



Islamic Republic of Pakistan

Punjab Resource Improvement and Digital Effectiveness Program (P171417)

Environmental and Social Systems Assessment

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Governance Global Practice

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Abbreviation and Acronyms

ADP	Annual Development Plan
BoR	Board of Revenue
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
CVT	Capital Value Tax
DLI	Disbursement Linked Indicator
EIA	Environmental Impact Assessment
EPA	Environmental Protection Agency
EPD	Environmental Protection Department
ESSA	Environmental and Social Systems Assessment
ETNCD	Excise, Taxation and Narcotics Control Department
FD	Finance Department
FY	Fiscal Year
GDP	Gross Domestic Product
GoPj	Government of Punjab
GRM	Grievance Redress Mechanism
GST	General Sales Tax
HR	Human Resource
IBRD	The International Bank for Reconstruction and Development
ICRR	Implementation Completion Results Report
ICT	Information and Communications Technology
IDA	International Development Association
IEE	Initial Environmental Examination
IFMIS	Integrated Financial Management Information System
IT	Information Technology
KPI	Key Performance Indicator
MIS	Management Information System
P&DD	Planning & Development Department
PAP	Program Action Plan
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability
PEPA	Pakistan Environmental Protection Act
PFM	Public Financial Management
PFMRS	Public Financial Management Reform Strategy
PITB	Punjab Information Technology Department
PPP	Public-Private Partnership
PPRA	Punjab Procurement Regulatory Authority

PRA	Punjab Revenue Authority
RISE	Resilient Institutions for Sustainable Economy
SOEs	State Owned Enterprises
SOP	Standard Operating Procedure
TA	Technical Assistance
TSA	Treasury Single Account
UIPT	Urban Immoveable Property Tax

EXECUTIVE SUMMARY

Introduction

1. **This Environmental and Social Systems Assessment (ESSA) has been prepared by the World Bank ESSA Team for the proposed Punjab Resource Improvement and Digital Effectiveness program (PRIDE),** which will be supported by the World Bank's Program for Results (PforR) financing instrument. In accordance with the requirements of the World Bank Policy Program-for-Results Financing (PforR Policy), PforRs rely on country-level systems for the management of environmental and social effects. The PforR Policy requires that the Bank conduct a comprehensive ESSA to assess the degree to which the relevant PforR program's systems promote environmental and social sustainability and to ensure that effective measures are in place to identify, avoid, minimize, or mitigate adverse environmental, health, safety, and social impacts.
2. **The main purposes of this ESSA is to:** (i) identify the program's environmental and social effects, (ii) assess the legal and policy framework for environmental and social management, including a review of relevant legislation, rules, procedures, and institutional responsibilities that are being used by the program; (iii) assess the implementing institutional capacity and performance to date to manage potential adverse environmental and social issues; and (iv) recommend specific actions to address gaps in the program's environmental and social management system, including with regard to the policy and legal framework and implementation capacity.

Program Description and Potential Environmental and Social Effects

3. **The proposed program is anchored in the Government of Punjab's strategic development plans, as guided by the Punjab Growth Strategy 2023, the PFM Reform Strategy, and the Punjab IT Policy.** This program is also aligned with the RISE Punjab. In its growth strategy, the Government of Punjab highlights the need to increase budget allocation to priority sectors, enhance its resource envelope (about 20% average annual increase in Own-Source Revenue; OSR) to be able to allocate substantial amounts annually to meet its development priorities for higher growth (7% growth target) and increased employment (6 million new jobs). The Punjab PFM Reform Strategy aims at enhancing fiscal space, mitigating fiscal risk, improving budgeting, planning and monitoring; reforming Public Investment Management; improving management of funds in the local government: enhancing the use of Information System technology. The PforR program shall support all the pillars of the PFM Reform Strategy in addition to supporting Pillar 5 and 6 of RISE Punjab Strategy.
4. **The PforR program shall also support Result Area 7 of Punjab IT Policy which aims at utilizing ICT for a more efficient and transparent governance model in Punjab.** This includes directing all departments to develop five year IT plans, providing ICT training to all relevant public officials and service providers and linking service promotion incentives with these trainings; setting up data center as a common, shareable, secured, centralized hosting infrastructure for all applications; setting up e-service centers across the province to facilitate access to government information and services and deepening the use of IFMS and digitizing all aspects of PFM systems including e-procurement in an integrated manner. These reforms are being implemented by the Finance Department and P&D Board, together with three tax authorities of the province, Punjab Information Technology Board (PITB) and Punjab Procurement Regulatory Authority (PPRA). The GoPj has established a PFM Reforms Oversight Committee, headed by the Minister of Finance, which acts as a Steering Committee to provide high-level leadership for PFM reforms.
9. **The proposed Program will support selected actions under RISE Punjab and the PFMRs amounting to US\$524 million.** Specifically, the Program will support actions under the PFM and Governance

Reform pillars (pillars D and E respectively) of the RISE Punjab, and discrete activities in various pillars of the PFMRS. The PDO is: **“to increase own source revenue and improve reliability of resource allocation and access to digital services for people and firms in province of Punjab.”**. Three Result Areas will drive the achievement of this PDO, namely: (i) strengthened budget formulation and fiscal risk mitigation; (ii) increased use of digital technology for delivery of selected public services; and (iii) improved collection of OSR. The following results indicators will measure the achievement of the PDO:

- a. Variance between original budget and actual expenditure (RA 1);
 - b. Citizens accessing government services through digital platforms, of which 10 percent, female (RA 2); and
 - c. Value of Own Source Tax Revenue (RA3).
 - a. **Part 2: Investment Project Financing (US\$29.24 million)**
5. The second part will support technical assistance (TA) and capacity building to support implementation of reforms.
6. **The total Program expenditures are estimated at US\$524 million out of which IDA would finance US\$ 274 million over a five-year period.**

Table 1: PRIDE Financing

Source	Amount (US\$ million)	% of Total
Counterpart Funding	250.00	48%
Borrower	250.00	48%
IBRD	274.00	52%
IBRD loan	274.00	52%
Total PRIDE Financing	524.00	100%

Social and Environmental Effects

10. **Consistent with the requirements of the Bank PforR policy, the proposed PforR operation does not support activities that pose high social and environmental risks.** The activities to be supported by the program are likely to provide significant social benefits and pose minor environmental and social impacts and risks. Hence the ESSA finds the program suitable for PforR operation.
11. **Most of the activities under Result Area-1 will not pose any environmental risk.** However, reforms in equitable distribution of resources to local governments will result in environmental benefits in the form of improved management of water supply, sanitation, and solid waste services. Improvement in municipal services will result in improved public and natural resources health. Mitigating the fiscal risks will improve capacity of GoPj to provide basic services to its population in future. Also other reforms will ensure equitable distribution of resources to local governments and supporting the improvement in service delivery. The people of the province will get better services from the local government and improve their social wellbeing. The public service infrastructures are not directly linked with the program activities so their environmental effects are not considered under ESSA.

12. **Most of the activities under Result Area-2 are ICT based.** These would require the procurement of several types of IT equipment items and devices (smart phones, desktop computers, laptops, printers, servers, scanners, wireless networking technologies etc.) for use by the different implementing departments of the program. By virtue of ICT equipment use, electronic waste (e-waste) is expected to be generated at the start of the program (replacing redundant ICT equipment) and by the end of life service of the procured equipment.
13. **The e-office system will enhance efficiency and productivity of the public departments. Citizen services will be enhanced through digitizing the database.** Improved budget allocation among departments and local governments will facilitate the improvement in the resource efficiency. E-procurement and other paper less measures in the office's operation will decrease the use of paper. These activities in their individual capacities and as-a-whole at the program level will result in positive environmental impacts in the form of reduction in resource use and carbon footprints, except slight increase in electricity use. E-governance will introduce promptness in the provision of services and generation of comprehensive real-life datasets. Availability of real-life datasets will create opportunities for better planning of environmental services in the province. E-based activities provide the opportunity for concerned implementing departments to internalize adequate e-waste management procedures. Partner institutions will be supported under TA for the development and internalization of e-waste management procedures. It will also provide an opportunity to bring to the attention of decision makers the need for formulating pertinent national and provincial e-waste regulations and procedures to satisfy related international environmental obligations and donor requirements.
14. **Low environmental risk is expected, mainly attributed to e-waste generated at the end of use of ICT equipment, used by Punjab Finance Department and other implementing departments.** The environmental and health and safety impacts occur during the recycling and disposal of the e-waste. If e-waste is recycled and disposed under improper extraction facilities (for example for copper and gold etc.) and disposal arrangements then the environment and the health and safety impacts will occur in the form of discharge of heavy metals in the environment and risks to the health of the associated workers and communities. The improper recycling arrangements result in polluting air, water and soil due to release of pollutants such as persistent organic pollutants (POPs) including flame retardants (poly brominated biphenyl), dioxins (polychlorinated dibenzodioxins and dibenzofurans), perfluoroalkyles, polycyclic aromatic hydrocarbons (PAHs), and heavy metals (lead, chromium or hexavalent chromium, cadmium, mercury, zinc, nickel, lithium, beryllium) during dismantling, burning, chemical processing and disposal. Most of these hazardous chemicals are found in the plastic housing of the electronic equipment to reduce flammability, insulating material, solder of printed circuit boards, glass panels, gaskets of computer monitors, connectors and hard drives.
15. **The smart data collection systems will be implemented to gather information about service delivery, oversee the performance of key personnel and seek citizens' feedback about the quality of the services received.** The citizen feedback will improve the service delivery of the service providing departments to the public. The e-governance in the public departments will allow citizens' access to information which is an existing barrier. Lack of information about services increases the transaction cost for citizens and generates opportunities for abuse by middlemen and field level service providers. Facilitating access to information about government services will eventually lead to improved services coverage while reducing the transaction cost for citizens. The e-procurement process will be fair and transparent and reduce redundancies and multiple steps in payment

authorization. It will tend to increase bidder participation in public tenders and competition for government contracts, which over time will result in better quality and lower prices.

16. **The system digitalization through ICT use and performance monitoring by the use of smart technologies can pose risk on those office employees and field staff which have low level of IT literacy and knowledge.** These employees can be marginalized i.e. employees will not be involved in the mainstream tasks. However, this risk can be turned into opportunity by providing training to these employees and upscaling their ICT knowledge through TA component so that they could remain in the mainstream.
17. **The activities under Result Area-3 will result in the increase of tax revenue at the provincial and own source revenue at the local government level.** Increased availability of funds will create financial space for the provincial and local governments to invest in the improvement of quality of municipal services and development of municipal infrastructure. This will ultimately contribute in the improvement of environmental and public health. Citizen want more transparent, accessible, and responsive services from the public sector. The program will result in increased fiscal space to improve service delivery across the province. Increase in taxpayer compliance without increasing the tax burden on the existing tax payers (i.e. non tax payers will be included in the tax net) by improving tax administration in terms of efficiency, transparency and enhanced capacity/vigilance of tax authorities. Taxpayers' compliance cost will be reduced by easy access to information, business process simplification and automation. Program also supports development of government capacity for effectively utilizing its real estate for generating revenue. Digital tracking and tracing of eligible taxpayers will minimize overtaxing of one segment of the society whose financial details are available to the agencies by default (e.g. salaries persons, urban marketers, shop owners, etc.).
18. **There is a downstream probability of social exclusion of individuals and businesses due to low IT literacy, and IT access and connectivity issues, particularly at remote and disadvantaged areas of the province, which can lead to non-tax compliance on their part, leading to punitive actions by the authorities.** Also, persons with disabilities can be further marginalized if the automation and computerization processes are not sensitive to their requirements i.e. they could not get access to online services. Increasing the ambit of GST on services and commodities will affect the poor segment of the society. ESSA team recommends tax exemptions/minimum tax rates on those services and commodities which are considered essential by the low income poor, women, elderly etc.

Assessment of Environmental and Social Management Systems and Implementation Capacity

19. **The environmental and social management under the program is largely based on the existing legal, regulatory, and institutional system in Pakistan and Punjab in particular.** The applicable environmental and social management systems need to be improved to address underlying environmental and social risks. For the environmental risks, the provincial environmental protection aspects are governed by Punjab Environmental Protection Act 2012 (PEPA 2012). Generally community's social aspects are considered under Local Government Act, province wide online Grievances Redress System (Chief Minister's Online Complaint Cell and departments' complaints registers at website), Punjab Transparency and Right to Information Act 2013, and Provincial Ombudsman Office. The ESSA identified gaps in some areas, as summarized below, which will need to be addressed through the Program Action Plan (PAP).

20. **Major findings indicate that current regulations at both provincial and federal levels, lack specific provisions, pertinent to e-waste management.** Hazardous substances, mentioned under Hazardous Substance Rules, 2003, to be controlled, do not mention e-waste, rather different hazardous chemicals and heavy metals are mentioned which can be the part of the e-waste or released during dismantling, burning, chemical processing or disposing on the land. Enforcement of these provisions are weak in the country and Punjab due to lack of enforcement infrastructure and resources. There are no certified e-waste recycling facilities and recyclers in Pakistan and Punjab for environmentally sound recycling of e-waste generated in the country. The program implementing departments will be unable to deliver their e-waste to such recyclers or to such facilities.
21. **Under PEPA 2012 communities are consulted and concerns are recorded through socioeconomic surveys as part of the EIA.** Public hearing is also carried out prior to granting NOC from EPD under PEPA 2012. However, these requirements are only for the infrastructure projects. As such, government departments are not required to consult vulnerable groups for their inputs into any interventions that can have perceivable impacts on them. Environment is not included in the mandate of the Finance Department. It is assessed that being the implementation department of the program, Finance Department needs to develop and implement Standard Operating Procedures for the sale and procurement of ICT equipment under its function of “Framing of Financial Rules for Guidance of Departments”.
22. **Punjab Revenue Authority and Excise, Taxation and Narcotics Control Department, and Board of Revenue will be involved in the selling and procurement of ICT equipment.** PRA, ETNCD and BOR staff should be trained on ICT SOPs under the program. Finance Department should make sure that these departments implement the ICT SOPs. LG&CD is working with a mission to assist and guide Local Governments in creating environment for autonomous and responsible decision making. This will improve service delivery in the social sectors and boost socio-economic development of the local area.
23. Finance Department responsible for the implementation of the program need to develop program specific ICT SOPs for handling e-waste based on current World Bank’s Environment, Health and Safety (EHS) Guidelines, based upon general and industry specific examples of Good International Industry Specific Practices (GIIPs). The partner departments will have to maintain records of their e-waste and forward these records to Finance Department and Punjab EPA to enhance its related database in support of the development of pertinent provincial regulations.

