

PAKISTAN

**PUBLIC FINANCIAL MANAGEMENT AND
ACCOUNTABILITY
TO SUPPORT SERVICE DELIVERY**

PROGRAM-FOR-RESULTS OPERATION

Environmental and Social Systems Assessment (ESSA)

DRAFT

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This ESSA was undertaken by Salma Omar (Senior Social Development Specialist), Najm us Sahr Ataullah (Senior Social Development Specialist), Babar Naseem Khan (Social Development Specialist) and Ahmad Imran Aslam (Environment Specialist)

ABBREVIATIONS AND ACRONYMS

AGPR	Accountant General of Pakistan
AGP	Auditor General of Pakistan
CSO	Civil Society Organization
CGA	Controller General of Pakistan
CPS	Country partnership Strategy
DAO	District Accounts Officer
ESSA	Environment and Social Systems Assessment
DLI	Disbursement Linked Indicator
GoP	Government of Pakistan
KRA	Key Result Areas
PAC	Public Accounts Committee
PDO	Program Development Objective
P4R	Program for Results
PFM	Public Financial Management

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EXECUTIVE SUMMARY

The proposed operation consists of a US\$400 million operation using the Program for Results (PforR) instrument as defined in the World Bank Operational Policy O.P. 9.00. The proposed project will support the government program aiming at reducing the bottlenecks which constrain service delivery by improving the Public Financial Management (PFM)/procurement systems that will allow for better management at the service delivery level. More specifically the proposed Pfor R will support *improving public financial management and procurement systems for better management of and accountability for service delivery in health and education sectors*. The Federal Government has developed a PFM Reform Strategy (2016-2025) “to consolidate PFM progress and make incremental improvements to ensure that systems deliver to their full potential in an accountable and transparent manner”. The PFM reform strategy is further supported by the approved Department of the Auditor General of Pakistan strategic plan (2015-2019); the CGA action plan; and the National Procurement Strategy and Training Plan (2017-2021).

The government program as indicated in PFM Reform Strategy consists of six pillars which includes: (i) revenue mobilization; (ii) Fiscal Management; (iii) Service Delivery and Results Based Management; (iv) Public Investment Management and Public Private Partnership; (v) Oversight, Transparency and Accountability; and (vi) Vertical Integration. The project is selective to ensure that whilst alignment is sought with the PFM reform strategy, the breadth of this operation takes cognizant of the absorptive capacity and financial resources of Government of Pakistan. **Therefore, pillars (ii), (iii), (v), (vi) and partially pillar (i) of the PFM Reform Strategy are supported by the PforR with a particular focus on the Education and Health sectors.** This allows the operation to strategically focus on core ongoing reforms where there is political commitment and traction by the key PFM actors to create a platform for more advanced PFM reforms that focus on results. The PforR focuses on interventions to address the core PFM process and system bottlenecks and behavioral change management; addresses the downstream accountability issues to improve service delivery in the targeted social services; and awards will be made for IT-enabled innovative ideas improve service delivery, transparency and accountability.

The proposed project is in line with the World Bank Group’s Country Partnership Strategy (FY15-20) for Pakistan. The CPS recognizes service delivery in health/education as key areas of the World Bank Group engagement. The CPS also envisages seeking opportunities to address malnutrition in a multi-sectoral way by adding nutrition components to programs in various sectors. The strategy states that, “lack of administrative capacity and transparency are also contributing to poor outcomes. A citizen-centered approach to service delivery, focusing on results and fully exploiting the potential of emerging technologies will provide opportunities for achieving CPS Result Area 4: “*Service Delivery*” in a transparent and accountable manner.

The proposed project is divided into three pillars with five mutually reinforcing key results areas (KRA) that are strategically chosen to support the government Program and will also contribute to achieving the Program results. These KRAs consist of the following:

- KRA 1: Strengthening the legal framework and internal management systems in line ministries and service delivery units.
- KRA 2: Improved procurement performance
- KRA 3: Payroll and pension payment systems
- KRA 4: External audit and legislative scrutiny
- KRA 5: Performance-based grant

Eight Disbursement Linked Indicators have been identified and agreed under the above KRAs. These are listed below:

Table 1: Disbursement Linked Indicators (DLIs)

Disbursement Linked Indicators (DLIs)	Type 1/	Meeting the DLI Criteria	
		Critical milestone to achieve PDO	Incentives for performance
DLI 1: Percentage reduction of variance in functional expenditure composition for health and education to improve reliability of the budget. <i>(\$70m)</i>	Outcome	☒	☒
DLI 2: Percentage reduction in cash held outside the Treasury Single Account (TSA). <i>(\$70m)</i>	Outcome	☒	☒
DLI 3: Percentage of vendor contracts processed through the e-procurement system. <i>(\$50m)</i>	Outcome	☒	☒
DLI 4: Percentage of primary school teachers and health workers tagged against unique primary schools and basic health units. <i>(US\$30m)</i>	Outcome	☒	☒
DLI 5: Percentage of pensioners biometrically authenticated by NADRA paid through the Direct Credit Scheme no later than the following pension payment cycle after retirement. <i>(\$30m)</i>	Outcome	☒	☒
DLI 6: Percentage of audit recommendations processed through the Audit Management Information System (AMIS). <i>(\$40m)</i>	Outcome	☒	☒
DLI 7: Creating Budget Performance Observatory (BPO) for health and education social sectors. <i>(\$30m)</i>	Outcome	☒	☒
DLI 8: Percentage of fiscal performance and service delivery indicators met by the provinces. <i>(\$80m)</i>	Output	☒	☒

For PforR operations, an Environment and Social Systems Assessment (ESSA) is conducted to assess whether environmental and social risks attached to the proposed program supported by the PforR are appropriately mitigated in line with a set of core principles set forth in the World Bank Operational Policies 9.00 on Program for Results Financing. In terms of environmental and social management, PforR employs a risk management approach, in which process requirements are adapted to the program context. In an ESSA, the Bank assesses the Borrower's capacity to achieve environment and social objectives against the range of environmental and social impacts that may be associated with the Program.

An initial risk assessment was undertaken for the operation across all key areas of intervention and according to all ESSA core principles. The risk matrix established that using the PforR instrument is appropriate as no major environmental or social risks are expected from the implementation of the program. The main social risks to the Program operation are per Principles 5 and 6 i.e. on marginalization and inclusion of vulnerable groups

and social conflict. On the environmental side, the Program was assessed to have potential adverse environmental risks as per Principles 1 and 3 related to adverse impacts and exposure to hazardous waste. There are no activities leading to risks mapped to Core Principle 4.

The ESSA found that there are several laws and rules providing the underpinning for the social aspects of the Program. These include the Pensions Act 1871 and federal and provincial Rules, Right to Information Acts, Establishment of the Office of Wafaqi Mohtasib (Federal Ombudsman) Order 1983, Federal Ombudsmen Institutional Reforms Act 2013. Other relevant legislation includes Public Procurement Regulatory Authority Ordinance 2002 followed by promulgation of Public Procurement Rules in 2004.

An organizational capacity assessment of the relevant implementing agencies revealed that the CGA's Office through the AGPR is responsible for all pensions and payroll payments as well as payments to vendors. With regard to payments to vendors, there are no clear and transparent Grievance Redress Mechanism or its record available. However, complaints can be made online and are received by CGA. For pensions, there is a Pensions Facilitation Centre that accepts and deals with pension complaints. However, it does not have a dedicated supervision from a Director. On Performance Audit, the AGP's Office does not have any expertise on management or technical oversight of a Citizen-inclusive Performance Audit.

The ESSA assessed the social risks in relation to DLIs 2, 3, 5, 6, 7 and 8. Other DLIs were found to present no social or environmental risks. The key risks with respect to DLI 2 on online processing of bills to vendors were lack of clarity for vendors on processes and lack of a transparent GRM. In this respect, the ESSA proposes that clear guidance is established and communicated to vendors about the change.

In relation to DLI 5 on pension payments and digitization of service records, the ESSA concurred that the Program's interventions will reduce marginalization and social conflict by expediting payments to pensioners. Since pensioner's payments are usually delayed by lack of service records which are to be maintained by their parent Ministry, the institution of Pensions Officers at the Ministerial level will assist the process. However, Pensions Officers must be trained and made aware of the need to expedite cases related to female employees and low cadre staff to ensure that they are not marginalized from the pension process. Further, pension database/digitization of pension records must be expedited with special entries according to cadre and gender. The Pensions Facilitation Centre is an excellent avenue for complaints handling but such Centers need to be replicated at least at provincial level to ensure decentralization of the facility. Further, the ESSA endorses the Direct Credit Scheme (DCS) that allows pension payments to be made to the retirees account rather than through Pension Books. The transfer from pension Books to DCS must be facilitated for pre-2011 retirees and they must be informed and facilitated in making the change. The ESSA also found that the pensions eligibility process is somewhat biased against women. Widows are not eligible for pension if they remarry which is questionable.

The Performance Audit (DLI 6) is a comprehensive exercise and requires technical and managerial rigor. The ESSA endorses that this initiative as an innovative one that has the potential to include marginalized people and voice their concerns regarding service delivery. The ESSA recommends that the Performance Audit is undertaken by a Performance

Audit Cell based within the AGP's Office with technical specialists who can determine the scope, scale, coordination and uptake of the lessons.

Chapter 1. INTRODUCTION

1.1 Background

1. **Pakistan is a federal state which distinguishes between the federal, provincial and local levels of government.** The 18th Constitutional Amendment passed by the National Assembly on April 8, 2010, enhanced provincial autonomy and reshaped federal–provincial relations. A total of 43 departments in 18 ministries were abolished in 2011/12 and transferred to the provinces for service delivery.

2. **While the 18th constitutional amendment has devolved health and education service delivery responsibilities to the provincial level, the responsibility for public financial management systems remains within federal jurisdiction.** The Auditor General's Ordinance, 2001 extends to the whole of Pakistan with responsibility for auditing the accounts for the Federation, each Province and district. The Controller General of Accounts Ordinance, 2001 requires the Controller General of Accounts (CGA) to prepare and maintain the accounts of the Federation, the Provinces and district governments in such forms and in accordance with such methods and principles as the Auditor-General may, with the approval of the President, prescribe from time to time. The CGA is also responsible to authorize payments and withdrawals from the Consolidated Fund and Public Accounts of the Federal and Provincial Governments against approved budgetary provisions after pre-audited checks as the Auditor-General may, from time to time, prescribe. District Account Officers who are posted to the Provinces and supervised by the Provincial Accountant Generals are all Federal Staff with direct responsibility for transaction processing for payroll, pension and vendors. These functions have direct bearing on provincial governments' capacity for service delivery.

3. **Pakistan Vision 2025 emphasizes the importance of education and health for Pakistan's sustainable development and sets ambitious objectives in both sectors.** To achieve these objectives the vision aims at substantial expansion of public expenditure in education and health sector, to reach 4 percent and 3 percent of GDP respectively, by 2018. This budget will be used to improve access to quality education, healthcare, and minimum level of service delivery throughout Pakistan. A well-functioning Public Financial Management (PFM) and procurement system is essential in ensuring the effective and efficient use of this increase in spending and to achieve the desired objectives in health and education.

4. **Pakistan's performance against the MDGs is lower than the South Asia Region average for most of the social indicators** [table 1]. Such slow progress is inadequate to address the large burden caused by a growing population and needs to be accelerated. Also, the Pakistan Millennium Development Goals Report 2013 noted that Pakistan lagged on most of the targets especially in areas of education and health. Through the National Finance Commission (NFC) awards, the provincial share of federal taxes (divisible pool taxes straight transfers and GST on services) has seen a budgeted increase of 59 percent between 2013-14 and 2017-18 (from PKR 1,502 billion to PKR 2,384 billion) but the benefits of such increased flow of resources has not been visible on ground. As noted in the 'IMF Country Report No. 17/213 - Pakistan Selected Issues' (July 2017), progress with respect to basic service delivery - one of the key economic justifications for fiscal decentralization - has been mixed. Notwithstanding some improvements, notably in child immunization rates, overall social outcomes in some cases did not improve amid

low levels of spending in these areas. There were also notable differences across provinces in these outcomes. *These observations point to capacity constraints in public administration and public finance management systems which vary across provinces.*

Table 2: Social Indicators for Pakistan and Comparators

Indicator		Pakistan		South Asia		Low-income countries		Lower middle-income countries	
GDP per capita (constant US\$ 2010) [2005-2015]		978.1	1152.1	967.2	1,641.3	446.9	587.6	1345.7	2,047.4
Life expectancy (years) at birth [2005-2014]		63.9	66.2	64.8	68.1	55.3	61.3	64.4	67.3
Infant mortality rate [2005-2015]		80	65.8	58.3	41.9	76.2	53.1	55.7	40
Total fertility rate [2005-2014]		4.1	3.6	3.1	2.6	5.6	4.8	3.2	2.8
Net Enrolment Rate (Primary) [2005-2014]		68.7	73	85.7	89.5*	74.7	82.8*	83.7	86.6*
DPT child immunization rates (%) [2005-2014]		77	73	69.4	82.7	66	78.4	71.4	81.8
Access to improved sanitation (%) [2005-2015]		45.9	63.5	34.7	44.8	23.3	28.3	43.8	52
Prevalence of undernourishment (%) [2005-2015]		24.7	22	21.4	16.2	33.4	26.1	19.8	14
Health Exp. Public (%GDP) [2005-2014]		0.7	0.9	1.1	1.4	2.5	2.4	1.4	1.6

Source: *(2013), World Development Indicators; Extracted on 28th Sep. 2016 from:

<http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>

5. **Table 3 shows that the health and education budgets are not implemented as planned, apart from Punjab and Baluchistan, with variances of up to 25 per cent.** A reliable budget can serve as a *social contract* between citizens and government for policy implementation and achievement of socio-economic goals and therefore needs to be executed as approved by the legislature. Budget reliability will depend on the following features: (i) robust macro-fiscal frameworks, (ii) realistic revenue projection and collection, (iii) credible assessments of costs of government programs (existing and new initiatives), (iv) transparent and disciplined budget planning processes, (v) dependable systems of budget execution, financial management and accountability compliant with applicable legal framework, and (vi) availability of good information on spending and service delivery.

Table 3: Summary of reliability of the health and education budget¹

Government / functional head and	2012-13 % variance	2013-14 % variance	2014-15 % variance	2015-16 % variance
Federal Government				
Health	-	5	4	13
Education	-	11	20	22
Sindh Province				
Health	-	8	4	16
Education	-	4	5	12
Punjab Province				
Health	-	43	2	9
Education	-	3	4	7
Khyber Pakhtunkhwa Province				
Health	11	20	25	-
Education	9	21	11	-
Baluchistan Province				
Health	8	3	5	-
Education	30	17	8	-

6. **The Government is keen to improve service delivery to its citizens in a transparent and efficient manner. The Federal Government's PFM Reform Strategy is based on the view that, within the area of PFM, the Federal Government faces 3 core challenges:** (i)

¹ PEFA PI 2 methodology - expenditure composition out-turn by function

fiscal sustainability - with aim of bringing down its own fiscal deficit to 4 percent by June 2020 and maintaining 3½ percent thereafter; (ii) *budget credibility* - there are significant divergences at the level of grants to Ministries and these divergences are the result of frequent changes made in the budget during the year through supplementary and re-appropriations. The aim is to reduce these variations to minimum (at both aggregate and sectoral level) as a signal of improved policy planning and implementation; and (iii) *Government's investments (development budget) and provision of efficient and effective public services* - over the years, compliance with the public investment management (development budget) has gradually reduced and more informal systems have emerged. In addition, while the PFM reforms of the past 15 years have concentrated on establishing the technical requirements for necessary budget and financial control, much less attention has been paid to ensuring that public expenditures are well conceived and delivered in an effective and efficient manner to achieve value for money.

7. This PforR will primarily use the federal constitutional mandate with an added focus on increasing coordination between the federal and provincial governments to ensure that improvements in the management of health and education budgets translates into better sectoral outcomes. Specifically, the key bottlenecks in the PFM system that the PforR will address are:

- (a) *Budget execution constraints in the health and education sectors will be unlocked*, including procurement, payment systems, payroll and pension systems for frontline services in health and education.
- (b) *Cash management* will be improved to address the fiscal constraints and fund releases to education and wealth sectors.
- (c) *Performance-based transfers* to the provinces will be adopted.
- (d) *Accountability and transparency will be enhanced*, inter alia, to address corruption issues.

8. Improving health and education outcomes will require addressing issues in service delivery units in a very comprehensive manner. The current PFM/procurement system limits the impact of ongoing health and education operations through inefficient and ineffective management of funds, lack of transparency which can undermine accountability, and coordination challenges between federal and provincial governments. The program addresses these challenges through transformative measures like the enactment of a robust PFM Law which will lead to empowerment of front-line service delivery managers by decentralization of payment processing and availability of real-time budget execution reports for timely decision-making. Furthermore, greater transparency and accountability will be achieved through establishment of e-procurement, audit trails of procurements; tracking of expenditure to service delivery level, allowing for direct beneficiary monitoring of public expenditure through social audit to improve delivery of services; auditing of performance information in financial statements. Also, the program will establish a forum/mechanism for improved coordination and strengthening of federal-provincial fiscal relationship.

1.2 Relationship to the Country Partnership Strategy and Rationale for Use of Instrument

9. The proposed project is in line with the World Bank Group Country Partnership Strategy for Pakistan. The CPS recognizes service delivery in health/education as key areas of the World Bank Group engagement. The strategy states that, “lack of administrative capacity and transparency are also contributing to poor outcomes. A citizen-centered approach to

service delivery, focusing on results and fully exploiting the potential of emerging technologies will provide opportunities for achieving CPS Result Area 4: “*Service Delivery*” in a transparent and accountable manner. This PforR is therefore supporting *CPS outcome 4.1: Improved Public Resources Management* and *outcome 4.4: Adoption of Performance and Transparency Mechanisms in Selected Institutions* both of which contribute to CPS Outcome 4.2: Improved Access to Maternal and Child Health Service and CPS Outcome 4.3: Increased School Enrollment. The project will also contribute to the Sustainable Development Goal (SDG) target 16.6: develop effective, accountable and transparent institutions at all levels.

10. **The activities in the federal PforR will have a cross-cutting impact on ongoing health and education operations.** The proposed reform activities will address the bottlenecks listed above and transform the way health and education service is delivered in Pakistan and catalyze achievement of desired outcomes in each.

Chart 1: Ongoing operations in health and education sectors.

Project Name	Project specific activities	Cross cutting – addressed under federal PforR
Pakistan: Third Punjab Education Sector Project (P154524) - \$300m	Improved access, quality and education system management.	PFM Law and improved regulatory framework, cash management to enhance budget allocation, shifting from highly centralized expenditure control system to empowering the front-line service delivery units, e-procurement, open-budget, citizen participatory audits, audit management information systems, improved integration between the federal government and the provinces, Integrated Financial Management Information Systems, professional training of audit and accounts staff.
Pakistan: Sindh Education Sector Project- \$50m	School monitoring, school budgeting, human resource management information system.	
Enhanced Nutrition for Mothers and Children (P131850) – \$55m	Addressing general malnutrition in women and children, building institutional capacity.	
Punjab Health Sector Reform Project (P123394) – \$100m	Improving health service delivery, Strengthening provincial department of health institutional capacity.	
National Immunization Support Project (P132308) – \$377m	Strengthening management, governance and stewardship function, improving technical capacity to improve immunization function.	

