

**Stakeholder Engagement Plan**

**Pakistan Goes Global: An Initiative for a Global and Technology Driven Pakistan**

**P170271**

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**Acronyms**

|  |  |
| --- | --- |
| BBRI | Better Business Regulation Initiative |
| BOI | Board of Investment |
| ESS | Environmental and Social Standard |
| FBR | Federal Board of Revenue |
| FST | Federal Services Tribunal |
| GRC | Grievance Redress Committee |
| MOC | Ministry of Commerce |
| MOIP | Ministry of Industries and Production |
| NTC | National Tariff Commission |
| PBC | Performance Based Conditions |
| PBS | Pakistan Bureau of Statistics |
| PDU | Performance Delivery Unit |
| PGG | Pakistan Goes Global |
| PGG Board | Pakistan Goes Global Board |
| PTF | Project Task Force |
| PMU | Project Management Unit |
| SBP | State Bank of Pakistan |
| SEP | Stakeholder Engagement Plan |
| SRO | Statutory Regulatory Order |
| SSU | Shared Services Unit |
| STPF | Strategic Trade Policy Framework |
| T&I | Trade and Investment |
| TDAP | Trade Development Authority of Pakistan |
| TPW | Trade Policy Wing |

# Introduction

This document constitutes the Stakeholder Engagement Plan for the Pakistan Goes Global (PGG) project, being prepared by the Government of Pakistan in collaboration with the World Bank.

The overall objective of PGG is to improve the enabling environment for exports and strengthen export promotion. Specifically, the project will focus on investments around three aspects of the enabling environment for exports: export promotion infrastructure, automation of government to business interactions to reduce costs and increase transparency, and implementation support to reduce the country’s anti-export bias, and on the other, on investments in export promotion infrastructure. The project has two main components: 1) Investing in the enabling environment for exporting; and 2) Investing in export promotion infrastructure. Each of the two components will contribute in synergy to strengthen trade and investment competitiveness in Pakistan, by redesigning the institutional set up and increasing transparency and accountability of government funded support programs, improving the incentive schemes so that trade and investment costs are reduced, and upgrading the export promotion infrastructure to better tap into export market opportunities. A third component will deal with contingent emergency response, or issues arising due to the ongoing COVID 19 pandemic or other emergencies.

In terms of areas of operation, component 1 focuses on investing in institutional strengthening for export competitiveness. This involves supporting the establishment of a Pakistan Goes Global (PGG) Board to coordinate export promotion efforts across different institutions and different tiers of government; creating a one stop shop for business licensing and regulation in Pakistan, and strengthening the institutions responsible for trade policy, as well as tariff policy formulation. Component 2 will support the launch of a country branding campaign, and other efforts to modernize Pakistan’s trade diplomacy; in addition to creating mechanisms to link local sellers with global markets, both in person and through virtual events.

## Stage of the Project

The project is in the final stages of preparation.

## Project Details

The Government is cognizant of the fact that there is a lack of coordination between various departments which are dealing with matters pertaining to commerce and trade. There is an increased realization that if the country has to compete in the international market, there needs to be synergy of effort amongst various government agencies responsible for different elements of the trade and commerce sector.

The program is designed to increase strategic coordination of government agencies and to promote evidence-based policymaking; investments towards automation, and investments towards export promotion. The operation will finance both direct expenditures procured under specific activities, as well as expenditure programs associated with performance-based conditions (PBCs) aimed at achieving results under the different components.

Component 1: Investing in the Enabling Environment for Exporting

This component invests in institutional strengthening for export competitiveness, including: (i) establishment and operations of a PGG Board to improve federal and provincial policy coordination and build a feedback loop with the private sector; (ii) establishment of a monitoring and evaluation platform for trade-support public interventions and monitoring and evaluation and impact evaluations of export-support public interventions; (iii) establishment of a one-stop shop for business licensing and registration in Pakistan, roll-out of an e-payment system for registration and licensing fees, and [design and implementation of] monitoring and communication strategy to ease the implementation of regulatory reform among the business community; and (iv) strengthening of Trade Policy Wing and National Tariff Commission in MOC.

**Component 2: Investing in export promotion infrastructure**

This component invests in provision of support for the export promotion infrastructure, including: (i) carrying out of a country branding campaign, including provision of Trade Fair Grants to firms for participation in virtual or presential trade fairs/exhibitions; (ii) re-vamping of the role of the trade attaches’ network in export promotion to modernize Pakistan’s trade diplomacy; and (iii) design and roll-out of an export intelligence platform, as a one-stop shop for exporters, to connect global buyers with local sellers.

## Project Management, Monitoring and Evaluation

MoC, through the Directorate General of Trade Policy, will be the main IA for the Project and will liaise and coordinate with BoI, and TDAP in implementing the Project. MoC and BoI will be responsible for Component 1 in their respective domains, while TDAP and MoC will be responsible for Component 2. The implementation agencies will have full fiduciary authority and autonomy over project activities. Each will appoint a project director and will hire procurement and financial management specialists. BOI and TDAP will designate E&S Focal Points to implement Project E&S requirements.

In addition, the project will establish a Shared Services Unit (SSU). This SSU will comprised of a Environmental and Social Safeguard Specialist, a Communication Specialist, and M&E specialists to ensure safeguards, communication and M&E compliance within the entire project. These positions may be filled by technical experts hired from the market or by technical staff deputed by the government. Additional consultants may also be hired as the need arises. The PMU and SSU will be established within one month of Project approval.

A Project Task Force (PTF) led by the Advisor of Commerce, Textiles, Industries and Production will be formed and officially notified by the government for this project. It will have representation from all the government entities involved in the project to ensure effective and coordinated implementation. The PTF will be responsible for overall project oversight and monitoring implementation progress. The PTF will also facilitate inter agency coordination to ensure that the agencies engaged in the project work in unison towards achieving the project development objective, facilitate resolution of interagency disputes, if any, facilitate the PMUs in securing relevant approvals, and provide overall strategic guidance to the project. The PTF will also serve as the primary platform by way of which the PGG Board will be kept abreast of project level interventions, developments and impact.