Grievance Redress Mechanism

24. **Existing Grievance Redress Mechanism has spread in the system of Punjab Government (Chief Minister’s online complaint cell and Government departments’ complaint registration at websites).** There is a need to consolidate the GRM system under one focal institution, may be PITB. It is assessed that program specific GRM should be prepared.
25. This draft ESSA is being disclosed in-country and on the World Bank’s external website, prior to formal appraisal of the relevant PforR, to serve as the basis for discussion and receipt of formal comments. Stakeholders meeting on this ESSA with FD and partner institutions was held on March 17, 2020 at Lahore. Rounds of consultations with the implementing departments were held on 18th October and November 29, 2019. Following incorporation of the feedback received from these

meetings, and other sources, the revised ESSA will be disclosed in-country and on the World Bank's external website, prior to Board consideration.

26. The ESSA team received following key inputs and recommendations in these meetings:

Input to the Program Action Plan (PAP)

27. To address the institutional and capacity gaps identified through the ESSA process, the ESSA team gives the following recommendations, which are inputs to the PAP:

Recommendation 1: Finance Department in collaboration with the partner departments responsible should prepare Standard Operating Procedures (SOPs) for environmental management of e-waste under the Technical Assistance component. The SOP should include procedures for: inventory based record keeping of ICT equipment by the departments at the time of procurement of new equipment and sale of used equipment, material safety data sheets of new and old equipment, terms and conditions for the repurchase of new equipment at the end of life of the equipment, EPA licensed buyers of used equipment, proposed conditions for the environmentally sound recycling and disposal arrangements, etc.

Recommendation-2: Finance Department should share the SOP with EPA for securing EPA's consent, and its expanded use by EPA in future throughout. SOPs will also help EPA in incorporating e-waste management procedures in the existing Hazardous Waste regulations. The EPA needs to regulate e-waste recycling facilities by registering and issuing licenses and monitoring their operations.

Recommendation-3: The program teams in Finance Department and partner departments along with EPA staff should be made aware of SOPs by organizing e-waste management training as part of the capacity-building activities under the program.

Recommendation-4: Social assessment should be carried out in order to assess the vulnerability, impediments and susceptibility of the vulnerable people (low income, slum dwellers, landless, ethnic and religious minorities, elderly, disabled, women, etc.) of Punjab to income shocks due to introduction of GST taxation on services and commodities used by these groups and increasing property taxes on poor segment of the society. There should be a gender analysis of existing tax and property mechanisms to examine whether these are progressive or regressive on women.

Recommendation-5: The employees of the implementing departments should be trained on use of ICT and smart technologies under TA component.

Recommendation-6: It is recommended that PIU in FD should prepare and implement GRM for the program. The GRM should be communicated to the public and particularly the affected communities through print and electronic media and during public consultations and community engagement events. Android based GRM Application (GRM App) should be established, launched, and publicized to make GRM effective, easy, and accessible to everybody.

28. The proposed budget for the ESSA Action Plan will be US\$ 120,000.

I. INTRODUCTION

A. Environmental and Social systems Assessment: Purpose and Objectives

1. **This Environmental and Social Systems Assessment (ESSA) has been prepared by the World Bank ESSA Team for the proposed Punjab Resource Improvement and Digital Effectiveness Program (PRIDE)**, which will be supported by the World Bank's Program for Results (PforR) financing instrument. In accordance with the requirements of the World Bank Policy Program-for-Results Financing (PforR Policy), PforRs rely on country-level systems for the management of environmental and social effects¹. The PforR Policy requires that the Bank conduct a comprehensive ESSA to assess the degree to which the relevant PforR program's systems promote environmental and social sustainability and to ensure that effective measures are in place to identify, avoid, minimize, or mitigate adverse environmental, health, safety, and social impacts. ESSA based on comprehensive assessment makes recommendations to enhance environmental and social management within the program as part of the overall management action plan.
2. **The main purposes of this ESSA** is to: (i) identify the program's environmental and social effects, (ii) assess the legal and policy framework for environmental and social management, including a review of relevant legislation, rules, procedures, and institutional responsibilities that are being used by the program; (iii) assess the implementing institutional capacity and performance to date to manage potential adverse environmental and social issues; and (iv) recommend specific actions to address gaps in the program's environmental and social management system, including with regard to the policy and legal framework and implementation capacity.
3. **This ESSA assesses or considers the extent to which the program's environmental and social management systems are adequate** for and consistent with six core environmental and social principles contained in paragraph of Section III of the PforR Policy (hereafter, Core Principles), as may be applicable or relevant under PforR circumstances. The Core Principles are listed below. These are further defined in detail through corresponding Key Planning Elements that are included under each Core Principle in Section III.
 - a. **Core Principle 1: Environmental and Social Management:** Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in 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.
 - b. **Core Principle 2: Natural Habitats and Physical Cultural Resources:** Environmental and social management procedures and processes are designed to avoid, minimize, and mitigate any adverse effects (on natural habitats and physical cultural resources) resulting from the program.
 - c. **Core Principle 3: Public and Worker Safety:** Program procedures ensure adequate measures to protect public and worker safety against the potential risks associated with

¹"Effects" is used throughout this report to refer collectively to benefits, impacts, and risks. The subsumed terms are used where necessary to focus on specific topics or issues. The term "benefits" include positive impacts, and the term "impacts" refer to adverse or negative consequences.

- (a) construction and/or operations of facilities or other operational practices developed or promoted under the program and (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials
 - d. **Core Principle 4: Land Acquisition:** 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.
 - e. **Core Principle 5: Indigenous Peoples and Vulnerable Groups:** Due consideration is given to cultural appropriateness of, and equitable access to, program benefits, giving special attention to the rights and interests of indigenous peoples and to the needs or concerns of vulnerable groups.
 - f. **Core Principle 6: Social Conflict:** Avoid exacerbating social conflict, especially in fragile states, post conflict areas, or areas subject to territorial disputes.
4. An additional purpose of this ESSA is to enable informed decision making by the relevant authorities in the borrower country and to aid the Bank's internal review and decision process associated with the PRIDE. The findings, conclusions and opinions expressed in this document are those of the World Bank. The recommended actions that flow from this analysis have been discussed and agreed with the Punjab government counterparts and will become legally binding agreements under the conditions of the new loan.

B. ESSA Methodology

5. **The World Bank undertook the following actions as part of the assessment from October 2019-May 2020:** (a) a comprehensive review of government policies, legal frameworks and program documents, and other assessments of Punjab government's environmental and social management systems (b) consultations were held with relevant experts and officials from Finance Department (FD); Planning & Development Department (P&DD); Punjab Information and Technology Board (PITB); Punjab Revenue Authority (PRA), Excise, Taxation and Narcotics Control Department (ETNCD); Board of Revenue (BoR); and Punjab Environmental Protection Agency (EPA).
6. **This report is prepared by the World Bank staff and consultants through a combination of reviews of existing program materials and available technical literature, interviews with government staff, and consultations with key stakeholders and experts.** Findings of the assessment will be used in the formulation of an overall Program Action Plan (PAP) with key measures to improve environmental and social management outcomes of the program. The findings, conclusions, and opinions expressed in the ESSA document are those of the World Bank. Recommendations contained in the analysis were presented and discussed during the meetings with the concerned program implementing departments before finalization and disclosure of the ESSA. The ESSA review process seeks to describe and assess the systems for managing environmental and social effects of a proposed program. In between October 2019-May 2020, the World Bank drew on a wide range of data, sources, and inputs during the ESSA review process, including the following actions:

- a. **Assessment of the environmental and social effects of the program:** The ESSA Team assessed the potential for the program to cause adverse environmental and social effects, either due to its design and program components or due to gaps in program systems.
 - b. **Comprehensive desk review of policies, legal framework, program documents, and other assessments of environmental and social management systems:** The review examined the set of national/provincial policy and legal requirements related to environment and social management associated with the activities described under the program results areas. The review also examined technical and supervision documents from previous and ongoing World Bank projects and programs whereby ESSA's were produced (Punjab Cities Program, Khyber Pakhtunkhwa Revenue Mobilization and Public Resource Management, etc.).
 - c. **Institutional analysis:** An institutional analysis was carried out to identify the roles, responsibilities, and structure of the relevant institutions responsible for implementing the PRIDE funded activities, including coordination between different entities at the provincial and local levels. The assessment of the capacity of key institutions to implement required environmental and social management actions was assessed. An important input for this assessment was an evaluation of these institutions' previous track record in management of such risks in the context of previous projects and programs.
 - d. **Consultations and interviews:** Consultations were done with relevant experts and officials from Finance Department (FD); Planning & Development Department (P&DD); Punjab Information Technology Board (PITB); Excise, Taxation and Narcotics Control Department (ETNCD), Board of Revenue (BoR), Punjab Revenue Authority (PRA), and Punjab Environmental Protection Agency (EPA) through a joint consultation session held on March 17, 2020. The proceedings of the consultation session are attached as Annex-2.
7. **This draft ESSA has been updated based on the feedback received from stakeholders and experts prior to finalization of the program.** The final ESSA will be disclosed prior to World Bank Board consideration of the program. It will be updated after Board approval, if needed, to reflect any important changes agreed by the Board to the program that affect environmental and social issues.

II. PROGRAM DESCRIPTION AND POTENTIAL ENVIRONMENTAL AND SOCIAL EFFECTS

A. Country Context

- 8. **Pakistan is at a crossroads.** Periodic macroeconomic crises and a low human capital (HC) have constrained the country's growth prospects. Over the last two decades, economic growth in Pakistan has averaged 4.4 percent a year, below the South Asian annual average of 6.3 percent. Low investment in HC, slow progress of structural reforms, low private investment, and slow export growth due to an overvalued currency, among others, have hindered growth prospects.²

² World Bank. 2019. *Pakistan at 100: Shaping the Future*. World Bank, Washington, DC.: World Bank. Available online at: <https://openknowledge.worldbank.org/handle/10986/31335> License: CC BY 3.0 IGO.

With a population growth rate of 2.4 percent per annum, Pakistan has seen a limited per capita real growth rate. The country was making good progress in stabilizing its economy and implementing much needed structural reforms in fiscal year 2020. However, the global COVID-19 pandemic is impacting day-to-day life in Pakistan and will have significant negative impacts on the economy. The closure of businesses and disruption to the domestic supply chain are significantly affecting the services and manufacturing sectors, which account for nearly 80 percent of total Gross Domestic Product (GDP). The impact of the ongoing economic disruption is expected to contract GDP by 1.3 percentage points in FY20.

9. **There was a consistent and significant decline in poverty in Pakistan over the 14 years from 2001 to 2015.** During this period the poverty headcount, measured using the national poverty line, fell from 64.3 percent to 24.3 percent. These gains are likely to be reversed due to the COVID-19 pandemic and its associated containment measures. The economic contraction is expected to determine a sizeable increase in poverty, reversing the trend of sustained poverty reduction observed over the past 20 years. Urban workers employed in the informal sector and daily wage workers employed in the formal sector will bear the brunt of the slowdown. In rural areas, expected decline in off-farm employment opportunities is also likely to increase vulnerability to shocks of households relying on agriculture. It is important that the government prioritizes investments to ensure poverty reduction and human capital losses are quickly offset.
10. **Punjab is Pakistan’s largest province with 55 percent of the population and around 60 percent of the economy.** It is also one of the two most affected by the COVID-19 pandemic and estimated to lose up to 4 percent of its GDP per month during the lockdown. The economic downturn is projected to increase unemployment in Punjab by 5-8 million, pushing many households below the poverty line. Like other provinces, Punjab depends on federal transfers from the divisible pool of revenue for the bulk of its budget resources. In recent years, the province has made efforts to increase its own source revenues (OSR), which come mainly from provincial taxes, to ramp up investment in development priorities. The economic fallout from the pandemic is, however, expected to reduce the province’s OSR, leaving it with fewer resources to finance its emergency response and to sustain the already modest investment in human capital and infrastructure.

B. Sectoral and Institutional Context

11. **The Government of Punjab (GoPj) has made significant progress in public financial management (PFM) reforms.** Based on the GoPj’s Public Financial Management Reform Strategy (PFMRS) for 2015-2020, the GoPj expanded the Sales Tax on Services (STS) base from Rs.43 billion in FY13 to Rs.106 billion in FY18; completed digitization of urban immovable property tax (UIPT) records with the addition of more than 1 million new properties to the tax net; automated property tax invoice system and rural land records; and digitized stamp duty payments. The GoPj’s also introduced citizen budgets; a management information system for registering and processing contracts of more than 153 agencies; and enhanced accountability for service delivery through the innovative use of smart management tools to monitor district services in health, education and agriculture sectors. The GoPj intends to deepen these successes through additional investment to address three recurring problems. These problems include weak systems for managing fiscal risks, low levels of OSR, and inefficiencies caused by limited use of technology in the delivery of public services as described below.

- 12. Fiscal risk exposure remains a fundamental public financial management challenge in Punjab.** This is the result of a large pension spend which currently stands at 12.3 percent of the provincial revenues, and projected to rise to 23 percent of the total provincial revenues by 2060.³ There is also considerable uncollateralized debt stock arising from trade in agricultural commodities—also worsened by the lack of transparency on the policy, operation, and the actual debt numbers. Finally, the large number of state-owned enterprises and public-private partnership projects, with increased provincial guarantees, and the lack of capacity to assess the impact of these guarantees only heighten Punjab’s fiscal risks. The capacity of the Finance Department (FD) and the Planning & Development Department (PD&D) to prepare a realistic budget is compromised by the incremental nature of budget formulation, weak budget contestation, separation of recurrent and development budgets, and inadequate public investment management (PIM) process.
- 13. In addition, the existing fiscal institutions and intergovernmental coordination arrangements have constrained the effective management of the consolidated finances.** There is no fiscal policy function at the Federal and Provincial level which is responsible for formulating a coherent medium-term fiscal framework (MTFF) and undertaking fiscal risk analysis. The result is incremental budgeting, lack of coherence between the objectives of the Federal and Provincial finance divisions, a build-up of debt, and lax fiscal discipline as evidenced by the country’s persistently high fiscal deficits (at 6.4 percent of GDP on average in the last decade). These challenges limit the country’s ability to respond effectively to the COVID-19 crisis and its ability to recover quickly and remain resilient.
- 14. Punjab’s own tax receipts currently account for only 0.8 percent of the province’s estimated economic output,** indicating that the province may be collecting only a quarter of its tax potential. A recent analysis of the province’s tax potential by the World Bank indicates that the largest revenue potential is in STS, UIPT, Stamp Duty and Capital Value Tax (CVT)⁴. In the medium term, the province can capture much of this potential revenue by broadening its tax base through improvements in tax administration and policy – without imposing new taxes or raising rates. To do this, Punjab would have to enhance integration of its three tax authorities to facilitate compliance, tackle tax evasion, and reduce the cost of tax collection. Likewise, streamlining tax instruments by abolishing some minor taxes with low revenue potential and combining the collection of similar taxes would simultaneously reduce compliance costs for taxpayers and administrative costs for tax authorities. Simplification of business processes, increased automation and data integration in the province’s three revenue collection authorities can also contribute to the province’s goal of improving the business environment through taxpayer facilitation measures, including online filing of tax returns, e-payments and refunds system. Additional source of significant non-tax revenue is in effective management of public property assets.
- 15. Finally, technology platforms for service delivery are still not integrated and not interoperable, despite some progress in simplifying government procedures and use of technology.** As COVID-19 related social distancing measures impose restrictions on face to face service delivery, the GoPj will need to expand its existing citizen feedback model, accelerate the use of technology in

³ Using both inflation and wage indexation, which is the current trend.

