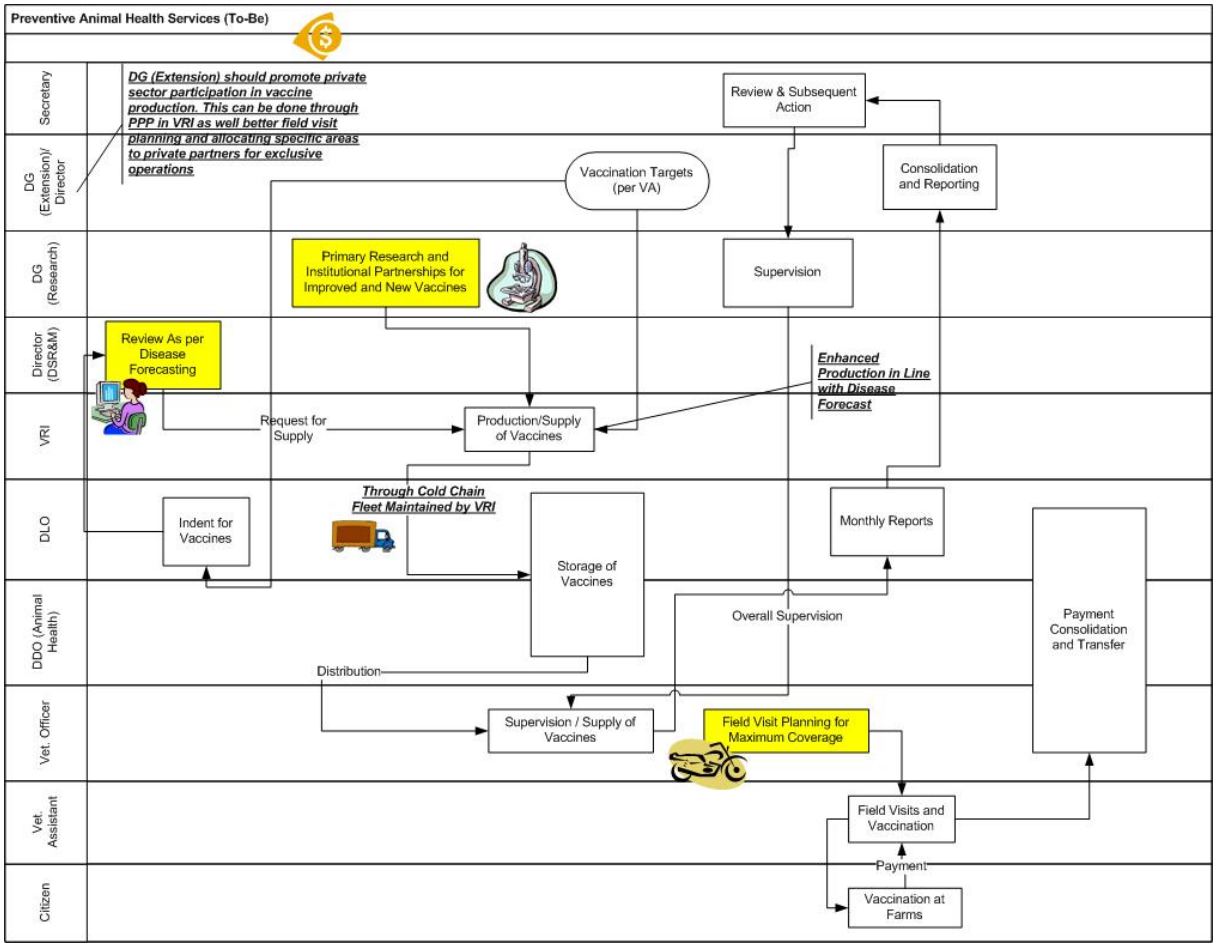
There needs to develop a comprehensive quality regime to review and ensure production/supply of quality vaccines by government as well as private sector. This can possibly be done through developing a robust regulatory regime, with adequate institutional capacity to implement that.