The MOC through the SSU will lead and coordinate program monitoring and evaluation. M&E experts in the SSU will liaise and coordinate with the various implementation agencies for timely collection of data related to project activities, its collation and subsequent analysis. The agencies responsible for the implementation of the respective components and activities will ensure regular collection of data.

## Social and Environmental Risks

The overall E&S risk of the project has been assessed as “Low” as noted in the Environmental and Social Screening Report. The Project’s risk from a social standpoint in relation to its different stakeholders is mainly communications and outreach, and inclusion of the firms owned by vulnerable groups such as women, minorities, and those without adequate education and computer skills. With regard to business development, a concerted effort will be made to reach women owned firms, as well as enterprises run by traditionally marginalized groups such as the differently abled or religious minorities. In general, the project will attempt to build capacity in a range of firms who may not typically have exposure to business development services.

The program is expected to have very limited effect on the environment. The only possible environmental implications would be e-waste concerns, which would arise from disposal of old IT equipment. A comprehensive mapping of the equipment and e-waste management plan is being developed for the program under the Environment and Social Screening Report.

## Implementation Arrangements

As noted above, MOC, through the Directorate General of Trade Policy, will be the main implementing agency for the project and will liaise and coordinate with two other implementation agencies i.e. BOI and TDAP in implementing the project.

The project will establish a Shared Services Unit (SSU). This SSU will comprise of an Environment and Social Safeguard Specialist (one position), a Communications Specialist and M&E specialists to ensure safeguards, communication and M&E compliance within the entire project. These positions may be filled by technical experts hired from the market or by technical staff deputed by the government. The SSU will be housed in the main implementing agency. The main implementing agency will be responsible for compiling all semi-annual and annual reports and will share them with the Bank (financial reports, audits reports, procurement, safeguards and monitoring reports etc.). The Operations Manual will describe the lines of reporting between the SSU and the other implementing agencies.

# Regulations and Requirements

This section lays out the engagement requirements of the key stakeholders.

## National Requirements

Project implementation agencies are committed to consult with stakeholders prior to undertaking any significant reform effort. In this regard, the MOC has been leading consultations with key stakeholders before the finalization of PGG.

## World Bank Requirements

The World Bank’s Environmental and Social Standard (ESS) 10 deals with stakeholder engagement and information disclosure. The document states that, *“…ESS recognized the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation*.”

ESS 10 in the scope of application clearly states that, “*it applies to all projects supported by the Bank through Investment Project Financing. The Borrower will engage with stakeholders as an integral part of the project’s environmental and social assessment and project design and implementation, as outlined in ESS1*.”

The stakeholders in ESS 10 are defined as either those who are affected or likely to be affected by the project, or what the document refers to as “other interested parties.” Project affected parties are normally those whose environmental, health, security and livelihoods etc. would be directly affected by the project. The “other interested parties” refers to those individuals, groups or organizations with an interest in the project, but who are not directly affected. A detailed stakeholder analysis follows in Section 4.

ESS 10 also lays down specific requirements for stakeholder engagement:

* “Borrowers will engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts.
* Borrowers will engage in meaningful consultations with all stakeholders. Borrowers will provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.
* The process of stakeholder engagement will involve the following, as set out in further detail in this ESS: (i) stakeholder identification and analysis; (ii) planning how the engagement with stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding to grievances; and (vi) reporting to stakeholders.
* The Borrower will maintain and disclose as part of the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not.”

The Borrower, as laid out under paragraph 10 of ESS10 would start by identifying the different stakeholders, both affected parties and other interested parties. The guidance note to ESS 10 lays down the process which would be used to identify the relevant stakeholders, and also advises to conduct preliminary discussions with the representatives of the identified stakeholders.

Paragraphs 13 to 18 lay down the main facets of the stakeholder engagement plan. Paragraph 13 states that, “*Borrower will develop and implement a Stakeholder Engagement Plan (SEP) proportionate to the nature and scale of the project and its potential risks and impacts. A draft of SEP would be disclosed as early as possible, and before the project appraisal, and the Borrower needs to seek the views of stakeholders on the SEP, including on the identification of stakeholders and the proposals for future engagement. If significant changes are made to the SEP, the Borrower has to disclose the updated SEP.*”

In paragraph 14 the ESS 10 also states that, “*SEP will describe the timings and methods of engagement with stakeholders, throughout the life-cycle of the project… The SEP will also describe the range and timing of information to be communicated to the project affected parties, and other interested parties*.”

Paragraph 16 of ESS 10 states that the Borrower would make sure that there is effective participation of disadvantaged and vulnerable groups, who under normal circumstances would not have access to or be made part of the consultative process.

# Summary of Previous Stakeholder Engagement Activities

The MOC has held consultations with stakeholders on several initiatives in the past. Below is a brief account of these.

*Consultations for STPF 2019*: The MOC conducted consultations to get inputs for the Strategic Trade Policy Framework (STPF) 2019-24 in 2017-18. A consultative exercise was carried out, reaching out to industry representatives, chambers, and industry associations in ten cities of Pakistan. Moreover, proposals were invited from a range of stakeholders including trade bodies, missions, academia, provincial government departments, attached departments, other ministries and retired Secretaries of Commerce from October 2017 to February 2018. To this effect, an advertisement was also placed in the newspapers in January 2018. More than 1200 proposals were received and consolidated, some of which were then incorporated in the upcoming trade policy framework.

*Buying and Sourcing Houses Symposium 2018*: The first Buying and Sourcing Houses Symposium was held in Karachi on 28th March 2018. The symposium was organized by the MOC and TDAP. The Symposium was attended by representatives of buying-houses of leading retail chains and international brands based in Pakistan.  The recommendations received in the Symposium will also be made part of the upcoming STPF. The participants shared constructive proposals on how to make Pakistan an attractive destination for sourcing by international buyers.