⁴ According to the World Bank’s estimates, the tax potential in Punjab’s key taxes (STS, UIPT, Stamp Duty and CVT) is about Rs.400 billion. The agriculture income tax and tax on professions also have potential in generating additional Rs. 27 billion.

procurement and digitize key services both for citizens and for routine administrative operations of government business. In addition to significant efficiency gains (for instance, a good e-procurement system can provide efficiencies of 10 to 30 percent), digitization of services could also help mitigate the impact of socio-cultural mobility constraints that limit women's ability to access services and their participation in economic activities. Digitizing can also facilitate business continuity during lockdowns or similar measure during emergencies like COVID-19.

16. **To address these problems, the GoPj has prepared a strategic framework aligned with the themes of its Punjab Growth Strategy (PGS) 2020.** This includes the newly launched *PFM Reforms Strategy PFMRS) 2023* and the *Responsive Investment for Social Protection and Economic Stimulus (RISE) Punjab* designed to respond to the COVID-19 pandemic. This strategic framework is designed to tackle the upstream structural weaknesses in the management of public resources as well as the downstream operational issues in PFM to achieve efficiency savings, timely budget execution, and accountability mechanisms to reduce the risk of mismanagement of funds. In addition, the strategy envisions accelerated digitization of business processes, including e-procurement, and delivery of e-services to citizens and firms to ensure business continuity during emergencies.

C. Relationship to the CPS/CPF and Rationale for Use of Instrument

17. **The proposed Program is consistent with the World Bank Group's Pakistan Country Partnership Strategy (CPS) FY15-20** (Report No. 84645-PK; April 4, 2014) discussed at the Board on May 1, 2014 and with the Bank's twin goals of ending extreme poverty and promoting shared prosperity. The Program supports the twin goals by helping Pakistan's largest province to increase efficiency in its public expenditure, close its large tax gap and create fiscal space for growth-enhancing expenditures on infrastructure and human capital. It supports CPS Results Area 4 on *Service Delivery*, and specifically Objective 4.1: *Improved Public Resources Management*, which aims to help the Government mobilize revenue and improve public expenditure to create fiscal space for spending on public services and infrastructure.⁵ The Program is also aligned with the key IDA 18 theme on Governance, and the Sustainable Development Goal 16 on governance and institutions. The Program also directly contributes to two of the five key priorities of the flagship report *Pakistan @ 100*, namely (i) better governance, transparency and accountability to provide enabling environment for growth and reforms through PFM, service delivery, use of information communication and technology (ICT) skills and human resource management in the public sector, and devolution to local governments; and (ii) increasing tax revenue generation to finance public investment and minimize borrowing from commercial banks.⁶ Finally, the Program is consistent with the WBG's response to the COVID-19 crisis. In the wake of COVID-19, the Program has incorporated the use of ICT to support service delivery during the pre and post recovery while also supporting reforms to improve the management of emergencies.

⁵ World Bank Group (2014). *Islamic Republic of Pakistan: Country Partnership Strategy, 2015-2020* (Report No. 84645-PK), discussed by the Executive Directors on May 1, 2014, and extended by the Performance and Learning Review (Report No. 113574) distributed to the Executive Directors on an absence-of-objection basis with a closing date of June 15, 2017.

⁶ World Bank (2019). *Pakistan@100: Shaping the Future*. Washington, DC: World Bank.

D. Government Program

- 18. The Government program is anchored on three key strategic documents. These are the PGS; the PFMRS; and the “RISE Punjab”. The PGS sets the broader growth framework that directs the rest of the provincial growth agenda, while the other two documents (RISE and PFMRS) provide specific activities to advance the objectives of the PGS.** The PGS comprises five pillars, namely: (i) enhancing the focus on sectors in which Punjab has comparative advantage; (ii) creating an enabling environment for private sector led growth; (iii) investing in quality formation of human capital and its utilization; (iv) making public investment and Annual Development Plan (ADP) sectoral priorities to maximize impact on growth; (v) coordinating with the federal government on managing policy variables that impact Punjab’s economy.⁷ The PGS prioritizes expansion of the revenue base, increase in budget allocation and employment creation, and the use of ICT to build a more efficient and transparent governance model in Punjab.
- 19. The objective of the PFMRS is to develop "a robust PFM system for equitable growth and improved service delivery” in Punjab.**⁸ The strategy is intended to support the implementation of Government policies, improve service delivery, and reduce fiduciary risks. The strategy has nine pillars covering elements of the entire PFM cycle. Underlying these pillars is the focus on disaster risk financing in the wake of COVID-19 and a focus on Local Government (LG) financing to facilitate improved service delivery and responsiveness in emergency situations. The PFM strategy builds on several reforms already undertaken and fills the remaining gaps, while also responding to the immediate growth needs as spelled out in the PGS. These reforms include restructuring of the FD, budget transparency and accessibility, participatory budgeting, reforming sales tax and automation of property records, among others.
- 20. The GoPj developed the RISE Punjab to respond to the COVID-19 pandemic through a range of interventions across eight pillars.** Two of these pillars, namely Public Financial Management and Disaster Risk Financing (Pillar D) and Governance Reforms (Pillar E) focus on strengthening the PFM to respond to COVID-19 and digitization of government systems, including e-procurement, as well as actions to strengthen transparency and accountability. Pillar D of the *RISE Punjab* advances the themes of the PFMRS to enhance fiscal space; mitigate fiscal risks; improve budgeting, planning and monitoring; reform PIM; improve management of funds at the LG level; and enhance the use ICT in PFM. Similarly, Pillar E advances the themes of the IT Policy (2018) whose objective is to utilize ICT to improve government efficiency and transparency in Punjab with a focus on government-wide investment in ICT.

E. PforR Program Scope

- 21. The proposed Program will support selected actions under RISE Punjab and the PFMRS amounting to US\$524 million.** Specifically, the Program will support actions under the PFM and

⁷ Government of Punjab (2020). *Punjab Growth Strategy 2023*. Lahore: Planning and Development Board.

⁸ Government of Punjab (2020). *Public Financial Management Strategy, 2020*Lahore: Finance Department.

Governance Reform pillars (pillars D and E respectively) of the RISE Punjab, and discrete activities in various pillars of the PFMRS

22. The PDO is: **“to increase own source revenue and improve reliability of resource allocation and access to digital services for people and firms in the province of Punjab.”**.

Three Result Areas will drive the achievement of this PDO, namely: (i) strengthened budget formulation and fiscal risk mitigation; (ii) increased use of digital technology for delivery of selected public services; and (iii) improved collection of OSR. The following results indicators will measure the achievement of the PDO:

- d. Variance between original budget and actual expenditure (RA 1);
- e. Citizens accessing government services through digital platforms, of which 10 percent, female (RA 2); and
- f. Value of Own Source Tax Revenue (RA3).

Part 1: The Program

The Program supports the Public Financial Management Reforms Strategy and public finance management and governance pillars (pillars D and E) of RISE Punjab, which are the subsets of Punjab Growth Strategy, in the following areas:

(a) Strengthened Budget Formulation and Fiscal Risk Management

Activities include the support for: (i) organizational reforms in FD and P&DB; (ii) development of a medium-term fiscal framework incorporating fiscal impact of climate change; (iii) development of a regulatory framework to facilitate integration of recurrent and development budgets; (iv) improvements in public investment management; (v) management of fiscal risks, in addition to a framework of minimum standards that reflect the concerns of women, girls and vulnerable groups in disaster preparedness and response; (vi) development of a legal framework for disaster risk financing; (vii) strengthening capacity of LGs for disaster response; and (viii) establishment of the Disaster Risk Fund.

(b) Increased Use of Digital Technology for Delivery of Selected Public Services

Activities include the support for (i) review of existing business processes to identify redundant procedures; (ii) simplifying business processes to remove redundancies; (iii) digitization of public services for citizens and firms; (iv) improving women’s utilization of newly digitized services; (v) development of a legal framework for electronic payments, mobile money, digital identification, geospatial systems and cloud-based computing; and (vi) revision of PFC award to introduce a need-based formula for transfers from the Provincial Government to LGs and a performance grants scheme for targeted support to LGs for the vulnerable population of Punjab.

(c) Improved Collection of OSR

Activities include the support for: (i) coordination of revenue policy and implementation measures; (ii) impact assessment of COVID-19 and climate events of recent past (recurrent) on revenue, to

inform the design of related revenue policies and the revenue mobilization strategy and plan of the Provincial Government; (iii) expansion of the service sales tax base and increased taxpayer compliance; (iv) integration of taxpayers' data across three (3) tax authorities (selected taxes) and linkage with third party data; (v) simplification of tax administration processes and adoption of performance framework; (vi) development of online and mobile functionalities for tax payment; and (vii) building the capacity of ETNCD to modernize property valuation system to enhance revenue potential from public and private real estate.

Part 2: The Project

The Project consists of the following:

(a) Business Process Re-engineering

Provision of technical assistance to support, among others: (i) functional reviews of the Finance Department, P&DB, and the three (3) tax authorities; (ii) mapping, redesign and automation of business processes in three (3) tax authorities; (iii) assessment of database location and source to inform climate-based procurement decisions under Part 1(c)(iv) above, related to energy efficiency and capacity to avoid climate and geological impacts; (iv) development of e-service capabilities such as e-procurement and e-payments to vendors, e-filing and e-payment of taxes and e-submission of taxpayer appeals; (v) development of Provincial Government's public financial management regulatory framework and guidelines for their implementation; (vi) designing framework for property valuation system based on international practice; (vii) strengthening of the tax policy function within the PFMU, including building capacity within FD to develop contingency budgets to safeguard finances in case of potential climate-related incidents; (viii) establishment of research and intelligence units in the tax authorities; (ix) design of performance framework, and implementation of improved tax audit techniques by the PRA; (x) development of monitoring and accountability framework for LG gender-specific disaster preparedness and response; (xi) revision of the rules and regulations as well as the revisions in the Provincial Finance Commission Award and (xii) establishment of a digital reforms implementation unit within PITB.

(b) Business Continuity, Monitoring and Safeguards

Provision of technical assistance to support, among others: (i) development of standard operating procedures on e-waste management; (ii) development of a comprehensive inter-operability framework and associated rules and regulations to enable integration of databases; (iii) strengthening of monitoring and evaluation systems in P&DB; (iv) development of rules and regulations to facilitate e-government; (v) development of sector masterplans, linked with overall provincial growth strategy; (vi) revision of annual development plan guidelines and rules (vii) conducting business process review for the preparation, monitoring and evaluation of public investment projects; (viii) training and capacity building for public investment management; (ix) development of legal framework for digital identity management (including adequate online privacy and safety protections for end-users); and (x) Program impact assessment.

Program expenditures are estimated at US\$524 million, of which US\$274 million is IBRD financing over a five-year period (Tables 1 & 2).

Table 2: PRIDE Financing

Source	Amount (US\$ Million)	% of Government Program
Government Financing	250	48
International Development Association (IDA)	274	52
Total Program Financing	524	100
IPF Financing (TA component)	29.24	
(other cost)	0.76	
Total IBRD Financing	304	

Table 3: PRIDE Expenditure Framework (PKR, million)

Nature of expense	Economic Code	Budget for next 5 years	%	Budgeted Cost.	Un-budgeted Cost	Program Years				
						2020-21	2021-22	2022-23	2023-24	2024-25
Recurrent Budget										
Employee related expenses (pay and allowances)	A01	18,968	22	18,968		3,107	3,418	3,759	4,135	4,549
Operating expenses	A03	8,867	10	3,867	5,000	1,633	1,697	1,766	1,843	1,927
Physical assets	A09	9,179	11	43	9,136	1,120	1,525	1,617	2,160	2,759
Grant, subsidies, transfers**(LQ4784)	A05	12,907	15	12,907		2,114	2,326	2,558	2,814	3,095
Performance Based Grants through PFC Awards to LGs	A05	15,737	18	-	15,737	3,477	3,477	3,477	2,653	2,653
Development Budget (Existing Schemes with enhanced scope)	various	20,845	24	10,845	10,000	3,595	3,855	4,140	4,454	4,800
Program EF in PKR		86,503		46,630	39,873	15,046	16,298	17,317	18,059	19,783
<i>In USD Million</i>		524	100	283	241					
				54%	46%					

The Program comprises seven (DLIs) that represent critical milestones to achieve the PDO (table 3). Three of these DLIs are PDO level indicators, while the other four are intermediate results indicators (IRIs). A third-party verification agent (TPVA) will verify the achievement of DLI targets (annex 2).

Table 4: DLIs and Rationale for Selection

DLI	Cost \$ million	Rationale
Results area 1: Strengthened budget formulation and fiscal risk management.		

DLI 1. Moderate and reduce the annual pension cost of GoPb	35	This DLI will support increased transparency and improved management of the GoPb's fiscal risk, associated with pension cost. Key parametric reforms will be implemented which will reduce the annual pension cost of GoPb (Scalable).
DLI 2. Variance between original budget and actual expenditure composition.	45	This DLI will measure the credibility of the budget and estimate whether the budgeting process is robust, especially for core public functions e.g. education (Scalable).
Result Area 2: Increased use of digital technology for delivery of selected public services		
DLI 3. Operational budget expenditure processed through e-procurement.	35	The DLI will support measures to increase the use of e- procurement in government transactions (Scalable).
DLI 4. Citizens accessing government services through digital platforms.	45	This DLI measures the impact of digitizing government services. The DLI complements the efforts of the federal government to establish a Pakistan Business Portal and an e-payment system (Scalable).
DLI 5. Punjab Urban Local Areas reporting on revenues and expenditure position, especially related to disaster risk management, core public social services, and gender	37	The DLI will support publishing budgets and bi-annual revenue and expenditure reports of 319 Urban Local Areas, on the basis of implementation of Integrated Financial Management Information System (IFMIS) or similar expenditure recording system in those Urban Local Areas (ULAs) (Scalable).
ResultsArea 3: Improved collection of OSR		
DLI 6. Value of own-source tax revenue (from PKRs. 191billion to PKRs 300billion).	40	This DLI measures total amount of the province's taxes collected annually. These include Punjab's direct and indirect taxes collected by (PRA , Board of Revenue (BoR) and Excise Taxation and Narcotic Control Department (ETNCD) (Scalable).
DLI 7. Database integration in tax administration	37	This DLI supports measures to strengthen the capacity of the tax authorities to broaden the tax base and tax compliance measures (Scalable).