11. **The proposed Program comprises of an IDA Credit of US\$400 million using the Program for Results (PforR) instrument.** The Program consists of government expenditures in the Output Based Budget (OBB) to implement the PFM reform strategy and the National Procurement Strategy and e-procurement training plan. The PforR instrument will add value as it will support GoP to improve the design and implementation of its PFM reform programs and achieve lasting results by strengthening institutions and building capacity for sustainable development. The Bank, through the previous *Projects to Improve Financial Reporting and Auditing (PIFRA)*, enjoys a comparative advantage in leading PFM dialogue and can play a leadership role in leveraging other donor support. Furthermore, by aligning with the GoP PFM reform program, use of this instrument will strengthen partnerships with government, development partners and other stakeholders by providing a platform to collaborate in larger country programs and live up to the international commitment of using and strengthening country systems. By contrast, a traditional investment project, would add to existing

coordination challenges, risks of duplication and narrow focus on inputs and processing of transactions instead of focusing on results.

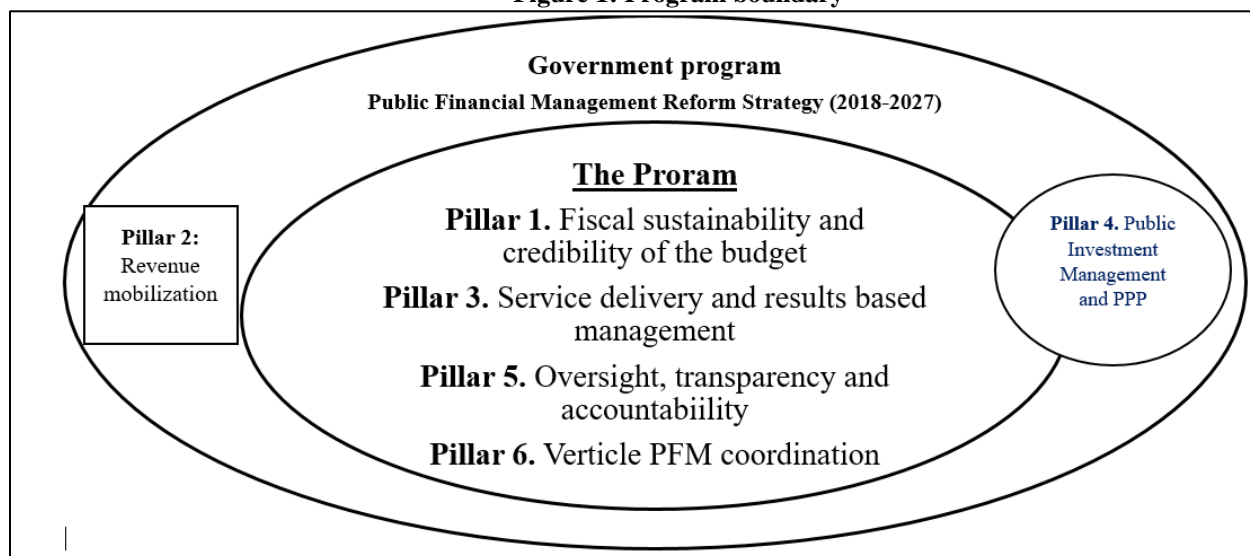
1.3 Program Description

1.3.1 Government program

12. **Vision-2025 envisages a responsive, inclusive, transparent and accountable system of governance as a crosscutting foundation for all its pillars.** The Federal Government has developed a PFM Reform Strategy (2018-2027) that has been jointly approved by the federal and provincial finance secretaries “to consolidate PFM progress and make incremental improvements to ensure that systems deliver to their full potential in an accountable and transparent manner”. The PFM reform strategy is further supported by the approved Department of the Auditor General of Pakistan strategic plan (2015-2019); the CGA action plan; and the National Procurement Strategy and Training Plan (2017-2021).

13. **The PforR supports five out of the six pillars of the PFM reform strategy** as shown in figure 1 below. Support for revenue mobilization is being considered through a separate PforR operation.

Figure 1: Program boundary



1.3.2 Program Development Objective (PDO) and key results

14. **The proposed project development objective (PDO) is “to improve public financial management and procurement systems for better management of and accountability in service delivery for health and education sectors”.**

Key Program Results

15. **The program is divided into the three pillars with five mutually reinforcing key results areas (KRAs) (Table 1) that are strategically chosen to support the government Program that will also contribute to achieving the PDO.** The program is aligned with the

GoP's PFM Reform Strategy (2018-2027) to improve access to services through simplified procedures, greater accountability and enhanced transparency, while making innovative use of the Program-for-Results modality combining performance-based allocations and capacity development. Table 3 also shows which aspect of the PFM reform strategy is supported by each KRA.

Table 4: PforR Key Result Areas (KRAs) and Disbursement Linked Indicators (DLIs)

PforR Key Result Areas (KRAs)	Disbursement Linked Indicators (DLIs)	Responsible
Pillar 1: Unlocking system constraints to service delivery		
Supporting PFM Reform Strategy: <i>Pillar 1: Fiscal Sustainability and Credibility of the Budget; Pillar 3: Service Delivery and Results Based Management; and Pillar 4: Public Investment Management and PPP</i>		
KRA 1: Strengthening the legal framework and internal management systems in line ministries and service delivery units.	DLI 1: Percentage reduction of variance in functional expenditure composition for health and education to improve reliability of the budget.	FD, CGA
	DLI 2: Percentage reduction in cash held outside the Treasury Single Account (TSA).	FD, CGA
KRA 2: Improved procurement performance.	DLI 3: Percentage of vendor contracts processed through the e-procurement system.	PPRAs, CGA, selected ministries and departments.
KRA 3: Payroll and pension payment systems.	DLI 4: Percentage of primary school teachers and health workers tagged against unique primary schools and basic health units.	CGA, ministries, departments
	DLI 5: Percentage of pensioners biometrically authenticated by NADRA paid through the Direct Credit Scheme no later than the following pension payment cycle after retirement.	CGA, ministries, departments
Pillar 2: Enhancing transparency, citizen participation and accountability		
Supporting PFM Reform Strategy: <i>Pillar 5: Oversight, transparency and accountability</i>		
KRA 4: External audit and legislative scrutiny.	DLI 6: Percentage of audit recommendations processed through the Audit Management Information System (AMIS).	DAGP
	DLI 7: Creating Budget Performance Observatory (BPO) for health and education sectors.	FD, CGA
Pillar 3: Federal-Province vertical PFM coordination		
Supporting PFM Reform Strategy: <i>Pillar 6: Vertical PFM Coordination</i>		
KRA 5: Performance-based grant	DLI 8: Percentage of fiscal performance and service delivery indicators met by the provinces.	FD and CGA

16. **The ultimate benefit of the project to citizens is that the PFM and procurement systems will support the government in providing critical social services in a transparent and accountable manner** to increase citizen trust in government. Collaborative leadership, behavioral change management and strategic communication are embedded throughout the reform activities.

17. The progress towards achieving the PDO will be measured by the following intermediate result indicators.

- (i) Percentage reduction of variance in functional expenditure composition for health and education to improve reliability of the budget.
- (ii) Percentage reduction in cash held outside the Treasury Single Account (TSA).
- (iii) Percentage of vendor contracts processed through e-procurement.

- (iv) Percentage of audit recommendations processed through the Audit Management Information System (AMIS).
- (v) Percentage of fiscal performance and service delivery indicators met by the provinces.

1.3.3 PforR Program Scope

18. **The government program is underpinned by the PFM Reform Strategy which consists of six pillars and provides for certain initiatives that are cross-cutting in nature: legal and regulatory framework; capability improvement; and information technology systems.** The 6 pillars and the various reform components of the PFM Reform Strategy; the responsible institutions; and the specific aspects of the PforR that take cognizant of the absorptive capacity and financial resources of GoP are shown in Table 3 of the Technical Assessment. The PforR will contribute to the expected health and education outcomes by strengthening the control and accountability mechanisms for better management of the budget in a transparent and accountable manner.

19. **The first pillar of the PforR (unlocking system constraints to service delivery) supports pillars one, three and four (fiscal sustainability and credibility of the budget; service delivery and results based management; and public investment management and public-private partnership (PPP)) of the PFM Reform Strategy.** This pillar is dedicated to strengthening the legal framework and internal management systems in line ministries and service delivery units; improved procurement performance; and robust payroll and pension payment systems.

20. **The second pillar of the PforR (enhancing transparency, citizen participation and accountability) supports pillar five (oversight, transparency and accountability) of the PFM reform strategy.** Transparency and participation have been shown to promote greater accountability around the use of public funds to prevent corruption and enhance service delivery.

21. **The third pillar of the PforR (Federal-Province vertical PFM coordination) supports pillar six (vertical PFM coordination) of PFM reform strategy.** Successful implementation of this pillar is critical for the underlying drivers of government-wide policy effectiveness which were identified by the WDR 2017: Governance and the Law as *commitment, coordination, and cooperation* to ensure that the PFM institutions and service delivery units carry out their functions that ensure that rules and resources yield the desired policy outcomes. This pillar will focus on establishing a Forum/Mechanism for vertical PFM coordination between the provinces and the federal government for coordination and strengthening of federal-provincial fiscal relationship and providing incentive for good fiscal performance and service delivery outcomes through Innovation Awards.

Table 5: Program Financing (\$ Million)

Source	Amount	% of Total
Government	575	58
IDA	400	41
Other Development Partners	7	1
Total Program Financing	982	100%

22. **The design of the program has benefited from close consultation and collaboration with other Development Partners.** To ensure that duplications are avoided by capitalizing on

complementarity and focusing on synergies, the Bank's value addition of convening power will be used to complement the various support from other projects such as the European Union (EU) €16.3 million Public Financial Management Support Programme for Pakistan (PFM-SPP) ; the United States Agency for International Development (USAID) support to the AGP; and the United Kingdom Department for International Development (DFID) Sub-National Governance (SNG) program that has successfully implemented an Innovation Fund in Punjab to improve services in the health sector.

1.3.4 Disbursement Linked Indicators and Verification Protocols

23. **The Results Framework (Annex 2) is aligned with the OBB of the implementing agencies. Verification protocol:** Achievement of DLIs will be reported using the Government's reporting systems. An Independent Verification Agent (IVA) will be appointed by Ministry of Finance for validation of achievement of the DLIs. Within three months of the end of each year, Finance Department will present evidence of achievement of the DLI to the IVA. However, if DLIs are met ahead of schedule, the IVA will be deployed to undertake the verification based on which the Association will consider disbursement. The data source for DLI achievement verification and the procedure for verification are given in Annex 3. The IVA will rely upon desk review of documentation provided by responsible institutions and will conduct field visits where physical verification of evidence is required. The IVA will validate the baseline data in the first year of implementation. Upon completion of the annual verification exercise, the IVA will submit a verification report to Finance Department. Disbursement requests to the Bank will be accompanied by copy of the verification report. The verification report will be used as the basis for determining the amount to be disbursed. For non-scalable DLIs, disbursement will be triggered only when the DLI is achieved in full. For scalable DLIs, the disbursement value will be proportional to the results achieved. The DLIs (Annex 3) were designed in a consultative manner and chosen to demonstrate progress towards achievement of the PDO.

Table 6: Summary of Disbursement Linked Indicators (DLIs)

Disbursement Linked Indicators (DLIs)	Type 1/	Meeting the DLI Criteria	
		Critical milestone to achieve PDO	Incentives for performance
DLI 1: Percentage reduction of variance in functional expenditure composition for health and education to improve reliability of the budget. <i>(\$70m)</i>	Outcome	☑	☑
DLI 2: Percentage reduction in cash held outside the Treasury Single Account (TSA). <i>(\$70m)</i>	Outcome	☑	☑
DLI 3: Percentage of vendor contracts processed through the e-procurement system. <i>(\$50m)</i>	Outcome	☑	☑
DLI 4: Percentage of primary school teachers and health workers tagged against unique primary schools and basic health units. <i>(US\$30m)</i>	Outcome	☑	☑
DLI 5: Percentage of pensioners biometrically authenticated by NADRA paid through the Direct Credit Scheme no later than the following pension payment cycle after retirement. <i>(\$30m)</i>	Outcome	☑	☑
DLI 6: Percentage of audit recommendations processed through the Audit Management Information System (AMIS). <i>(\$40m)</i>	Outcome	☑	☑
DLI 7: Creating Budget Performance Observatory (BPO) for health and education social sectors. <i>(\$30m)</i>	Outcome	☑	☑

DLI 8: Percentage of fiscal performance and service delivery indicators met by the provinces. <i>(\$80m)</i>	Output	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
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1/ Outcomes, Outputs, Process Indicators, or Key Actions

1.3.5 Capacity Building and Institutional Strengthening

24. **The program interventions (systems, processes and human) relate to capacity building of key PFM institutions and service delivery units.** There are number of training activities embedded in the program. Support will be provided to the Pakistan Audit and Accounts Academy (PAAA) to operate as a PFM Centre of Excellence for continuous training of PFM practitioners using the Pakistan Institute of Public Finance Accountants (PIPFA) qualification framework. This framework will be updated based on the Memorandum of Understanding (MoU) with the Chartered Institute of Public Finance and Accountancy (CIPFA) International Public Financial Management (IPFM) qualification model and possible twinning arrangement with International Training Centre of the International Labour Organization (ITC-ILO) or any other suitable training provider. Capacity of Public Procurement Authority will be enhanced to enable them provide extensive trainings in Public Procurement Rules across government departments. Also, the PAAA will be used for continuous and upgraded training for SAP end-users as well as for the management staff of Pakistan Audit and Account Service, Finance Division and line ministries/departments in usage of SAP system for effective financial management, reporting and monitoring and evaluation.

25. **At a deeper level, the program is also expected to induce behavioral change through the entire PFM cycle.** The attitudinal barriers to change towards achieving the reform program objectives will be addressed by applying the overarching principles of (i) leadership and political commitment towards change; (ii) policy space for implementing suggested reforms; and (iii) adaptive, iterative and inclusive processes. Specific training modules on collaborative leadership will be developed with the PAAA so that officials who attend the technical training on PFM develop ownership, strive for excellence in service delivery and improve their capacity to work across ministries/departments at various levels of government.

Chapter 2. ESSA METHODOLOGY

2.1 Scope of Environment and Social Systems Assessment:

26. For PforR operations, an Environment and Social Systems (ESSA) exercise is conducted to assess arrangement within a PforR for managing environmental and social effects in a manner consistent with Operational Policies 9.00 on Program for Results Financing. In terms of environmental and social management, PforR employs a risk management approach, in which process requirements are adapted to the program context. In an ESSA, the Bank assesses the Borrower's capacity to achieve environment and social objectives against the range of environmental and social impacts that may be associated with the Program.

The core principles and key planning elements incorporated of an ESSA are presented below:

Table 7: ESSA Core Principles

Core Principles of ESSA	
1. Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in the program design; (b) avoid, minimize, or mitigate against adverse impacts; and (c) promote informed decision-making relating to a program's environmental and social effects.	<p>Whether for design of new programs or program activities, or for support to existing programs or activities, the Bank will confirm that, as relevant, Program procedures do the following:</p> <ul style="list-style-type: none">• Operate within an adequate legal and regulatory framework to guide environmental and social impact assessments <i>at the Program level</i>.• Incorporate recognized elements of environmental and social assessment good practice, including (a) early screening of potential effects; (b) consideration of strategic, technical, and site alternatives (including the “no action” alternative); (c) explicit assessment of potential induced, cumulative, and trans-boundary impacts; (d) identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized; (e) clear articulation of institutional responsibilities and resources to support implementation of plans; and (f) responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and responsive grievance redress measures.
2. Environmental and social management procedures and processes are designed to avoid, minimize, and mitigate against adverse impacts on natural habitats and physical cultural resources resulting from the program.	<ul style="list-style-type: none">• Includes appropriate measures for early identification and screening of potentially important biodiversity and cultural resource areas.• Supports and promotes the conservation, maintenance, and rehabilitation of natural habitats; avoids the significant conversion or degradation of critical natural habitats, and if avoiding the significant conversion of natural habitats is not technically feasible, includes measures to mitigate or offset impacts or program activities.• Takes into account potential adverse impacts on physical cultural property and, as warranted, provides adequate measures to avoid, minimize, or mitigate such effects.
3. Environmental and social management procedures and processes are designed to protect public and worker safety against the	<ul style="list-style-type: none">• Promotes community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures,

potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials; and (c) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.	<p>inspections, or remedial works incorporated as needed.</p> <ul style="list-style-type: none"> • Promotes the use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated through program construction or operations; and promotes the use of integrated pest management practices to manage or reduce pests or disease vectors; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions. • Includes measures to avoid, minimize, or mitigate community, individual, and worker risks when program activities are located within areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or climate events.
4. Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.	<p>Avoids or minimizes land acquisition and related adverse impacts;</p> <ul style="list-style-type: none"> • Identifies and addresses economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may lack full legal rights to assets or resources they use or occupy; • Provides compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access; • Provides supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (e.g., loss of crop production or employment); and • Restores or replaces public infrastructure and community services that may be adversely affected.
5. Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.	<p>Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.</p>
6. Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.	<p>Considers conflict risks, including distributional equity and cultural sensitivities.</p>

2.2 Initial Risk Assessment

Environmental Risk Assessment: The Program was assessed to have potential adverse environmental risks related to the ESSA Core Principles 1 and 3. The Project does not have environmental risks associated with ESSA Core Principles 2, 4, 5 and 6. There are environmental risks if business as usual is maintained with respect to treating electronic waste

also referred to as e-waste. This e-waste from the project is being generated because the project is buying hardware including desktop computers, servers, scanners, etc. However, risks associated directly with the project when compared with the e-waste issues and risks at the country level are minimal. This project is expected to generate about 0.05 metric kilotons of e-waste against estimated 317 metric kilotons of e-waste in 2015². Therefore, the relevance of e-

Table 8 PforR interventions mapped according to ESSA Core Principles - Environment
waste issue to this PforR is very limited.

