KP - SPENDING EFFICIENTLY FOR ENHANCED DEVELOPMENT

Draft
Stakeholder Engagement Plan

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LIST OF ACRONYMS

AGKP	Accountant General KP
AGP	Auditor General of Pakistan
CSO	Civil Society Organization
C&W	Communications and Works Department, KP
DOH	Department of Health, KP
ESF	Environment and Social Framework
ESCP	Environmental and Social Commitment Plan
EWMP	E-Waste Management Plan
FIA	Federal Investigation Agency
FD	Finance Department
FGDs	Focus Group Discussion
GRM	Grievance Redress Mechanism
ICT	Information and Communication Technology
IT	Information Technology
IPF	Investment Project Financing
KIIs	Key Informant Interviews
KP	Khyber Pakhtunkhwa
SPEED	KP - Spending Efficiently for Enhanced Development
KPESED	KP Elementary and Secondary Education Department
KP EPA	KP Environmental Protection Agency
KPITB	KP Information Technology Board
KPPRA	KP Public Procurement Regulatory Authority
LEAs	Law Enforcement Agencies
NR3C	National Response Centre for Cyber Crime
PCP	Pakistan Citizens Portal
PMRU	Peformance Management and Reforms Unit
P&DD	Planning and Development Department
PforR	Program for Results
PAPs	Project Affected Parties
PPP	Public Private Partnership
PFMU	Public Finance Management Unit
RTI	Right to Information Commission
RTC	Right to Services Commission
SECP	Securities and Exchange Commission
SMEs	Small and Medium Enterprises
SOPs	Standard Operating Procedures
SSU	Strategic Support Unit
WCCI	Women Chamber of Commerce and Industry

1. INTRODUCTION

1.1. Project Description

The **KP - Spending Efficiently for Enhanced Development** (SPEED) is a **5-year $400 million IDA Project.** It aims to support the Government of Khyber Pakhtunkhwa (KP) in strengthening it's capacity to manage public resources, and improve resource availability and accountability for delivery of education and health services.

The Project will be **implemented by the Finance Department** (FD) of the Government of KP. Key implementing entities, besides the FD, will include Planning and Development Department (P&DD), KP Department of Health (DOH), KP Elementary and Secondary Education Department (KPESED), KP Public Procurement Regulatory Authority (KPPRA) and KP Communications and Works Department (C&W).

The program consists of two components: **i**) a **$375 million Program for Results (PforR) component** comprising of three results areas: : (i) providing adequate resources for service delivery; (ii) Improved management of public finances for better service delivery; (iii) Improved availability of inputs and accountability for delivery of education and health services and, **ii**) a **$25 million Investment Project Financing (IPF) component** consisting of technical assistance to support the implementing entities with setting up and use of IT based systems, strengthening capacity to enhance private sector participation in health and education sector, increasing public accountability, and development of policies, plans and frameworks that require specialized expertise and capacity building. This **Stakeholder Engagement Plan (SEP),** developed by the Implementing Partner, **pertains to the IPF component of the program only.**

1. **The objective of the IPF component (US$ 25 million) is to provide financing for the implementation of Technical Assistance to support the achievement of various activities financed under the Program for Results (PforR).** The IPF component is divided as follows:

Component 1: Strengthening capacity for transparent management of public finances (US$10 million)

The project will finance the following: (i) development and mainstreaming of an integrated MTFF; (ii) preparation and mainstreaming of budget ceilings consistent with the MTFF, including considerations of climate resilience; (iii) development of rules for public investment management of education and health assets; (iv) upgrade of existing e-systems for inventory, human resource management and tracking funds flows; (v) development of a FABS integrated single e-platform for inventory and asset management system at all levels of government; (vi) improving cash management;(vii) implementation of e-procurement and supply chain management information systems and associated capacity building; (viii) training of Parent Teacher Councils, Primary Health Care Management Committees, and district level managers in financial management and (ix) maintenance of IT security and integrity.

Component 2: Improving PFM for delivery of education and health services (US$10 million)

The project will finance the following: (i) development of a costed medium term expenditure framework and investment plan for health and education sectors; (ii) quarterly reviews and reporting of primary education and primary health expenditure; (iii) developing primary and primary health center facility level budgets; (iv) developing efficient e-payment and expense tracking mechanisms for routine

operational health and education expenditures; (v) providing backup systems for data recovery in case of flooding; (vi) developing integration plan for parallel run vertical programs in health sector for bringing efficiencies in health budget; (vii) developing policy, regulatory and legislative reforms for public private partnerships in education and health sectors; (viii) feasibility study for establishing an independent agency for strategic purchasing of quality health services; and (ix) development of a framework for and training on gender responsive budgeting; and (x) development of a mechanism for facility level budget autonomy.