F. Program Institutional and Implementation Arrangements

23. **The FD will oversee overall Program implementation.** The Minister of Finance will preside over the PFM Steering Committee overseeing Program implementation. The Public Financial Management Reform Unit (PFMRU) in the FD will be responsible for day to day Program management in collaboration with other implementing agencies. The Program Support Unit (PSU) in the P&DD will coordinate implementation of activities under the P&DD.

G. Description of Program Activities and Identification of Environmental and Social Effects

24. Consistent with the requirements of the Bank PforR Policy, the proposed PforR operation does not support activities that pose high environmental or social risks. The activities to be supported by the Program are likely to provide environmental and social benefits, and low adverse environmental and social impacts and risks.

25. The program activities under each result area is given in the table below:

Result Area	Activities
Results area 1: Strengthened budget formulation and fiscal risk management.	Improvement in budget formulation through organizational reform of Finance and Planning departments

	Improvement in medium term fiscal framework
	Improvement in regulatory framework to facilitate integrated budgets and improved Public Investment Management
	Fiscal risk mitigation
Result Area 2: Increase use of digital technology for delivery of selected public services	Support business continuity through transformation from paper based filling system to e-office system
	Scheduling of meetings through e-office system and extending the video conferencing facilities to all departments of GoPj
	Implementing entire business process (budget preparation, planning, e-procurement, payment authorization, development budget monitoring and reporting) under a comprehensive inter-operability framework
	Enhance the citizen services through Digital Identity Management System (DIM)
Results area 3: Improve own-source tax revenue	Improving revenue policy implementation measures
	Expanding the tax base and filing compliance
	Increase efficiency of revenue administration through integration of taxpayers' data, business intelligence, risk-based audit, simplification of tax administration processes, and adoption of performance framework
	Encouraging taxpayers' voluntary compliance through online and mobile functionalities (e-filing, e-payments, e-refunds) and one-stop taxpayer facilitation centers
	Strengthening administration of Government-owned real estate to enhance related non-tax revenues potential

Results area 1: Strengthened budget formulation and fiscal risk management.

Environmental Effects

26. **Most of the activities under Result Area-1** involve improvement in budget formulation, medium term fiscal framework, the regulatory framework to facilitate integrated budgets and improved Public Investment Management and fiscal risk mitigation. These activities will not pose any environmental risk. However, reforms in equitable distribution of resources to local governments will result in environmental benefits in the form of improved management of water supply, sanitation, and solid waste services. Improvement in municipal services will result in improved public and natural resources health. These public service infrastructures are not directly linked with the program activities so their environmental effects are not considered under ESSA.

Social Effects

27. **The activities under Result Area-1 will not pose any social risk.** However, mitigating the fiscal risks will improve capacity of GoPj to provide basic services to its population in future. Also other reforms will ensure equitable distribution of resources to local governments and supporting the improvement in service delivery. The people of the province will get better services from the local government and improve their social wellbeing.

Result Area 2: Improved use of digital technology for delivery of selected public services

Environmental Effects

28. The activities under **Result Area-2** mainly involve use of information and communication technologies for the transformation from paper based filing system to e-office systems, use of video conferencing, implementing entire business process under a comprehensive interoperability framework and enhance citizen service through digital systems. These activities are ICT based. These would require the procurement of several types of IT equipment items and devices (smart phones, desktop computers, laptops, printers, servers, scanners, wireless networking technologies etc.) for use by the different implementing departments of the program. By virtue of ICT equipment use, electronic waste (e-waste)⁹ is expected to be generated at the start of the program (replacing redundant ICT equipment) and by the end of life service of the procured equipment.

29. The activities supporting this Result Area are expected to produce substantial environmental benefits. However, these activities will also entail some potential negative risks and impacts.

(1) Benefits

30. The e-office system will enhance efficiency and productivity of the public departments. Citizen services will be enhanced through digitizing the database. . E-procurement and other paper less measures in the office's operation will decrease the use of paper. These activities in their individual capacities and as-a-whole at the program level will result in positive environmental impacts in the form of reduction in resource use and carbon footprints, except slight increase in

⁹ According to the OECD, e-waste is "any appliance using an electric power supply that has reached its end-of life"

electricity use. E-governance will introduce promptness in the provision of services and generation of comprehensive real-life datasets. Availability of real-life datasets will create opportunities for better planning of environmental services in the province. E-based activities provide the opportunity for concerned implementing departments to internalize adequate e-waste management procedures. It will also provide an opportunity to bring to the attention of decision makers the need for formulating pertinent national and provincial e-waste regulations and procedures to satisfy related international environmental obligations and donor requirements.

(2) **Risks**

31. **Low environmental risk is expected**, mainly attributed to e-waste generated at the end of use of ICT equipment, used by Punjab Finance Department and other implementing departments. The environmental and health and safety impacts occur during the recycling and disposal of the e-waste. If e-waste is recycled and disposed under improper extraction facilities (for example for copper and gold etc.) and disposal arrangements then the environment and the health and safety impacts will occur in the form of discharge of heavy metals in the environment and risks to the health of the associated workers and communities. The improper recycling arrangements result in polluting air, water and soil due to release of pollutants such as persistent organic pollutants (POPs) including flame retardants (poly brominated biphenyl), dioxins (polychlorinated dibenzodioxins and dibenzofurans), perfluoroalkyles, polycyclic aromatic hydrocarbons (PAHs), and heavy metals (lead, chromium or hexavalent chromium, cadmium, mercury, zinc, nickel, lithium, beryllium) during dismantling, burning, chemical processing and disposal. Most of these hazardous chemicals are found in the plastic housing of the electronic equipment to reduce flammability, insulating material, solder of printed circuit boards, glass panels, gaskets of computer monitors, connectors and hard drives.
32. **Persistent toxic substances (PTSs)**, including both POPs and toxic metals, released in the environment can enter the food webs. Several PTSs are known to be endocrine disrupters, posing adverse health effects such as reproductive disorders, developmental deformities, and cancer in both humans and wildlife. It is assessed that the risk will be low due to low quantity and long and variable life of each equipment. However, it establishes the need to develop Standard Operating Procedures (SOPs) for the sale/disposal of old ICT equipment and purchase of new ICT equipment under the Program Action Plan.

Social Effects

33. The activities supporting this result area are expected to produce social benefits and pose social risks, as described below.

(1) **Benefits**

34. The smart data collection systems will be implemented to gather information about service delivery, oversee the performance of key personnel and seek citizens' feedback about the quality of the services received. The citizen feedback will improve the service delivery of the service providing departments to the public.
35. The e-governance in the public departments will allow citizens' access to information which is an existing barrier. Lack of information about services increases the transaction cost for citizens and generates opportunities for abuse by middlemen and field level service providers. Facilitating

access to information about government services will eventually lead to improved services coverage while reducing the transaction cost for citizens.

36. The e-procurement process will be fair and transparent and reduce redundancies and multiple steps in payment authorization. It will tend to increase bidder participation in public tenders and competition for government contracts, which over time will result in better quality and lower prices.

(2) **Risks**

37. The system digitalization through ICT use and performance monitoring by the use of smart technologies can pose risk on those office employees and field staff which have low level of IT literacy and knowledge. However, this risk can be turned into opportunity by providing training to these employees and upscaling their ICT knowledge through TA component so that they could remain in the mainstream.

Results area 3: Increased own-source tax revenue

Environmental Effects

38. The activities supporting to Result Area-3 are expected to produce environmental benefits and some potential negative risks and impacts due to e-waste generation, as mentioned under Result Area-2.

(1) **Benefits**

39. The activities under Result Area-3 involve increasing the efficiency of revenue administration by automating businesses processes, digitizing tax records and tax filing process and integrating databases. These activities will result in the increase of tax revenue by increasing the tax net at the provincial and own source revenue at the local government level. Increased availability of funds will create financial space for the provincial and local governments to invest in the improvement of quality of municipal services and development of municipal infrastructure. This will ultimately contribute in the improvement of environmental and public health.

(2) **Risks**

40. These activities are ICT based. These would require the procurement of several types of ICT equipment items and devices, as mentioned under Result Area-2, and will ultimately generate e-waste at the start of the program and by the end of life service of the procured equipment.

41. Detailed e-waste management status in Pakistan is presented in Annex-3

Social Effects

(1) **Benefits**

42. Citizen want more transparent, accessible, and responsive services from the public sector. The program will result in increased fiscal space¹⁰ to improve service delivery across the province.

¹⁰ Fiscal space refers to the financial resources that any government has to allocate to deliver social and economic services to its' citizens

Increase in taxpayer compliance without increasing the tax burden on the existing tax payers (i.e. non tax payers will be included in the tax net), improved valuation of urban properties for taxation and renting public land for generating revenue will all result in improved own source revenues (OSR) for the province to deliver basic services to its citizen.

43. Digital tracking and tracing of eligible taxpayers will minimize overtaxing of one segment of the society whose financial details are available to the agencies by default (e.g. salaries persons, urban marketers, shop owners, etc.).

(2) **Risks**

44. There is a downstream probability of social exclusion of individuals and businesses due to low IT literacy, and IT access and connectivity issues, particularly at remote and disadvantaged areas of the province, which can lead to non-tax compliance on their part, leading to punitive actions by the authorities. Also, persons with disabilities can be further marginalized if the automation and computerization processes are not sensitive to their requirements i.e. they could not get access to online services.
45. Increasing the ambit of GST on services and commodities will affect the poor segment of the society. ESSA team recommends tax exemptions/minimum tax rates on those services and commodities which are considered essential by the low income poor, women, elderly etc.
46. Urban Immovable Property Tax (UIPT) revaluations can disproportionately affect slum dwellers and hawkers in commercial areas as they have to pay more rent for the valued properties.

Environmental and Social Impacts Risks Rating

47. The environmental risks of the project is rated as *low* since its potential adverse risks and impacts on human populations and environment are likely to be negligible. There are no civil works of any kind included in the project. The procurement of ICT equipment will generate e-waste which can pose low environmental risks if these wastes are not handled in environmentally sound way. The e-waste impacts would be low due to low quantity and long and variable life of each equipment.
48. The social risks of the project is also rated as *low*. The social risks will not pose adverse impacts. The social risks on vulnerable groups related with e-tax process and exclusion of low IT employees are manageable by conducting prior social assessment and providing ICT training to the employees. The project activities will not be affected due to the social issues.

Grievances Redress and Citizen Engagement

49. It is always beneficial to have a dialogue with the beneficiaries and affected people. People can have concerns regarding environmental and social aspects. Regarding environmental aspect, citizens can play a proactive role in reporting high levels of pollution arising from e-waste recycling

facilities through visuals and other means. Citizens can also play an important role to get social benefits from the program activities, by registering their grievances. However, citizen engagements and stakeholder feedbacks on program design, performance and impacts are a relatively new concept in Punjab and needs further strengthening. In this regard, registering grievances and getting response on the same has high social values. Failing to do so is a cause of concern for the public at large.

50. Currently, the capacity of the implementing departments to respond to grievances is limited. In case of EPD, Planning & Coordination (P&C) Unit within the EPD is responsible to record and respond to public complaints and serves as the Grievance Redress Mechanism (GRM) for environment related complaints. Complaints are mainly received in the form of applications and are recorded manually in a register with a file number. With the help of the Urban Unit, a File Tracking System has been established. The system requires the entry of file numbers and tracks the movement of such files from one desk to another as well time spent to resolve a complaint. It keeps tracking till the issue is resolved. The system is electronic and is currently being tested. However, the system does not collect information on the nature of complaint, the action taken and status of its resolution. The system aims to improve operational efficiency of the EPD, but less on redress and management of complaints.
51. It is worth mentioning that most government departments in Punjab maintain websites and have complaints' registers at each site as Feedback or Complaint menu. The effectiveness of complaint registry and responses varies. At the provincial level, there is an Online Complaint Cell maintained by the Chief Minister's Office in Punjab, which registers complaints against all government departments. PITB informed that the Chief Minister, Punjab complaint cell is operated through PITB call center. There is no language barrier at this complaint cell. The complainant can register its complaint in Urdu as well as in English language (both languages are used officially in Punjab).
52. PITB is also operating call center to receive complaints from the Government departments. The employees can lodge complains against their superiors at this portal. However, the departmental complaint register is limited to certain departments only such as health, education etc.
53. It is assessed that existing Grievance Redress Mechanism has spread in the system of Punjab Government and departments. There is a need to consolidate the GRM system under one focal institution. It is recommended that PIU in FD should prepare and implement GRM for the program. The GRM should be communicated to the public and particularly the affected communities through print and electronic media and during public consultations and community engagement events. Android based GRM Application (GRM App) should be established, launched, and publicized to make GRM effective, easy, and accessible to everybody. PIU will respond to concerns and grievances of project affected parties related to the environmental and social performance of the project in a timely manner. This App will be designed in a user-friendly simple format to lodge a complaint. After receiving the complaint, complaint number will be sent to the applicant immediately. He or she will be contacted, if required. He or she will be informed as soon as his/her complaint is resolved or time to time updated for the progress of the complaint. This App will be maintained by PIU. All the records of GRM will be accessible to the public and the

World Bank. A monthly Grievance Redress Report (GRR) will be prepared and be part of the compliance reports.

54. Absence of effective grievance redress mechanisms often result in social risks of conflicts, suspicions and displeasure at the local level by the project affected people. This will prevent GoPj from understanding program performance and grievance of the general public.

55. Recognizing these, the program will proactively promote citizen engagement in the program implementation, through access to program information, public consultation and public reporting. Such citizen engagement will help rebuild the implementing departments' creditability and diffuse any doubts and skepticism against the program outcomes.

III. ASSESSMENT OF ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEMS AND IMPLEMENTATION CAPACITY

A. Introduction

56. Program for Results policy requires the proposed program to operate within an adequate environmental and social management system that can manage environmental and social effects (particularly adverse impacts and risks) identified during the ESSA process. This includes (a) an adequate legal and regulatory framework and institutional setting to guide environmental and social impact assessment and the management of environmental and social effects, and (b) adequate institutional capacity to effectively implement the requirements of the system.
57. This section assesses whether the program’s environmental and social management systems are consistent with the core principles and key planning elements contained in the PforR and whether the involved institutions have the requisite capacity to implement these systems’ requirements. Both elements (e.g. program systems and capacity) are necessary towards ensuring that the environmental and social effects identified in Section II are effectively managed. Through both analyses, the ESSA team has identified gaps in both areas, which are addressed in Section V: Inputs to the Program Action Plan.
58. A *program system* is constituted by the rules and “arrangements within a program for managing environmental and social effects,” including “institutional, organizational, and procedural considerations that are relevant to environmental and social management” and that provide “authority” to those institutions involved in the program “to achieve environmental and social objectives against the range of environmental and social impacts that may be associated with the program.” This includes existing laws, policies, rules, regulations, procedures, implementing guidelines, etc. that are applicable to the program or the management of its environmental and social effects. It also includes inter-agency coordination arrangements if there are shared implementation responsibilities in practice.
59. *Program capacity* is the “organizational capacity” the institutions authorized to undertake environmental and social management actions to achieve effectively “environmental and social objectives against the range of environmental and social impacts that may be associated with the program.” This ESSA has examined the adequacy of such capacity by considering, among other things, the following factors:
- a. Adequacy of human resources (including in terms of training and experience), budget, and other implementation resources allocated to the institutions;
 - b. The adequacy of institutional organization and the division of labor among institutions;
 - c. Effectiveness of interagency coordination arrangements where multiple agencies or jurisdictions are involved; and

- d. The degree to which the institutions can demonstrate prior experience in effectively managing environmental and social effects in the context in projects or programs of similar type and magnitude.