*National Tariff Policy 2018*: MOC and NTC also initiated consultations for a tariff rationalization exercise to be incorporated in the first National Tariff Policy. The objective of the policy is to simplify the tariff regime by removing anomalies, reducing high tariffs on raw materials and intermediate inputs, and addressing anti-export bias due to high protection of inefficient industries. In pursuance of Rules of Business, 1973, which assigns Tariff (Protection) policy and its implementation to the Commerce Division, a consultative exercise was undertaken in April 2018 in Rawalpindi to develop the first ever National Tariff Policy with an aim to make the tariff structure truly reflective of trade policy priorities, improve competitiveness through duty-free access to imported inputs, rationalize the tariff structure for enhancing efficiencies, and reduce the relative “disincentive” for the exporting activities.

*STPF 2015*: During the formulation of the Strategic Trade Policy Framework (STPF) 2015-18, a comprehensive stakeholder exercise was undertaken which lasted more than a year and was carried out by the MOC. Proposals and feedback were sought from various chambers of commerce, universities, trade associations, Pakistani missions abroad and government departments. A total of 837 consultations were carried out, which were finalized in a day-long Advisory Council Meeting chaired by the Minister. The summary of proposals received is given in the table below.

Table 3.1: Proposals Submitted by Stakeholders for STPF 2015-18

|  |  |
| --- | --- |
| Organization | No. of Proposals |
| Federation of Pakistan Chambers of Commerce and Industry. | 50 |
| Chambers of Commerce and Industry | 110 |
| Trade Associations | 160 |
| Private Sector | 50 |
| Pakistan’s Missions Abroad | 240 |
| Ministries, Federal Departments and Provincial Government Departments | 200 |
| Universities/Academia/Research Organizations | 27 |

Source: STPF 2015-2018.[[1]](#footnote-2)

The table below summarizes the key information on previous stakeholder engagement.

Table 3.2 Previous Consultations and Engagement with Project Stakeholders

| Place | Date | Participants | Key issues discussed |
| --- | --- | --- | --- |
| Karachi | March 28, 2018 | Buying-houses of leading retail chains and International brands | How to increase exports and ways by which Pakistan can become an attractive destination for foreign buyers. |
| Consultations held in 10 cities of Pakistan with various stakeholders, and proposals were also solicited from public at large by placing an advertisement in the newspaper. | October 2017 to February 2018 | Chambers of Commerce and Industries, Business Associations, trade bodies, Trade missions, Academia, Provincial Governments, Other Ministries and Retired Civil Servants. | Get inputs for Strategic Trade Policy Framework (STPF) 2019-24 |
| Rawalpindi | 18th April 2018 | Industry associations, government | Suggestions for the new National Tariff Policy 2019 were sought, and based on these consultations a draft was finalized by the NTC |

## Lessons Learned from Stakeholder Engagement

The stakeholder engagement exercises carried out by the MOC so far demonstrate that bringing interested parties on board when formulating policy yields dividends in terms of useful and workable recommendations and buy in from interest groups. It also serves to build trust between the government and stakeholder groups and enables both parties to forge a common pathway towards the ultimate goal of benefitting Pakistan’s economy. However, past experience suggests that documenting the process of stakeholder engagement more carefully and ensuring that a two-way flow of information takes place during the process, as well as after, is essential. This will help to put the dialogue on record, enable both parties to refer to it, and serve as a basis for future rounds of consultations.

Further, best practices in consultation also require certain protocols to be followed, including timely circulation of proposed agendas, consultation on finalization of the agenda, circulation of background information on agenda items (wherever possible), recording of minutes, circulation of minutes and incorporation of comments on the same, and then uploading proceedings/minutes on an easily accessible platform. All these will be part of the process in consultations to be undertaken for PGG.

## Stakeholder Engagement in PGG Project Preparation Phase

Stakeholder engagement meetings were organized in Karachi and Sialkot, with the help of TDAP and SMEDA respectively. The purpose of the consultations was to inform interested industry bodies and individuals about the proposed Project, and solicit their views so as to fine tune Project interventions as needed. Stakeholders indicated their preferred mode of communication/engagement during Project implementation would be through online means and occasional in-person consultations (which in light of COVID-19 will be done virtually until the pandemic is controlled). The consultations were documented and notes shared with participants.

***Consultation in Karachi, November 19, 2019***

The consultation began with a presentation on Pakistan Goes Global, in which the Ministry of Commerce (MOC), Board of Investment (BOI), Trade Development Authority of Pakistan (TDAP) and Small and Medium Enterprise Development Authority (SMEDA) presented key activities that they will undertake as part of the program. TDAP managed to bring together representatives from not only the Chambers of Commerce, but also from non-traditional sectors such as handicrafts and IT.

The participants were appreciative of the efforts being made by the Ministry and relevant agencies to mitigate their problems, and agreed in broad terms with the structure of the project. They also pointed towards structural and policy issues, which hamper their ability to conduct businesses – some of which were outside the scope of the project.

One of the most mentioned issues, was the high cost of running a business in Pakistan due to inflated costs of inputs, which makes their products uncompetitive in the international markets. Another issue mentioned by the participants repeatedly was issues in access to finance and the high cost of borrowing.

Delays in sales tax refunds on the part of the FBR was a major concern for all the participants, and they felt that these delays have created liquidity issues and uncertainty in the business environment.

It was also suggested that export promotion efforts from the Government now need to focus on non-traditional sectors such as IT and software exports. The current IT exports of Pakistan stand at USD 1billion, as compared to USD 150 billion for India. The sector has significant potential for growth, which has yet to be explored.

It was also recommended that there should be a credible stock of knowledge on sectors’ potential and challenges, including country publication on the investment opportunities and climate in the country to facilitate investors. In addition, it was recommended that Government should focus on and conduct studies on the success stories in the region, and understand what other countries have done to boost exports. One of the models proposed for study was that of Bangladesh, which, in the last few years, has significantly enhanced its exports.