Component 3: Program implementation and accountability for performance and delivery of services (US$5 million)

The project will finance the following: (i) development and implementation of service delivery standards for health centers; (ii) development and implementation of key performance indicators for schools; (iii) establishment of citizen feedback system using digital surveys; (iv) implementation of public participation in budget preparation; (v) support for Independent Monitoring Units, Financial Management Unit, and Health Sector Reform Unit; (vi) technical support to departments of health and education for analyzing implementation of gender commitments in health and education service delivery; (vii) reporting on availability and status of women friendly basic infrastructure facilities in primary schools and primary health centers ; (viii) annual reporting on flood readiness assessment of health and education facilities in flood prone areas; (ix) district performance assessments in education and health (ix) support for monitoring and evaluation units and (x) Program management.

1.2. Summary of Environmental Risks of the TA

The environmental risk rating for this project is expected to be moderate. The project's environmental assessment revealed that the activities under this program may result in generation of e-waste associated with the disposal and subsequent recycling of obsolete IT equipment replaced by IT equipment purchased under this project as well as at the end of use life of the equipment procured under this project. It will be mitigated by developing and adopting guidelines for environmental management of e-waste/E- Waste Management Plan (EWMP) throughout ICT lifecycle. This plan will also take into account OHS issues (associated with e-waste handling) and community health and safety aspects. Review of legislation and regulatory framework as well as preparation of investment strategies and feasibility studies are expected to have potential direct as well as indirect and downstream impacts in future. To assess such impacts, TORs for investment strategies and feasibility studies will also cover environmental aspects. The project requires schools and health facilities to have basic facilities (boundary wall, toilets, electricity and clean water) which have potential environmental and OHS concerns especially related to COVID-19 which are addressed in ESSA. Furthermore, Environment Specialist in SSU is going to be hired and may require training on ESF. Implementing agencies have not implemented projects under ESF before. Consequently, for the abovementioned reasons, the project environmental risk rating is proposed as moderate.

1.3. Summary of Social Risks of the TA.

With regards to social aspects of the project, the introduction of e-system/e-procurement/e-platforms

under Component 1 and Component 2.1 are expected to have both positive and adverse impacts. The system digitalization through IT based systems can pose risk for those office employees and field staff who have low level of IT literacy and knowledge. These employees can be rendered redundant and marginalized. There is also a possible challenge in the use of IT based systems for health and education facilities located in remote areas which do not have reliable electricity or network coverage. Associated with Component 2.2 the TA, there is a downstream probability of social exclusion of individuals and businesses with low IT literacy from using online registration, payments and procurement systems. Also, persons with disabilities can be further marginalized if the automation and computerization processes are not sensitive to their requirements.

Under Component 2.3, digitization through ICT use, increasing public participation in budget preparation and performance monitoring to obtain citizen feedback may exclude citizens without mobile phone ownership and network connectivity, especially women, the illiterate and people in remote areas. This component will rely on stakeholder engagement and feedback to implement these activities for enhancing transparency and accountability in reporting service delivery and use of resources.

There is also a possible risk of unequal distribution of benefits of the TA to health and education facilities located in harsh and remote areas. The formula for allocation of resources for repairs and maintenance and operational expenses may not give due weightage to facilities located in remote and harsh locations requiring additional funds.

Having said that, the TA will also have positive impacts as it will help improve efficiency in systems and services, and more importantly public expenditure management. This will provide for much needed fiscal space for overall social services delivery, especially in health and education. This will enhance the financial management capacity of the health and education departments, develop guidelines and protocols for efficient and inclusive budgeting, allocation of resources and inventory management. Improved allocation of resources and improved management capacity through these activities will allow for better service delivery for the public in health and education facilities. It will also tend to increase bidder participation due to ease of access, in public tenders and competition for government contracts, which over time will result in improved transparency, better quality and lower prices. Improved collection of citizens feedback will improve service delivery to the public and will strengthen citizen participation and monitoring of public expenditure.

2. SUMMARY OF PREVIOUS STAKEHOLDER ENGAGEMENT ACTIVITIES

As outlined in Section 4, extensive stakeholder engagement with respect to the IPF component of the program will be executed within 90 days of project effectiveness. Stakeholder engagement will be conducted virtually due to restrictions on movement and assembly posed by the COVID-19 crisis. However, during the project preparation and scoping phase, the Finance Department conducted multiple

meetings and Key Informant Interviews (KIIs) with representatives of key government stakeholders and partner institutions which will be most significantly impacted by the TA. The aim of these KIIs/meetings was to ascertain their unique needs, apprise them about planned activities/reforms, improve project design, create synergies, and enhance the socio-environmental sustainability of the TA component of the project. The findings of these meetings and KIIs provided the basis for the development of this SEP.

Although these meetings primarily focused on the PforR component of the program, many of their findings are of relevance to the IPF component as well due to the interconnectedness of the two components. The feedback provided an avenue to flag potential environmental and social risks posed by the program; identify mechanisms for mitigating these risks; propose measures for addressing institutional/policy challenges and identify stakeholders requiring extensive engagement in the future. These meetings were attended by representatives of FD, P&DD, DOH, KPESED, KPPRA, C&W and the World Bank.