16.3 New Proposed Process

In short, the preventive healthcare service provision can be improved through:

- Increased supply of vaccines, through increased production (and/or private production)
- Institutional review of vaccine production and possibly a PPP arrangement for the facility
- Increased focus on research for new/improved vaccines
- Maximum coverage through better field visit planning
- Demand-based production/supply of vaccines linked with disease forecasting

Figure 25: Preventive Animal Health Services – 'To-Be' Process



Section 5: Way Forward

17. Next Steps

This BPR review report has attempted to scan through a number of critical government-to-citizen processes. It has identified a number of high impact improvement areas where, if enacted successfully, are likely to result in substantial improvements to service delivery. A number of the suggested solutions aim to improving government's capacity substantially though technology – which should also lay the foundations for further improvements in years to come.

The key steps to make these interventions successful are:

17.1 Departmental Review and Prioritization

Departmental stakeholders need to review the report's recommendations carefully and identify a few selected areas for immediate implementation. This short-listing should not preclude any valuable suggestions, but it should include some sort of prioritisation, on the basis that focussed resource in a few areas is more likely to yield results than an attempt to do everything at once.

17.2 Implementation Plan

Once this prioritisation/short-list has been drawn up, a comprehensive implementation plan should be developed for the selected interventions. This plan should include brief and crisp descriptions of what is to be done, when and by whom. Each intervention should be considered a project in its own right, with clear objectives, resources and timeframes.

17.3 Availability of Resources

Once implementation plans have been agreed, the Department will need to address the challenge of resources. It is proposed to fund infrastructure and software costs through public funding; i.e. through the development of PC-I documents to access funding from the development budget. Support for the development of these PC-I documents - as well as for any other technical assistance needed for implementation of these reforms - can be provided by the current PGEIP project, as part of its implementation support. Other funding streams, such as PEOP for L&DD or TAMA for both departments, can also be explored.

17.4 Departmental Support and Ownership

Departmental ownership and support is the most critical requirement for successful implementation of these reforms. It proposed that once the short-listing is done, both departments need establish lean project implementation units, which can be staffed by existing talented individuals from the two departments, without any additional responsibility, to ensure a dedicated focus on these reforms. This would also ensure continuity and sustainability of these reforms.

17.5 Change Management

Once the reforms are being implemented, it would be important to manage the change, both within the departments as well as in government-citizen interfaces, to avoid any distortions and to create ownership and awareness to embed the reforms successfully in the existing (or modified) institutional structure. Technical advice on change management can be provided by the PGEIP project, but ultimately change management is about leadership and communication, which can only be provided by the senior managers in the Departments.

18. Conclusion

This diagnostic report has identified some key areas for improvement to transform the existing processes in the two client departments and make them more meaningful, relevant and robust. These interventions are not only likely to result in improving the service delivery in these two departments, but would also help in refining the reform agenda in the light of this pilot experience and calibrate it with the needs of other government departments. It is suggested to ensure adequate dissemination of lessons learnt and successes achieved from this experience to other departments and stakeholders outside the departments to improve the BPR strategy and also make the whole experience more beneficial through replication elsewhere.

Appendix A: List of Earlier Reports

No.	Date	Report Title	Undertaken by
1	November, 2007	*Civil Service Reforms in Pakistan* (PRMP II)	Kardar, Shahid
2	November, 2007	*International Civil Service Reform: Lessons for the Punjab* (PRMP II)	Laking, Rob
3	2009	*Calibrating the Civil Service Institutions for People's Wellbeing in Punjab - Analysis and Reform Options*	Rasool, Musharraf
4	August, 2010	Dairy Sector Management Benchmarking Study	Wynn, Peter (PRMP/ADB)
5	-	L&DD Employee Satisfaction Survey	Hassan Shah and Associates (PRMP)
6	-	Workforce Readiness to Change Assessment Report	Khawaja, FarhanAziz; (PRMP)
7	March, 2010	Livestock Sector Strategy	CrownAgents (DFID/TAMA)
8	May, 2010	Dairy Sector Management Rapid Sector Review MTBF	Wynn, Peter (PRMP/ADB)
9	-	LDD Farmer Survey – Benchmarking Service Delivery	Hassan Shah and Associates (PRMP)
10	July, 2010	Policy Reform Project in Property Tax Collection	Olken, Benjamin; Khawaja, Asim; Khan,Adnan
11	May, 2010	Excise and Taxation Department Benchmarking Exercise	PKD Consultancy Ltd, UK (ADB/PRMP)
12	March, 2010	Excise and Taxation Department Rapid Sector Review	PKD Consultancy Ltd, UK (ADB/PRMP)
13	April, 2010	High Level Government Review: Departmental summary of Excise and Taxation Department	CrownAgents (DFID/TAMA)
14	October, 2009	Fiscal and Financial Management Reform: Taxation Reform	GHK International (ADB/PRMP)
15	March, 2009	Property Tax Decentralization Program Scope Evaluation and Gap Analysis	Institute of Revenues Rating and Valuation (IRRV)
16	2004-05	Tax and Revenue Administration	A.F. Ferguson (ADB/PRMP)