KRA and DLIs	Core Principle 1: Promote environmental sustainability; (b) avoid, minimize, or mitigate against adverse impacts; and (c) promote informed decision making related to environmental effects	Core Principle 3: Environmental and social management procedures and processes are designed to protect public and worker safety
<i>Pillar 1: Fiscal Sustainability and Credibility of the Budget; Pillar 3: Service Delivery and Results Based Management; and Pillar 4: Public Investment Management and PPP</i>		
KRA 1: Strengthening the legal framework and internal management systems in line ministries and service delivery units.	<ul style="list-style-type: none"> No Environmental Risk 	<ul style="list-style-type: none"> No Environmental Risk
DLI 1: Percentage reduction of variance in functional expenditure composition for health and education to improve reliability of the budget.		
DLI 2: Percentage reduction in cash held outside the Treasury Single Account (TSA).		
KRA 2: Improved procurement performance.	<ul style="list-style-type: none"> No Environmental Risk 	<ul style="list-style-type: none"> No Environmental Risk
DLI 3: Percentage of vendor contracts processed through the e-procurement system.		
KRA 3: Payroll and pension payment systems.	Electrical and electronics (IT equipment) disposal risks: <ul style="list-style-type: none"> Hazardous materials and bio-accumulative toxins (PBTs) in electrical and electronic material can harm human health and environment during incineration, melting or disposal in landfill sites PBTs release/presence in the environment leads to 	Electrical and electronics (IT equipment) disposal risks: <ul style="list-style-type: none"> Exposure to toxic chemicals and hazardous waste from the end of useful life of electronics and electrical equipment (IT) purchased under this PforR Recycling processes used by the informal sector and micro enterprises pose serious health hazards for the workers
DLI 4: Percentage of primary school teachers and health workers tagged against unique primary schools and basic health units.		
DLI 5: Percentage of pensioners biometrically authenticated by NADRA paid through the Direct Credit Scheme no later than the		

² Iqbal, M., et al., Emerging issue of e-waste in Pakistan: A review of the status, research needs and data gaps, Environmental Pollution (2015)), <http://dx.doi.org/10.1016/j.envpol.2015.09.002>

KRA and DLIs	Core Principle 1: Promote environmental sustainability; (b) avoid, minimize, or mitigate against adverse impacts; and (c) promote informed decision making related to environmental effects	Core Principle 3: Environmental and social management procedures and processes are designed to protect public and worker safety
following pension payment cycle after retirement.	accumulation in living tissue and increase in concentration in the food chain	<ul style="list-style-type: none"> Burning e-waste causes fine particulate matter which is linked to pulmonary and cardiovascular and PBTs are known to cause cancer, nerve damage and reproductive disorders
Pillar 2: Enhancing transparency, citizen participation and accountability Supporting PFM Reform Strategy: Pillar 5: Oversight, transparency and accountability		
KRA 4: External audit and legislative scrutiny.	Electrical and electronics (IT equipment) disposal risks:	Electrical and electronics (IT equipment) disposal risks:
DLI 6: Percentage of audit recommendations processed through the Audit Management Information System (AMIS).	<ul style="list-style-type: none"> Hazardous materials and bio-accumulative toxins (PBTs) in electrical and electronic material harm human health and environment during incineration, melting or disposal in landfill sites 	<ul style="list-style-type: none"> Exposure to toxic chemicals and hazardous waste from the end of useful life of electronics and electrical equipment (IT) purchased under this PforR
DLI 7: Creating Budget Performance Observatory (BPO) for health and education sectors.	<ul style="list-style-type: none"> PBTs release/presence in the environment leads to accumulation in living tissue and increase in concentration in the food chain 	<ul style="list-style-type: none"> Recycling processes used by the informal sector and micro enterprises pose serious health hazards for the workers Burning e-waste causes fine particulate matter which is linked to pulmonary and cardiovascular as well as PBTs which are known to cause cancer, nerve damage and reproductive disorders
Pillar 3: Federal-Province vertical PFM coordination Supporting PFM Reform Strategy: Pillar 6: Vertical PFM Coordination		
KRA 5: Performance-based grant (PBG).	<ul style="list-style-type: none"> No Environmental Risk 	<ul style="list-style-type: none"> No Environmental Risk
DLI 8: Percentage of fiscal performance and service delivery indicators met by the provinces.		

27. The following few paragraphs describe risks associated e-waste:

2.2.1 E - Waste

28. E-waste is a threat to human health and the environment including persistent bio-accumulation and toxic substances such as brominated flame retardants, heavy metals (eg lead, nickel, chromium, mercury) and persistent organic pollutants such as PCBs. This threat can result mainly from two sources:

- Improper disposal by domestic and businesses result in leaching of hazardous substances such as lead, mercury, cadmium and lithium into the surrounding space from the e-waste disposed of in non-engineered landfill and dumping sites; and
- Improper recycling techniques employed especially by informal recycling and micro enterprises. For such businesses, the main source is imported, domestic and office e-waste.

29. Waste Management Problem of Non-Biodegradable Equipment: Most of the components of electronic devices are not biodegradable posing a disposal challenge. Such waste ends up becoming a health hazardous as well as a landscape and visual intrusion problem. Furthermore, recycling practices of informal and micro enterprises magnify health risks. Incineration or burning of different components of e-waste to extract valuable components like gold results in release of toxic and noxious gases as well as particulate matter. Primary and secondary exposure to such fumes and particulate matter is linked to pulmonary and cardiovascular diseases.

30. Air Pollution: The improper disposal of e-waste through incineration is likely to lead to atmospheric pollution through the release of toxic and noxious gases in the atmosphere. The informal sector's recycling practices magnify health risks. For example, primary and secondary exposure to toxic metals, such as lead, results mainly from open-air burning used to retrieve valuable components such as gold. Combustion from burning e-waste creates fine particulate matter, which is found to be linked to pulmonary and cardiovascular disease.

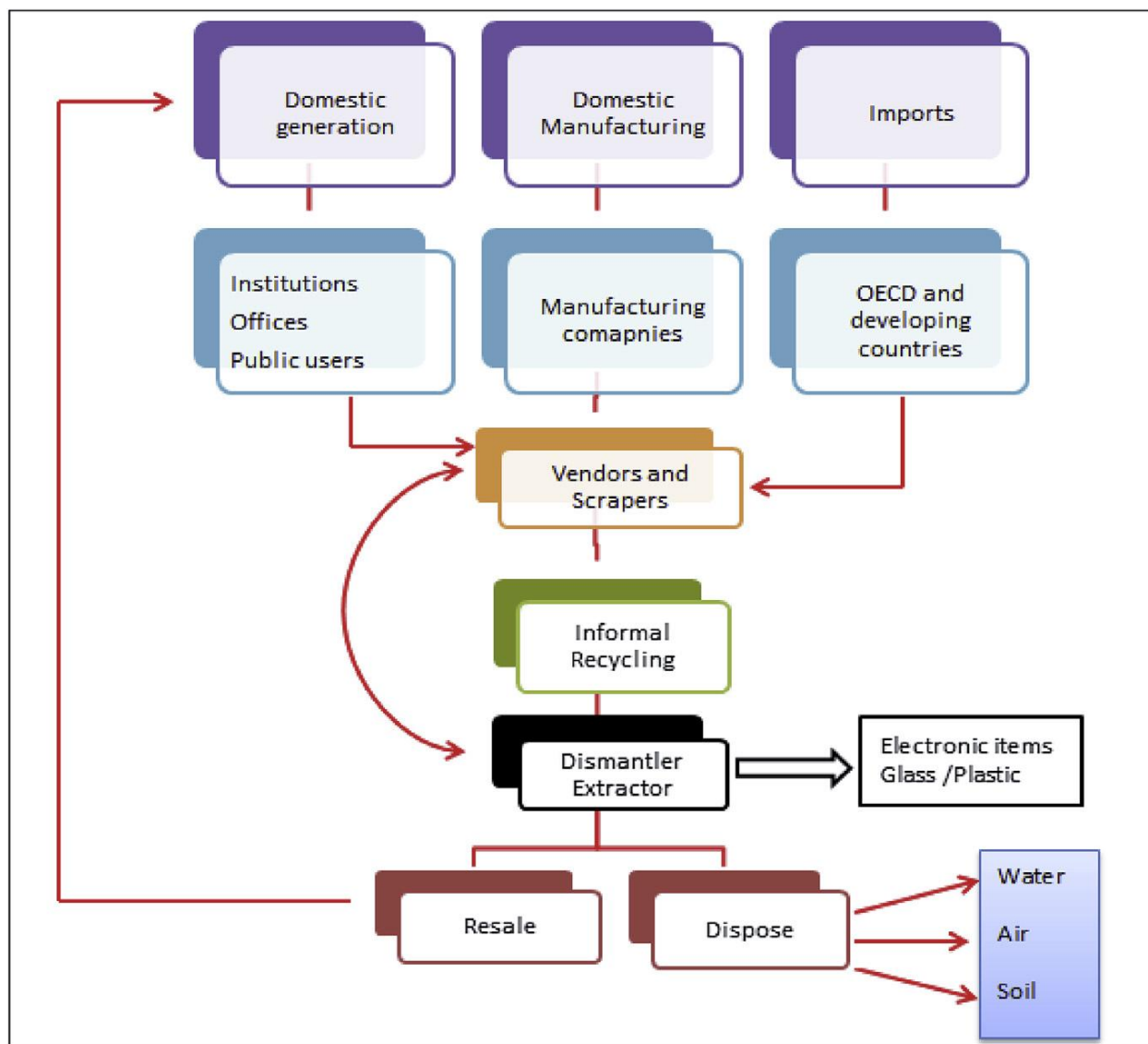
31. Toxicity and Radioactive Nature of E-waste to the Human, Water, Soil and Animals: Electrical and electronic equipment contain different hazardous materials, which are harmful to human health and the environment if not disposed of carefully. While some naturally occurring substances are harmless in nature, their use in the manufacture of electronic equipment often results in compounds, which are hazardous (e.g. chromium becomes chromium VI). Lead, mercury, cadmium, and poly-brominated flame retardants are found in electronic equipment and are all persistent, bio-accumulative toxins (PBTs). They can create environmental and health risks when computers are manufactured, incinerated, landfilled or melted during recycling. PBTs, in particular, are a dangerous class of chemicals that linger in the environment and accumulate in living tissues, and because they increase in concentration as they move up the food chain, PBTs can reach dangerous levels in living organisms, even when released in minute quantities. PBTs are harmful to human health and the environment and have been associated with cancer, nerve damage and reproductive disorders.

32. E-Waste Recycling Market: The three main sources of e-waste in Pakistan comprise of domestic manufacturing, domestic consumption and import. E-waste disposal process starts with the collection of e-waste by vendors and scrapers in major cities including Karachi, Lahore, Faisalabad, Peshawar, Gujranwala and Islamabad/Rawalpindi. E-waste is then dismantled and sold to extractors and dismantlers who use illegal and crude recycling techniques to extract precious and saleable materials. The most common recycling methods after physical dismantling include open burning, acid bath and use of blow torches to extract valuable materials. The discarded portions end up in landfills or waterbodies.

33. Recycling activities are mostly done in non-ventilated rooms and can have serious consequences for the workers. Laborers and recycling workers in the informal or micro and small enterprises are not aware of the potential harm that recycling operations may cause to the environment and human health including their own.

34. **Legislation:** There is no specific legislation dealing with e-waste. Hazardous Substances Rules 2007 deals with hazardous waste management. However, even then compliance is weak. Waste handling issues are further complicated because informal sector and micro enterprises are scattered all over and extremely difficult to regulate. This aspect is further discussed in Chapter 5 where country systems have been assessed.

Figure 2: Sources and Fate of Electrical and Electronic Equipment in Pakistan



35. Social Risk Assessment: The Program does have social impacts related to ESSA Core Principles 5 and 6. There are no activities leading to risks mapped to Core Principles 1, 2 3 and 4. Initial risk assessment was undertaken for the operation across all key areas of intervention and according to all ESSA principles. The risk matrix revealed that the design of PforR operation is appropriate for the instrument as no major social risks are expected from the interventions. The entire social impact/risk mapping (draft) is presented in Table 10 below. The main social risks to program operation according to Principles 5 and 6 are presented below:

Table 9: PforR interventions mapped according to ESSA Core Principles - Social		
Pillar 1. Unlocking system constraints to service delivery	Core Principle 5: Equitable access to Program benefits for Indigenous Persons (IP), vulnerable groups	Core Principle 6: Avoid (Social Conflict)
<p>Key Result Area 1 Strengthening the legal framework and internal management systems in line ministries and service delivery units.</p> <p>DLI 1: Percentage reduction of variance in functional expenditure composition for health and education to improve reliability of the budget.</p> <p>DLI 2: Percentage reduction in cash held outside the Treasury Single Account (TSA)</p>	<p>Positive impact</p> <ul style="list-style-type: none"> Improved fiscal planning, cash management and expenditure tracking will help improve service delivery at the primary schools and BHU levels Lesser statistical discrepancies will improve the integrity of the financial information for auditing and decision making purposes <p>Risk:</p> <ul style="list-style-type: none"> Small contractors may face issues in accessing online payment systems leading to complaints and friction with Ministries. 	<p>Positive impact</p> <ul style="list-style-type: none"> Greater transparency and systemized information of departmental expenditure would lessen the bias and departmental fragmentation Prompt payment to contractors
<p>KRA 2: Improved procurement performance.</p> <p>DLI 3: Percentage of vendor contracts processed through the e-procurement system.</p>	<p>Core Principle 5: Equitable access to Program benefits for Indigenous Peoples, vulnerable groups</p> <p>Positive impact</p> <ul style="list-style-type: none"> Lesser corruption and rent seeking <p>Risk:</p> <ul style="list-style-type: none"> Limited and lesser knowledge on e-procurement systems can hinder timely procurement and hence affect service delivery to remote areas 	<p>Core Principle 6: Avoid (Social Conflict):</p> <p>Positive impact</p> <ul style="list-style-type: none"> Improved supplier relationship management through e-procurements would lessen the conflicts between contractors and govt. departments <p>Risk:</p> <ul style="list-style-type: none"> Inculcating the practice of aligning procurement planning to approved budgets can take longer due to resistance by the departments Partial uptake of new practices can cause conflict within the systems
<p>Key Result Area 3: Payroll and pension payment systems</p> <p>DLI 4: Percentage of primary school teachers and health workers tagged against unique primary schools and basic health units.</p>	<p>Core Principle 5: Equitable access to Program benefits for IPs, vulnerable groups</p> <p>Positive Impact:</p> <ul style="list-style-type: none"> Rolling out of Organizational Management (OM) module linking payroll and sanctioned positions, will assist timely departmental processing of payrolls and pensions. Reduction of delays in pensions payments due to missing records 	<p>Core Principle 6: Avoid (Social Conflict):</p> <p>Positive Impact:</p> <ul style="list-style-type: none"> Prompt payments to pensioners will reduce complains with parent departments Improved manpower planning against

<p>DLI 5: Percentage of pensioners biometrically authenticated by NADRA paid through the Direct Credit Scheme no later than the following pension payment cycle after retirement.</p>	<p><u>Risk:</u></p> <ul style="list-style-type: none"> • Possibility of difficulties in transferring from pension book system to biometric/Bank based system • Unknown problems with biometrics and pension cards including rent seeking • Are there other gender and location specific issues that may lead to marginalization? 	<p>sanctioned positions will help improve public perceptions</p> <ul style="list-style-type: none"> • Reduction of pensions fraud through pension books/ lack of identity verification – reduced conflicts <p><u>Risks</u></p> <ul style="list-style-type: none"> • Conflicts due to confusion between responsibilities of NADRA and MoF • Frustration faced by pensioners who may approach NADRA.
<p>Pillar 2: Enhancing transparency, citizen participation and accountability</p>	<p>Core Principle 5: Equitable access to Program benefits for IPs, vulnerable groups</p>	<p>Core Principle 6: Avoid (Social Conflict)</p>
<p><i>KRA 4: External audit and legislative scrutiny</i></p>	<p><u>Positive Impact:</u></p> <ul style="list-style-type: none"> • Greater information available in the public domain on financial transfers to Ministries and their use • Greater public scrutiny and inter alia public demand for improved services <p><u>Risks:</u></p> <ul style="list-style-type: none"> • Lack of clear guidance and process for managing social accountability can lead to misinformation • Exclusion of people unless data is easily accessible and in easy format • Possible exclusion of CSOs if the social audit is not inclusive • Scale of the exercise may be cumbersome unless technically supervised. 	<p><u>Positive Impact:</u></p> <ul style="list-style-type: none"> • Greater participation by communities across Pakistan to conduct Performance Audits would improve relations between the state and citizens • Open Public Finance Data would serve as critical to seal the social contract for service delivery <p><u>Risks:</u></p> <ul style="list-style-type: none"> • Collusion between some local CSOs and service delivery institutions to misinterpret data • Increased conflict between CSOs and service delivery institutions. • Media can misinterpret data
<p>DLI 6: Percentage of audit recommendations processed through the Audit Management Information System (AMIS).</p> <p>DLI 7: Increased citizens' access to key fiscal information on health and education.</p>		
<p>Pillar 3: Federal-Province vertical PFM coordination</p>	<p>Core Principle 5: Equitable access to Program benefits for IPs, vulnerable groups</p>	<p>Core Principle 6: Avoid (Social Conflict)</p>

<p>KRA 5: Performance-based grant</p> <p>DLI 8: Percentage of fiscal performance and service delivery indicators met by the provinces.</p>	<p><u>No Environmental Risk</u></p> <p><u>Positive impact:</u></p> <ul style="list-style-type: none"> • Effective coordination between federal and provincial governments will lead to improved financial management across all three levels of governments. <p><u>Risks</u></p> <ul style="list-style-type: none"> • Criteria for innovation awards has to be inclusive and has to be based on SDG's; inclusive of remote areas and provinces and should provide level planning field 	
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As the above table indicates, possible risks on marginalization and conflicts are mapped across six DLIs. The risks were assessed through a combination of research tools – both quantitative and qualitative. These are described below:

Key Result Area 1: Strengthening the legal framework and internal management systems in line ministries and

36. ***Key areas of investigation:*** Assessment of current system of processing payments to contractors and how the PforR aims to improve this. Possible areas of delays and transparency that need attention and the extent to which the new on-line system will reduce them. Communication/guidance to contractors especially to small contractors. Systems for complaints management. The research tool selected was Structured Interview which were conducted with MoF (AGPR) staff. Other key informants who had served with AGPR were also interviewed.

Key Result Area 2: Improved procurement performance

37. ***Key areas of investigation:*** Assessment of current procurement procedures system covered the following:

- Reasons for not linking procurement plan to approved budget
- Contract management capacity.
- Marginalization of contractors due to current procurement processes
- What is the general capacity within contractors to operate technology? Will the EDMS impede the access of contractors (especially smaller ones)?

Key Result Area 3: Payroll and pension payment systems

38. ***Key Areas of investigation:*** Staff was interviewed in Controller General of Accounts office. Questions included

- Reasons for delays faced in pensions payments.
- The details of the proposed biometric, Bank based system.

- Systems to address delays in pension payments.
- Accessibility to redress for remotely located, low cadre pensioners.
- Information sharing on the new system with pensioners. How are old pensioners (those on Pensions Book system) being facilitated to move to the new system and will this lead to any delays and/or marginalization of vulnerable retirees?

39. Several visits were made to the Pensions Facilitation Centre in Islamabad. Staff in the Centre were interviewed. A sample of pensioners visiting the Pensions Facilitation Center (both male and female) were also interviewed. Structured interviews were conducted with about 15 pensioners.

KRA 4: External audit and legislative scrutiny

40. ***Key areas of investigation:*** The Additional Auditor General's staff was interviewed. Questions consisted of the following:

- Rationale, scope and scale of the social audit.
- Management structure for this exercise.
- In what format will the data be available? At what levels will it be released? To whom? Who will oversee the social audit exercise?
- How will it be conducted? How will the findings be used?