During these consultations FD, DOH, KPESED and KPPRA provided feedback that low ICT literacy is not likely to create significant issues in the use of IT systems. The use of e-systems such as IFMIS, e-bidding, and MIS for monitoring by DOH and KPESED are currently in use. The departments conduct trainings for staff required to use these systems. While network connectivity in remote areas is a problem, this is overcome by systems being used offline and data uploaded by visiting areas with network connectivity. P&DD, DOH and KPESED agreed that remote and historically underserved districts often struggle to get equal program benefits, which must be addressed by the Project. The need to strengthen Grievance Redressal Mechanism (GRM) was also highlighted, as the departments primarily receive grievances and feedback through Pakistan Citizen's Portal.

During these consultations, partner institutions agreed upon formulating guidelines for e-waste management/EWMP in accordance with international best practices. It was agreed that these guidelines will be developed by FD (shared Services Unit) in close consultation with KP EPA. While KP EPA will be responsible for enforcement of guidelines at the e-waste disposal sites, Implementing Partners will ensure the enforcement of guidelines at every other stage of project implementation.

3. STAKEHOLDER IDENTIFICATION AND ANALYSIS

With respect to stakeholder identification and analysis, ESS-10 classifies project stakeholders into the following categories: a)Project-affected Parties (individuals or groups that are affected or likely to be affected by the project); b) Disadvantaged/Vulnerable Groups or Individuals[1] (project-affected parties which are more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits; and, c) Other interested parties (other individuals or groups that may have an interest in the project will be identified). During the project preparation phase, the following stakeholders have been identified under each of these categories:

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[1] Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so.

3.1. Project-Affected Parties (PAPs)

a) Finance Department (FD), Government of Khyber Pakhtunkhwa

As the leading implementing partner, FD will oversee overall Program implementation. The Shared Services Unit (SSU) in the FD will be responsible for day to day Project management in collaboration with other implementing agencies. Under the IPF component, FD and its employees will be significantly affected by development and mainstreaming of an integrated MTFF; changes to processes and capacity building for public investment and financial management; and development/revision of pension reform plans and legislations.

b) Planning and Development Department (P&DD), Government of Khyber Pakhtunkhwa

The Public Private Partnership (PPP) Unit of the P&DD will be impacted by introduction of policy, regulatory and legislative reforms for public private partnerships; development of frameworks for PPP/contracting, feasibility studies and costing analyses, preparation of standard operating procedures, and dispute resolution mechanisms.

c) Department of Health (DOH), Government of Khyber Pakhtunkhwa

The staff and employees of the DOH will be directly impacted by Component 2 of the IPF. This includes measures and guidelines for improved inventory management including the use of e-platform; capacity building of Financial Management Units; development of formula for allocation of resources for repairs and maintenance and operational expenses; creation of cost centres at cluster level for primary health centres; developing primary health centre facility level budgets; use of efficient payment and expense tracking mechanisms; strengthened governance and management capacity of the Health Department, the KP Health Care Commission and the KP Health Foundation in contracting of the private health sector; and policy, regulatory and legislative reforms for public private partnerships. The IPF will also develop and implement service delivery standards for health centres (TBD); and support to the Independent Monitoring Units to develop real-time monitoring mechanism to oversee performance of primary health care centres.

d) KP Elementary and Secondary Education Department (KPESED)

The staff and employees of KPESED will be directly impacted by Component 2 of the IPF. This includes measures and guidelines for improved inventory management including the use of e-platform; capacity building of Financial Management Units; development of formula for allocation of resources for repairs and maintenance and operational expenses; creation of cost centers at cluster level for primary schools including those carried out via Parent Teacher Councils; developing primary school level budgets; use of efficient payment and expense tracking mechanisms; strengthened governance and management capacity of the KP Education Foundation; and policy, regulatory and legislative reforms for public private partnerships. The IPF will also develop and implement a set of KPIs for schools; and support the Independent Monitoring Units to develop real-time monitoring mechanism to oversee performance of primary schools.

e) Right to Information (RTI) Commission, KP

The IPF will provide support the Right to Information Commission to enhance transparency and accountability in reporting service delivery and use of resources in the health and education sectors.

f) Right to Services (RTS) Commission, KP

The IPF will provide support the Right to Services Commission to enhance transparency and accountability in reporting service delivery and use of resources in the health and education sectors.

g) Performance Management and Reforms Unit (PMRU)

The IPF will provide support the Performance Management and Reforms Unit to enhance transparency and accountability in reporting service delivery and use of resources in the health and education sectors.

h) KP Public Procurement Regulatory Authority (KPPRA)

KPPRA and its employees will be affected by installation and use of e-procurement system and e-payments systems.