***Consultation in Sialkot, November 21, 2019***

The consultation began with a presentation on Pakistan Goes Global, in which the Ministry of Commerce (MOC), Board of Investment (BOI), Trade Development Authority of Pakistan (TDAP) and Small and Medium Enterprise Development Authority (SMEDA) presented key activities that they will undertake as part of the program.

During the discussion, participants said that the local industrialists already pay a high cost for utilities, and now with the exchange rate devaluation, input costs have further gone up, thus making local industry uncompetitive in comparison to rivals in South Asia.

The participants were of the view that Sialkot should be viewed differently from the other industrial hubs across Pakistan, as most of the industry here consists of SMEs. One of the biggest issues which came up during the discussions was lack of access to finance, and the bank’s reluctance to provide loans without collateral. Despite SBPs policies allowing the issuance of small loans without collateral, it is in practice difficult to access even small loans.

The issue of delays in sales tax refunds came up very frequently during the meeting as the slow refund process has created problems for the exporters and they are having difficulties meeting orders. The participants felt that refunds are prioritized for large industries like textiles, and SMEs are neglected in the process.

It was also pointed out that due to lack of accreditation labs in Pakistan, products are sent abroad for testing and certification, which significantly adds to the cost. The certification requirements of buyers are becoming more stringent and are ever changing, which makes it difficult for small industries to keep up. In addition, the payment processes have become more difficult due implementation of FATF regulations by the SBP, which not only adds time to the processing of payments, but also puts additional burden on businessmen, who are more vulnerable to exchange rate risk.

Research and Development is an area which participants felt was neglected by the local industry as it requires a lot of investment, which most of them were in no position to make. They acknowledged that they have been making the same products for decades, without much innovation and improvement. They were of the view that support from the Government in research and development would help them to not only improve their products, but also help bring down the cost of production.

# Stakeholder Identification and Analysis

There are three categories of stakeholders identified under ESS 10. These include project affected parties, other interested parties, and disadvantaged and vulnerable groups.[[2]](#footnote-3) Project affected parties are defined in the ESS 10 as “*those likely to be affected by the project because of actual impacts or potential risks to their physical environment, health, security, cultural practices, well-being, or livelihoods. These stakeholders may include individuals or groups, including local communities*.”[[3]](#footnote-4) The other interested parties “*refers to individuals, groups, or organizations with an interest in the project, which may be because of the project location, its characteristics, its impacts, or matters related to public interest. For example, these parties may include regulators, government officials, the private sector, the scientific community, academics, unions, women’s organizations, other civil society organizations, and cultural groups*.”[[4]](#footnote-5)

## Project Affected Parties

For this project, the affected parties would mostly be government organizations, employees within these organizations, and also the private sector, mainly firms with potentially exportable products. The affected parties are listed as follows.

1. *Ministry of Commerce (MOC)*:

The role of MOC is central to project implementation and will lead in coordination of activities with project partners. In addition to a coordinating role, the MOC will also be responsible for facilitating the PGG Board, rationalizing trade and tariff policy, building better systems for business regulation and licensing and bringing about improvements in trade diplomacy.

1. *Board of Investment (BOI):*

BOI would be the lead agency for activities whereby the Government looks to automate Government-2-Business (G-2-B) interactions through setting up the Pakistan Business Portal (PBP). In addition, the BOI would be responsible for designing an e-payment system for registration and licensing fee for the system under the overall framework of ease of doing business.

1. *Trade Development Authority of Pakistan (TDAP):*

TDAP as the export promotion organization would have a role throughout the program. In addition to supporting the MOC in taking this program forward, TDAP is the lead organization which would be responsible for provision of export intelligence services to the exporters. Furthermore, TDAP would also have an important role in devising a mechanism in collaboration with MOCT to improve the performance of the commercial attaches.

1. *Business Community:*

A key focus of the proposed project is to facilitate the business community’s linkages with foreign markets, as well as having an active channel of communication with the private sector.

1. *Provincial Industry and Commerce Departments:*

There is a need to coordinate closely with provincial Industries and Commerce departments to achieve the desired increase in export volume and enhance trade. The proposed PGG Board would have representation from the relevant federal and provincial governments and the private sector.

1. *State Bank of Pakistan:*

The role of the State Bank of Pakistan (SBP) would be essential in implementing the proposed policy level changes to the trade structure. The role of SBP would be vital in implementing the program on ease of doing business as the SBP would provide solutions and regulate electronic payments envisaged under the program. Ease of payments would go a long way in achieving a reduction in cost of operations for business. In addition, SBP will also play an integral part in taking forward the component of evidence-based policy making.

1. *Federal Board of Revenue (FBR):*

The role of FBR would also be important under component 1 when the Monitoring and Evaluation Platform for Public Policies on Export Competitiveness is set up, which would gather data from relevant agencies. The FBR would play an important role in providing trade statistics and relevant data, which would then be used for policy formulation. Similarly, the implementation of the National Tariff Policy will require interactions with FBR.

1. *PGG Board (PGG Board):*

The PGG Board will be responsible for tariff policy formulation. This component would strengthen the capacity of the PGG Board, both in-terms of HR and equipment, which would have financial, administrative and HR implications for the organization.

1. *Ministry of Finance:*

The Ministry of Finance will be responsible for taking over regulation of insurance companies after the integration of Ministries.