60. This ESSA examines and discusses only those aspects of the proposed program's environmental and social management systems and related capacity that the ESSA Team found to be relevant considering its identified environmental and social effects. This section provides a *summary assessment* of the program's systems and capacity as these relate to each of the core principles and key planning elements. The text and tables below clarify the instances in which one or more of the Core Principles or Key Planning Elements are not relevant to the program and are thus inapplicable. More in depth discussion and analysis of the program's systems and capacity are found in Annex 4.

B. Core Principle 1 – Environmental and Social Management

61. The assessment of program systems under this principle determines that there are likely environmental risks associated with e-waste generation if such waste is not handled and disposed of in an environmentally sound manner. E-waste would be generated at the start of the program when already existing redundant ICT equipment will be replaced with advance ICT equipment, and at the end of use of the new ICT equipment procured for the implementing departments engaged in this program. Though environmental impact would be insignificant based upon expected small quantity of ICT equipment but still such e-waste would need to be managed in an environmentally sound manner.

62. Environmental pollution control associated with hazardous waste is addressed in PEPA 2012 under Section 13 and 14. Under Section 13 'Prohibition of Import of Hazardous Waste', no person shall import hazardous waste into the Punjab. Under Section 14 'Handling Hazardous Substances', no person shall generate, collect, consign, transport, treat, dispose of, store, handle or import any hazardous waste except under a license or in accordance with the provision of any other law or of any international treaty, convention, protocol, code, standard, agreement or other instruments to which Pakistan is a party. Under the Hazardous Substance Rules, 2003, made under Pakistan Environmental Protection Act 1997 (PEPA 97), license will be required for the import and transportation of hazardous substance from Federal or Provincial agency. The application for the grant of license for the industrial activity involving generation, collection, consignment, transport, treatment, disposal, storage, handling or import of hazardous substances, will also be accompanied with EIA report and safety plan. The validity of the license will be for three years from the date of issue. The licensee will notify any major accident occurring at licensed facility to provincial and federal agencies. There will be packing and labelling requirement, safety precautions for the premises and workers which will have to be followed. The licensed facility may be inspected by the provincial or federal staff.

63. The Pakistan 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.

64. Punjab Local Government Act 2013 (PLGA 2013) addresses the environmental pollution control for the waste under i) Fourth Schedule, Part I (Sr. No: 1): discharging any dangerous chemical,

inflammable, hazardous or offensive article in any drain or sewer, public water course or public land; ii) Part II (Sr. No: 23A): Dumping of solid waste and refuse by any person or entity on a place other than landfill or dumping site, notified or designated by the concerned local government; iii) Fifth Schedule (Sr, No: 26): Damaging or polluting physical environment, inside or outside private or public premises, in a manner to endanger public health.

65. In terms of program systems and capacity, the major findings indicate that current regulations at both provincial and federal levels, lack specific provisions pertinent to e-waste management. Hazardous substances, mentioned under Hazardous Substance Rules, 2003, to be controlled, do not mention e-waste, rather different hazardous chemicals and heavy metals are mentioned which can be the part of the e-waste or released during dismantling, burning, chemical processing or disposing on the land. Enforcement of these provisions are weak in the country and Punjab due to lack of enforcement infrastructure and resources. There are no certified e-waste recycling facilities and recyclers in Pakistan and Punjab for environmentally sound recycling of e-waste generated in the country. The program implementing departments will be unable to deliver their e-waste to such recyclers or to such facilities.
66. In the consultation session of the partner institutions of the program, all the participants acknowledged the importance of e-waste management. EPD confirmed that there is no specific legislation in the province to deal with e-waste due to which enforcement was lacking. All the participants agreed upon formulating Standard Operating Procedures (SOPs) for e-waste management based on global best practices. It was further agreed that SOPs should be approved by Environmental Protection Department (EPD) and all the partner institutions of the program will implement SOPs during the program implementation. It was agreed that the SOPs will be developed by the Punjab Information Technology Board (PITB) and enforced accordingly. EPD representative committed that EPD will provide its input and further suggestions on it to the Finance Department at the approval stage of the SOPs.
67. PITB also raised the concern that the enforcement of SOPs at the e-waste disposal site (certification of e-waste recyclers and recycling facilities) would be the mandate of EPD, not the implementing departments. There are no certified e-waste recyclers and recycling facilities in the province due to which it would be difficult for them to hand over e-waste to the certified vendors and ensure its safe disposal.
68. World Bank representatives were of the view that EPD can use opportunity under this program for the formulation of e-waste policy for the province. SOPs are important but these would not provide solution at the e-waste disposal site under no policy regime. EPD agreed to use e-waste SOPs in the province as an enforcement tool. EPD representative stated that EPD using this opportunity will consider the formulation of e-waste policy for the province.
69. FD, PITB, and other departments commented that the SOPs development and implementation was possible under the program whereas policy development would be difficult and time taking process.

Table 5: Core Principle 1- Environmental and Social Management

Core Principle 1: Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in program design; (b) avoid, minimize, or mitigate adverse impacts; and (c) promote informed decision-making relating to a program’s environmental and social effects.			
Key Planning Elements	System Assessment	Capacity Assessment	Recommendations
<p>Program procedures operate within an adequate legal and regulatory framework to guide environmental and social impact assessment at the program level</p>	<p>Legal and regulatory framework exists at national and provincial level to assess the environmental and social impacts at the program level. Hazardous materials are regulated in PEPA 97 and Punjab EPA 2012, Pakistan Penal Code, and Punjab Local Government Act, 2013. The concerned regulatory authorities include Environmental Protection Agency (EPA) and local government. There are no specific provisions for e-waste management in these regulations. There is no certified or licensed e-waste recyclers and their facilities in the country and Punjab. The implementing departments do not have SOPs for safe handling, storage and disposal of e-waste.</p>	<p>The implementing departments don’t have awareness regarding e-waste hazards and its environmentally safe recycling and disposal practices. (e-waste is treated along with other wastes and sold to waste contractor without any environmental consideration for its disposal). The regulators do not have awareness and capacity to establish and enforce e-waste management rules. Overall the regulators are lacking in infrastructure, capacity and resources to enforce environmental regulations in the country.</p>	<ul style="list-style-type: none"> - Prepare SOPs for environmental management of e-waste under the Technical Assistance component. - Secure EPA approval for e-waste SOPs. - Environmental management and implementation of e-waste SOPs training to Finance Department, partner departments and EPA staff under capacity building activities of Technical Assistance component.
<p>Program procedures incorporate recognized elements of environmental and social assessment good</p>	<p>Initial Environmental Impact Assessment (IEE) and Environmental Impact Assessment</p>	<p>Regulator EPA has adequate capacity for review and approval of IEE/EIA and monitoring of its</p>	<p>Not Applicable</p>

<p>practices, including (a) early screening of potential effects</p>	<p>(EIA) is carried out for the new projects prior to their construction and operation under Review of IEE and EIA Regulations 2016. Program activities don't come under these regulations, thus requiring no screening or impact assessment. However, EIA will be required for the e-waste recycling facilities.</p>	<p>compliance requirements.</p>	
<p>(b) consideration of strategic, technical, and site alternatives (including the 'no action' alternatives)</p>	<p>Site alternatives are considered during environmental impact assessment under Review of IEE and EIA Regulations 2016. The type of activities under the program does not require site alternatives as there is no construction activity. Most of the program activities involve development of information systems, formulation of procedures, digitization, database integration etc. However, site alternative will be considered in the EIA of recycling facilities.</p>	<p>As Above</p>	<p>Not Applicable</p>
<p>c) explicit assessment of potential induced, cumulative, and trans-boundary impacts</p>	<p>Under Hazardous Substance Rules, 2003, hazardous waste is regulated by issuing license to the recyclers. The application for the license is</p>	<p>The regulators lack in awareness and capacity to establish and enforce e-waste management rules/guidelines.</p>	<p>EPA under its own procedures may include e-waste in the hazardous substance list. EPA may develop and enforce e-waste management rules (EIA and safety plan will be part of the licensing</p>

	<p>accompanied with EIA and safety plan. However, e-waste is not mentioned in the hazardous substance list, rather chemicals and heavy metals are mentioned which are the part of the e-waste and released during recycling, therefore these rules are not specifically applied to e-waste. The e-waste recyclers and their facilities are not regulated and no EIA is carried out.</p>	<p>Capacity of EPA is adequate regarding EIA.</p>	<p>procedure under these rules). This recommendation is not part of the Program Action Plan for PRIDE.</p>
<p>d) identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized</p>	<p>Currently e-waste and its recyclers are not regulated through existing laws. There are no e-waste management rules/guidelines in the country and Punjab. In all the implementing departments, no system and procedures currently in place for managing e-waste in an environmentally sound manner.</p>	<p>The regulators lack in awareness and capacity to establish and enforce e-waste management rules. The implementing departments don't have awareness regarding e-waste hazards and its environmentally safe disposal and recycling practices. (e-waste is treated along with other wastes and sold to waste contractor without any environmental consideration for its disposal).</p>	<ul style="list-style-type: none"> - Prepare SOPs for environmental management of e-waste under the Technical Assistance component. - Secure EPA approval for e-waste SOPs. - Environmental management and implementation of e-waste SOPs training to Finance Department, partner departments and EPA staff under capacity building activities of Technical Assistance component.
<p>e) clear articulation of institutional responsibilities and resources to support implementation of plans</p>	<p>Punjab Environmental Protection Agency is the concerned regulatory and monitoring institution</p>	<p>The regulators lack in awareness and capacity to establish and enforce e-waste management rules/guidelines.</p>	<ul style="list-style-type: none"> - Prepare SOPs for environmental management of e-waste under the Technical

	responsible for environmental management in the province. The implementing departments are responsible for handling e-waste in environmentally safe manner.	The implementing departments don't have awareness regarding e-waste hazards and its environmentally safe disposal and recycling practices. No SOPs developed for e-waste management in the implementing departments.	Assistance component. - Secure EPA approval for e-waste SOPs. - Environmental management and implementation of e-waste SOPs training to Finance Department, partner departments and EPA staff under capacity building activities of Technical Assistance component.
f) responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and through responsive grievance redress measures	All investment projects are duly approved by the provincial assembly as a part of annual budget which are disclosed in web sites of respective departments.	Adequate processes exist for information dissemination and disclosure.	None

C. Core Principle 2 – National Habitats and Physical Cultural Resources

70. 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.

71. Given the scope of the proposed program's activities, the ESSA team concludes that the program is unlikely to have any adverse impacts or pose any risk for natural habitats and physical cultural resources.

D. Core Principle 3 – Public and Worker Safety

72. ESSA team assessed that the program may result in generation of hazardous waste associated with the disposed IT equipment at the end of use life. This waste could result in negative impacts to workers and public health if not disposed of in an environmentally safe manner. However, the life of the equipment exceeds the project implementation phase.

73. In terms of system assessment, national and provincial regulations are lacking in providing specific provisions on e-waste management. There are no specific rules and guidelines to regulate e-waste recyclers and their facilities and its disposal. The e-waste is not included as a hazardous substance in the Hazardous Substance Rules 2003. The e-waste recyclers are not supposed to get license from the authority and regulate their facilities. There are also no safe disposal, and formal recycling facilities in Pakistan and Punjab to allow safe and sound management of the e-waste. Regarding implementation departments, there are no procedures established to handle e-waste in safe manner.
74. Different hazardous materials are released during e-waste recycling. These materials include hazardous chemicals and heavy metals which are released into the environment and pose health and safety risks. Hazardous materials are released when e-waste is dismantled, plastic parts are burnt, metals are recovered through chemical processes and discarded parts are disposed on land and water under unsafe manner. Owing to unsafe recycling practices the health and safety of workers involved in the e-waste recycling operations and communities living in the vicinity of e-waste recycling operations are at risk.
75. In terms of capacity assessment, as discussed under Core Principle 1, the regulators are lacking in awareness and capacity to regulate e-waste. The implementing departments are also not aware of the e-waste management. Recommendations made for the compliance of ESSA Core Principles 1 & 2 are also relevant for the compliance of Core Principle 3.

Table 6: Core Principle 3- Public and Worker Safety

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.			
Key Planning Elements	System Assessment	Capacity Assessment	Recommendations
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, inspections, or remedial works incorporated as needed.	No assessment is required as the program activities do not involve any construction activities or physical infrastructure.	Not Applicable	Not Applicable
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.	Current regulations do not cover specific provisions on e-waste management. PEPA 2012 Section 14 includes general provision on the handling of hazardous substances including: generation, collection, consignment, transportation, treatment, dispose of, any hazardous substance. General provisions are mentioned in Punjab Local Government Act 2013 for hazardous material. Hazardous Substance Rules 2003 don't mention e-waste as hazardous substance so no rules are applied on it. No pertinent guidelines/rules are provided.	<u>Regulators:</u> Lack awareness and capacity to develop and enforce e-waste management guidelines/rules in the country. <u>Implementing departments:</u> Lack awareness about e-waste management	<ul style="list-style-type: none"> - Prepare SOPs for environmental management of e-waste under the Technical Assistance component. - Secure EPA approval for e-waste SOPs. - Environmental management and implementation of e-waste SOPs training to Finance Department, partner departments and EPA staff under capacity building activities of Technical Assistance component.

	<p>Pakistan is party to the Basel Convention and Stockholm Convention on POPs for controlling trans-boundary movement of hazardous waste and their disposal and unintentional release of POPs. There is no mechanism for the training of the workers involved in e-waste handling. No regulated recyclers and recycling facilities in the country and Punjab. There are no SOPs for e-waste handling in the implementing departments.</p>		
<p>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.</p>	<p>No assessment is required as the program activities do not involve construction activities which could be affected by severe weather or climate events.</p>	<p>Not Applicable</p>	<p>Not Applicable</p>

E. Core Principle 4 – Land Acquisition

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.