i) Chambers of Commerce/Industry and Business Sector Associations

Use of e-procurement, e-payments, and IT solutions for online bill submission; reforms of provincial and municipal level business regulations across key sectors; and design and development of an online single window for compliance with business regulations will direct affect businesses in KP. Policy, regulatory and legislative reforms for public private partnerships will impact private sector businesses across the country.

j) Trader Associations & Unions

Use of e-procurement and e-payment systems and IT solutions for online bill submission will directly affect traders and retailers competing for government contracts. These will be represented by Traders Union Peshawar, Central Traders Union KP,

k) Small & Medium-sized enterprises (SMEs)

SMEs, especially those with low IT literacy will be impacted by introduction of e-procurement and e-payment systems. Reforms of provincial and municipal level business regulations across key sectors; and design and development of an online single window for compliance with business regulations will also impact SMEs. They will be represented by the KP Small Business Chamber.

l) Citizens of KP (represented by individuals and CSOs)

The IPF component will strengthen citizen participation and monitoring of public expenditure, through the development and use of mobile applications for budget monitoring by citizens; establishment of citizen feedback system using digital surveys (SMS based); and implementation of public participation in budget preparation. Citizens will also be directly impacted by IPF activities focusing on improving service delivery in the health and education sectors.

3.2.Disadvantaged/Vulnerable Individuals or Groups

As outlined in ESS-10, It is particularly important to understand project impacts and whether they may disproportionately fall on disadvantaged or vulnerable individuals or groups, who often do not have a voice to express their concerns or understand the impacts of a project. The following disadvantaged/vulnerable individuals and groups have been identified by the consultant during the project preparation phase:

a) Implementing agencies' staff members with low ICT literacy, disabilities, language barriers etc.

Both male and female employees/staff at FD, DOH and KPESED with limited ICT literacy, disabilities or weak English language skills may not be able to benefit from and will be negatively impacted by ICT provision under the TA component.

b) Women staff members
Their views will be taken into account to ensure fair treatment, non-discrimination, and equal opportunity throughout the TA, and to prevent workplace harassment/cyber-harassment.

c) Women, girls and transgender citizens
Women and transgender citizens may not be able to reap the benefits of improved citizens participation and monitoring tools due to their disadvantage in terms of lower literacy levels, ICT access and ICT literacy. They are also more susceptible to cyber-bullying, cyber-harassment, and cyber-crimes. Businesswomen and female entrepreneurs may also struggle to benefit from e-procurement, e-payments, and online single window for compliance with business regulations due to issues with lower ICT access and ICT literacy. Women and girls may also be excluded from equally benefiting from improved service delivery in health and education services due to lack of access and customs. They will be represented by women's CSOs, Social Welfare and Women Empowerment Department KP, and the Women Chamber of Commerce & Industry (Peshawar).

d) Citizens with limited ICT access and low ICT literacy
There is a downstream probability of social exclusion of individuals with low IT literacy from benefiting from the use of mobile applications for budget monitoring by citizens and citizen feedback systems.

e) Citizens with disabilities
There is a downstream probability of social exclusion of individuals with disabilities from benefiting from the use of mobile applications for budget monitoring by citizens and citizen feedback systems.

3.3. Other Interested Parties

During the project preparation phase, a number of broader stakeholders have been identified who may be interested in the project or whose/expertise work may be of direct relevance to the project. These include government departments, government agencies responsible for environment protection, Law Enforcement Agencies (LEAs) for cybercrime protection, finance/accounting professionals and Civil Society Organizations (CSOs) who have in-depth knowledge about social characteristics of the population and can identify potential risks as well as opportunities. 'Other Interested Parties' for the IPF component of the program are:

a) Environmental Protection Agency (EPA), KP
b) KP Information Technology Board (KPITB)
c) Communication & Works Department (C&W), KP
d) Accountant General KP (AGKP)
e) Auditor General of Pakistan (AGP)
f) Pensioners Associations
g) Law, Parliamentary Affairs and Human Rights Department, KP
h) The Securities and Exchange Commission (SECP)
i) Federal Investigation Agency (FIA) - National Response Centre for Cyber Crime (NR3C)
j) Lawyers and Accountants
k) CSOs (such as Consumer Rights Commission of Pakistan, Network for consumer protection etc.)

l)   Academia / Policy Think-tanks

4. STAKEHOLDER ENGAGEMENT PLAN

4.1. Purpose and timing of stakeholder engagement program

Component 2.3 of the TA focuses on measures to enhance accountability for performance and delivery of services by increasing citizens' participation through i) establishing citizen feedback system using digital surveys (SMS based); (iv) implementation of public participation in budget preparation; and (v) support to: Right to Information Commission, Right to Services (RTS) Commission, and Performance Management and Reforms Unit to enhance transparency and accountability in reporting service delivery and use of resources. The Project, through these activities will rely heavily on stakeholder feedback and engagement during the life of the project. The SEP will use the activities under Component 2.3, amongst others, as tools for stakeholder engagement.