Table 4.1: Project Affected Parties

| Project Component | Stakeholder Group | Impact | Influence |
| --- | --- | --- | --- |
| Component 1: Investing in the Enabling Environment for Exporting  Establishment of a PGG Board; establishment of a monitoring and evaluation (M&E) platform for trade public support interventions; one-stop shop for business licensing and registration in Pakistan; strengthening of the Trade Policy Wing (TPW) in MOC and of the NTC | Ministry of Commerce, Board of Investment, Federal Board of Revenue, Ministry of Finance, PGG Board, and State Bank of Pakistan. | Positive impact: High (efficiency gains)  Negative Impact: Low or none | High |
| Component 2: Investing in export promotion infrastructure  Country branding campaign; modernizing trade diplomacy; export intelligence platform | MOC, TDAP | Positive impact: High | High |
| Component 3 - Contingent Emergency Response Component (CERC) | MOC, TDAP | Positive Impact High | High to Medium |

## Other Interested Parties

There can be other stakeholders who may be concerned with the project because it indirectly affects their work or has some bearing on it. As elucidated in ESS10, while these groups may not be directly affected by the project, there is a probability that these might have a role in the project at any stage in between, depending on the risks and impacts in particular. Interested parties under this category have been identified as:

1. *Ministry of Climate Change:*

The Ministry would be interested in the program, as there is some potential of the generation of e-waste, although limited in magnitude.

1. *Ministry of Law:*

Due to integration of business processes changes, Rules of Business may need to be amended, which would require inputs from the Ministry. In addition, the Ministry would vet all actions or policy decisions to ensure that they do not violate existing legislation or service rules.

1. *Cabinet Division*:

The Division will be responsible for getting policy approvals from the Cabinet for the proposed reforms.

This SEP includes provisions for conducting consultations with representatives of each of the above listed groups, and defines a strategy for continual engagement with them throughout the project.

Table 4.2: Other Interested Parties

| Other interested parties | Interest in the project |
| --- | --- |
| Ministry of Climate Change | Would be interested in the e-waste management and similar environmental concerns related to the proposed program. |
| Ministry of Law | Ministry of Law and Justice would be involved in providing legal opinions, on the implementation of the project. It would ensure that no actions or policy decisions are taken which are against the law and the laid down rules of business. |
| Cabinet Division | Would be responsible for taking forward and getting approvals on various policy decisions from the Cabinet. |

## Disadvantaged / Vulnerable Individuals or Groups

As per ESS10, it is particularly important to understand project impacts and benefits in the context of disadvantaged or vulnerable individuals or groups. The Guidance Note for Standard 10 describes the barriers that can potentially exist for the vulnerable groups, which can include socio-political, societal conflict, educational, or practical factors.

The participation of women and other vulnerable group business owners was not satisfactory in the two consultations held during project preparation in Karachi and Sialkot. A woman entrepreneur attended the Karachi consultation and her suggestion was to create an online sales platform, and to reach out to more women-owned businesses. Going forward, the Project will prepare a consolidated database of women and minority-owned businesses in relation to specific project activities, such as for example, participation in Trade Fairs and registration in the export intelligence portal which will connect global buyers with local sellers, so as to be able to do effective outreach and consultations with them.

# Stakeholder Engagement Program

The approach for the stakeholder engagement program is underscored by three elements: belief in the strength of qualitative data, commitment to participatory methods, and flexible response methods. An inclusive and participatory approach will be followed by taking the main characteristics and interests of the stakeholders into account, as well as the different levels of engagement, and consultation that will be appropriate for different stakeholders. In general, engagement will be directly proportionate to impact and influence of a stakeholder. As the extent of impact of a project on a stakeholder group increases, engagement with that particular stakeholder group should intensify and deepen in terms of the frequency and the intensity of the engagement method used. The different combinations of influence and importance that a stakeholder may exercise are elucidated in the figure below:

Figure 5.1: Stakeholder Influence and Importance

|  |  |  |
| --- | --- | --- |
|  | **DEGREE OF INFLUENCE**  **High influence Low influence** | |
| **DEGREE OF IMPORTANCE**  **Low Importance High Importance** | Box A: Stakeholders who stand to lose or gain significantly from the project AND whose actions can affect the project’s ability to meet its objectives | Box B: Stakeholders who stand to lose or gain significantly from the project B UT whose actions cannot affect the project’s ability to meet its objectives |
| Box C: Stakeholders whose actions can affect the project’s ability to meet its objectives BUT who do not stand to lose or gain much from the project | Box D: Stakeholders who do not stand to lose or gain much from the project AND whose actions cannot affect the project’s ability to meet its objectives |

## Purpose and Timing of Stakeholder Engagement Program

Stakeholder engagement will take place in three phases – in the project preparation phase, while the project is being implemented, and lastly in the first few months after project activities have been wrapped up.

In the preparation stage, given time constraints, engagement has been limited to interactions with program affected parties. The purpose of engagement at this stage was to apprise the stakeholder groups of planned reforms and activities, to get feedback on inputs on the proposed program, and to ensure that valid concerns of stakeholders and useful suggestions are taken on board and addressed before program activities are finalized. Feedback loops are being created, and a grievance redress mechanism is being designed at this stage, so that stakeholders are confident that their concerns will not be dismissed.

In the program implementation stage, consultations will be carried out with affected parties, and other interested parties. Representatives of vulnerable groups will be included in the consultations with affected parties and others. In this phase, the emphasis will be on disseminating information on how reforms are proceeding, getting feedback on impacts, and consulting on how reforms can be made more effective or their negative effects (if any) mitigated.

Engagement after program conclusion will similarly focus on all three identified stakeholder groups. At this stage of the process, the emphasis will be on understanding how the effects of program activities, both in terms of policy impacts, and how they have affected concerned personnel and organization culture.

The periodicity of consultations will vary through the project cycle. In the preparation stage, two consultations took place in November 2019, focusing on affected parties in Karachi and Sialkot. In the program implementation stage, consultations will be planned quarterly, and will cover all major stakeholder groups at various commercial hubs of the Country (Karachi, Sialkot, Lahore, Faisalabad, Rawalpindi, Quetta and Peshawar). In the post program implementation phase, a fixed number of consultations will be carried out. Details are given in the following sections.