Chapter 3. POLICY LEGAL FRAMEWORK FOR MANGING ENVIRONMENTAL AND SOCIAL ASPECTS OF PROPOSED PROGRAM

41. Pakistan's statute books contain several laws related to the regulation and control of the environmental and social aspects. Most of the existing laws on environmental and social issues have been enforced over an extended period, and are context-specific. After the Eighteenth amendment in the constitution of Pakistan many federal subjects were devolved to provincial legislation. The Concurrent List in fourth schedule of the constitution containing entries of subjects wherein federal and provincial legislation could legislate has been abolished. Since project coverage is in all four provinces, both national laws and regulations are discussed here which have application in the project. There are still several federal laws which have not been repealed by the provinces and applicable in provinces with its original titles.

3.1 Environmental Legal Framework

42. This section provides a description of the relevant laws and regulations which pertain to the environmental aspects of the proposed project.

3.1.1 National and Provincial Environmental Protection Acts

43. The environmental aspects are covered under umbrella national and provincial environmental protection as listed below:

- Pakistan Environmental Protection Act, 1997
- Punjab Environmental Protection Act, 1997 Amended 2012
- Khyber Pakhtunkhwa Environmental Protection Act 2014 (KPEPA 2014)
- Baluchistan Environmental Protection Act 2012 and
- Sindh Environmental Protection Act 2014

44. The provincial acts have been adopted from the country level environmental protection Act, Pakistan environmental Protection Act, 1997. After the 18th Amendment in the constitution, federal environment ministry was devolved and provinces enacted/amended national law to come up with provincial legislation.

45. These Acts are applicable to a broad range of issues and extends to socioeconomic aspects, land acquisition, air, water, soil, marine and noise pollution, as well as the handling of hazardous waste. The discharge or emission of any effluent, waste, air pollutant or noise in an amount, concentration or level in excess of the National Environmental Quality Standards (NEQS) specified by the Pakistan Environmental Protection Agency (Pak- EPA) has been prohibited under the Act, and penalties have been prescribed for those contravening the provisions of the Act. The powers of the federal and provincial Environmental Protection Agencies (EPAs), established under the Pakistan Environmental Protection Ordinance 1983, have also been considerably enhanced under this legislation and they have been given the power

to conduct inquiries into possible breaches of environmental law either of their own accord, or upon the registration of a complaint.

46. The requirement for environmental assessment is laid out in Section 12 (1) of the Act. Under this section, no project involving construction activities or any change in the physical environment can be undertaken unless an initial environmental examination (IEE) or an environmental impact assessment (EIA) is conducted, and approval is received from the federal or relevant provincial EPA. The Section 12 (6) of the Act states that this provision is applicable only to such categories of projects as may be prescribed. The categories are defined in the Pakistan Environmental Protection Agency Review of IEE and EIA Regulations, 2000 and are discussed in Section 3.1.2 below. The requirement of conducting an environmental assessment of the proposed project emanates from this Act.

47. The following key features of these national and provincial acts have relevance to the disposal of e-waste are listed below:

- Section 11 (Prohibition of Certain Discharges or Emissions) states that “Subject to the provisions of this Act and the rules and regulations made there under, no person shall discharge or emit, or allow the discharge or emission of, any effluent or waste or air pollutant or noise in an amount, concentration or level which is in excess of the Environmental Quality Standards”.
- Section 12-I (Initial Environmental Examination and Environmental Impact Assessment) requires that “No proponent of a project shall commence construction or operation unless he has filed with the Environmental Protection Agency (EPA) an IEE or, where the project is likely to cause an adverse environmental effect, an EIA, and has obtained from the Federal Agency approval in respect thereof.”
- Section 12-2b (Review of IEE and EIA): The Khyber Pakhtunkhwa Environmental Protection Agency shall review the EIA report and accord its approval subject to such conditions as it may deem fit to impose, or require that the EIA be re-submitted after such modifications as may be stipulated or rejected, the project as being contrary to environmental objectives.
- Section 14 (Handling of Hazardous Substances) requires that “Subject to the provisions of this Act, no person shall generate, collect, consign, transport, treat, dispose of, store, handle, or import any hazardous substance except (a) under a license issued by the EPA and in such manner as may be prescribed; or (b) in accordance with the provisions of any other law for the time being in force, or of any international treaty, convention, protocol, code, standard, agreement, or other Instrument to which Pakistan is a party.” Enforcement of this clause requires the EPA to issue regulations regarding licensing procedures and to define ‘hazardous substance.’
- Section 17 (Penalties): Whoever contravenes or fails to comply with the provisions of section 11, 12, 13, or section 16 or any order issued there under shall be punishable with fine which may extend to one million rupees, and in the case of a continuing contravention or failure, with an additional fine which may extend to one hundred thousand rupees for every day

during which such contravention or failure continues: Provided that if contravention of the provisions of section 11 also constitutes contravention of the provisions of section 15, such contravention shall be punishable under sub-section (2) only.

- Section 18 (Offences by Bodies Corporate): Where any contravention of this Act has been committed by a body corporate, and it is proved that such offence has been committed with the consent or connivance or, is attributed to any negligence on the part of, any director, partner, manager, secretary or other officer of the body corporate, such director, partner, manager, secretary or other officer of the body corporate, shall be deemed guilty of such contravention along with the body corporate and shall be punished accordingly.

3.1.2 Pakistan EPA (Review of IEE and EIA) Regulations, 2000

48. The IEE/EIA Regulations 2000 establish the framework for the preparation, submission, and review of the IEE and EIA. The regulations categorize development projects for IEE and EIA into two schedules (Schedules I and II). Schedule I includes projects where the range of environmental issues is comparatively narrow and the issues can be understood and managed through less extensive analysis. Schedule II covers major projects that have the potential to affect a large number of people in addition to generating potentially significant adverse environmental impacts. The following figure describes EIA and IEE process.

49. This legislation sets out the key policy and procedural requirements for conducting an IEE and EIA. It contains a brief policy statement on the purpose of environmental assessment and the goal of sustainable development, and requires that environmental assessment be integrated with feasibility studies. It defines the jurisdiction of the federal and provincial EPAs and P&D Departments. The enactment lists the responsibilities of proponents, and duties of responsible authorities, and provides schedules of proposals for determining whether the project requires IEE or an EIA. It also provides for environmental screening of projects under Schedules I, II, and III and lays down the procedures for Environmental Approval and for filing the case with the concerned EPA to receive the No Objection Certificate (NOC).

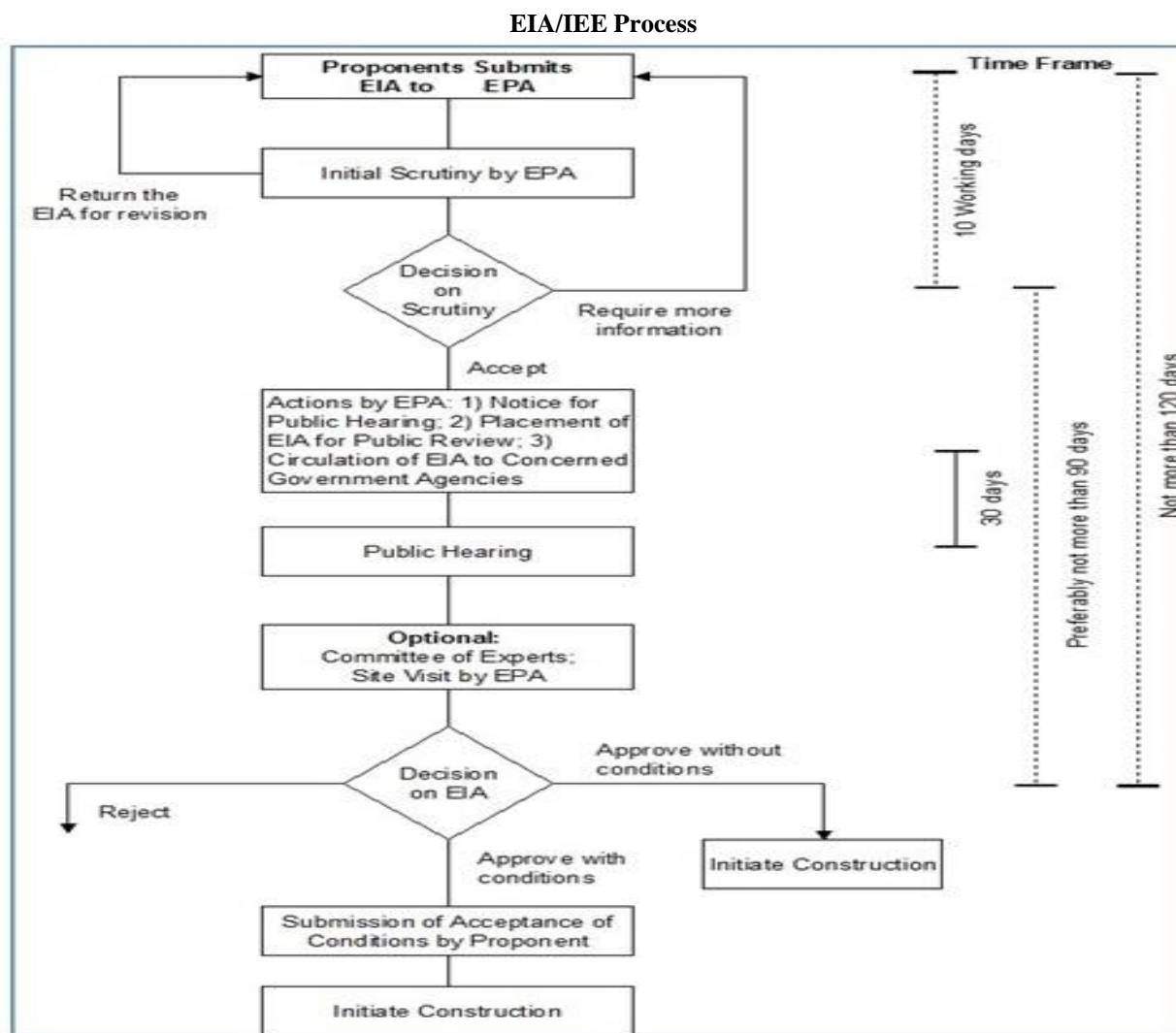
3.1.3 Handling, Manufacture, Storage, Import of Hazardous Waste and Hazardous Substances Rules, 2016

50. These Rules basically lay the principle for dealing with hazardous substances in according with the provisions of the national and provincial environmental protection acts. It includes a list of hazardous chemical and substances in annexes as well as gives a threshold on the basis of the toxicity as well as physical and chemical properties (Schedule I) as well as quantities that can be stored in a specific site (Schedule III). It requires the institution dealing with hazardous substances to get license from relevant EPAs and even gives EPA the right to stop import of material. The Rules also make it mandatory for the licensee to emergency plans for handling any accident and stipulate at least one rehearsal in a calendar year.

3.1.4 Pakistan Penal Code, 1860

51. The Pakistan Penal Code deals with offences where public or private property and/or human lives are affected due to the intentional or accidental misconduct of an individual or body

of people. In the context of the environment, the Penal Code empowers local authorities to control noise, toxic emissions and disposal of effluents.



3.1.5 National Environmental Policy

52. The National Environmental Policy was enacted in 2005 to provide an overarching framework for addressing Pakistan's environmental issues. It provides directions for addressing sectorial issues and provides a mean for promoting conservation and environmental protection in water, air and waste management, forestry, and transport. The NEP aims to promote protection of the environment, the honoring of international obligations, sustainable management of resources and economic growth.

3.2 Social Legal Framework

53. Several laws provide the legal underpinning to the social aspects of the intended Program. These include the provisions under the Constitution of Pakistan, laws dealing with pensions, procurement, arbitration and accountability.

3.2.1 The Pensions Act 1871

54. The Pensions Act 1871 lays out the Government's responsibilities in terms of grants of pensions (see Annex 7). It provides for the Government's right to award pensions and exemption from litigation on the matter. Types of pensions and responsibility for determining them have been laid out. In addition, there are several Rules that further define eligibility, nature and types of pensions. These include:

- Ministry of Finance Pension Rules
- Punjab Civil Services Pension Rules
- North West Frontier Province Civil Servants Pension Rules and Orders -2006
- Balochistan Civil Servants Act 1974

55. Together these laws and Rules guide the scope, nature and extent of pensions in Pakistan and the provinces.

3.2.2 Right to Information

56. The first Right to Information (RTI) Law in Pakistan was enacted in 2002 in the form of Freedom of Information (FOI) Ordinance 2002. Right to information was accorded constitutional protection as a fundamental right by inserting Article 19-A into the Constitution of Islamic Republic of Pakistan through 18th Amendment in 2010.

57. Khyber Pakhtunkhwa Right to Information Act 2013 and the Punjab Transparency and Right to Information Act 2013 belong to the second generation of RTI laws. Sindh government has also enacted Right to Information Act 2016, while Balochistan government is in the process of formulating one. These are highly effective laws as there had been consultation with civil society groups when these laws were enacted. Both Punjab Transparency and Right to Information Act 2013 and Khyber Pakhtunkhwa Right to Information Act 2013 have been awarded high scores by civil society groups specially Pakistan Institute for Legislative Development And Transparency (PILDAT) and Centre for Peace and Development Initiatives (CPDI).

58. The enactment of effective right to information laws across Pakistan has given renewed impetus to drive for transparency in the country. In sharp contrast to the first generation RTI laws, the second generation RTI laws i.e. Khyber Pakhtunkhwa Right to Information Act 2013 and the Punjab Transparency and Right to Information Act 2013 provide an easy and cost-effective process of filing information requests and for lodging complaints. Under both these laws, information requests can be submitted on a plain paper, there is no fee for filing information requests and first 20 pages of information are to be provided free of cost. As a result, journalists, civil society groups and citizens have started using RTI laws for public accountability.

3.2.3 Federal Ombudsman

59. The government has in this regard prepared a bill to make amendments to the Establishment of the Office of Wafaqi Mohtasib Order 1983 and the Federal Ombudsmen Institutional Reforms Act 2013.

60. There are eight ombudsman institutions in Pakistan, four provincial and four Federal. The Federal ones are the Wafaqi Mohtasib (Federal Ombudsman), the Federal Tax Ombudsman, the Banking Mohtasib and the Insurance Mohtasib whereby the last three of these are referred to as single-mandate institutions. Provincial Ombudsmen exist in four provinces, namely, Balochistan, Punjab, Sindh and Khyber Pakhtunkhwa.

61. These eight ombudsman institutions in Pakistan were established between 1983 and 2010, four of them (including the Wafaqi Mohtasib, the first ombudsman of the country) by military governments. Except for the Banking Mohtasib, the stated rationale for the existence of all ombudsmen is to address maladministration, which is defined comprehensively in the statutes. The jurisdiction of single-mandate institutions is limited to a single government department (taxation) or economic sector (banking or insurance) and there is no overlap between the single-mandate and other ombudsmen. The respective jurisdictions of the Wafaqi Mohtasib and Provincial Ombudsmen are also distinct from each other.

62. According to the Federal Ombudsman, his office had last year addressed a record number of 94,000 complaints against an average of 16,000 complaints attended in previous years. It addressed more than 320,000 complaints over the past three years.

63. The Federal Ombudsman has introduced a parallel judicial system in all ministries and government offices to address grievances and complaints about maladministration and injustice in these departments. Under this system, all ministries and federal government offices have designated ‘grievance officers’, not below the rank of BS-19, to register and hear complaints against these departments on behalf of the Federal Ombudsman. Through a notification effective from October 1 last year, the grievance officers were empowered under Section 33 of the Federal Ombudsman Act to hear and decide cases amicably.

64. The Federal Ombudsman also introduced “informative stands and boards” placed at the receptions of all ministries and departments for public awareness. List of all focal persons/grievance officers of ministries and departments are available at the website of the Federal Ombudsman.

3.2.4 Public Procurement Regulatory Authority Ordinance 2002

65. Government of Pakistan decided to establish Public Procurement Regulatory Authority (PPRA) at the federal level under the Public Procurement Regulatory Authority Ordinance 2002 followed by promulgation of Public Procurement Rules in 2004. The PPRA is an autonomous body endowed with the responsibility of recommending laws and regulations governing public procurements. It is also responsible for monitoring the application of procurement laws and performance of federal procuring agencies with a view to improve governance, management, transparency, accountability and quality of public procurements. It is also endowed with the

responsibility of monitoring procurement by public sector agencies/organizations and has been delegated necessary powers under the Public Procurement Regulatory Authority Ordinance 2002.

66. The provincial governments (except Balochistan) have also established regulatory authorities and notified Public Procurement Rules. The provincial rules are broadly in sync with federal rules. The Sindh PPRA, however, leads the PPRAs of other provinces given that the Sindh Public Procurement Rules are more exhaustive, they also provide an independent grievance redressal arrangement and a framework for regulating public private partnership (PPP) procurements. The Punjab PPRA has adopted federal rules while Khyber Pakhtunkhwa has notified the NWFP Procurement of Goods, Works, Services and Consultancy Services Rules. As regards to Balochistan, the Public Procurement Act was promulgated in 2009 but rules have not been notified as yet. In the Azad Jammu & Kashmir, and in Gilgit-Baltistan, the procurement laws have not yet been introduced. PPRA has recently developed a National Procurement Strategy 2013-16 with the support of USAID, and an E-Procurement Strategy and Roadmap with the World Bank support.

67. Rule 48 of the Public Procurement Rules, 2004 provides that in case a bidder feeling aggrieved by any act of the procuring agency after the submission of his bid may lodge a written complaint concerning his grievances within fifteen days of the bid evaluation report. Rule 48 is given below:

Rule 48: Redressal of grievances by the procuring agency

68. The procuring agency shall constitute a committee comprising of odd number of persons, with proper powers and authorizations, to address the complaints of bidders that may occur prior to the entry into force of the procurement contract.

- i. Any bidder feeling aggrieved by any act of the procuring agency after the submission of his bid may lodge a written complaint concerning his grievances not later than fifteen days after the announcement of the bid evaluation report under rule 35.
- ii. The committee shall investigate and decide upon the complaint within fifteen days of the receipt of the complaint.
- iii. Mere fact of lodging of a complaint shall not warrant suspension of the procurement process.
- iv. Any bidder not satisfied with the decision of the committee of the procuring agency may lodge an appeal in the relevant court of jurisdiction.

69. In order to ensure the compliance of PP Rule 48, PPRA has required the federal procuring agencies to provide information on their grievances redressal committees on a format in a specified manner (available on the Agency website). The lists of committees formed by various procuring agencies including name designation, address and contact details is also available on PPRA website. Aggrieved bidders use this information to approach relevant procuring agency.

3.2.5 Open Government Partnership (OGP)

70. The Open Government Partnership is a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance. In the spirit of multi-stakeholder collaboration, OGP is overseen by a Steering Committee including representatives of governments and civil society organizations. To become a member of OGP, participating countries must endorse a high-level Open Government Declaration, deliver a country action plan developed with public consultation, and commit to independent reporting on their progress going forward.

71. The Open Government Partnership formally launched on September 20, 2011, when the 8 founding governments (Brazil, Indonesia, Mexico, Norway, the Philippines, South Africa, the United Kingdom and the United States) endorsed the Open Government Declaration, and announced their country action plans. Since 2011, OGP has welcomed the commitment of 67 additional governments to join the Partnership. In total, 75 OGP participating countries have made over 2,500 commitments to make their governments more open and accountable.”