The stakeholder engagement program for the TA aims to: establish a systematic and inclusive approach to stakeholder engagement; build and maintain a constructive relationship with stakeholders; incorporate stakeholders' views and concerns into project design/implementation; mitigate negative social and environmental impacts of the project; and enhance project acceptance and socio-environmental sustainability. Stakeholder engagement for the IPF component has been divided into two phases:

- Phase I (Project Preparation) : Since the TA component primarily focuses on installation of IT systems and associated capacity development of key implementing partners, stakeholder engagement during this phase focused on representatives of FD, P&DD, DOH, KPESED, KPPRA, C&W through KIIs and consultations (See Section 2). KP EPA was also engaged during this phase to address the issue of e-waste generation. As outlined in Section 2, the purpose of stakeholder engagement during this phase was to: ascertain institutional needs; apprise GoKP institutions about planned activities/reforms; improve project design; create synergies; and enhance the socio-environmental sustainability of the TA component of the project. **Detailed consultations could not be held due to social distancing protocols and COVID restrictions.**

- Phase II (Project Implementation): Extensive stakeholder engagement will be carried out during this phase with PAPs, Disadvantaged/vulnerable groups and other interested parties. Section **4.3.** provides an exhaustive list of topics for stakeholder engagement during this phase along with the corresponding tools and techniques for conducting them. These will be further refined during project implementation and the finalised engagement topics, methods and frequencies will be presented in the revised SEP within 90 days of project effectiveness.

4.2. Proposed strategy for information disclosure

During the first quarter of project implementation, three sessions will be held in Peshawar in order to: a) disclose information about the TA component of the project; b) share SEP; c) obtain feedback on SEP. These sessions will have participation from the following stakeholders:

A) PAPs and other interested parties from identified public sector institutions (including a representative sample of vulnerable or disadvantaged staff members).

B) PAPs and other interested parties from identified private sector.

C) <u>Disadvantaged / vulnerable segments of population</u>: *WCCI (Peshawar); CSOs representing women, disabled persons, ITC illiterates etc.*

The finalized SEP and ESCP will also be disclosed on the websites of FD and WB. The finalized stakeholder engagement timetable for the TA will also be disclosed at notice boards in the offices of all implementing partners.

4.3. Proposed strategy for consultation

The following matrix provides an exhaustive list of topics of engagement with relevant stakeholders for each of the IPF Activities. The matrix will be further refined during project implementation and the finalised engagement topics, methods and frequencies will be presented in the revised SEP within 90 days of project effectiveness.

IPF Activities	Relevant stakeholders	Topics of engagement	Method used	Location; Frequency	Responsibilities
Development and mainstreaming of an integrated MTFF Changes to processes and capacity building for public investment and financial management	FD	▪ Institutional development needs ▪ Current challenges in processes for public investment and financial management	KII Consultative Workshop	FD, Peshawar Quarterly	PFMRU; SSU; Social Specialist hired by the FD;
Enhanced use of technology for improved management of public finances – improving cash management, IT security, IT solutions for personnel record management, business process re-engineering	FD DOH KPESED KPITB	▪ Institutional development needs and challenges ▪ Impacts from use of IT solutions	Consultative Workshop	FD, Peshawar Bi-Annually	PFMRU; SSU; Social Specialist hired by the FD;
Development/revision of pension reform plans and legislations	FD AGKP AGP	▪ Needs for pension reforms and challenges ▪ Impact of changes to pension reforms on end beneficiaries ▪ GRM for PAPs under ESS10	Consultative Workshop	FD, Peshawar Annually	PFMRU; SSU; Social Specialist hired by the FD;
	Pensioners Associations Law, Parliamentary Affairs and Human Rights Department Lawyers	▪ Impact of changes to pension reforms on end beneficiaries ▪ GRM for PAPs under ESS10	FGD		
Regulatory and legislative reforms for PPP, development of frameworks for contracting, feasibility studies, costing analyses and preparation of guidelines for	PPP Unit P&DD DOH KPESED KP Chambers of Commerce & Industry,	▪ Institutional challenges and needs for PPP in health and education ▪ GRM for PAPs under ESS10	Consultative Workshop	FD, Peshawar Annually	PFMRU; SSU; Social Specialist hired by the FD;