Appendix B: Relevant Forms – E&TD

PT-1 Form

GOVERNMENT OF THE PUNJAB EXCISE & TAXATION DEPARTMENT

COPY OF ASSESSMENT IN FORM PT-1 84283

Lahore Rating Area _____ Book No_____ Sr.No _____

Zone _____ Circle _____ Year _____

1. Serial No.
2. Name or Number of the Sub Division, Mohallah, Street in which the property is situated.
3. Designation of the Property by Name, Number, Type of building etc.
4. Name, Parentage, Caste and residence of the owner.
5. Name, Parentage, Caste and residence of present occupier.
6. Total Area of the site or land.
7. Size of the building according to the plinth area.
8. Size of the building on the site according to the plinth.
9. Number of Storeys/Rooms.
10. Present condition of the building.
11. Site rent if any payable by the owner of the building.
12. In case of the land not occupied by the building, the use to which the land is put.
13. Gross Annual Rental Value assessed.
14. Deduction allowed under the Act :-

    Clause (a)

    Clause (b)

    Clause (c)

    Total:

15. Annual Value proposed.
16. Annual value fixed in pursuance of any objection.
17. Annual value fixed in pursuance of an appeal.

Remarks:

ASSESSING AUTHORITY
RATING AREA

Printed by: Govt. Printing Press, Lahore-2009

Valuation Table (Commercial)

PROPOSED VALUATION TABLE OF COMMERCIAL

CATEGORY		SELF					RENTED				
Class	Property Situated Main Off/Road	Land Area @ Sq. Yard		Covered Area @ Sqft			Land Area @ Sq. Yard		Covered Area @ Sqft		
		1st 500	Exd.500	1st 1500	1500 to 3000	Exd.3000	1st 500	Exd.500	1st 1500	1500 to 3000	Exd.3000
A	Main Roads	Rs.2.40	Rs.1.40	Rs.2.40	Rs.2.00	Rs.1.40	Rs.12.00	Rs.7.00	Rs.12.00	Rs.10.00	Rs.7.00
	Off Roads	Rs.2.00	Rs.1.20	Rs.2.00	Rs.1.60	Rs.1.20	Rs.8.00	Rs.6.00	Rs.10.00	Rs.8.00	Rs.6.00
B	Main Roads	Rs.1.60	Rs.1.20	Rs.1.60	Rs.1.40	Rs.1.20	Rs.8.00	Rs.6.00	Rs.8.00	Rs.7.00	Rs.6.00
	Off Roads	Rs.1.40	Rs.1.00	Rs.1.40	Rs.1.20	Rs.1.00	Rs.7.00	Rs.5.00	Rs.7.00	Rs.6.00	Rs.5.00
C	Main Roads	Rs.1.40	Rs.1.00	Rs.1.40	Rs.1.20	Rs.1.00	Rs.7.00	Rs.5.00	Rs.7.00	Rs.6.00	Rs.5.00
	Off Roads	Rs.1.00	Rs.0.60	Rs.1.00	Rs.0.80	Rs.0.60	Rs.5.00	Rs.3.00	Rs.5.00	Rs.4.00	Rs.3.00
D	Main Roads	Rs.1.00	Rs.0.60	Rs.1.00	Rs.0.80	Rs.0.60	Rs.5.00	Rs.3.00	Rs.5.00	Rs.4.00	Rs.3.00
	Off Roads	Rs.0.80	Rs.0.50	Rs.0.80	Rs.0.60	Rs.0.50	Rs.4.00	Rs.2.50	Rs.4.00	Rs.3.00	Rs.2.50
E	Main Roads	Rs.0.80	Rs.0.50	Rs.0.80	Rs.0.60	Rs.0.50	Rs.4.00	Rs.2.50	Rs.4.00	Rs.3.00	Rs.2.50
	Off Roads	Rs.0.50	Rs.0.30	Rs.0.50	Rs.0.40	Rs.0.30	Rs.2.50	Rs.1.50	Rs.2.50	Rs.2.00	Rs.1.50
F	Main Roads	Rs.0.64	Rs.0.40	Rs.0.64	Rs.0.40	Rs.0.30	Rs.3.20	Rs.2.00	Rs.3.20	Rs.2.00	Rs.1.50
	Off Roads	Rs.0.40	Rs.0.25	Rs.0.40	Rs.0.25	Rs.0.20	Rs.2.00	Rs.1.25	Rs.2.00	Rs.1.25	Rs.1.00
G	Main Roads	Rs.0.50	Rs.0.32	Rs.0.50	Rs.0.32	Rs.0.25	Rs.0.50	Rs.1.60	Rs.2.50	Rs.1.60	Rs.1.25
	Off Roads	Rs.0.32	Rs.0.20	Rs.0.32	Rs.0.20	Rs.0.16	Rs.1.60	Rs.1.00	Rs.1.60	Rs.1.00	Rs.0.80