72. Pakistan expressed intent to become a member of Open Government Partnership in November 2016 whereby the Finance Minister signed the letter of intent and expressed the commitment to respect the Open Government Principles as articulated in the Open Government Declaration.

3.2.6 National Accountability Ordinance 1999

73. The National Accountability Bureau (NAB) is Pakistan's apex anti-corruption organization. It is charged with the responsibility of elimination of corruption through a holistic approach of awareness, prevention and enforcement. It operates under the National Accountability Ordinance, 1999. With its headquarter at Islamabad, it has seven regional offices at Karachi, Lahore, Peshawar, Quetta, Rawalpindi, Multan and Sukkur. It takes cognizance of all offences falling within the National Accountability Ordinance (NAO).

74. For the initial three years, the focus of its functions was directed only at detection, investigation and prosecution of white-collar crime. Those prosecuted include politicians, public service officials and other citizens who were either guilty of gross abuse of powers, or through corruption had deprived the national exchequer of millions or resorted to other corrupt practices. In February 2002, NAB launched the National Anticorruption Strategy (NACS) project. The NACS team conducted broad based surveys, studied external models of international anti-corruption agencies and involved local stakeholder. All pillars of National Integrity System were studied in detail. After identifying the causes of corruption in each pillar, a comprehensive strategy and a detail action plan was recommended. Breaking away from traditional enforcement based routines NACS has recommended a comprehensive process. Relevant amendments have been made in NAO and now NAB is empowered to undertake prevention and awareness in addition to its enforcement functions.

Chapter 4. FINDINGS: CAPACITY ASSESSMENT FOR MANAGING ENVIRONMENTAL AND SOCIAL EFFECTS RELATED TO PROPOSED P4R OPERATION

75. There are three main implementing partners for the Program. These consist of:

- Controller General of Accounts
- Accountant General Pakistan Revenue
- Auditor General of Pakistan

4.1 The Controller General of Accounts

76. The Office of the Controller General of Accounts was formed under an ordinance issued in 2001. The Office is the premier accounting office of the Government of Pakistan and has been entrusted with task of producing timely and accurate financial statements of the federation. The Office achieves this task through dedicated human resources, massive investment infrastructure and strict quality control checks by the Senior Officers. The main functions of the CGA envisaged in the CGA Ordinance 2001 are the following:

- To prepare and maintain the accounts of federation and provinces and district governments.
- To authorize payments and withdrawals from the Consolidated Fund and Public Accounts of the Federal and Provincial governments.
- Formulating the principles governing the internal financial control for government departments.
- Rendering advice on accounting procedure for new schemes, programs or activities undertaken by the Government concerned.
- Providing the information required by the Federal, Provincial or District Governments (in so far as accounts compiled permit).
- Developing and maintaining an efficient system of pension, provident funds and other recruitment benefits

77. The following figure presents the organizational structure of the CGA. The first organogram presents the overall CGA organization with its network/offices across the country while the second one describes the CGA Department at the Federal level.

Figure 3: Organizational Hierarchy of CGA

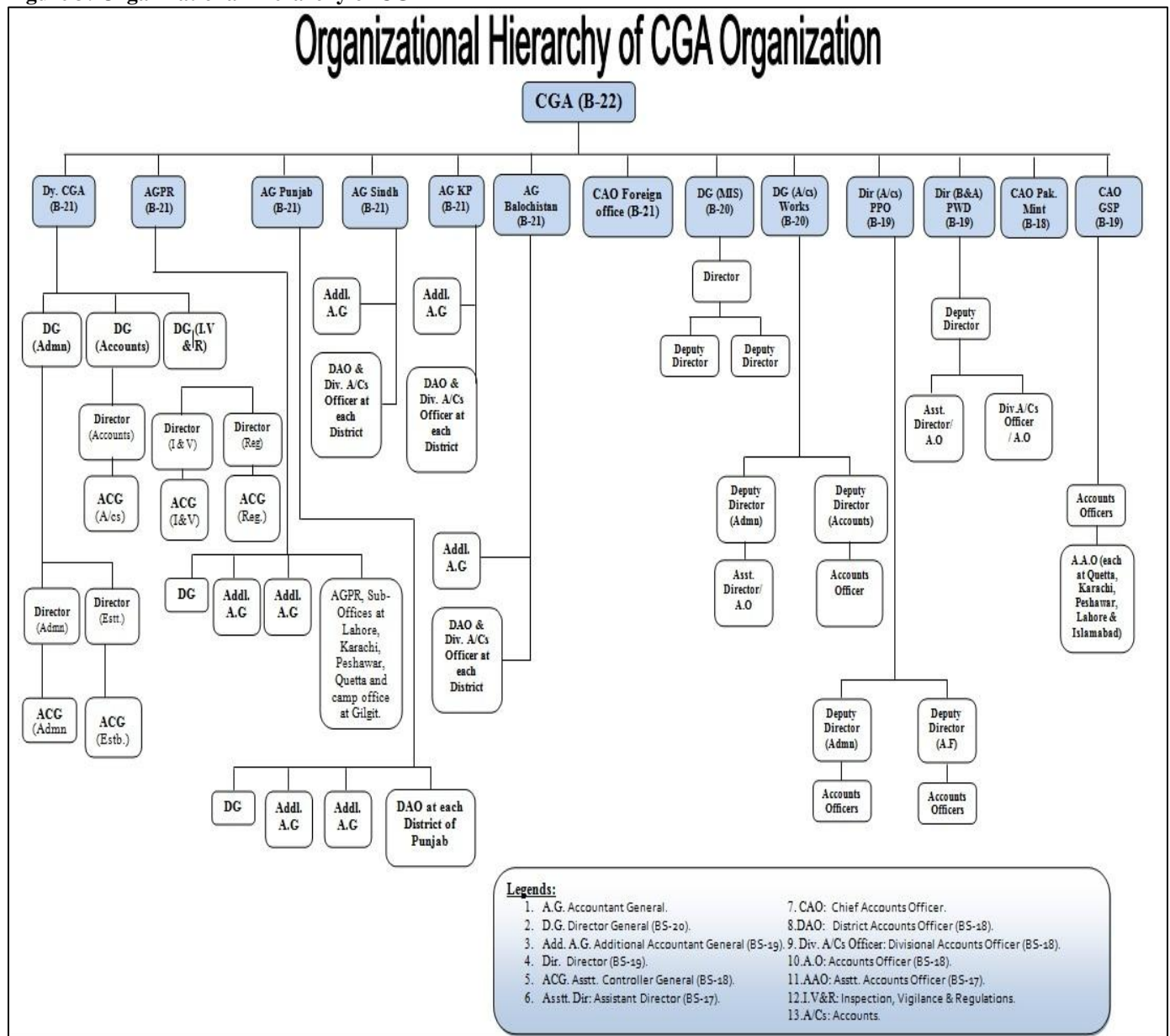
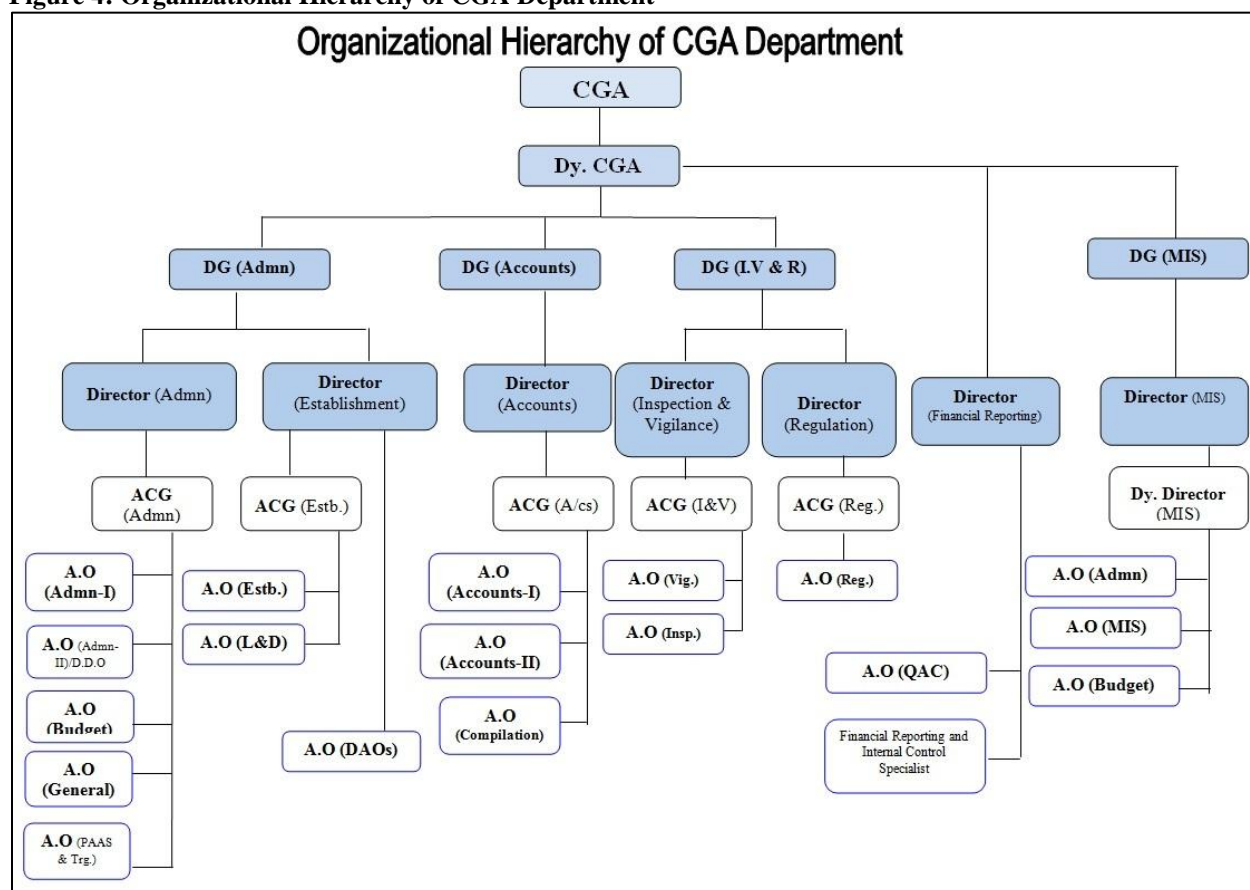


Figure 4: Organizational Hierarchy of CGA Department



Assessment of CGA Capacity for managing social risks:

78. The CGA Department has a number of staff to manage the vendor bill payment system. However, as described later in the ESSA report, this process is both time consuming and is perceived to lack transparency. There is an Inspection, Vigilance and Regulation Wing headed by a Director General. There are Inspection Teams under this Wing that visit relevant offices as required to inspect performance of offices under the purview of CGA. Although CGA claims that IVR serves as a Grievance Redress Mechanism, it may not qualify as one as per World Bank standards per se.

Assessment of CGA Capacity for managing Environment risks:

79. Environmental issues related to e-waste are not on the radar of CGA. At present electronics and electrical equipment at the end of its useful life is placed in a common store and later auctioned. The terms of auction doesnot include any environmental provisions nor do CGA keeps track of activities or profile of the buyer. CGA considers itself absolved of any responsibility resulting from any degradation the equipment may cause to the environment. This procedure is not environmentally friendly and sound.

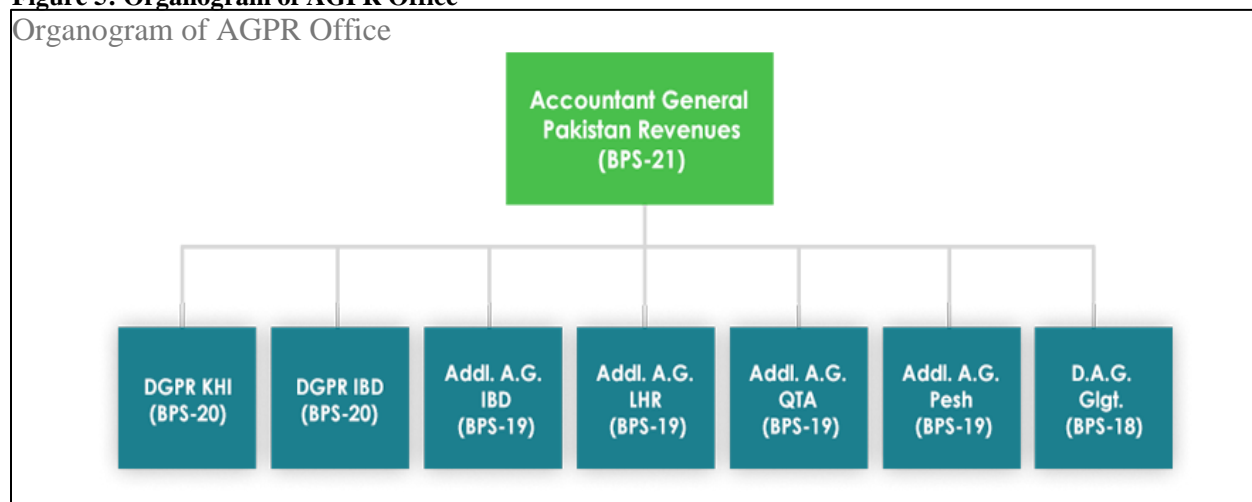
4.2 Accountant General Pakistan Revenue (AGPR)

80. The AGPR office is responsible for the centralized accounting and reporting of federal transactions. Thus, the AGPR falls under the CGA's hierarchy and deals with all pensions and pay issues as well as vendor payments that fall under the domain of the federal government of Pakistan.

81. There is a Complaints system in AGPR office. Complaints can be lodged online and Deputy AG of 3 wings can receive and take action on these complaints. AGPR directly monitors the complaints system. However, no data is maintained on complaints and the time taken for their redress.

82. A Quality Control Section undertakes post-audit of large bills. Complaints data goes to them. Major complaints are (i) vendor details not updated (ii) Bank account details not provided by vendors. For pensions-related complaints, there is a Pensions Facilitation Centre on AGPR premises that receives complaints and provides assistance. It maintains an online tracking system of complaints.

Figure 5: Organogram of AGPR Office



Capacity Assessment of AGPR to manage social risks

83. With respect to pensions, the Facilitation Centre is a well-functioning initiative with trained staff who are well aware of how to deal with disabled and elderly pensioners. A separate women's cell is also in operation with one female staff. They maintain a database of all complaints. However, their principal problems were (i) staff constraints for follow-up as most pensions records are non-computerized and (ii) most complaints received by them relate to lack of service records that must be supplied by the pensioners own Department/Ministry. These two hindrances lead to delays and cause payment delays to pensioners.

Capacity Assessment of AGPR to manage Environment risks

84. No assessment required for managing environmental risks. AGPR is not procuring IT equipment.

4.3 Auditor General of Pakistan's Office (AGP)

85. The Auditor General's organization is the prime institution in the country for ensuring public accountability and fiscal transparency in governmental operations. The organization is expected to bring about improvements in the financial discipline and internal control environment in the executive departments for minimizing the possibility of waste and fraud.

86. The Auditor General of Pakistan is appointed under the Constitution of the country. His reports are laid before the National, Provincial, and District Assemblies and are considered in the Public Accounts Committee of the respective Assemblies. His mandate enables him to strengthen the legislative oversight by providing an independent and objective assessment of the process of governance both at the federal and provincial levels.

Capacity Assessment of AGP

87. There is no designated staff within the Auditor General's Office to oversee, manage and assure quality of a Performance Audit. Further skills on citizen engagement, inclusion of marginalized groups are also not present. To conduct effective Performance Audit exercises as identified under the PforR, the Auditor General's Office will need to create a Performance Audit Cell with requisite staff on social research, participatory/citizen led surveys, governance and gender. This Cell must provide the overall technical direction to the scope, scale and technical rigor to the Performance Audits.

88. No assessment required for managing environmental risks. AGP is not procuring IT equipment.

Chapter 5. COMPARATIVE ANALYSIS: COUNTRY SYSTEMS AND OP/BP 9.00 CORE PRINCIPLES

89. A detailed assessment provided the following comparative analysis of institutional systems to manage social risks. These are mapped according to each ESSA Core Principle:

5.1 Core Principle 1

90. *Core principle 1:* Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in the program design; (b) avoid, minimize, or mitigate against adverse impacts; and (c) promote informed decision-making relating to a program's environmental and social effects.

91. *Social Assessment:* The overall principle has been subsumed within the Core Principles 4 and 5 as the program's design is focused on improving financial and procurement process accountability.

92. *Environmental Assessment:* The assessment for this Principle is covered under Core Principle 3 as adverse impacts are related to hazardous waste and dangerous materials.

5.2 Core Principle 2

93. *Core principle 2:* Environmental and social management procedures and processes are designed to avoid, minimize, and mitigate against adverse impacts on natural habitats and physical cultural resources resulting from the program.

94. *Social Assessment:* There are no impacts on Physical Cultural Resources as a result of Program activities. As a result, this Core Principle was screened initially but then dropped from the ESSA.

95. *Environmental Assessment:* There are no impacts on natural habitats as the Program design focuses on improving service delivery through improved public financial management, with no physical construction or civil works involved.

5.3 Core Principle 3

96. *Core principle 3:* Environmental and social management procedures and processes are designed to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials; and (c) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.

97. *Social Assessment:* Risk Assessment and initial screening showed that there were no construction activities included in the PforR operation. Hence, this Core Principle was also not included in the ESSA.

98. ***Environmental Assessment:*** Initial assessment indicated that exposure to hazardous waste and dangerous materials from e-waste resulting from IT equipment. Such IT equipment needs to be disposed of in an environmentally safe manner. However, the life of the equipment exceeds the project implementation phase.

5.3.1 E-waste Relevance to the Project

99. The total e-waste generated in Pakistan was 300 metric kilotons in 2012 which had risen to 317 metric kilotons in 2015³. Due to ever increasing population and upsurge in purchasing capacity, the demand for electronics and electrical equipment is expected to increase in coming years. This along with import from developed countries and advancement in indigenous technological advancements has led to significant e-waste generation from businesses, public sector and even households.

100. CGA is buying 4200 desktops with UPS and Biolock systems, 115 laptops, scanners and a few servers. Assuming an average weight of a new desktop of about 10 Kgs and a new laptop of approximately 1.5 Kgs, the total e-waste generated by the project comes out to be less than 0.05 metric kilotons at the end of the useful life of the electronic equipment being procured by the project. Considering the high quantities of e-waste in Pakistan annually, e-waste generated over a period of time from the IT equipment procured by CGA will not be significant enough to have a major adverse impact. Therefore, the relevance of e-waste issue to this Program for Results is very limited.

5.3.2 E-waste Issues in Pakistan

101. E-waste recycling is carried out in informal facilities (small workshops) for recovering valuables metals such as copper and gold. The normal process includes dismantling, open burning, acid bath and use of blow torches. The workers perform these acts without any personal protective equipment such as protective respiratory equipment or special clothing. These facilities don't have good ventilation systems and the workers are exposed to toxic emissions from such activities. Unfortunately, the workers and people general residing in the neighborhood of e-waste recycling facilities are not aware or well informed about the hazardous associated with recycling of e-waste. The major recycling facilities are located in all major cities of Pakistan including Karachi, Lahore, Faisalabad, Gujranwala, Islamabad/Rawalpindi.