IPF Activities	Relevant stakeholders	Topics of engagement	Method used	Location; Frequency	Responsibilities
e-waste management and dispute resolution mechanisms	Business sector associations				
Use of e-procurement, e-payments, and online bill submission	KPPRA DOH KPESED KPITB	▪ Digitization limitations for staff with low IT literacy ▪ Challenges related to cyber security ▪ GRM for PAPs under ESS10	Consultative Workshop	FD, Peshawar Annually	PFMRU; SSU; Social Specialist hired by the FD;
	KP Chambers of Commerce & Industry Business sector associations SMEs Traders Unions CSOs representing vulnerable/disadvantaged population segments (women, low literacy, low ITC literacy, limited access to ICT, disabled persons, transgender etc.)	▪ Digitization limitations of women and transgender persons ▪ Challenges posed by low ITC literacy ▪ Vulnerability to cyber-crimes ▪ GRM for PAPs under ESS10	Consultative Workshop	FD, Peshawar Annually	PFMRU; SSU; Social Specialist hired by the FD;
Improved inventory management and use of e-platforms	DOH KPESED KPITB	▪ Needs and challenges related with inventory management ▪ Digitization limitations for staff with low IT literacy ▪ Challenges related to cyber security	Consultative Workshop	FD, Peshawar Annually	PFMRU; SSU; Social Specialist hired by the FD;
Development of formula for allocation of resources for repairs and maintenance and operational expenses Capacity building of Financial Management Units	FD DOH KPESED Think Tanks/Academia	▪ Impact on vulnerable groups and remote communities ▪ GRM for PAPs under ESS10	Consultative Workshop	FD, Peshawar Annually	PFMRU; SSU; Social Specialist hired by the FD;
Creation of cost centers at cluster level for primary schools and primary health care facilities Development of budgets for primary schools and primary health care facilities Use of efficient payment and expense tracking systems	FD DOH KPESED	▪ Institutional challenges and needs ▪ GRM for PAPs under ESS10	Consultative Workshop	FD, Peshawar Bi-Annually	PFMRU; SSU; Social Specialist hired by the FD;

IPF Activities	Relevant stakeholders	Topics of engagement	Method used	Location; Frequency	Responsibilities
Strengthening governance and management capacity in contracting of private sector	DOH, KP Health Care Commission, KP Health Foundation KPESED, KP Education Foundation	• Institutional challenges and needs for PPP in health and education • GRM for PAPs under ESS10	KII	DOH, KPESED Annually	PFMRU; SSU; Social Specialist hired by the FD;
Setting of service delivery standards for health centers and KPIs for schools	DOH KPESED CSOs representing disadvantaged/vulnerable groups (women & girls, disabled etc.) Academia/Think Tanks	• Challenges with service delivery in health and education • Specific needs for disadvantaged/vulnerable groups • GRM for PAPs under ESS10	Consultative Workshop	FD, Peshawar Annually	PFMRU; SSU; Social Specialist hired by the FD;
Development of real time monitoring mechanisms to oversee performance of primary health care centers and primary schools	DOH KPESED Independent Monitoring Units of DOH and KPESED	• Challenges with monitoring of primary health and education facilities • GRM for PAPs under ESS10	Consultative Workshop	FD, Peshawar Annually	PFMRU; SSU; Social Specialist hired by the FD;
Enhancing transparency and accountability in reporting service delivery and use of resources in health and education	DOH KPESED RTI RTS PMRU CSOs	• Needs for and challenges related to transparency and accountability • Impacts on disadvantaged/vulnerable groups • GRM for PAPs under ESS10	Consultative Workshop	FD, Peshawar Annually	PFMRU; SSU; Social Specialist hired by the FD;
Reforms of provincial and municipal level business regulations across key sectors Design and development of an online single window for compliance with business regulations	KP Chambers of Commerce & Industry, Business sector associations SMEs Traders Unions SECP Lawyers and Accountants Disadvantaged/vulnerable groups (women owned businesses, businesses with low IT literacy)	• Needs and challenges • Impacts on SMEs, women owned businesses and businesses with low IT literacy • GRM for PAPs under ESS10	Consultative Workshop	FD, Peshawar Annually	PFMRU; SSU; Social Specialist hired by the FD;
Strengthening of citizens participation and monitoring of public expenditure Use of mobile applications for budget monitoring by citizens	FD KPESED DOH KPITB CSOs representing vulnerable/disadvantaged population segments	• Needs and challenges • Impacts on and exclusion of vulnerable/disadvantaged groups • GRM for PAPs under	Consultative Workshop	FD, Peshawar Annually	PFMRU; SSU; Social Specialist hired by the FD;