76. Given the scope of the proposed program's activities, the ESSA Team concludes that the program is not likely to have any adverse impacts or pose any risks caused by the acquisition of land or the restriction of use or access to land or natural resources, including the loss of income caused by such actions. Program activities are not involved any type of construction or land clearing activities which could result in land acquisition and/or displacement of people and affecting their livelihood and living standards. Hence this core principle is not included in the ESSA.

F. Core Principle 5 – Indigenous Peoples and Vulnerable Group

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.

77. In Pakistan, Kalash people, living in Chitral Valley (Province Khyber Pakhtun Khwa) are recognized as Indigenous Peoples under WB ESF Environmental and Social Standard 7. This program is for the Punjab province and there will be no program intervention in the Chitral Valley.
78. Program activities can pose low level risks to vulnerable groups which include lower income groups which may get disproportionately affected by increased GST filing compliance. Moreover, automation of tax collection and receipts will have the risk to exclude individuals with low level of ICT knowledge and skills.
79. UIPT in urban slums can be disproportionately valued and increased, including urban properties serving the poor and marginalized segment of the society. It may be noted here that vulnerable groups such as widows and owners of land lesser than 5 marlas are exempted from UIPT on residential properties, but no such exemption is in place for commercial properties. UIPT valuations are based on more than 50 years old taxation rules which are bound to be updated. Such an update planned under this program will pose a risk for low income groups and slum/squatter settlements in urban areas.
80. In terms of program capacity, the main findings conclude that the socioeconomic survey is the part of the EIA study in which the affected community is consulted and their concerns are recorded. Public hearing is also carried out prior to granting NOC from EPD under PEPA 2012. However, these requirements are only for the infrastructure projects. As such, government departments are not required to consult vulnerable groups for their inputs into any interventions that can have perceivable impacts on them. These include designing taxation regimes including UIPT, prioritizing service delivery projects, expenditure on social safety nets etc.
81. In the stakeholder consultation session, Finance Department (FD) reported that the concerns of the vulnerable groups were always addressed while formulating the tax policies. These policies are approved by the elected public representatives after giving due consideration on vulnerable

groups' concerns. The policies affecting the vulnerable groups are rejected by these authorities. It was agreed that assessment studies on vulnerable groups will be conducted under the program at the formulation and launch of each tax reform.

G. Core Principle 6 – Social Conflict

Core Principle 6: Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

82. Local level cultural and sensitivity issues are covered under requirements of environmental assessments especially in projects financed by the World Bank and other multilateral and bilateral institutions.
83. Although there is no overt social conflict anticipated due to the program. It may cause social friction if taxes were imposed on poor segment of the society unrealistically without understanding the ground realities. The poor community will have an aversion to the government if GST is imposed on those services and commodities used by them.
84. In case if those employees of the implementing departments, having no or limited ICT knowledge, are not involved in the mainstream by enhancing their ICT capabilities, there may be social divide and distress among them.
85. In the stakeholder consultation session, it was agreed that two sets of persons can get effected due to the adoption of ICT based systems i.e. (i) non-literate employees of the PRIDE partner institutions, and (ii) non-literate segments of taxpayers. Participants agreed that training of employees of partner institutions on SOPs and new ICT system will be organized under the program. Regarding, non-literate segments of taxpayers, it was agreed that partner institutions will make appropriate facilitation arrangements such as ICT kiosks at different locations in markets and departments for this segment of the taxpayers.

IV. DISCLOSURE AND CONSULTATION

A. Disclosure

86. This draft ESSA will be disclosed in-country and on the World Bank's external website, prior to formal appraisal of the relevant PforR, to serve as the basis for discussion and receipt of formal comments. Following incorporation of the feedback received from different stakeholders, the revised ESSA will be disclosed in-country and on the World Bank's external website.

B. Stakeholder Consultations

87. Two consultation sessions were conducted with FD and partner institutions to discuss the findings of ESSA. The first consultation session was organized on November 29, 2019. In this session preliminary assessment of ESSA was presented. It was agreed in the session that second consultation session will be organized for discussing the ESSA assessment with respect to institutional capacity for environmental and social aspects of the program. Second consultation session was held on March 17, 2020. Proceedings of the second consultation session are attached as Annex-2. Summary of the stakeholder consultation session is as follows:
88. The agenda of the consultation was to brief the stakeholders about the findings of the Environmental and Social Systems Assessment (ESSA), and get their feedback. All the partner institutions of the program participated in the session. Non-government stakeholders could not participate due to COVID situation in the city.

C. Summary of the Stakeholder Consultation

E-Waste SOP and Policy

89. The participants agreed upon formulating Standard Operating Procedures (SOPs) for e-waste management based on global best practices, and SOPs approval from the Environmental Protection Department (EPD). The SOP will include procedures for: inventory based record keeping of ICT equipment by the departments at the time of procurement of new equipment and sale of used equipment, material safety data sheets of new and old equipment, terms and conditions for the repurchase of new equipment at the end of life of the equipment, EPA licensed buyers of used equipment, proposed conditions for the environmentally sound recycling and disposal arrangements, etc. Partner institutions will be responsible for the implementation of SOPs during the program implementation. It was agreed that the SOPs will be developed by the Punjab Information Board (PITB) and enforced accordingly. EPD can also use e-waste SOPs in the province as an enforcement tool. EPD representative committed that EPD will provide its input and further suggestions at the time of approval of SOPs.
90. PITB also raised its concern that the enforcement of SOPs at the e-waste disposal site (certification of e-waste recyclers and recycling facilities) would be the mandate of EPD, not the implementing departments. World Bank representatives were of the view that EPD should use this opportunity under this program for the formulation of e-waste policy for the province and incorporate the SOPs in the Hazardous Waste Management Regulations.

Exclusion of ICT Non-literates

91. Participants agreed that the training of the employees of partner institutions on SOPs and new ICT system will be organized under the program. Regarding, non-literate segments of taxpayers, it was agreed that partner institutions will make appropriate facilitation arrangements such as ICT kiosks at different locations in markets and departments for this segment of the taxpayers.

Vulnerable Groups

92. Finance Department (FD) reported that the concerns of the vulnerable groups were always addressed while formulating the tax policies. These policies are approved by the elected public representatives after giving due consideration on vulnerable groups' concerns. The policies affecting the vulnerable groups are rejected by these authorities. It was agreed that assessment studies on vulnerable groups, as proposed in ESSA, will be conducted under the program at the formulation and launch of each tax reform.

Grievance Redress Mechanism

93. PITB informed that the Chief Minister Punjab complaint cell is operated through PITB call center. PITB is also operating call center to receive complaints from the Government departments. The employees can lodge complaints against their superiors at this portal. However, the departmental complaint register is limited to certain departments only such as health, education etc.
94. It was agreed that there is a need to consolidate the GRM system under one focal institution, may be PITB.

FD and Partner Institutions Capacity to Implement ESSA Recommendations

95. It was agreed that FD and partner institutions capacity needs to be strengthened through GRM system integration and ICT trainings.

Partner Institutions Consultation Session, March 17, 2020



V. INPUTS TO THE PROGRAM ACTION PLAN

A. Introduction

96. This section summarizes the measures that the ESSA team recommends to be included in the Program Action Plan and should be executed during program implementation to address important gaps identified above between the program system and the PforR core principles and key elements as well as to address any capacity shortcomings.

97. As noted in Section III, the ESSA identified the following issues as needing additional action:

- (a) **No specific legal provisions are available for e-waste management.** Currently, regulations on e-waste management is lacking in the province and in the country. Furthermore, the implementing departments do not have any rules/ procedures for the safe handling and disposal of end of life ICT equipment. The e-waste recycling facilities are operating in informal sector and are not regulated under any regulations.
- (b) **A procedural gap in planning and development of projects regarding vulnerable people.** Government departments are not required under operational procedures to consult vulnerable groups (low income, slum dwellers, landless, ethnic and religious minorities, elderly, disabled, women, etc.) for their inputs while designing and developing interventions that can have perceivable impacts on them, unless these are large scale infrastructure projects. Even in those cases, consultations are cursory and more procedural than participatory.
- (c) **Lack of integration within multiple GRM systems.** There are multiple GRMs operational in different forms with the administrative set up, with a central online Provincial GRM housed under the Chief Secretary's Office. However, this central platform is not integrated with the individual departmental level GRMs which leads to increased efforts to maintain both systems with limited

human resources. Hence there is risk that the response and resolution time for a particular complaint will increase many fold.

98. The recommendations and proposed actions are described in detail below:

B. Recommendations to be Included in the Program Action Plan

Recommendation 1: Prepare SOPs for environmental management of e-waste under the Technical Assistance component

99. Finance Department in collaboration with the partner institutions responsible for the implementation of the program should develop Standard Operating Procedures for the procurement and disposal of e-waste based on current World Bank's Environment, Health and Safety (EHS) Guidelines, based upon general and industry specific examples of Good International Industry Specific Practices (GIIPs). SOP should be prepared as one of the activities under Technical Assistance component for the capacity development. The SOP should include procedures for: inventory based record keeping of ICT equipment by the departments at the time of procurement of new equipment and sale of used equipment, material safety data sheets of new and old equipment, terms and conditions for the repurchase of new equipment at the end of life of the equipment, EPA licensed buyers of used equipment, proposed conditions for the environmentally sound recycling and disposal arrangements, etc. Finance Department might need to engage PITB for the development of e-waste SOPs.

Recommendation-2: Secure EPA approval for e-waste SOPs

100. Finance Department should secure EPA's consent and its expanded use by EPA in future throughout Punjab. SOPs will also help EPA in incorporating e-waste management procedures in the existing Hazardous Waste regulations and develop e-waste management policy for the province. The EPA needs to regulate e-waste recycling facilities by registering and issuing licenses and monitoring their operations. The implementing departments need to hand over e-waste to the licensed e-waste recyclers.

Recommendation-3: Training on e-waste SOPs

101. The program teams in Finance Department and partner departments along with EPA staff should be made aware of SOPs by organizing e-waste management training as part of the capacity-building activities under the program.

Recommendation-4: Social risk assessment of vulnerable people

102. Social assessment should be carried out in order to assess the vulnerability, impediments and susceptibility of the vulnerable people (low income, slum dwellers, landless, ethnic and religious minorities, elderly, disabled, women, etc.) of Punjab to income shocks due to introduction of taxation. The study will also inform the program on the effectiveness of phased approach of taxation, types of taxes and non-taxes with high resource mobilization potential without affecting the vulnerable, and also on exemptions if any. This study will be useful for the design and implementation of the mechanism for all sort of taxes to avoid affecting vulnerable groups of the society and social conflicts.

103. **Gender Analysis:** Under social assessment, there should be a gender analysis of existing tax and property mechanisms to examine whether these are progressive or regressive on women. This would entail evaluating the incidence of direct/indirect taxes on women owners of businesses; assessing the existing tax exemptions for vulnerable women (widows, sole earners); exploring women’s existing information/knowledge base of taxing instruments, property rights, fund allocations and investments.

Recommendation-5: Training of the employees on use of ICT

104. The employees of the implementing departments should be trained on use of ICT and smart technologies under TA component. This training will be beneficial for the employees, lacking in digital knowledge, to keep them in the mainstream to avoid social divide and distress among them. This training will be need based and appropriate to the requirement of each department.

Recommendation-6: Preparation of Program Specific GRM

105. It is recommended that PIU in FD should prepare and implement GRM for the program. The GRM should be communicated to the public and particularly the affected communities through print and electronic media and during public consultations and community engagement events. Android based GRM Application (GRM App) should be established, launched, and publicized to make GRM effective, easy, and accessible to everybody. The PIU should engage E&S specialists to implement environmental and social management and GRM activities. The role of Environmental specialist could be part time as consultant, focused on the e-waste/SOP management aspects. Whereas Social specialist will be full time required throughout the program implementation.

Table 7: Recommended Inputs for Program Action Plan

#	Action	Responsible Department	Timeline	Estimated Cost (US\$)	Progress Indicator	Output/Target values
1	E-waste SOPs Development	FD, EPA, PITB	First six months of program implementation	15,000	SOPs Document	
2	SOPs Training	FD, EPA	Six to nine months of the program implementation	5,000	Proceedings of trainings	
3	Social risk assessment of vulnerable people	FD	First six months of program implementation	10,000	Social risk assessment report	

4	Training of the employees on ICT	FD, P&D, PITB, BoR, PRA, ETNC	First three to six months of the program implementation	20,000	Proceedings of the trainings	
5	Gender analysis	FD	First six months of the program implementation	10,000	Gender analysis report	
6	GRM + GRM Implementation	FD	Preparation in the first six months and implementation throughout the program implementation	60,000	GRM document, appointment of E&S specialists, and quarterly reports on GRM implementation	

ANNEX 1: REFERENCES

1. The World Bank, Environmental and Social System Assessment, Khyber Pakhtunkhwa Revenue Mobilization and Public Resource Management, May 20, 2019
2. Iqbal, M., et al., Environmental Pollution, Emerging Issue of e-Waste in Pakistan: A Review of the Status, Research Needs and Data Gaps, 2015
3. Informal Electronic Waste Recycling in Pakistan:
https://www.researchgate.net/publication/308272840_Informal_Electronic_Waste_Recycling_in_Pakistan
4. Basel Convention, Partnership for Action on Computing Equipment (PACE), Revised Guideline on Environmentally Sound material Recovery and Recycling of End of Life Computing Equipment, July 26, 2103
5. The World Bank, IFC, Environmental Health and Safety (EHS) Guidelines
6. The World Bank, Environmental and Social System Assessment, Punjab Cities Program, May 4, 2018
7. GIZ, Environmentally Sound Disposal & Recycling of E-Waste (E-Waste Programme), Ghana, E-Waste Training Manual, 2019
8. Pakistan Environmental Protection Act 1997
9. Pakistan Environmental Protection Act 1997, Hazardous Substance Rules 2003
10. The World Bank, Program for Result Financing, Interim Guidance Notes to Staff on Assessment, June 18, 2012
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12. Pakistan Penal Code 1860
13. Punjab Environmental Protection Act 1997
14. The World Bank, Environmental and Social System Assessment, Punjab Green Development Program, May 11, 2018
15. The World Bank, Environmental and Social System Assessment, Public Financial Management and Accountability to Support Service Delivery, November 2017
16. www.lgcd.punjab.gov.pk
17. www.ombudsmanpunjab.gov.pk/mandate
18. Provincial Assembly of the Punjab, Annual Report Under The Punjab Transparency and Right to Information Act 2013, August 2016

ANNEX 2: STAKEHOLDER CONSULTATION PROCEEDINGS

“SAVE TREES & PROTECT ENVIRONMENT”

NO.SO(TAX)1-7/2013 (Vol.IV)
GOVERNMENT OF THE PUNJAB
FINANCE DEPARTMENT
Dated Lahore, April 20, 2020




Tel: 042-99213193
Fax: 042-99211079
Email: sotax.fd@gmail.com

To

1. The Senior Member, Board of Revenue, Punjab;
Attention: (Member Taxes)
2. The Secretary, Government of the Punjab, Planning and Development Board;
3. The Chairman, Punjab Information Technology Board;
4. The Secretary, Government of the Punjab, ET & NC Department;
5. The Secretary, Government of the Punjab, Environmental Protection Department;
Atten: Punjab Environmental Protection Agency (EPA); and
6. The Chairperson, Punjab Revenue Authority.