5.3.3 Institutional and Regulatory Gaps

102. According to the Strategic Country Environmental Assessment carried out in 2006 by the World Bank, Pakistan's environmental management framework is relatively mature but there are institutional obstacles to its effective application. The basics of a command and control regulatory program are not in place nor is there any significant use of complementary measures, such as economic instruments, voluntary programs, and transparency, and disclosure. However, over the last decade environmental issues have worsened and regulatory framework has not been able to adequately address environmental crises and emerging problems.

³ Iqbal, M., et al., Emerging issue of e-waste in Pakistan: A review of the status, research needs and data gaps, Environmental Pollution (2015)), <http://dx.doi.org/10.1016/j.envpol.2015.09.002>

103. The emphasis of federal and provincial EPAs has been on policing industry. However, monitoring and enforcement mechanisms alone have not worked well to reduce environmental degradation. With the 18th Constitutional Amendment, environment became a provincial subject. This put additional pressure on Punjab EPD/EPA and created operational, technical and legal issues. Provincial legal framework is incomplete, outdated and not adjusted to provincial needs. In addition, enforcement capacity is low and information systems are not designed to handle existing workload. The stakeholder consultations as a part of preparing World Bank funded Punjab Green Development Program (GDP) confirmed this assessment.

104. The stakeholders felt that Pakistan environmental regime is not practical or enforceable. The current regulatory framework is incomplete and do not cover entire spectrum for example Punjab Environmental Quality Standards (PEQS) are incomplete and there are gaps in standards. Some of the proposed standards – municipal and industrial effluents, industrial gases, and vehicle and noise - are not quality standards but discharge/emission limits. At the same time stakeholders complained that necessary infrastructure to enforce environmental regime is missing or not up to the necessary standards and there is an urgent to set up environmental labs and monitoring centers.

105. World Bank funded Punjab Green Development Program (GDP) which is under preparation aims to reduce regulatory gaps and increase professional efficiency of government institutions that play a role in controlling environmental pollution. The inefficiencies at the regulatory and institution level were confirmed during stakeholder consultations as a part of Punjab GDP preparation. The consultations revealed that there is an urgent need to review provincial environmental rules and regulations.

106. There have been complaints from public and industry on lack of ability of EPA to addresses environmental issues and challenges faced by the country as a whole and specifically Punjab. The complaints also focused on operational competence of EPA and their ability to handle environmental considerations of mega infrastructure projects. As a result, there is a growing tendency to rely on courts for settling of environmental issues especially related to mega projects. This trend has been undermining EPA's authority. The Supreme Court of Pakistan has established Green Benches in the High Courts, which, following the complaints of civil society organizations, are putting pressure on the EPAs to ensure that all public-sector projects go through the process of EIA preparation and approvals. The national and subnational governments, due to political reasons, are operating in a fast track mode for the execution of development projects. Compliance with environmental regimes are mostly treated at a cursory level. Therefore, many government projects especially in Punjab have been involved in litigation in the courts, following complaints from civil society organizations.

107. As mentioned under environmental regulations in Chapter 3, Section 11 of the Pakistan Environmental Protection Act, 1997 prohibits discharge or emissions of any hazardous chemical into the environment and Section 13 strictly prohibits importation of any hazardous substance into the country. Handling, Manufacture, Storage, Import of hazardous Waste and Hazardous Substances Rules, 2016 places restrictions on how hazardous substances can be used by businesses. Import Policy Order 2015-18 bans import of hazardous wastes as defined and classified in Basel convention. These regulations give basic e-waste management constraints

and so are very general causing practical issues in implementation. As a result, informal recycling continues unabated and pretty much unregulated.

108. The Penal Code discusses offences where public or private properties and/or human lives are affected due to intentional or accidental misconduct of an individual or body of people. The code defines the penalties for violations concerning pollution of air, water bodies and land. Noise pollution is covered in Section 268. In the context of this program, the Penal Code can provide a basis for the CGA, AGPR and AGP to coordinate activities with the local authorities to ensure that construction and operation activities do not become a cause of public nuisance or inconvenience.

5.4 Core Principle 4

109. *Core principle 4:* Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards. Risk Assessment and screening of PforR interventions against Core Principles revealed that neither access to natural resources or no land acquisition and resettlement is expected to take place as a result of the operation. Hence this Core Principle was not included in the ESSA.

5.5 Core Principle 5

110. *Core principle 5:* Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups. This Core Principle was assessed across the entire PforR and DLIs 5 and 9.

111. ***Social Assessment: The risk of marginalization was assessed in the context of DLI 5 related to pension payments.*** Pension payments have been a source of great distress for retirees due to delays, fraud and lack of awareness of processes. In recent years, the federal Ombudsman's Office issued directions to initiate systems that can expedite payment of pension (See Annex 2). The ESSA found that the proposed PforR's interventions would help significantly reduce this situation through ensuring that retirees can have a stipulated percentage of gratuity and first pension payments within 15 days of retirement through a Direct Credit Scheme (DCS). This would have across-the-board benefit for all retirees. The most common issue faced by pensioners consists of delays in pension payments. The principal bottleneck consists of missing or incomplete service records that must be maintained by their parent ministries. Once the service records are in place, pensions can be released smoothly. To assist in expediting the completion of service records, Finance Division has proposed a system of appointing Focal Persons, Pensions Welfare Officers, in each Ministry to ensure that they oversee the finalization of documents required for upcoming retirees/pensioners before six months of retirement date. A list of forthcoming retirees is circulated for the year to each Ministry and Focal Persons would, under the proposed changes, be required to assist in obtaining all necessary documents. This system will enable smoother award of pensions and reduce marginalization of retirees from obtaining their due benefits. Further, this will enable Ministries to own the delays in their own staff not receiving timely pensions. However, Pensions Officers have only been appointed in a few Ministries (See Annex 3 and 4) e.g. Ministry of Finance and

Establishment Division. This process needs to be expedited and as laid out by the Federal Ombudsman extended to provincial and district levels as well.

112. Interview with CGA revealed that most problems on pension payment are faced by low cadre staff and women particularly widows who receive pensions on behalf of their deceased husbands. While data for pensions is being transferred online, there is no entry for gender and cadres making it difficult to analyze if these groups face major delays or not. The ESSA recommends that this field is added to the database for easy tracking of marginalized groups. Further, Pensions Officers must be instructed to pay special attention to the needs of low cadre and female staff to ensure that their cases are not delayed.

113. A Pensions Facilitation Centre has been established on the CGA premises in Islamabad. The ESSA evaluated the services offered by the Centre and its approach to pensioners in general and marginalized ones in particular. (e.g. female, elderly, disabled pensioners). The Facilitation Centre was run by trained staff who were responsive to the pensioners' complaints. There is a separate cell for female complainants staffed by one female staff member with clean and well maintained facilities. There are access facilities for disabled pensioners and elderly pensioners are prioritized. Printed leaflets are available for complainants to understand the complaints process. The Facilitation Centre staff reported that the majority of complaints received are related to lack of proper service records not due to financial delays by CGA. The Facilitation Centre is a positive avenue for pensioners to lodge any complaints regarding pensions from all type of pensioners belonging to ant cadre or location. While it functions well, it needs to improve the digitization/online entry of pension records that can expedite response to complaints. Some records have been digitized by CGA but a vast majority still remain in paper form and need to be retrieved manually in case of a complaint. The interviews also indicated that most respondents were not even aware of the Pensions Facilitation Centre until referred to by someone. There is a need to communicate the services offered by the Centre.

114. The ESSA interviewed some 15 pensioners who visited the Pensions Facilitation Centre (detailed findings in Annex 4). All pensioners were satisfied with the services but all had faced delays in pension registration ranging from 12 days to 5 months. Delays were especially reported by women whose male relative had passed away leaving them as a beneficiary. They were expected to produce a range of documents to prove their and their children's eligibility.

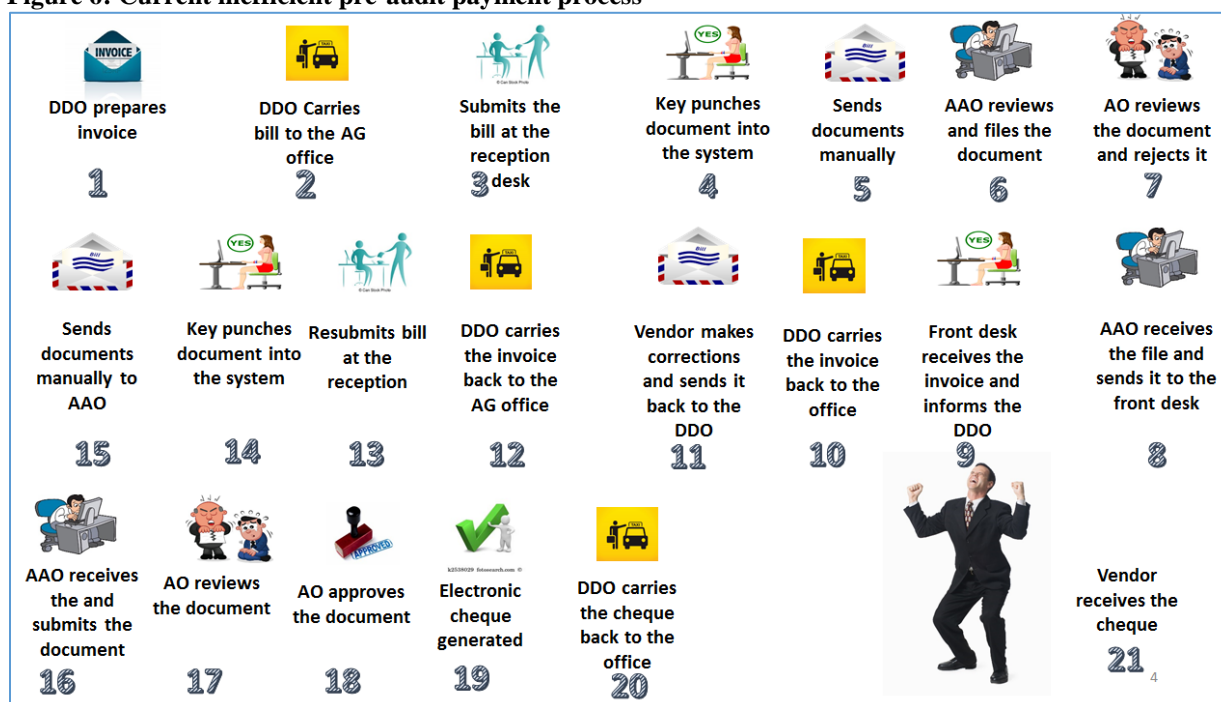
115. Further, the ESSA also assessed the pension's qualification process to ascertain if it plays any role in marginalization of potential beneficiaries. The assessment for eligibility of pensions form incudes several aspects that are biased against women – for example, it requests information from women applicants (eligible for a deceased husband's pension) if they have remarried. Male applicants are not asked this question. It is unclear if this impacts women's eligibility for receiving pensions. While, the Pensions Rules stipulate that remarried widows cannot receive pension of their ex-husband, it is worth questioning the rationale behind this rule. Such discriminatory approach to pensions can marginalize women from receiving pensions to which they ought to be entitled in lieu of their previous marriage. The client may consider it pertinent to review such questions for criteria for widow pensioners. The ESSA found evidence that an increasingly larger number of applicants, especially women, choose to submit their complaints online because they are unable to travel to Islamabad. This online application facility

needs to be communicated and promoted widely to ensure that lodging complaints can become a time and cost effective process.

116. The PforR will significantly reduce marginalization of retirees through supporting the on-going process of withdrawal of Pension Books and introduction of Bank-account based pensions transfer backed by a Pensions Card. The Pension Card is expected to be introduced as a cash card to withdraw pensions from cash machines while the bank payment system ensures that pensioners with bank accounts can be paid through electronic transfer monthly. Bank transfers have already been introduced to retirees from 2011 and all pensioners will eventually be transferred to this system. The ESSA explored if this is likely to lead to marginalization of pensioners who have been using Pensions Books and found that pensioners prefer using bank transfers due to the predictability and reliability of transfers. Since all salary payments are now made via Bank transfers, all government employees are mandated to maintain an account in Pakistan's National Bank that has the largest network of branches. Old pensioners are being converted into Bank transfer system and this will likely lead to some delays. However, given that the major source of fraud has been at Bank disbursement level through fraud pension books, unverified withdrawals, withdrawals on behalf of others and other practices, Bank credit system will save a significant amount of funds that were embezzled in the past. There is a need to ensure that old pensioners being transferred to the Bank system are approached on a proactive basis to ensure that they face no issues in transitioning from one system to the other.

117. DLI 2 is focused on ensuring that payments are made to vendors/ suppliers by AGPR (Accountant General Pakistan Revenues) through electronic fund transfer. The ESSA showed that the current system of payments to vendors consists of multiple steps, each time-consuming and ridden with risks including rent-seeking, that lead to delays and inefficiencies particularly for small vendors. The process flow is presented below:

Figure 6: Current inefficient pre-audit payment process



118. While the process can flow smoothly, in practice it takes several weeks. Data was requested on payment delays but was not made available by the CGA's office. Hence, the ESSA cannot determine the average time it takes to process a vendor's payments. There are also other issues with paper-based payments. Paper-based bills can be destroyed, lost, become illegible or defaced thus leading to greater delays. Further, the Ministries are outside the loop of financial payments and processing. Ministries face loss of credibility with vendors if bills are not cleared on time. There are also potential avenues for rent seeking at each step as several actors are involved in the entire process.

119. To address this situation, the Project's approach of introducing an online bill submission system is one that significantly reduces rent-seeking and delays in payments to vendors. Such a system is in operation in a few ministries such as the Ministry of Foreign Affairs which leads to expedited vendor payments. Bill submissions take place online rather than manually and verification is also done by the finance and administration staff. Once the process is complete, the payment is released into the vendor's bank account rather than through cheques. The ESSA interviewed staff who had served in the CGA and were familiar with the process. Their views were consistent with the project's interventions. No marginalization of vendors was assessed as a risk as vendors are aware of the problems faced through paper bill submission and usually have resources to enable them to submit bills online.

120. The ESSA also assessed the social risk of marginalization under Core Principle 5 in relation to DLI 6 and 7. These DLIs relate to conduct of performance audits through Citizen Participatory Audits using information provided through the Budget Performance Observatory (BPO). This is a crucial and ground-breaking step which the ESSA endorses strongly. The only social risk with this intervention is the lack of capacity and defined technical roles to conduct it effectively. Exercises similar to a Participatory Audit have been conducted for some years in Pakistan. However, they have either been discontinued (e.g Social Audit supported by the United Nations Development Program) or limited to other more project and sector specific social audits. The ESSA endorses the approach of a combined financial and performance audit conducted through citizen participation. The Auditor General's Office in Punjab has conducted very limited performance audits at the behest of a department. The ESSA recommends that the Auditor General's Office begin with limited audits e.g. at district level for one sector and then upscale the exercise in subsequent years. This will create buy-in from all stakeholders and build the Auditor General Office's capacity to conduct such exercises. The ESSA recommends education and health sectors as first areas of such an audit.

121. The principal social risk from a Performance Audit is that of marginalization of vulnerable groups unless an effort is made to include them in such an exercise. Further, the risk of collusion between relevant ministries and local CSOs can also impact upon the findings of such an audit. A performance audit is a demanding exercise that requires rigorous conceptual and methodological oversight. Currently, the Auditor General's Office does not have the capacity, skills and training to oversee this exercise. The ESSA recommends the creation of a Performance Audit Cell staffed with requisite Social Research Specialists who are well versed with issues related to inclusion of marginalized communities, gender aspects, voice and transparency aspects, governance issues and social research methods. This Cell can be responsible for designing and overseeing the Performance Audit exercises. They should also be tasked with building up such cells at provincial Auditor's offices to ensure provincial coordination and

technical oversight. The actual performance audit can be undertaken through external expertise but internal technical oversight is imperative to ensure that the findings are well received by the parent Ministry/Department and technically robust.

5.6 Core principle 6

122. ***Core Principle 6: Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.*** The ESSA analyzed the entire PforR from a social conflict and fragility lens and reached the conclusion that none of the interventions are likely to cause overt conflict. However, there are issues of institutional coordination, pressure on pensioners etc that may occur because of the interventions. Social conflict was primarily seen within the context of institutional coordination within this operation. Lack of transparency and rent-seeking has been highlighted in the current payment process with references to collusion between some staff and vendors to expedite payments. This practice will cease once the payment process is online. The scope for rent-seeking is low given the day-to-day oversight at this level and a clear online process of approval. To mitigate any lack of coordination in the transfer process, clear Rules need to be issued to build understanding of roles and responsibilities.

123. Within the context of DLI 5 on pension payment processes, the risk of social conflict through lack of coordination is related to the slow processes at Ministerial level and within the change from Pension Book system to bank transfers. The Pensions Officers need to ensure that all cases regardless of cadre, gender or location are processed timely within their own Ministry. Pensions Officers, if perceived to favour a certain class of employees, can lead to disenchantment with the new system and create tensions. It is important that the role of Pensions Officers is not just based in Ministries but replicated at provincial and district level within each Department to ensure that potential retirees located anywhere receive this support.

124. The potential issues old retirees could face consist of changes from pension book system to bank accounts. If at least some pensioners in this category are still without a bank account, the CGA will need to ensure outreach to ensure that they are informed about opening an account well in advance to when the pension books are withdrawn. This can be done through public messaging and targeted outreach to such pensioners.

125. Within the remit of DLIs 6 and 7, the principal source of social conflict can emerge from lack of inclusion of marginalized and poor within the Performance Audit. To address this risk, the establishment of a Performance Audit Cell has been proposed. The design, scope, scale and technical direction/oversight to the Performance Audit must be provided by this Cell. Without this overall supervision, the exercise can lead to a sub-optimal quality exercise. Technical oversight must include adequate inclusion of poor and marginalized people, women and explore issues related to power and voice when assessing the performance of a sector.

126. Another potential source of conflict can be the Ministries/Departments whose performance is assessed through the audit. It is imperative that Auditor General's Office through the Performance Audit Cell discusses the Performance Audit with the relevant Department or Ministry prior to launching the exercise. While the Performance Audit must not involve the Departmental staff, they must be taken on board to ensure that they are aware of the scope of the exercise and can draw appropriate lessons from it. Dissemination must also be undertaken at a

public level to ensure that citizens who participate in the audit can see the results of the findings and use them to leverage for improved service delivery.

Chapter 6. Chapter 6: STAKEHOLDER CONSULTATIONS

6.1 Introduction

127. Stakeholder consultations were an integral part of the ESSA process and were carried out keeping in view similar principles and objectives of other Bank operations. This section of the ESSA highlights the consultation process, elaborating on engagement with key stakeholders and major findings and recommendations from them. It also provides details pertaining to the Bank-sponsored multi-stakeholder workshop in Bhurban conducted on 12 May 2017.