IPF Activities	Relevant stakeholders	Topics of engagement	Method used	Location; Frequency	Responsibilities
Establishment of citizens feedback system using digital surveys (SMS)	(women, low literacy, low ITC literacy, limited access to ICT, disabled persons, transgender etc.)	ESS10			
Social assessment to assess susceptibility of the vulnerable groups to introduction of IT systems and increased citizens participation	FD KPPRA CSOs Academics/Thinktanks	▪ Creation of synergies between govt institutions and academia ▪ Obtain academic perspectives on the subject area	Consultative Workshop	FD, Peshawar; Annually	PFMRU; PSU; Social Specialist hired by the FD;
Feasibility study for establishing an independent agency for strategic purchasing of quality health services	FD DOH KPPRA P&D	▪ Creation of synergies between existing rules of businesses of FD and DOH under KPPRA rules ▪ Organizational integration with P&D and HOD ▪ Hierarchy of organizational power structure	Inter-departmental meetings and Consultative Workshop	FD, Peshawar Multiple meetings and two Consultative Workshops before the establishment of the agency	FD; DOH; and P&D;
Support to development of Guidelines/E-waste management plan for e-waste management	KP EPA KPITB FD KPPRA	▪ Development of guidelines by KPITB and KP EPA for environmentally sound and safe management of e-waste as per ESS3 requirements ▪ Assigning of implementation responsibilities ▪ Management of waste sites GRM for PAPs under ESS10	Consultative Workshop	FD, Peshawar; Bi-monthly till SOP development	PFMRU; PSU; Env Specialist hired by the FD;
Preparation of investment strategy	FD P&D HOD ED KPPRA Academics/Think Tanks CSOs representing vulnerable/disadvantaged population segments KP Chambers of Commerce & Industry,	▪ Setting priorities of investment with the collaborative efforts of private and public sector ▪ Creation of synergies in public and private sectors roles and investments ▪ Entertaining needs and challenges ▪ Impacts on SMEs, women owned businesses and	Subject specific collaborative research studies by Think Tanks and academia in consultation with stakeholders Intra and inter departmental meetings	FD and P&D; Peshawar, and if possible, in the major urban centers Two consultation Workshops for the research studies (at initial and final stages) Multiple intra and inter department meetings	FD; WB Social Development Team;

IPF Activities	Relevant stakeholders	Topics of engagement	Method used	Location; Frequency	Responsibilities
	Business sector associations SMEs Traders Unions SECP	businesses with low IT literacy ▪ Management of environmental and social impacts ▪ Needs for and challenges related to transparency and accountability ▪ Institutional challenges and needs for PPP in health and education ▪ Elasticities of investment with respect to employment, productivity, micro/macroeconomic growth indicators, and environment and social benefits	Four focus group discussion among sub-sets of institutions Consultative Workshops	One focus group discussion with each subset of institution at the initial stage Three Consultative Workshop (at initial, middle, and final stages)	
Strengthening of M&E systems including hiring of consultants	FD WB	▪ M&E Training/Capacity Development Needs	One-to-one meeting; KII	FD, Peshawar; Quarterly	PFMRU; PSU; Social Specialist hired by the FD;
	Vulnerable/Disadvantaged implementing agency Staff (women, disabled persons etc.)	▪ Development of Labor Management Procedures (to ensure staff safety, health, fair treatment, non-discrimination etc.) ▪ Development of GRM under ESS2 and national law requirements	FGD	FD, Peshawar; 1 per quarter during first 6 months of the project implementation	PFMRU; PSU; Social Specialist hired by the FD;

4.4. Proposed strategy to incorporate the view of vulnerable groups

As outlined in Section 4.3, Focus Group Discussions (FGDs) will be conducted with vulnerable/disadvantaged segments of the implementing agency staff and citizens to obtain their views in an open and unconstrained setting. The viewpoints of disabled persons will be incorporated through engagement with leading CSOs representing the interests of disabled persons, such as the Pakistan Society for the Rehabilitation of the Disabled.

4.5. Timelines

As outlined in Section 4.3, the frequency of stakeholder engagement varies across the TA activities (quarterly, bi-annual or annual), depending on the nature/pace of TA activity design/implementation, its level of socio-environmental impact and its relevance to the stakeholders. The project will review its

stakeholder engagement against the SEP bi-annually, and this review will be a part of the progress report that will be shared with the client management and the World Bank.

4.6.Review of Comments

All stakeholder engagement activities (FGDs, KIIs and consultations) will be recorded and later transcribed. Comments provided by stakeholders will be collated and reviewed following each engagement activity. These comments will be analyzed and formulated into a report which will be shared with FD for further action.

4.7.Future Phases of Project

Modes and frequency of reporting to stakeholders will be determined by the Team during the first quarter of project implementation after conducting initial workshops/FGDs and KIIs with the stakeholders.

5. Resources and Responsibilities for implementing stakeholder engagement activities

5.1. Resources

A full-time Social Specialist will oversee the implementation of the project SEP. In addition, the FD will designate full time environment and social focal points at the SSU. The project will also undertake measures for institutional capacity building including for the implementation of the SEP and will regularly organize trainings for FD and SSU Staff. The World Bank staff will also provide additional training to the FD and PSU staff, as and when required.

5.2. Management functions and responsibilities

The Project Director, with the assistance of Social Specialist at the Project Directorate will be responsible for implementing the SEP and will serve as the project focal point.