Subject: - MINUTES OF THE MEETING REGARDING PUNJAB PUBLIC SECTOR RESOURCE AND REVENUE MANAGEMENT PROGRAM

I am directed to refer to the subject noted above and to enclose herewith a copy of the minutes of the meeting held on 17.03.2020 at 2:30 p.m in the Committee Room of Finance Department for information and necessary action, please.


(MUHAMMAD AKMAL, PMS)
SECTION OFFICER (TAX)

NO. & DATED EVEN

A copy along with a copy of minutes of the meeting is forwarded for information to:

1. PS to Additional Finance Secretary (Budget).
2. PA to Deputy Secretary (Resources-I).
3. Officer Tax Coordination, TRU, Finance Department.


SECTION OFFICER (TAX)

Finance Department

MINUTES OF MEETING

Subject of Meeting:	Consultative Session on Environment and Social System Assessment (ESSA) for the Punjab Public Sector Resource and Revenue Management Program		
Reference Letter No:	NO.SO(TAX)1-7/2013 (Vol.IV)		
Date of Meeting: (DD/MM/YYYY)	17-03-2020	Time:	02.30 p.m.
Minutes Prepared By:	Resource Wing	Venue:	Committee Room of FD
1. Meeting Objective			
Deliberation on Environment and Social System Assessment (ESSA) for the Punjab Public Sector Resource and Revenue Management Program			
2. Agenda, Issues and Conclusion			

A meeting of the stakeholder consultation was held under the Chairmanship of the Additional Finance Secretary (Budget) in the Committee Room of Finance Department on March 17, 2020 at 02.30 p.m. for the World Bank's financed 'Punjab Resource Improvement and Digital Effectiveness Program (PRIDE)'.

The agenda of the consultation was to brief the stakeholders about the findings of the Environmental and Social Systems Assessment (ESSA), carried out by the World Bank team, and get feedback of the stakeholders on it. (List of participants is attached).

The meeting started with the recitation of the Holy Quran. The Chair welcomed the participants and asked the Work Bank to present key findings of the ESSA to the participants. Following were the major discussion points.

E-Waste SOP and Policy

All the participants acknowledged the importance of e-waste management. EPD endorsed that there was no specific legislation in the province to deal with e-waste due to which enforcement was lacking. All the participants agreed upon formulating Standard Operating Procedures (SOPs) for e-waste management based on global best practices, its approval from the Environmental Protection Department (EPD) and implementation at the implementing Departments during the program. It

was agreed that the SOPs will be developed by the Punjab Information Board (PITB) and enforced accordingly. EPD can also

use e-waste SOPs in the Province as an enforcement tool. EPD representative committed that he will discuss the possibility of developing e-waste policy for the Province with the higher ups and respond back by March 24, 2020. Regarding SOPs, the EPD representative committed that EPD will provide its input and further suggestions on it to the Finance Department by March 24, 2020.

PITB also raised its concern that the enforcement of SOPs at the e-waste disposal site (certification of e-waste recyclers and recycling facilities) would be the mandate of EPD, not the implementing Departments. There are no certified e-waste recyclers and recycling facilities in the Province due to which it would be difficult for them to hand over e-waste to the certified vendors and ensure its safe disposal.

World Bank representatives were of the view that EPD can use opportunity under this program for the formulation e-waste policy for the Province. SOPs are important but these would not provide solution at the e-waste disposal site under no policy regime. Ministry of Climate Change (MoCC) once tried to formulate policy on e-waste under Basel Convention. MoCC gave one presentation on e-waste hazards and its environmentally safe disposal and then no further action was taken in the country till now. India has recently developed e-waste policy.

FD, PITB, and other Departments commented that the SOPs development and implementation was possible under the program whereas policy development would be difficult and time taking process.

Exclusion of ICT Non-literates

ESSA assessed that two sets of persons can get effected due to the adoption of ICT based systems i.e. (i) non-literate employees of the PRIDE partner institutions, and (ii) non-literate segments of taxpayers. Participants agreed that with the ESSA proposal to organize training of employees of partner institutions on SOPs and new ICT system. Regarding, non-literate segments of taxpayers, it was agreed that partner institutions will make appropriate facilitation arrangements such as ICT kiosks at different locations in markets and departments for this segment of the taxpayers.

Vulnerable Groups

Mr. Azher Uddin Khan raised the concern for the vulnerable groups under the program which could be affected due to imposition of new taxes on them. Finance Department responded that the concerns of the vulnerable groups were always addressed while formulating the tax policies. These policies are approved by the elected public representatives after giving due consideration on vulnerable groups' concerns. The policies affecting the vulnerable groups are rejected by these

authorities. It was agreed that assessment studies on vulnerable groups as proposed in ESSA will be conducted under the program.

Grievance Redressal Mechanism

PITB informed that the Chief Minister, Punjab Complaint Cell is operated through PITB call center. There is no language barrier at this complaint cell. The complainant can register its complaint in Urdu as well as in English language.

PITB is also operating call center to receive complaints from the Government Departments. The employees can lodge complains against their superiors at this portal. However, the Departmental complaint register is limited to certain Departments only such as Health, Education etc.

It was agreed that existing Grievance Redressal Mechanism has spread in the system of Punjab Government and Departments. There is a need to consolidate the GRM system under one focal institution, may be PITB. It was agreed that partner institutions will respond on the subject later in writing.

FD and Partner Institutions Capacity to Implement ESSA Recommendations

First draft of capacity assessment of FD and partner institutions was shared by the World Bank team. It was agreed that FD and partner institutions will review the assessment and respond to FD in writing.

It was decided at the concluding session that all the implementing Departments would give their written feedback on ESSA to the FD. FD will review and finalize the feedback from all the departments and send it to Mr. Azher Uddin Khan by March 24, 2020. FD will also give its feedback on the budget of the action plan and budget proposed under ESSA.

In the light of consultation and the feedback from the FD, the ESSA will be finalized and submitted to the World Bank as draft by March 31, 2020. The draft ESSA will be disclosed at disclosure workshop after its approval by the Bank and FD.

Meeting ended with a vote of thanks to and from the Chair.

LIST OF PARTICIPANTS

Dated 17.03.2020

1. Dr. Shoaib Warraich, Member (Taxes), Board of Revenue
2. Rana Obaid Ullah Anwar, Additional Finance Secretary (Budget)
3. Mr. Sajid Latif (Director General, (e-Governance), PITB
4. Mr. Riwan Sherwani, Director ET&NC Department
5. Mr. Azher Uddin Khan, World Bank STC
6. Mr. Shafqat Ullah, Consultant, World Bank
7. Mr. Faheem Naeem, Director, Environment Protection Department
8. Ms Sarah Hayat, Deputy Secretary (Res-I), Finance Department
9. Mr. Salman Zafar, Director (IT), Punjab Revenue Authority
10. Mr. Abdul Rauf Mahar, Assistant Chief (ECA), P&D Department
11. Mr. Muhammad Akmal, Section Officer (Tax), FD
12. Mr. Usman Azmat, OTC, TRU, Finance Department
13. Mr. Abubakar Younis, OTC, Finance Department Following World

Bank staff participated in the meeting through video link:

14. Mr. Akmal Minallah-Team Leader
15. Ms. Rahat Jabeen-Environment
16. Mr. Ebad Ur Rehman-Social
17. Ms. Nida Asif-Environment

ANNEX 3: E-WASTE MANAGEMENT IN PAKISTAN AND THE GLOBAL E-WASTE MANAGEMENT OPTIONS

e-Waste Issues in Pakistan

107. In Pakistan, e-waste is generated from three key sources: domestic manufacturing, domestic consumption, and import. After disposal, e-waste is collected by scrapers and vendors, who sometimes dismantle the waste in several parts which is, in turn, sold to extractors and dismantlers. Extractors and dismantlers by using environmentally unsound technologies extract precious and valuable materials and discarded waste is then often disposed of either in dumping grounds or water bodies. Sometimes scrapers and dismantlers reassemble different parts of old equipment for resale. Laborers may not be fully aware of the potentially harmful consequences of recycling or dismantling electronics, thus exposing themselves to high toxicity. Crude recycling techniques are adopted like physical dismantling, open burning, acid bath, and use of blow torches to extract valuable metals. The informal recycling is growing day by day in Pakistan and is expanded all over the country as small and medium enterprises. Up till now, there is no formal e-waste recycling facility available in Pakistan; all the e-waste is recycled through illegal and/or informal means.¹¹
108. Electronic and electrical waste is imported and labeled as 'second-hand equipment'. A very small amount of the imported material is reusable. After the removal of usable items, the bulk of the electrical waste is sent to recycling industry. Major recycling waste enterprises are located at Karachi. Lahore, Faisalabad, Peshawar, Gujranwala and Islamabad/Rawalpindi are also involved in the recycling and dismantling of the e-waste, but at a small scale compared to Karachi. Karachi, being a seaport, receives the containers of e-waste from all around the world. After clearance from the port, this waste is sent to warehouses from where scrapers buy the items by weight. The e-waste is dismantled, burned or dumped depending on its composition. Hundreds of workers including teenage children earn their livelihood by dismantling and extraction of valuable items from the e-waste.¹²
109. The scrapers have no protective gears. They handle extremely toxic waste with their bare hands. Workers involved with the breaking of the computers are at the risk of inhalation of dust that may contain lead, barium oxide and phosphorus. Lead may cause neurotoxicity, high blood pressure, and muscle pains, and learning disabilities among children. Barium oxide can cause severe skin irritation and ingestion is harmful, and chronic exposure may lead to damage of Central Nervous System (CNS), spleen, liver, kidney or bone marrow. The cables, wires and motherboards that have Polyvinyl Chloride (PVC) and Brominated Flame Retardants (BFRs) release dioxins and furans when these are burnt. These are known carcinogens, which accumulate in the human body and may cause changes in the immune system, glucose metabolism and

¹¹ 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>

¹² Ibid

reproductive problems. Gold is extracted by mercury amalgamation and acid bath extraction processes which result in release of pollutants in the environment due to burning the contents and dumping of acid in the nearby drains.¹³

e-Waste Management

110. The e-waste management in Pakistan needs backing of legislation and its enforcement. The e-waste should be included in the hazardous substance list so that its generation and processing could be regulated through license. The e-waste management guidelines are required to be developed on international best practices such as World Bank's EHS guidelines and Guidelines on Environmentally Sound Material Recovery and Recycling of End of Life Computing Equipment, prepared by the Partnership for Action on Computing Equipment (PACE) Working Group under Basel Convention. Training programs for the recyclers need to be developed and executed environmentally and economically sound material recovery and recycling from the e-waste. Enforcement of the guidelines at the recycling facilities, their licensing and monitoring will be a challenging task for the regulators.

111. Environmentally sound material recovery and recycling of e-waste requires setting up an effective recycling chain, comprising the steps of robust collection of e-waste, evaluation, testing/refurbishment/reuse if appropriate, preparing/dismantling of non-reusable parts, separation into material streams, final recovery of marketable raw materials, and disposal of non-recyclable fractions and processing residues. Some hazardous fractions will have to be sent to facilities for destruction of the hazardous substances in order to ensure these are taken out of use.

112. Environmentally sound material recovery and recycling of e-waste is not simple and can cause exposures to hazardous substances if not done correctly. It should be well understood, managed and performed consistent with the good practices to protect workers and communities. All steps should be taken to ensure that unsound e-waste material recovery and recycling practices are avoided.

113. A material recovery facility should first collect used/dead computing equipment for which these facilities are prepared, qualified and licensed to accept and process. Next, they should carefully remove and separate the most problematic constituents - those that contain hazardous substances that may contaminate other materials – such as mercury, which usually need additional processing and/or environmentally sound final disposal. Informal recovery operations, such as acid leaching, on circuit boards and other precious metal-bearing materials are inefficient, and expose workers, communities and the environment to cyanides, strong acids, toxic gasses and other hazards. Plastics may be recycled if these are separated by type, are mostly free of

¹³ Informal Electronic Waste Recycling in Pakistan:
https://www.researchgate.net/publication/308272840_Informal_Electronic_Waste_Recycling_in_Pakistan

metals and other contaminants, and do not contain certain hazardous brominated flame retardants (BFRs). Plastics can be used in smelting operations as fuel and as reducing agents, if the smelter emissions are well controlled, especially for dioxins and furans. Residues from processing and pollution control systems that cannot be efficiently recovered are likely to contain metals and other substances of concern, which should be carefully managed, often as hazardous waste. These include bag house filters and dust, sweepings, glass fines, phosphors, plastics and slags. Because these waste residues are likely to contain metals, plastics and halogens, disposal in an incinerator that does not have efficient pollution control systems is not suitable. Similarly, because process residues may leach hazardous constituents, disposal in an uncontrolled landfill is also not suitable.¹⁴

¹⁴ Basel Convention, Partnership for Action on Computing Equipment (PACE), Revised Guideline on Environmentally Sound material Recovery and Recycling of End of Life Computing Equipment, July 26, 2013

ANNEX 4: DESCRIPTION OF ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM AND CAPACITY AND PERFORMANCE ASSESSMENT

Introduction

1. This section describes the existing environmental and social management system of the institutions applicable in the implementation of the proposed program. It provides an overview of the policy and legal framework and a profile of the roles and responsibilities of the institutions involved in the environmental and social assessment and management.
2. There are many federal and provincial policies and legislations relevant to the overall management of the environmental and social impacts. Those policies and legislations are described which have relevance with the potential environmental and social impacts of the proposed program.

Environmental Management System

Policy Framework

3. In 2010, the 18th Constitutional Amendment was approved by the National Assembly of Pakistan. Under the amendment, environmental functions in the territory of the federal capital were delegated to Pakistan Environmental Protection Agency (Pak-EPA), and Provincial Environmental Protection Agencies were delegated the environmental management functions of provinces. In 2012, the federal government converted the Ministry of Environment to the Ministry of Climate Change (MCC). The MCC is mainly responsible for managing common national-level environment issues and climate change impacts and implementation of international conventions signed by the Government of Pakistan.