## Information Disclosure

The flow of information is one of the most important aspects of the stakeholder engagement plan. It is vital that complete information is disseminated to the relevant stakeholders and the affected parties at the beginning, and updates are provided at regular intervals as the program proceeds. It is also necessary to give stakeholders ample time to formulate their response and provide feedback during the engagement process. Various modes of communication would be used to disseminate the necessary information to the relevant stakeholders as given in the table below. Documents will be drafted in English, but summaries will be prepared and uploaded in both English and Urdu to facilitate a broader audience.

Table 5.1: Information Disclosure

| Project activities | List of Information to be disclosed | Methods proposed | Timetable: Locations/  Dates | Target stakeholders | Percentage reached | Responsibilities |
| --- | --- | --- | --- | --- | --- | --- |
| Establishment of PGG Board:  This will lead to improved coordination among institutions with mandates over trade and competitiveness policies.  Creation of a Monitoring and Evaluation Center of Public Policies (under PGG Board). This would help increase the efficiency and effectiveness of T&C public policies, and the transparency and accountability of public institutions. | Policy details; implementation plans; evaluation methodology | Policy documents uploaded on program/MOC website; infographics prepared with key features and implementation plans and distributed in consultation meetings as well as posted online; MOC (and later SSU) to start a Twitter account to disseminate information, as well as an interactive portal on website | To be decided based on policy being evaluated | Project Affected persons | Not applicable | MOC (later SSU) |
| One stop shop for business licensing and registration    This would help modernize the Government of Pakistan in areas related to licensing and registration.  Pakistan Business Platform and repayment systems would be introduced for facilitation of the business community. | Business regulations and idea behind the proposed platform. | All regulations on a web portal (Pakistan Business Portal). PBP to have its own Twitter account to keep updating on new policies etc. | Portal to be prepared and uploaded as per program schedule. Communications campaign to be carried on intermittently through program lifecycle to publicize portal | Private sector in general, Firms | All | BOI, MOC (later SSU) |
| Strengthening of TPW in MOC, and NTC  This would address the anti-export bias in tariff policy | National Tariff Policy, Trade policy and relevant schedules | Website of PGG Board and MOC; hard copies of policies sent to chambers and industry associations; dissemination also through SSU Twitter account | Draft policies to be circulated in program preparation phase | Private sector in general, firms | All | PGG Board/ MOC/NTC |
| Modernizing trade diplomacy | Selection criteria and grading standards; lists of selected candidates | Website of MOC | As soon as criteria are finalized | Potential applicants for the positions | All | MOC (later SSU) |
| Country branding campaign:    The creation and implementation of a country branding campaign will directly contribute through increased visibility of Pakistan as a source of export goods and services and as a destination for investment. | Idea behind the campaign and its intended outcomes | Website MOC/ BOI and TDAP | Should be prepared in the program preparation phase | Chamber of commerce and industry and other business associations. | All | MOC, BOI and TDAP |
| Export intelligence services | Rationale behind the proposed intervention.  Implementation plan  Feedback from the stakeholders on the proposed platform | Website of MOC and TDAP | As soon as the program is finalized | Firms | All | MOC, TDAP |

### Proposed Strategy for Stakeholder Engagement

As given in the table above, there is a variety of information that is to be disclosed to stakeholders over the course of program preparation and implementation. The information will be disseminated using relevant strategies depending on the stakeholder group and the program stage. Stakeholders will be provided draft documents in advance of consultations when these are available.

Table 5.2: Strategy for Stakeholder Engagement

| Activities | Target stakeholders | Topic of engagement | Method used | Location/ Frequency | Responsibilities |
| --- | --- | --- | --- | --- | --- |
| Establishment of PGG Board:  This will lead to improved coordination among institutions with mandates over trade and competitiveness policies  Creation of a Monitoring and Evaluation Center of Public Policies (under PGG Board). This would help increase the efficiency and effectiveness of T&C public policies, and the transparency and accountability of public institutions. | Industry groups, government implementation agencies | Key functions of PGG Board  Finalization of TORs for PGG Board.  Implication on HR  Equipment requirements.  Key features of policies; Methodology for M&E | Consultative workshops; focus group discussions, small scale surveys | Plan for creation of the PGG Board should be posted on the website in preparation phase.  Plans for M&E Evaluation Center to be posted on website in preparation phase. Each evaluation would follow a different methodology. These would be carried out during implementation phase. Assessment of performance of Center within first six months after program ends | MOC (later SSU and M&E Evaluation Center) |
| One-stop shop for business licensing and registration  This would help modernize the Government of Pakistan in areas related to licensing and registration.  Pakistan Business Platform and repayment systems would be introduced for facilitation of the business community. | Firms | Policies and steps to improve the ease of doing business.  Information on the proposed platform.  Stakeholder’s feedback and elicit their requirement of the platform. | Dissemination of information through website, and a communications campaign to publicize the website  Workshops. KII and FGDs and Online Surveys | Communications campaign to begin when Beta version of portal is uploaded and carry on through program implementation  A workshop is to be held at design stage and another after the finalization of the platform. | MOC |
| Strengthening of TPW in MOC, and NTC  This would address the anti-export bias in tariff policy. | Private sector in general, firms | Issues faced due to the current tariff policy and the way forward; Inputs on reforms; feedback | Consultative workshops – special effort to reach out to women/minority owned businesses | These would be carried out in Karachi, Lahore, Faisalabad, Quetta and Peshawar and would be a one- time exercise in the preparation phase. | MOC/NTC |
| Modernizing trade diplomacy:  Through better incentive schemes and improving the perception of Pakistani brands in international markets. | Potential applicants | Key performance indicators for Trade and Investment Officers. | Website to carry criteria for selection and job description as well as performance evaluation criteria | Website of MOC: To be posted when policy is final | MOC /SSU |
| Country branding campaign:  The creation and implementation of a country branding campaign will directly contribute to increased visibility of Pakistan as a source of export goods and services and as destination for investment. | Industry groups, government implementation agencies, foreign buyers | Key messages of the campaign | Workshops, FGDs and KIIs | All major chambers of commerce prior to the finalization of the campaign | MOC, TDAP |
| Export intelligence services  Activity seeks to enhance exports through establishment of linkages between the local exporters and international buyers. An export intelligence platform would be rolled out which would be used for: match making of domestic exports and international buyers, and provision of information on various aspects of export markets. | Industry groups, government implementation agencies, foreign buyers and SMEs | Information on the proposed database.  Stakeholder’s feedback and seek their requirement of the database | Stakeholder workshop | All major commercial centers across the country.  A consultation would be held prior to the design phase and another round would take place to present the final product after incorporation of the stakeholder’s feedback. | TDAP |

### Proposed strategy / differentiated measures to include the views of and encourage participation by vulnerable groups

There is a need to make a special effort to reach out to women and minority owned businesses to encourage them to avail of export intelligence services and facilitate them in using the Pakistan Business Portal. All stakeholders will be sensitized in this regard, and the efforts to reach these parties will be monitored.