6.2 Engagement with Key Stakeholders

128. The ESSA Team engaged with key institutional stakeholders including CGA, AGPR and Sindh Government through various means including initial meetings with CGA, AGPR including visits to Pensions Facilitation Center, interviewing and discussions with pensioners, and sessions with AGP officers. ESSA drafts were reviewed by AGPR and CGA counterparts, and detailed comments were provided which were duly incorporated.

129. Specifically, a focused survey was conducted with individual pensioners visiting the PFC. All pensioners were satisfied with the services but all had faced delays in pension registration ranging from 12 days to 5 months. Delays were especially reported by women whose male relative had passed away leaving them as a beneficiary. They were expected to produce a range of documents to prove their and their children's eligibility.

130. A Stakeholders' Workshop was also conducted, followed by three follow-up meetings with CGA, AGPR and Sindh government. Details are provided as under:

6.3 Summary of Stakeholders' Workshop Conducted by ESSA Team

131. Consultation with stakeholders including CGA, AGP and AGPR was held in a workshop in Bhurban conducted by the Bank's social team during the development of ESSA. The session was conducted on 12 May 2017.

132. A presentation on design, methodology, key findings and recommendations on social issues was given to the participants. The major points discussed during the workshop are described below:

- a. Design and methodology of the exercise was found to be adequate, however CGA representatives suggested further engagement on findings and recommendations so as to make the same in line with CGA's institutional setup, roles and responsibilities
- b. Role of DG IV & R was discussed in terms of current GRM within the CGA setup. It was agreed that the terms of reference of IV & R Unit will be reviewed in order to strengthen the process of recording grievances and responding to them
- c. CGA colleagues clarified that the online bill submission will not involve vendors, rather the concerned DDO will be responsible for doing the same; hence the risk

of smaller vendors being incapable of understanding and operating IT systems is minimal

- d. It was clarified that the system of appointing Pension Welfare Officers at the Ministries level was an initiative of Finance Division and NOT of CGA
- e. DLI's needed to be updated considering recent deliberations between the Task Team and key stakeholders of the project

Chapter 7. CONCLUSIONS AND RECOMMENDATIONS

7.1 Summary of main findings and the key risks posed by the operation

133. The ESSA concludes that the intervention areas are well structured for a Program for Results Operation. There are no large scale environmental or social impacts from the Program that would necessitate the preparation of specific instruments to implement mitigation measures. Thus, the Operation is suitable for PforR instrument from an environmental and a social safeguards perspective.

7.2 Social Recommendations

134. The major social risks associated with the Operation are mapped to Core Principles 5 and 6 of the ESSA concerning inclusion of marginalized and vulnerable people and social conflict respectively. These risks are likely to occur if the interventions are not implemented with the requisite quality, oversight and communication. However, if the requisite technical expertise and institutional capacity is in place, the risks can be managed.

135. Currently, the institutional capacity to manage some risks associated with Core Principles 5 and 6 are missing. The ESSA Team's assessment is that capacity and systems will need to be developed for the Performance Audit, Pensions Facilitation Centers and transfer of online vendor payment systems to parent Ministries and Departments. The ESSA Team's recommendations are presented below:

DLI 3:

- In relation to DLI 3 related to vendor payments, the ESSA recommends that the Ministries recruit finance specialists to ensure that the requisite processing can take place in a timely fashion. Without the relevant capacity to process vendors' payments, an online and decentralized system may still lead to delays and conflicts.
- A Grievance Redress Mechanism needs to be laid out in each Ministry to ensure that vendors are provided a platform to lodge complaints. Clear timelines for complaint processing and redress must be specified.
- The new system of online payments and Ministry-level decentralized vendor payments must be communicated effectively. All vendors who are awarded contracts must be provided written and online information on how to access the online payment system and the associated timelines

DLI 5:

- The ESSA recognizes that the pension payment process initiatives under the Program are largely beneficial for pensioners and provide recourse to expedited and transparent payments. However, migration from old pension book to bank account based payments needs to be expedited. Old pensioners (pre 2011), must be informed about the necessity of opening a bank account in their own name for pension payments and their written consent ensured. The pensioners have registered postal

addresses in all cases, hence a ‘registry’ on the subject can help in ensuring that all pensioners, in urban and remote rural areas have been informed of the change.

- Service documents of all pensioners need to be transferred to an online database. While this process is currently taking place, it is proceeding at a slow pace. This process must be expedited either through contracting out the service or through temporary engagement of staff. Unless these records are computerized, pensioners will continue to face slow processing of their complaints.
- Pensions Facilitation Centre in Islamabad is a commendable platform for pensioners to obtain redress. Such Centers must be established at least at provincial levels to ensure that pensioners are able to find relief. Online lodging and processing of complaints must be widely communicated and promoted to ensure that petitioners in far flung areas especially women are able to access these services. Requisite staff must be appointed to such Centers and appropriate training and resources must be provided to ensure their smooth and effective function.
- Pensions Facilitation Centers must also develop leaflets informing petitioners the process and time line for complaint processing. Currently, petitioners do not have information on how long it takes to process their complaint and when they need to make a follow-up call or visit. Pensioners make repeated visits to inquire about the state of their complaint. This can be avoided through communication of grievance redress steps and timeline so that pensioners can follow-up at the right time instead of making repeated visits.
- The ESSA strongly recommends that discriminatory questions are removed from the Pensions Form immediately. There is no reason to ask wives of deceased employees how long they were married to their husband, if they have remarried etc. This has no bearing on their eligibility for receiving pensions. This recommendation is for Borrower’s consideration.

DLIs 6 and 7

- The ESSA highly endorses DLI 6 and 7 from a perspective of transparency, inclusion and citizen engagement. It will be a path breaking step to conduct Performance Audits and release this information to the public. The ESSA recommends that a phased approach is taken to this intervention. To begin with, the exercise should encompass both performance and financial aspects. Further, the Audit should first be undertaken at a district level and then up scaled to a wider level. Critical services such as education and health should be considered for the first Performance Audit. At a later stage, the Performance Audit can expand to other critical themes such as Gender, Crime and Environment/Climate Change.
- Currently, there is no capacity within the Auditor General’s Office to supervise or guide such an exercise. The ESSA recommends that a Performance Exercise Cell is created within the Auditor General’s Office and staffed with requisite specialists on Governance, Social Accountability, Sociologists and other specialists. This Cell should be responsible for determining the scope and scale of the Performance Audit. They may sub-contract the actual exercise to a third party but must have the capacity to provide technical guidance to it. They should also be responsible for engaging with relevant Ministries/Departments and informing them about the Audit. While the Audit must be independent of Ministries/departments, it must have their backing to ensure that the findings are received in future planning and implementation.
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7.3 Environmental Recommendations

136. The Project under different DLIs procure IT equipment which needs to be disposed of in an environmentally safe manner. However, considering the high quantities of e-waste in Pakistan annually, e-waste generated over a period of time from the IT equipment procured by CGA will not be significant enough to have a major adverse impact. Therefore, the relevance of e-waste issue to this Program for Results is very limited. However, of e-waste in Pakistan remains significant and consequently, following recommendations are being made to further mitigate project related risks. These recommendations would be beneficial for the country systems as well:

- Ministry of Climate Change and CGA through Ministry of Finance should work together for enactment of e-waste regulations starting with the formulation of guidelines for safe disposal of e-waste. .
- CGA also has the option of considering and exploring buyback provisions in the contracts where specialized IT equipment such servers and branded equipment like laptops are procured from world renowned IT manufacturers. Such buyback provisions would not work in unbranded IT equipment where local vendors are micro and small enterprises.

137. Furthermore, the issue of e-waste is also being handled through other World Bank initiatives and programs. Punjab Green Development Program (GDP) is working with Government of Punjab for promoting green development. The program is looking at regulation and e-waste related matters can be addressed through it. CGA may consider working with Punjab Environment Protection Department and EPA in promoting e-waste regulations and guidelines as a part of Punjab GDP.

ANNEXES

Annex 1 – Interview Questions with Key Informants

A. Interview with Chief Finance & Accounts, Ministry of Finance

1. What are the possible constraints to line ministries in adopting the new system?
Technological challenges; hardware and software limitations; capacities within ministries
2. Possibility of lesser exploitations of contractors; is there any rent seeking in the payments processing currently, and if so, how will it be decreased? Will it decrease due to the new system?
3. What are the other reasons for payments delay which cannot be responded by technological modernization?
4. How will the positive benefits due to system efficiency, early transfers and improved service trickle down to the end user?
5. What rules (PPRA, Finance, etc.) would be redefined to introduce systems' efficiency?
6. What capacity issues are there at the ministerial level to do expenditure planning and cash forecasting?
7. Are there any trainings planned for ministerial staff responsible?
8. How do you manage small contractors with limited capacity?
9. In terms of payments, how do you manage conflict with contractors? If there is any GRM in place?
10. Any feedback taken from user ministries on Electronic Documents Management System (EDMS)?
11. Any data available on time duration for each step involving payment processing for contractors?

B. Interview with Ministries of Education and Health

1. Is procurement and/or expenditure planning carried out currently? Is Cash forecasting done?
2. In the absence of such planning instruments, do the current procedures contribute to inequitable service delivery (in terms of investment priorities)?
3. Would procurement planning, cash forecasting etc. help improve service delivery?
4. Are contractors and end users marginalized in your opinion due to current processes? If so, how?
5. The delays in payment, how do they affect your contractors and end users? Does it lead to any conflicts?
6. What are the opportunities for rent seeking within the current procurement system? Will these decrease due to this project?
7. Do you have any women contractors who feel marginalized?
8. In your opinion, whether organization management module should go to sub provincial level?
9. Do your employees find the Pensions Facilitation Centers adequate? Where should these be located?
10. How doable is the biometric system for pensions for your workers? Will some workers get excluded?
11. Are you ready to allow expenditure tracking? And CSO based social accountability?
12. What interface will be there for CSO engagements within the actual ministry?

C. Interview with Contractors


1. How are the contractors marginalized due to current procurement processes?
2. What problems do you face due to delayed payments?
3. Any effort in the past to improve this system by the government? Or has it gone worse?
4. Is there rent seeking present? Will it decrease due to the new system?
5. Will the new system increase or decrease marginalization especially of smaller contractors?
6. What is the general capacity within contractors to operate technology? Will the EDMS impede the access of contractors (especially smaller ones)?
7. Best ways to communicate and increase awareness about e-procurement for contractors? Website, bidding documents, workshops, etc.?
8. Any chance of conflicts due to new procedure/e-procurement?

D. Interview with Representative, Auditor General of Pakistan

1. To follow Open Government requirements, what data will be shared, what for, and why? What will this achieve?
2. What conflicts do auditors perceive will arise due to sharing of this data? Internal conflicts? With other departments? How is management of such conflicts planned?
3. What staff skills, capacity and guidelines are available for managing social accountability and open government? What are the requirements?
4. What interface will be there for CSO engagement within the actual ministry?

Annex 2 – Federal Ombudsman letter on Pensions

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FEDERAL OMBUDSMAN

WAFAQI MOHTASIB (OMBUDSMAN)'S SECRETARIAT
36-Constitution Avenue, G-5/2, Islamabad
Phone No: 051-9217243 General Phone: 051-9213886-7, Helpline:
1055 Fax: 051-9217224
E-Mail Address: hafizahsaan1973@gmail.com

No.4 (8) Reports/SL/WMS/2016 Islamabad, the 16th February, 2016.

Subject: APPOINTMENT OF FOCAL PERSON AND ESTABLISHMENT OF PENSIONER'S CELL AND FACILITATION MEASURES FOR PENSIONERS/ EARLY/ TIMELY SETTLEMENT/ FINALIZATION OF THE PENSION CASES OF GOVT. EMPLOYEES.

Reference to this Secretariat's earlier letters dated 14.01.2016, 22.01.2016 and 28.01.2016 on the above subject.

2. The first meeting on the subject matter was held on 15.02.2016 in the Federal Ombudsman's Secretariat wherein several points were discussed for early resolution of pension cases of Government employees. Presentation on the subject matter was also given during the meeting to the participants. Principally it was decided that the process of all pension cases must be started six months prior to the date of retirement of the employee and it must be completed on the day of retirement and the AGPR will finalize all pension cases within 30 days with the coordination of respective Agencies under intimation to this Secretariat on monthly basis.

3. In order to achieve the said objective, you are advised to take following steps within your organization and all the departments under your administrative control for implementation under intimation to this Secretariat by 1-3-2016 positively:-

- Appointment of Focal Persons (BS-20 Officer) within the Ministry and in all attached Departments for dealing with the issues of pensions. This information must be uploaded on the website along-with contact numbers of Focal Persons of every Ministry/Division/Department.
- Establishment of independent pensioner's cell for dealing with the issues of pension cases and for complaints of Government employees within the

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- Bottom right: HR, HR

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Ministry and in all the Departments. The correspondence with the AGPR on pension issues must be replied by the Focal Person within 48 hours. This information must be uploaded on the website along-with contact numbers of Focal Persons of every Ministry / Divisions / Department. Every Agency must draw a template showing the flow and activity of every pension case till its finalization by AGPR. Monthly report must be submitted to this Secretariat.

iii) Parent department should initiate the case for finalization of pension dues within the time frame fixed by Government. Automated system within the Ministry/Division/Department be established for processing of pension cases with the help of AGPR or PIFRA or CGA which may be connected with AGPR for early settlement of pension claims of Government employees. NR

iv) Head of Agency must fix one hour in every week for pending pension cases and for complaints of their employees. The Focal Person should also fix one hour in a day for hearing employees grievances related to pensions. Monthly report must be submitted to this Secretariat. NR

v) Service book of the employees must be computerized, properly maintained and timely updated. The list of officials who will retire in next six months must be prepared and uploaded on website of every Ministry/Division/Department well before the date of retirement. This information must be shared with AGPR on fortnight basis. Monthly report must be submitted to this Secretariat. NR

vi) Maintain computerized list showing the dates of retirement of all their officers and staff that are going to retire within a particular financial year and their names should be uploaded on the website. NR

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vii) Head of Department should monitor and ensure fast track completion of service records and their entries in computerized system. He should also hold meetings with AGPR after every two months for resolution of pending pension cases. Report in this regard must be submitted to this Secretariat.

viii) Ensure that all the pension cases should be processed and finalized well before the retirement dates of employees. The cases under process should be uploaded on website of every Ministry / Division / Departments and cases pending for more than 30 days should be resolved in next 7 days by the respective Focal Person of the Ministry / Division /Department in meeting with Focal Person of AGPR. Action may be taken against the person(s) responsible for delaying the pension cases under intimation to this Secretariat.

viii) Process of pension cases (Data) of Federal Agencies and AGPR must be automated and interconnected in next 30 days. HR

x) Establish Automated Monitoring and Evaluation system within the Ministry/Division /Departments for reviewing/evaluating the process and completion of pension cases. Monthly Report must be submitted to this Secretariat. HR

xi) Secretary/ Head of Department should preside over monthly meetings for determining the status and for resolution of pension cases. Monthly report in this regard must be submitted to this Secretariat. HR

xii) The information regarding the establishment of Grievance Cell for Pensioners in Federal Ombudsman Secretariat must be uploaded on the website of every Ministry/Division/Department with the information to approach Hafiz Ahsaan Ahmed Khokhar, Senior Advisor (Law)/Registrar/Grievance Commissioner of Pakistan under intimation to this Secretariat. This HR

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information must also be placed at a prominent place of Ministry / Division / Department and in AGPR for public awareness.

4. The AGPR is advised to resolve all pension cases pending or under process in AGPR in the next 30 days and to take action on the following points/issues for timely settlement/finalization of pension cases of Federal Government Employees.

- i) Simplification of the procedures of preparation of pension papers be designed with the coordination of Ministry of Finance, Cabinet Division and Establishment Division and after notifying the same may be circulated for compliance to all Federal Government Departments under intimation to this Secretariat in 30 days. Ministry of Finance, Cabinet and Establishment Division and AGPR must establish an External Oversight Committee comprising BS-21 Officers for resolution of pension cases of all Federal Government Employees. This Committee should be responsible for hearing the grievances of pensioners and will meet in first week of every month in AGPR with the feedback of all Federal Government Departments. The composition of Committee and its TOR must be notified by Ministry of Finance and report in this regard be submitted to this Secretariat on monthly basis.
- ii) AGPR will fix one hour every day for grievances of the pensioners. This information must be placed inside and outside the AGPR and on the website as well. Monthly report must be submitted to this Secretariat.
- iii) Speedy issuance of LPC/Service statement must be ensured. Steps may be taken for issuance of provisional LPC with the coordination of Focal Persons of respective Departments in order to avoid delay in pension cases. The AGPR must also update the History of Gazetted Civil Servants. Monthly report in this regard be submitted to this Secretariat.

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iii) Timely verification of qualifying service (completion of service books) of Non-Gazetted Employees by their Department.

MSA

iv) Timely pay-fixation of the Non-Gazetted Civil Servants, both by the DDOs and its verification by the office of AGPR and its Sub Offices.

vi) New system for maintenance of record on computer under PIFRA must be strengthened. Automated / biometric system may be designed for verification of pensioners with the Banks, so that requirement of filing affidavit every six months may be obviated.

vii) At least one model section of Pension and GPF should be established in AGPR. List of pending pension cases beyond 30 days would be shared with the Head of Agency or Department under intimation to this Secretariat on fortnight basis. AGPR must draw a template showing the flow and activity of every pension case till its finalization by AGPR. AGPR should also hold training sessions for Focal Persons of Agencies and officials of Grievance Cell for preparation of pension cases after every two months. Monthly report must be submitted to this Secretariat.

ix) One day in a month may be allocated for targets /Review of Pension cases. This information must be shared with respective departments. Report in this regard may be submitted to this Secretariat.

x) Complaint handling system in AGPR should be computerized.

xi) "Special Service Unit" should be re-activated.

xii) Payment of Pension system through Bank Account. (Strategy may be made that all retired Government employees of BS-17 to BS-22 will get their

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pension from their Bank Account by 31-3-2016 and all retired officials of BS-1 to BS-16 will get their pension from their bank accounts by 30-6-2016).

- xiii) Proper Handing / taking over of charge on transfer / posting of employees.
- xiv) Proper communication between DDO and the account Office is necessary.
- xv) Cheques should be dispatched by post to the concerned to avoid chances of corruption and malpractices.
- xvi) Biometric system may be implemented for proper entry and exit of employees of AGPR.
- xvii) Job descriptions of each employee may be displayed on his seat and Intelligence Cell be established to secretly monitor the working of employees.
- xviii) Will provide list of all pension cases pending with AGPR beyond 30 days of every government department along-with their date of receipt, reason for delay or non-resolution, if any, of every case. Report in this regarding be submitted on monthly basis to this Secretariat.
- xviii) Submit strategy and templates for resolving all pension cases within 30 days.
- xix) Progress of Establishment of pension cell and appointment of Focal Person in the AGPR.
- xxi) Establish automated Monitoring and evaluation Mechanism and SOP, which should be coordinated with every Government department to deal with all pension cases within 30 days of the receipt of the claims.