6. Grievance Mechanism

Multiple mechanisms are available to citizens and government staff members to file complaints related to government departments and officials in KP. In addition to informal grievance redressal mechanisms (written applications and verbal complaints submitted to senior officials), the Finance Department and other implementing agencies of the project primarily rely on two grievance redressal mechanisms:

a) Pakistan Citizen's Portal (PCP) — National level

Headed by the Prime Minister's Performance Delivery Unit (PMDU), Pakistan Citizen's Portal is an online integrated GRM which connects all government organizations at the federal and provincial level through a mobile application. Available on both Android and iOS, PCP is used for lodging complaints against any government department or functionary, seeking guidance/information regarding government procedures and to provide suggestions to the government for the resolution of any issue pertaining to the interest of the general public. User Guidelines Manual for PCP is available in both Urdu and English. As of August

2020, the PCP had 2.8 million registered users in the country. A total of 281,966 complaints were registered in KP, of which 266,276 (94%) were resolved. 45% of users in KP expressed satisfaction over the resolution of their grievances, the highest amongst all provinces. The overall public satisfaction rate with the PCP is low (39%) and only 6.8% of registered PCP members are women. Despite being a robust GRM, PCP's utility to the project's disadvantaged and vulnerable stakeholders is limited due to low female coverage and because of it being a mobile app-based platform which cannot be accessed by persons with no access to mobile phones, with low ICT literacy, or those living in areas with no network connectivity.

b) <u>Government of KP Online Portal (Rasai 1800 & Khpal Wazirala)</u>

The Government of KP Rasai 1800 is an integrated grievance redressal system housed in the KP Right to Public Services Commission (KP RTSC). The unique feature of the Rasai 1800 is that it can be accessed by citizens of KP either from land line or cell phone by dialling the UAN 1800. Calls are received by the RTSC who provide the complainant with a choice to either register their complaint with the grievance redressal system of the concerned department or lodge it in the Pakistan Citizen's Portal. The complaint is processed, and the complainant is informed about the actions taken through an SMS feedback system.

Government of Khyber Pakhtunkhwa is working towards introducing a GoKP Online GRS in all sectors to promote transparency through an organized and institutionalized e-governance program. Through an ICT based citizen's Grievances Redressal Mechanism, citizens will be able to register their complaints and suggestions through phone call, SMS, email, social media or newspapers. All complaints will be recorded and forwarded to the concerned provincial department and compliance report will be given to the Secretary of the department (or further up if required) within specified number days of its receipt after verification. The citizens/complainants would be regularly updated on the work in progress on his/her complaint to call or SMS until redressal/closure. The Grievance Redressal System is planned to be implemented gradually through phase wise approach and will cover all Departments of KP Government. In first Phase, the complaints regarding five government departments (Education, Health, Police, Revenue and Local Government) would be redressed using this system. In second phase, the system would be extended to all remaining Government Departments.

During the first quarter of project effectiveness, the efficacy of existing GRM mechanisms will be reviewed and measures will be devised to overcome the current limitations in consultation with key stakeholders, and to keep track of grievances that are specifically related to the project. A project level GRM system (commensurate to the requirements of ESS-10) will be developed through the integration and consolidation of existing GRM systems at FD. The GRM will enable stakeholders including PAPs and vulnerable/disadvantaged groups to bring their grievances and concerns to the project management's attention so that appropriate remedial measures can be formulated and adopted.

Additionally, FD will also develop and operationalise a worker specific GRM (in accordance with ESS2 and national legislative requirements) which will provide an accessible means to all TA staff/contractors to raise workplace concerns and complaints. The details of the two GRMs have been provided in the Environmental and Social Commitment Plan (ESCP).

Technical trainings and capacity development will be provided to the FD and other partner institutions to strengthen GRM, with the aim of eliminating system issues, improving staff management, systematizing/streamlining communication to grievance mechanism users, enhancing feedback/grievance recording capacity and, making the analysis/feedback processes efficient. Regular internal reports on grievances/feedback will be produced for the senior management. Reports on grievances/feedback will also be made public periodically.

7. Monitoring & Reporting

5.3. Involvement of stakeholders in monitoring activities

Stakeholder engagement activities outlined in the SEP will provide avenues for the project to obtain feedback on the effectiveness of facilitation measures and obtain suggestions for further improvement. These consultations will also be used to collect information about the project's progress in meeting the result indicators laid out in the project results framework.

Six-monthly ESCP compliance monitoring reports would be prepared and submitted by the Environment and Social Specialists of the project throughout the project life. The project will also hire an independent third-party monitor to validate the compliance against ESCP and all the instruments prepared under it.

5.4. Reporting back to stakeholder groups

It is critical to follow-up with stakeholders at different stages of the project cycle. Once consultations have taken place, stakeholders will want to know which of their suggestions will be used, what risk or impact mitigation measures will be put in place to address their concerns, and how, for example, project impacts are being monitored.

The Project will use the same methods for reporting back to stakeholders that will be employed for information disclosure. Consultative workshops with stakeholders will also provide an avenue to report back on relevant programmatic activities in the previous time-period.

The six-monthly report will provide relevant information to be included in the Project ISR Reports. The SSU will provide the opportunity to report back to the stakeholders on matters relating to a) Main findings from annual monitoring; and b) Quarterly/ yearly reporting to primary (direct) stakeholders. These sessions will be open to all interested stakeholders.