### Review of Comments

The notes and comments from consultations would be noted and recorded by the officials of MOC and later by the SSU. These would be finalized in consultation with key stakeholders who attended the meetings. Key issues raised will be separated according to departmental or division responsibility and referred to the concerned focal points where action is required. There will be a timeframe for response, with SSU following up to ensure that the responses are secured and communicated.

A summary of workshop/consultation proceedings documenting questions and concerns raised by the affected parties will be presented to the World Bank and senior management of MOC, which would then guide the program intervention. Specialist note takers will capture the discussion carried out in these consultation workshops and present the findings in the form of a report. All such reports will be sent to stakeholders and also uploaded on the ministry website.

# Roles, Responsibilities and Resources for Stakeholder Engagement

The MOC as the lead agency would be responsible for overseeing the stakeholder engagements. A team would be designated by the MOC or SSU for the purpose, comprising communications experts and departmental focal points. The team would be drawn from the MOC resources across Pakistan so that the stakeholder engagement is completed in a timely manner. The contact details, mechanisms and a system of feedback would be notified during the finalization of the stakeholder engagement plan. The SEP would also entail significant cost, as workshops and consultative sessions would need to be conducted in various cities of Pakistan. Engagement for individual PBCs would determine which organizations would lead the effort of stakeholder engagement.

Table 6.1: Roles and Responsibilities

|  |  |
| --- | --- |
| Activities/PBCs | Responsibilities |
| Establishment of PGG Board and creation of a Monitoring and Evaluation Center of Public Policies (under NCC) | MOC |
| One-stop shop for business licensing and registration  Pakistan Business Platform and repayment systems would be introduced for facilitation of the business community. | MOC |
| Strengthening of TPW and NTC | MOC/NTC |
| Modernizing trade diplomacy through better incentive schemes and improving the perception of Pakistani brands in international markets. | MOC |
| Country branding campaign. The creation and implementation of a country branding campaign will directly contribute export promotion through increased visibility of Pakistan as a source of export goods and services and as destination for investment.  . | TDAP |
| Export intelligence services  Activity seeks to enhance exports through establishment of linkages between the local exporters and international buyers. An export intelligence platform would be rolled out which would be used for: match making of domestic exports and international buyers, and provision of information on various aspects of export markets | TDAP |

## Resources

A budget estimate for implementation of stakeholder engagement along the project cycle is presented below. Locations of stakeholder engagement sessions are preliminarily identified below. This is subject to revisions as additional information is obtained.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Stage of Project Cycle | Activity | Location | Unit | Unit Cost (US$) | Total |
| Preparation | Consultations with private sector stakeholders | Sialkot, Karachi | Per meeting | 3,000 | 6,000 |
| Implementation (first four years) | Consultations with private sector stakeholders (quarterly, 16 meetings in total, one per quarter) | Karachi, Sialkot, Quetta, Rawalpindi, Lahore, Faisalabad, Peshawar (on rolling basis) | Per meeting | 3,000 | 48,000 |
|  | Consultations with public sector (annually) | Islamabad | Per meeting | 1,500 | 6,000 |
| Wrap-up process (final year) | Consultations with private sector stakeholders (quarterly, 4 meetings in total, one per quarter) | Karachi, Lahore, Rawalpindi, Peshawar | Per meeting | 3,000 | 12,000 |
| Project lifetime | GRM Database (preparation and maintenance) |  |  |  | 40,000 |
|  | Preparation & dissemination and other costs |  |  |  | 50,000 |
|  | Total |  |  |  | 162,000 |

## Management Functions and Responsibilities

The Project Director shall be overall responsible for implementation of the SEP and will be assisted by the Environment and Social Specialist and a Communication Specialist. Responsibilities are noted in earlier sections, see Table 5.1: Information Disclosure and Table 5.2: Strategy for Stakeholder Engagement. These will be further elaborated in Terms of Reference of the relevant positions, and in the Operations Manual.

# Grievance Redress Mechanisms (GRM)

Paragraph 26 of ESS 10 says that, “*the Borrower will respond to concerns and grievances of project-affected parties related to the environmental and social performance of the project in a timely manner. For this purpose, the Borrower will propose and implement a grievance mechanism to receive and facilitate resolution of such concerns and grievances*.”

## Existing Grievance Redress Mechanisms

All ministries have a “Contact Us” section on their websites, where queries and complaints can be lodged with the relevant officials. Similarly, an official helpdesk email is also provided on the Ministry’s website. In addition to the online systems, feedback and grievances can also be sent to the Ministry through official letters addressed to the Secretary, which are then passed on to the relevant quarters. However, there is no information on how well these avenues work, and how promptly they respond to complaints. Recently, the Prime Minister’s Secretariat has also introduced a Pakistan Citizen’s Portal, where a complaint regarding a ministry or any government department can be lodged directly with the Prime Minister’s Secretariat. A Performance Delivery Unit (PDU) at the PM Office then asks the relevant ministry to address the complaint within a stipulated period of time. After the complaint is addressed, the complainant is asked whether his/her issue was resolved or not, and if not, the complaint is accelerated to a higher level. Again, there is no assessment available as yet about how well the Pakistan Citizen Portal is functioning.