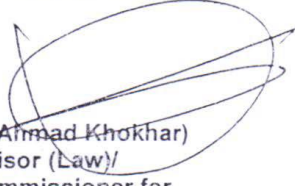
xxii) On the issues of pension, AGPR should hold regular monthly meetings with Focal Persons of Agencies under intimation to this Secretariat.

xxiii) Process of pension cases (Data) of Federal Agencies and AGPR must be automated and interconnected in next 30 days.

xxiv) Establish Monitoring and Evaluation system for processing and completion of pension cases in next 30 days. Report must be submitted to this Secretariat.

5. Head of Agency must submit compliance report and presentation to this Secretariat on each point of (Para-3&4) by 15th March, 2016 positively and copy of the same may be forwarded to AGPR for necessary action at their end. The AGPR is also advised to submit their compliance report and presentation on the above points (para-4) to this Secretariat latest by 15th March, 2016. The 2nd meeting on the subject matter will be held in the 1st week of April, 2016 in Federal Ombudsman Secretariat, Islamabad.

BY ORDER OF THE HONOURABLE WAFAQI MOHTASIB, MR. M. SALMAN FARUQUI, Nishan-e-Imtiaz.


(Hafiz Ahsaan Ahmad Khokhar)
Senior Advisor (Law)/
Grievance Commissioner for
Overseas Pakistanis.

1. The Secretary, Cabinet Division, Islamabad.
2. The Secretary, Establishment Division, Islamabad.
- ✓ 3. The Secretary, Ministry of Finance, Islamabad.
4. The Secretary, Capital Administration and Development Division, Islamabad.
5. The Secretary, Ministry of Climate Change, Islamabad.
6. The Secretary, Ministry of Communication, Islamabad.
7. The Secretary, Ministry of Petroleum and Natural Resources, Islamabad.
8. The Secretary, Ministry of Foreign Affairs, Islamabad.
9. The Secretary, Ministry of Commerce, Islamabad.
10. The Secretary, Ministry of Industries and Production, Islamabad.

11. The Secretary, Ministry of Capital Administration and Development Division, Islamabad.
12. The Secretary, Ministry of National Health Services & Regulation, Islamabad.
13. The Secretary, Ministry of Religious Affairs and Interfaith Harmony, Islamabad.
14. The Secretary, Ministry of Civil Aviation Division, Islamabad.
15. The Secretary, Ministry of Housing and Works, Islamabad.
16. The Secretary, Ministry of Overseas Pakistani and Human Resource Development, Islamabad.
17. The Secretary, Ministry of Interior, Islamabad.
18. The Secretary, Ministry of Board of Investment, Islamabad.
19. The Secretary, Ministry of Information, Broadcasting & National Heritage, Islamabad.
20. The Secretary, Ministry of Information Technology, Islamabad.
21. The Secretary, National Assembly of Pakistan, Islamabad.
22. The Secretary, Senate Secretariat of Pakistan, Islamabad.
23. The Secretary, Kashmir Affairs & Gilgit Baltistan, Islamabad.
24. The Secretary, Petroleum & Natural Resource, Islamabad.
25. The Secretary, Law Justice & Human Rights Division, Islamabad.
26. The Secretary, Parliamentary Affairs Division, Islamabad.
27. The Secretary, Economic Affairs Division, Islamabad.
28. The Secretary, Planning and Development Division, Islamabad.
29. The Secretary, Scientific and Technological Research Division, Islamabad.
30. The Secretary, National Food Security and Research Division, Islamabad.
31. The Secretary, Narcotics Control Division, Islamabad.
32. The Secretary, Ports & Shipping, Karachi.
33. The Secretary, Privatization Commission of Pakistan, Islamabad.
34. The Secretary, Textile Industry Division, Islamabad.
35. The Secretary, Water & Power, Islamabad.
36. The Secretary, Industries and Production, Islamabad.
37. The Controller General of Accounts, (CGA) Islamabad.
38. The Accountant General of Pakistan Revenue, (AGPR) Islamabad.
39. The Chairman, Capital Development Authority, Islamabad.
40. The Chairman, NADRA, Islamabad.
41. The Chairman Federal Board of Revenue, (FBR) Islamabad.
42. The Chairman, Pakistan International Airline Corporation, Karachi.
43. The Chairman, National Highway Authority, Islamabad.
44. The Chairman, Securities & Exchange Commission of Pakistan, Islamabad.
45. The Chairman, Higher Education Commission of Pakistan, Islamabad.
46. The Chairman, State Life Insurance Corporation of Pakistan (SLICP) Building No. 9, Dr. Ziauddin Ahmed Road, Karachi.
47. The Chief Commissioner, Islamabad Capital Territory, Islamabad.
48. The Director General, Federal Investigation Agency Islamabad.
49. The Director General, Directorate General of Immigration & Passport, Islamabad.
50. The Director General, Civil Aviation Authority, Karachi.
51. The Director General, Bureau of Immigration & Overseas Employment, Islamabad.

52. The Director General, Airports Security Force, Islamabad.
53. The Director General Anti Narcotics Force, Rawalpindi.
54. The Inspector General, Islamabad Police, Islamabad.
55. The Managing Director, Overseas Pakistanis Foundation, Islamabad.
56. The Managing Director, Associate Press of Pakistan, Islamabad.
57. The Managing Director, Pakistan Television Corporation, Islamabad.
58. The Managing Director, SNGPL, Lahore
59. The Managing Director, SSGC, Karachi
60. The Managing Director, PESCO, Peshawar
61. The Managing Director, GEPCO, Gujranwala
62. The Chief Executive Officer, IESCO, Islamabad
63. The Managing Director, LESCO, Lahore
64. The Managing Director, FESCO, Faisalabad
65. The Managing Director, MEPCO, Multan
66. The Managing Director, QESCO, Quetta
67. The Managing Director, SESCO, Sukkur

Copy to:-

1. The Auditor General of Pakistan, Islamabad.
2. PS to HWM.
3. PS to Secretary, WMS.
4. Office copy.


(Hafiz Ahsaan Ahmad Khokhar)
Senior Advisor (Law)/
Grievance Commissioner for
Overseas Pakistani

Annex 3 - Cabinet Division Letter on Pension Grievances

GOVERNMENT OF PAKISTAN CABINET SECRETARIAT (CABINET DIVISION)

No.1/5/2016-Accounts-III.

Islamabad, the 20th April, 2016

Circular

Subject: FIXATION OF ONE HOUR IN A DAY FOR HEARING
EMPLOYEES GRIEVANCES RELATING TO PENSION.

In compliance of direction of Wafaqi Mohtasib Secretariat at Sr. No.iv of para 3 of the letter No.4(8)Reports /SL/WMS/2016, dated 16-02-2016, Mr.Muhammad Hassan Khan Niazi, Joint Secretary (Admn)/Focal Person of Cabinet Division has been pleased to fix one hour daily from 2:00 PM to 3:00 PM in his office for hearing employees grievances relating to pension issues, if any.

(Qazi Nisar Ahmed)
Section Officer (A/Cs-III)

Circulated to all officers/officials in Cabinet Division Islamabad

Copy to :

✓ Hafiz Ahsan Ahmed Khokhar,
Sr. Advisor (Law)Grievance Commissioner for Overseas Pakistanis,
Wafaqi Mohtasib Secretariat,,36-Constitution Avenue, G-5/2
Islamabad.

548
25/4/16

Senior Advisor / N.C.C
Dy. No. 2/8/2 Dated 25-04-16

2/9/16
26-4-16

SECRETARY'S OFFICE

2/8/2

26-4-2016

Kind Perused
of WMS / Senior Advisor (A)
All Secretaries have Fixed
high for Pension WMS
Dated on

26/4/16

26/4
EJAZ AHMED QURESHI
Senior Advisor / National Commissioner

Annex 4 – Interviews with pensioners at the Pensions Facilitation Center

Interviewing pensioners for service satisfaction									
Locations: Pensioners Facilitation Center, AGPR, Islamabad									
Date: 22nd and 23rd February 2016									
Mansoor Ali – Ministry of Law and Justice – Grade 16 – Location; Rawalpindi – Retired in 2016 – Receiving pension for himself									
Pension Amount	Bank Account	Reason of visit	Registration time	Problems in registering	Direct Credit Scheme (DCS)	Delay in Pension	Knowledge of PFC services	Service delivery of PFC	Suggestions
48,000	HBL	To check if the computations for gratuity are ready and if the payments have been made	3 months	no - registered as Pension Payment Order	yes - was not aware of this option initially so had to redo his pension registration	No	Limited	satisfactory	need to be informed of the process
Naseer Khan Afridi – Establishment Division – Grade 16 – Location : Rawalpindi – retired in 2013. Receiving pension for himself									
Pension Amount	Bank Account	Reason of visit	Registration time	Problems in registering	DCS	Delay in Pension	Knowledge of PFC services	Service delivery of PFC	Suggestions
45,000	NBP	For bank account change form	1 month	no - as he kept his service book up to date	Yes	No	limited (he could have downloaded the account transfer form from the website)	satisfactory	once the pensioner dies, no way for bank to know of it, hence the pension can be drawn continuously
Khan Afridi – SAFRON – Grade 16 – Location Rawalpindi – Retired in 2007. Receiving pension for his brother									
Pension Amount	Bank Account	Reason of visit	Registration time	Problems in registering	DCS	Delay in Pension	Knowledge of PFC	Service delivery	Suggestions

nt	nt			g		on	services	of PFC	
19,000	NBP	Brother of the deceased came for bank account change form	5 months	yes - was unaware of the procedures	yes - but has a photo account so physical verification required	No	limited (he could have downloaded the account transfer form from the website)	satisfactory	paper work for retirement by parent dept must start on time
Mehrban – Health Department – Grade 3 – Location – Rawalpindi – Retired 2017									
Not known	Askari	To check when pension will initiate	1 month	No	yes	No	extremely limited	satisfactory	Suggestions
Ghulam Rabbani – SAFRON – Grade 4 – Location-Islamabad, Retired in 2010. Receiving pension for himself									
Pension Amount	Bank Account	Reason of visit	Registration time	Problems in registering	DCS	Delay in Pension	Knowledge of PFC services	Service delivery of PFC	Suggestions
9,700	NBP	To get grade registry improved	2 years	yes - was unaware of grade improvement and was receiving G3 pension for two years; since he found out, has been working on the process	No	No	extremely limited	Satisfactory	can be more efficient
Mohammad Riaz – Press Information Department – Grade 2 – Location – Islamabad – Retired 2007. Receiving pension for himself									
Pension Amount	Bank Account	Reason of visit	Registration time	Problems in registering	DCS	Delay in Pension	Knowledge of PFC	Service delivery at PFC	Comments

nt				g		on	services		
10,600	NBP	To get ATM - though has a photo account	3 months	yes - has limited education so was unaware of procedures	yes	No	extremely limited	satisfactory	
Chaudhry Mohammad Yousuf. National Assembly – Grade 20 – Location – Islamabad. Retired 2007. Receiving pension for himself									
Pension Amount	Bank Account	Reason of visit	Registration time	Problems in registering	DCS	Delay in Pension	Knowledge of PFC services	Service delivery at PFC	Comments
87,000	ABP	Pension started on 1st Jan 2017, but his salary for 31st Dec was cut. Came to sort that out	12 days	None as such. The department told him to submit the case himself, but this not a requirement. He did not know about this	Yes	No	Limited, knows that they deal with any issues related to pension. But no specific knowledge. Did not know that the department could have registered the case on his behalf.	Satisfactory	

Minnie Serena Nathaniel-Professor, Kinnaird College. Grade 19.Retired 2007. Lives in Canada. Receives pension for herself									
Pension Amount	Bank Account	Reason of visit	Registration time	Problems in registering	DCS	Delay in Pension	Knowledge of PFC services	Service delivery at PFC	Comments
48,000		As an Overseas Pakistani, to get her pension reinstated	1 month	Not initially but was unaware that “alive” certificate needs to be submitted every 6 months. So pension was stopped.	Cheque is received by Pakistani embassy and she collects it	yes	No	satisfactory	Need to have pensions facilitation for overseas Pakistanis
Ms Afroz Jahan. SAFRON. Receives her father’s pension. Based in Islamabad. Father retired in 1986									
Pension Amount	Bank Account	Reason of visit	Registration time	Problems in registering	DCS	Delay in Pension	Knowledge of PFC services	Service delivery at PFC	Comments
92,585	HBL	Pension started on 1st Jan 2017, but his salary for 31st Dec was cut. Came to sort that out	12 days	None as such. The department told him to submit the case himself, but this not a requirement. He did not know about this	Yes	No	Limited, knows that they deal with any issues related to pension. But no specific knowledge. Did not know that the department could have registered the case on his behalf	satisfactory	

Ms Naheed Akhtar. Income Tax. Receives husband's pension who retired in 2003. Grade 6. Lives in Rawat.									
Pension Amount	Bank Account	Reason of visit	Registration time	Problems in registering	DCS	Delay in Pension	Knowledge of PFC services	Service delivery at PFC	Comments
6,025	NBP	Low amount transferred last 2 months	1 year	Don't know. A male relative undertook the registration process.	Yes	no	Limited	Satisfactory	
Mrs Shahnaz Ali. Islamabad Police. Receives her husband's pension. Grade 6. Lives in Rawalpindi									
Pension Amount	Bank Account	Reason of visit	Registration time	Problems in registering	DCS	Delay in Pension	Knowledge of PFC services	Service delivery at PFC	Comments
18000	NBP	Husband died in 2007. Wife has now re-married. Visiting to get the pension transferred to the children.	1.5 years	Took 6 months for widow to register for pension. A family member helped with the registration. Not aware of any problems. Has taken over a year for the children to register. There were issues in getting a guardianship certificate, court case took a while. Even though PFC had	No, but will ask for DCS when the children get registered	No	Limited	Moderately satisfactory	Requirements should be communicated more clearly. The checklist should be explained in detail to avoid confusions.

				told her about the process, there was a lot of confusions, hence the delay. Case still pending					
Najma Bibi. Ministry of Finance. Grade 17. Receives her husband's pension. Retired in 2003. Lives in Haripur									
Pension Amount	Bank Account	Reason of visit	Registration time	Problems in registering	DCS	Delay in Pension	Knowledge of PFC services	Service delivery at PFC	Comments
26,000	HBL	Pension amount isn't tallying	2 months	Don't know. Husband died in 2015, husband's friend did the paperwork and son came to the PFC to register the case	Yes	No	Limited, heard about it through word of mouth	Satisfactory	Have to travel from Haripur, there should be a center in other places than Islamabad

Annex 5 - THE PENSIONS ACT, 1871

[8th August, 1871]

An Act to consolidate and amend the law relating to Pensions and Grants by Government of money or land revenue.

Preamble. WHEREAS it is expedient to consolidate and amend the law relating to pensions and grants by Government of money or land revenue; It is hereby enacted as follows:

I. PRELIMINARY

1. Short title. This Act may be called the Pensions Act, 1871.

Extent of Act. 1[It extends to the whole of Pakistan] ;

2. *[Enactments repealed. Saving of Rules] Rep. by the Re pealing Act, 1938 (I of 1938).*

Interpretation section.

In this Act, the expression "grant of money or land revenue" includes anything payable on the part of Government in respect of any right, privilege, perquisite or office. 4[3A. Definition. The expression "the appropriate Government" means, in relation to 5[Federal] pensions, the 6[Federal Government] and in relation to other pensions, the Provincial Government]

II. RIGHTS TO PENSIONS

4. Bar of suits relating to pensions. Except as hereinafter provided, no Civil Court shall entertain any suit relating to any pension or grant of money or land revenue conferred or made by the [Federal Government] or any Provincial Government] or any former Government, whatever may have been the consideration for any such pension or grant, and whatever may have been the nature of the payment, claim or right for which such pension or grant may have been substituted.

5. Claims to be made to Collector or other authorized officer. Any person having a claim relating to any such pension or grant may prefer such claim to the Collector of the District or Deputy Commissioner or other officer authorized in this behalf by the 8[appropriate Government]; and such Collector, Deputy Commissioner or other officer shall dispose of such claim in accordance with such rules as the Chief Revenue authority may, subject to the general control of the 8[appropriate Government], from time to time prescribe in this behalf.

6. Civil Court empowered to take cognizance of such claims. A Civil Court, otherwise competent to try the same, shall take cognizance of any such claim upon receiving a certificate from such Collector, Deputy Commissioner or other officer authorized in that behalf that the case may be so tried, but shall not make any order or decree in any suit whatever by which the liability of Government to pay any such pension or grant as aforesaid is affected directly or indirectly.

7. Pensions for lands held under grants in perpetuity. Nothing in sections 4 and 6 applies to pensions heretofore granted by Government either wholly or in part as an indemnity for loss sustained by the resumption by a Native Government of lands held under sanads purporting to confer a right in perpetuity. Such pensions shall not be liable to resumption on the death of the recipient, but every such pension shall be capable of alienation and descent, and may be sued for and recovered in the same manner as any other property.

III. __ MODE OF PAYMENT

8. Payment to be made by Collector or other authorized officer. All pensions or grants by Government of money or land revenue shall be paid by the Collector or the Deputy Commissioner or other authorized officer, subject to such rules as may, from time to time, be prescribed by the Chief Controlling Revenue authority.

9. Saving of rights of grantees of land revenue. Nothing in sections 4 and 8 shall affect the right of a grantee of land revenue, whose claim to such grant is admitted by Government, to recover such revenue from the persons liable to pay the same under any law for the time being in force for the recovery of the rent of land.

10. Commutation of pension. The [appropriate Government] may, with the consent of the holder, order the whole or any part of his pension or grant of money or land revenue to be commuted for a lump sum on such terms as may seem fit.

IV. __ MISCELLANEOUS

511. Exemption of pension from attachment. No pension granted or continued by Government on political considerations, or on account of past services or present infirmities or as a compassionate allowance, and no money due or to become due on account of any such pension or allowance, shall be liable to seizure, attachment or sequestration by process of any Court in 6[Pakistan], at the instance of a creditor, for any demand against the pensioner, or in satisfaction of a decree or order of any such Court.

1[This section applies in 2[Pakistan] also to pensions granted or continued, after the separation of Burma from India, by the Government of Burma.]

12. Assignments etc., in anticipation of pension, to be void. All assignments, agreements, orders, sales and securities of every kind made by the person entitled to any pension, pay or allowance mentioned in section 11, in respect of any money not payable at or before the making thereof, on account of any such pension, pay or allowance, or for giving or assigning any future interest therein, are null and void.

13. Reward to informers. Whoever proves to the satisfaction of the 4[appropriate Government] that any pension is fraudulently or unduly received by the person enjoying the benefit thereof shall be entitled to a reward equivalent to the amount of such pension for the period of six months.

14. Power to make rules. 1[In each Province] the Chief Controlling Revenue authority may, with the consent of the 4[appropriate Government], from time to time make rules consistent with this Act respecting all or any of the following matters : __

- (1) the place and times at which, and the person to whom, any pension shall be paid ;
- (2) injuries into the identity of claimants ;
- (3) records to be kept on the subject of pensions ;
- (4) transmission of such records ;

- (5) correction of such records ;
- (6) delivery of certificates to pensioners ;
- (7) registers of such certificates ;
- (8) reference to the Civil Court, under section 6, of persons claiming a right of succession to, or participation in, pensions or grants of money or land revenue payable by Government ; and generally for the guidance of officers under this Act.

All such rules shall be published in the 5[official Gazette], and shall thereupon have the force of law.