Valuation Table (Residential)

PROPOSED VALUATION TABLE OF RESIDENTIAL

CATEGORY		SELF				RENTED			
Class	Property Situated Main Off/Road	Land Area @ Sq. Yard		Covered Area @ Sqft		Land Area @ Sq. Yard		Covered Area @ Sqft	
		1st 500	Exd.500	1st 3000	Exd.3000	1st 500	Exd.500	1st 3000	Exd.3000
A	Main Roads	Rs.0.40	Rs.0.30	Rs.0.40	Rs.0.30	Rs.4.00	Rs.3.00	Rs.4.00	Rs.3.00
	Off Roads	Rs.0.30	Rs.0.25	Rs.0.30	Rs.0.25	Rs.3.00	Rs.2.50	Rs.3.00	Rs.2.50
B	Main Roads	Rs.0.30	Rs.0.25	Rs.0.30	Rs.0.25	Rs.3.00	Rs.2.50	Rs.3.00	Rs.2.50
	Off Roads	Rs.0.25	Rs.0.20	Rs.0.25	Rs.0.20	Rs.2.50	Rs.2.00	Rs.2.50	Rs.2.00
C	Main Roads	Rs.0.25	Rs.0.20	Rs.0.25	Rs.0.20	Rs.2.50	Rs.2.00	Rs.2.50	Rs.2.00
	Off Roads	Rs.0.20	Rs.0.15	Rs.0.20	Rs.0.15	Rs.2.00	Rs.1.50	Rs.2.00	Rs.1.50
D	Main Roads	Rs.0.20	Rs.0.15	Rs.0.20	Rs.0.15	Rs.2.00	Rs.1.50	Rs.2.00	Rs.1.50
	Off Roads	Rs.0.15	Rs.0.10	Rs.0.15	Rs.0.10	Rs.1.50	Rs.1.00	Rs.1.50	Rs.1.00
E	Main Roads	Rs.0.15	Rs.0.10	Rs.0.15	Rs.0.10	Rs.1.50	Rs.1.00	Rs.1.50	Rs.1.00
	Off Roads	Rs.0.10	Rs.0.05	Rs.0.10	Rs.0.05	Rs.1.00	Rs.0.50	Rs.1.00	Rs.0.50
F	Main Roads	Rs.0.12	Rs.0.08	Rs.0.12	Rs.0.08	Rs.1.20	Rs.0.60	Rs.1.20	Rs.0.60
	Off Roads	Rs.0.08	Rs.0.04	Rs.0.08	Rs.0.04	Rs.0.80	Rs.0.40	Rs.0.80	Rs.0.40
G	Main Roads	Rs.0.09	Rs.0.05	Rs.0.09	Rs.0.05	Rs.0.90	Rs.0.45	Rs.0.90	Rs.0.45
	Off Roads	Rs.0.07	Rs.0.04	Rs.0.07	Rs.0.04	Rs.0.70	Rs.0.35	Rs.0.70	Rs.0.35

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