## Existing GRM - For Civil Servants

In case of grievances of civil servants working under the project, complaints can go to the Federal Services Tribunal (FST). FST was constituted under Article 212 of the Constitution of Pakistan, 1973 to adjudicate upon matters relating to the terms and conditions of service for civil servants. The primary objective of establishment of the Tribunal was to provide an independent and autonomous forum for adjudication of disputes relating to the conditions of service of the persons in the service of Pakistan. The Tribunal is headquartered in Islamabad and has two Camp Offices in Lahore and Karachi. The Tribunal is headed by a Chairman (a Retired Judge of the High Court) and Members appointed by the President who are experienced administrators, district and session judges, or senior advocates of the High Court and/or Supreme Court.

The Tribunal does not charge a fee from the appellants for filing of appeal or other documents. However, a nominal amount of Rs.100 as Cash Security and Rs.60 per respondent, as Cost of Service is being charged from the appellants, out of which Rs.100 is refundable to the appellant after the final decision. Judgments are also being provided to the appellants free of cost. Appellants are also allowed to argue their cases themselves without hiring of the services of advocate.

The Tribunal is well respected amongst civil servants and has provided relief to applicants and protected their rights.

## Project GRC – For Project Stakeholders

A project-level Grievances Redress Committee (GRC) will be constituted at MOC, chaired by the Additional Secretary (Admin) (or equivalent in the new structure. The composition of the committee will be as follows:

Table 7.1: Grievance Redress Mechanisms

|  |  |
| --- | --- |
| Designation | Position |
| Additional Secretary (Admin), MOC | Chairperson |
| Director General (SSU), MOC | Vice Chairperson |
| Environment and Social Specialist (SSU), MOC | Secretary |
| Deputy Secretary (Admin & Finance), MOC | Member |

The responsibility for dealing with project related grievances will rest with the SSU. The SSU will hire an Environment and Social Development Specialist who will be responsible for grievance redress, including documentation and record-keeping. The SSU will devise an online system to keep a record of all complaints, including ensuring that complaints are redirected to the relevant desks. A complete feedback loop will also be developed so that complainants can record their satisfaction (or otherwise) with how the complaint was dealt with.

Legal recourse is also an option available with the affected parties. Matters pertaining to policies, service matters, and issues pertaining to tariffs can be taken to service tribunals and the courts.

## Informal Grievance Redress Mechanism

In addition to formal mechanisms, there also exist informal mechanisms whereby people take complaints and issues to their elected representatives, who in turn take these issues up with ministries. Apart from the political leadership, the media also plays an important role in highlighting grievances. Such mechanisms have been known to result in policy reviews.

# Monitoring and Reporting

Overall assessment of the program implementation will be the responsibility of the Project Task Force. However, monitoring of program activities will be the responsibility of the SSU associated with MOC. The SSU will prepare an M&E plan upon assuming charge, which will specify monitoring methodologies, indicators against which monitoring will be conducted, and schedule for preparation of impact assessments, as well as reporting mechanisms. This plan is expected to be prepared by the end of the first quarter after the SSU is established.

## Involvement of Stakeholders in Monitoring Activities

Stakeholder involvement in monitoring and reporting to stakeholder groups will take place as per the following methods. This information is however indicative at the moment and will be finalized when the M&E plan is formulated.

Table 8.1: Stakeholders and M&E

| Activities/PBCs | Involvement Mechanisms | Mechanisms for Reporting Back to Stakeholders |
| --- | --- | --- |
| Establishment of PGG Board:  This requires the improved coordination among institutions with mandates over trade and competitiveness policies.  Creation of a Monitoring and Evaluation Center of Public Policies (under PGG Board). This would help increase the efficiency and effectiveness of T&C public policies, and the transparency and accountability of public institutions. | Qualitative data collection through focus group discussions. Small surveys. These will be evaluation specific | M&E reports to be disseminated to sector stakeholders, industry associations, and posted on program website/websites of concerned institutions |
| One stop shop for business registration and licensing    This would help modernize the Government of Pakistan in areas related to licensing and registration.  Pakistan Business Platform and repayment systems would be introduced for facilitation of the business community. | Portal to include statistics on use | Statistics on portal use to be available on the portal itself |
| Strengthening of TPW in MOC, and NTC  This would address the anti-export bias in tariff policy | Consultation workshops | Reports of consultation workshops to be publicized online and hard copies distributed to industry associations |
| Modernizing trade diplomacy:  This to be achieved through better incentive schemes and improving the perception of Pakistani brands in international markets. | Recruitment committee of MOC to ensure that criteria is followed | - |
| Country branding campaign:  The creation and implementation of a country branding campaign will directly contribute by increasing visibility of Pakistan as a source of export goods and services and as destination for investment. | Consultations workshops  Steering committee to review progress | Reports of consultation workshops to be publicized online and hard copies distributed to industry associations  Report on the impact of the branding campaign |
| Export intelligence services    Activity seeks to enhance exports through establishment of linkages between the local exporters and international buyers. An export intelligence platform would be rolled out which would be used for: match making of domestic exports and international buyers, and provision of information on various aspects of export markets. | Representative of business associations to be part of process which designs the service. | Report on the progress, which is to be placed on the website and presented during consultation sessions. |

1. Ministry of Commerce and Textiles. (2015). Strategic Trade Policy Framework. Downloadable at: http://www.commerce.gov.pk/strategic-trade-policy-framework/ [↑](#footnote-ref-2)
2. As per ESS 10, the term vulnerable in this context refers to those groups who are likely to be adversely affected by project impacts. See footnote 2, page 6 of the Guidance Note on ESS 10. [↑](#footnote-ref-3)
3. See paragraph 5.1 of the Guidance Note referred to in footnote 3. [↑](#footnote-ref-4)
4. See paragraph 5.2 of the Guidance Note referred to in footnote 3. [↑](#footnote-ref-5)