National Environmental Policy, 2005

4. The National Environmental Policy provides an overarching framework for addressing the environmental issues facing Pakistan, particularly pollution of freshwater bodies and coastal waters, air pollution, lack of proper waste management, deforestation, loss of biodiversity, desertification, natural disasters and climate change. It also gives directions for addressing the cross sectoral issues as well as the underlying causes of environmental degradation and meeting international obligations.
5. Policy measures recommends to i) enact the National Clean Air Act, ii) ensure reduction and control of harmful emissions through regulatory programs, iii) promote cleaner production technologies, iv) introduce discharge licensing systems for industry, v) establish cleaner production centers and promote cleaner production techniques and practices, vi) encourage reduction, recycling and reuse of municipal and industrial solid and liquid wastes, and vii) provide

financial and other incentives (reduction/elimination of tariffs, low interest loans, appreciation certificates and awards) for technology up-gradation, adoption of cleaner technology, implementation of pollution control measures and compliance with environmental standards.

Draft Punjab Environmental Policy, 2015

6. Draft Punjab Environmental Policy 2015 addresses effluent and sewage treatment plant, wastewater, air and soil pollution control, groundwater management, energy efficiency and renewable energy, climate change and ozone depletion, and industrialization and environment.
7. This policy also focuses on hazardous waste and recommends that the hazardous and air polluting industries will be relocated from residential areas to outside the cities. The viable models of public-private partnerships will be developed and implemented for setting up and operating secure landfills, incinerators, and other appropriate techniques for the treatment and disposal of toxic and hazardous waste, both industrial and biomedical, on payment by users. The recycling technology and establishing system for segregation, recycling, and reuse of municipal solid wastes will be promoted. The policy recommends the establishment of cleaner production centers and promotion of cleaner production techniques.

Legislative Framework

8. Following legislations are relevant for addressing the potential environmental and social impacts of the proposed program:
 - Pakistan Environmental Protection Act 1997
 - Punjab Environmental Protection Act 1997
 - Pakistan Penal Code
 - Punjab Local Government Act 2013

Pakistan Environmental Protection Act 1997

9. PEPA 1997 is the basic legislative tool empowering the Government to frame regulations for the protection of the environment. It is a comprehensive legislation and provides the basic legal framework for protection, conservation, rehabilitation, and improvement of the environment. The act is applicable to a wide range of issues and extends to air, water, soil, marine, and noise pollution, and to the handling of hazardous wastes.
10. Environmental pollution control associated with hazardous waste is addressed in this act under Section 13 and 14. Under Section 13 'Prohibition of Import of Hazardous Waste', no person shall import hazardous waste into Pakistan and its territorial waters, Exclusive Economic Zone and historic waters. Under Section 14 'Handling Hazardous Substances', no person shall generate, collect, consign, transport, treat, dispose of, store, handle or import any hazardous waste except under a license issued by the Federal Agency and in such manner as may be prescribed or in

accordance with the provision of any other law or of any international treaty, convention, protocol, code, standard, agreement or other instruments to which Pakistan is a party.

11. Under the Hazardous Substance Rules, 2003, made under this act, license will be required for the import and transportation of hazardous substance from Federal or Provincial agency. The application for the grant of license for the industrial activity involving generation, collection, consignment, transport, treatment, disposal, storage, handling or import of hazardous substances, will also be accompanied with EIA report and safety plan. The validity of the license will be for three years from the date of issue. The licensee will notify any major accident occurring at licensed facility to provincial and federal agencies. There will be packing and labelling requirement, safety precautions for the premises and workers which will have to be followed. The licensed facility may be inspected by the provincial or federal staff.

Punjab Environmental Protection Act 2012

12. Punjab Environmental Protection Act 2012 addresses prohibition of discharges and emissions of wastewater and air emissions, noise control, requirements of initial environmental examination and environmental impact assessment for the newly established development projects, and hazardous waste and substances.
13. Under this act, no person is allowed discharge or emit any effluent or waste or air pollutant or noise in an amount, concentration or level which is in excess of the Punjab Environmental Quality Standards. No person shall be allowed to import hazardous waste into the Punjab, generate, collect, consign, transport, treat, dispose of, store, handle or import any hazardous substance except he/she gets license from the authority.
14. Section 12 is for the environmental impact assessment of the new projects which states that no project construction or production will be allowed to commence without conducting and submitting Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA) study to the provincial agency and getting no objection certificate.
15. Under Section 16, Provincial Agency can issue Environmental Protection Order where agency is satisfied that the discharge or emission of any effluent, waste, air pollutant or noise, or the disposal of waste, or handling of hazardous substance, or any other act or omission is likely to occur, or is occurring, or has occurred, in violation of any provision of this act, rules or regulations or of the condition of license, or is likely to cause, or is causing, or has caused an adverse environmental effect. The Provincial Agency may, after giving the person responsible for such discharge, emission, disposal, handling, act or omission an opportunity of being heard, by order, direct such person to such measures as the Provincial Agency may consider necessary with such period as may be specified in the order.

Pakistan Penal Code

16. The Pakistan 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.

Punjab Local Government Act 2013

17. Punjab Local Government Act 2013 (PLGA 2013) addresses the environmental pollution control for the waste under i) Fourth Schedule, Part I (Sr. No: 1): discharging any dangerous chemical, inflammable, hazardous or offensive article in any drain or sewer, public water course or public land; ii) Part II (Sr. No: 23A): Dumping of solid waste and refuse by any person or entity on a place other than landfill or dumping site, notified or designated by the concerned local government; iii) Fifth Schedule (Sr, No: 26): Damaging or polluting physical environment, inside or outside private or public premises, in a manner to endanger public health.

Institutional Framework

18. Following institutions are involved in the management of environmental and social effects of the program activities:

- Finance Department, Government of the Punjab
- Planning and Development Department, Government of the Punjab
- Punjab Information Technology Board
- Punjab Revenue Authority
- Excise, Taxation & Narcotics Control Department
- Board of Revenue
- Environmental Protection Department, Punjab
- Local Government and Community Development Department

Finance Department, Government of the Punjab¹⁵

19. The Finance Department is responsible for supervision and control of provincial finances, preparation of provincial budget, formulation of Financial Rules and Civil Services Rules relating to pay, perquisite and pension of civil servants, management of public debt and administration of Local Fund Audit Department and the Treasuries. Administrative Departments are required to consult the Finance Department in all matters which directly or indirectly affect the finances of the province. All important functions of the Finance Department, including budgeting are performed at the Secretariat.

20. **Main Divisions:** Following are the main divisions which perform and manage all the functionality of the department:

¹⁵ www.finance.punjab.gov.pk

- Budget & Resource
- Expenditure & Corporate Finance

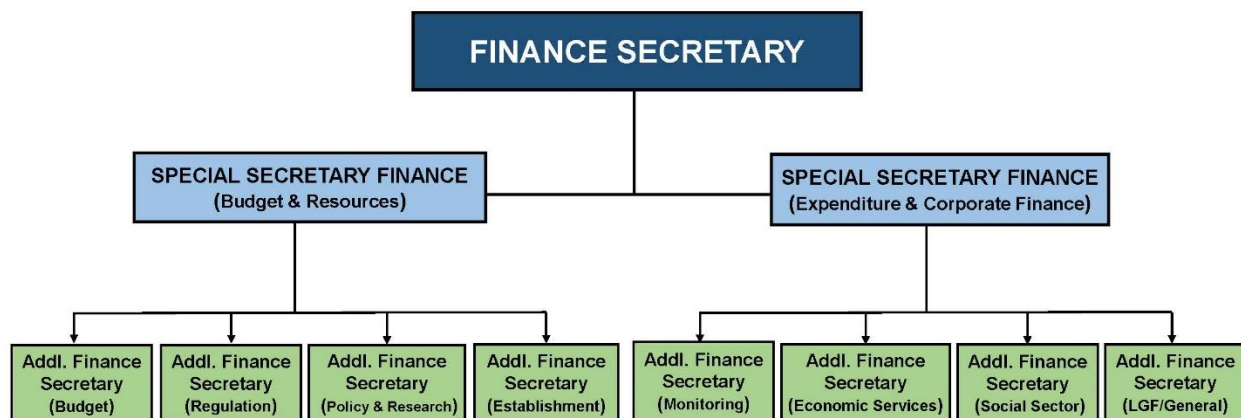
21. **Functions:** The major functions of the department are mentioned below:

- Management of public funds
- Framing of financial rules for guidance of departments
- Supervision of accounts of provincial departments
- Framing of Civil Service Rules applicable to all government servants and interpretations thereof
- Floatation and administration of provincial loans
- Examination and advice on matters affecting directly or indirectly the finances of the province
- Administration of emoluments, pensions and allowances
- Administration of public revenue
- Communication of financial sanctions
- Examination of all proposals for the increase or reduction of taxation
- Audit matters of provincial receipts and expenditure

22. Major Tasks include:

- i. Resource Allocation: The provincial resources consist of the major share from Federal Government under Federal Divisible Pool share which almost covers 80% of the total resource allocation. The rest of the 20% share comes from Provincial Own Receipts which include Tax/Non-Tax revenue as well as Capital Receipts,
- ii. Resource Mobilization: Each year, while initiating the exercise on formulation of the budget, Finance Department invites tax and non-tax proposals from the Administrative Departments. These proposals, primarily, aim to mobilize resources of the Province,
- iii. Revenue Collection: The revenue collection is based on receipts from tax collecting department i.e. Board of Revenue, Punjab Revenue Authority, Excise and Taxation Department, Energy and Transport and the receipts from Non-Tax Departments i.e. Finance, Agriculture, C&W, Police, Mines and Minerals, Irrigation, Health, FW&F, and Education Departments as well as foreign and federal grants.

23. **Organogram:** The organogram of the department is as under:



24. Environment and social aspects is not included in the mandate of the Finance Department. It is assessed that being the implementation department of the program, Finance Department needs to take following environmental actions:
25. Policy and Research Section should be made responsible for the development of Standard Operating Procedures for the sale and procurement of ICT equipment under its function of “Framing of financial rules for guidance of departments”. Mandate “Monitoring Section” to monitor the implementation of SOPs.
26. Coordinate with Punjab EPA in the development and implementation of ICT SOPs.
27. Capacity development Finance Department and other partner institutions of the program on ICT SOPs.

Planning and Development Department, Government of the Punjab¹⁶

28. The Planning and Development Department, Government of Punjab, is the principal planning organization at the provincial level. It coordinates and monitors development programs and activities of various departments of the provincial government. The department also prepares an overall Medium Term Development Framework (MTDF) of developmental activities in the province. The MTDF lays down the developmental activities to be carried out in the province in various sectors of the provincial economy. In this manner, the Planning & Development Department is one of the main actors in the growth of the economic potential of the province. Its mandate includes provision of technical support and coordination to various Government

¹⁶ www.pnd.punjab.gov.pk

departments in their planning activities. The department is also the main government agency working with foreign donors in the province.

29. **Objective:** The main objectives of the department are as follows:

- Assessment of the material and human resources of the province
- Formulation of long- and short-term plans
- Recommendations concerning prevailing economic conditions, economic policies or measures
- Examination of such economic problems as may be referred to it for advice
- Coordination of all economic activities in the provincial government

30. **Functions:** The functions of the department are listed in the Rules of Business of the Government of Punjab. These include:

- Formulation of provincial government vision, policies and strategies for economic planning and development in consultation with all stakeholders in the light of NEC's guidelines
- Annual Development Programme (ADP) / Medium Term Development Framework (MTDF)
- Economic Issue (s)
- Public Sector Development Programmes (PSDP)
- Policy for the approval of development schemes. Catalyst for different departments/sectors to improve the pace and quality of economic development
- Resource allocation, re-appropriation of development funds, appropriations from block allocations and disbursement of supplementary grants
- Secretariat for the Provincial Development Working Party (PDWP) and clearing house for development within the competence of CDWP and ECNEC
- Foreign Assistance
- Coordination of nominations for foreign training, seminars, conferences and workshops for all officials serving with the provincial government
- Capacity building of government departments, agencies and functionaries for good governance
- Focusing accelerated development of rain fed (barani) and less developed areas
- Framing guidelines for procurement of consultancy service. Policy formulation with respect to private sector development and promotion and public private partnership (PPP)
- Implementation, development and administration in respect to foreign assisted/ funded and mega ADP projects
- Matters relating to attached departments, autonomous bodies and special institution of P&D Department
- Information Technology
- Budget, accounts and audit matters
- Purchase of stores and capital goods for the department
- Service matters except those entrusted to service and General Administration Department
- Administration of the laws and the rules framed
- Matters incidental and ancillary to the above subjects

Environment Section P&D

31. Capacity of P&D Environmental Section is low. The Section instructs the development departments to conduct environmental assessment of all projects, and climate change impacts, adaptations, and mitigations should be also included in the project design. Strengthening of P&D Environmental Section is needed, although this will not be a focus of PRIDE and should be taken care of by the P&D itself. However, it is proposed that Finance Department should engage the Environmental Section while developing ICT SOPs. Environment Section should make sure that ICT SOPs are Annexed to the Program PC-I.

Punjab Information Technology Board¹⁷

32. Punjab Information Technology Board (PITB) was formed in 1999 as an autonomous body under the Department of Industries. An Ordinance in this respect was passed by the Governor on March 27th, 1999. PITB was given under the administration of Information Technology Department on the 15th October 2001. After the dissolution of Information Technology Department in 2011, PITB was attached to Planning & Development Department of Punjab.

33. **Functions:** PITB provides the foundation for Punjab's innovation economy. The Board aims at not only modernizing the governance techniques through transparency induced methods but also at increasing the digital literacy of the citizens among many other services. PITB is committed to effectively and efficiently provide IT services and infrastructure to the government and local and international businesses.

34. As the Province's technology spearhead, PITB is responsible for maintaining the foundational IT infrastructure and system of Punjab i.e. a data center for hosting along with managing official email identities. This organization has provided systems and solutions that have positively impacted the Health, Education and Law & Order sectors of the province. Moreover, PITB's immense efforts towards better and transparent mobile governance reforms have been acknowledged globally as well, for instance the World Bank's President appreciated its mobile governance reforms at the World Bank's Daylight Dialogue' 2014 in Philippines. Additionally, PITB is striving to promote entrepreneurship culture in the country along with capacity building of both professionals (public and private sector) and students from across Pakistan. PITB has laudably achieved success and has effectively worked towards the aims and objectives under which it was formed.

35. PITB operates the Chief Minister, Punjab complaint cell. The complainant can register its complaint in Urdu as well as in English language. PITB is also operating call center to receive complaints from the Government departments. The employees can lodge complains against their superiors at this portal. However, the departmental complaint register is limited to certain departments only such as health, education etc.

¹⁷ www.pitb.gov.pk

36. Finance Department in the consultation agreed with the proposal that the SOPs will be developed by the Punjab Information Board (PITB) and enforced accordingly. PITB can also play a role in consolidating the GRM system under one focal institution.

Punjab Revenue Authority

37. **Functions:** Following are the functions of the authority as per the Punjab Revenue Authority Act 2012:

- Administer and collect such taxes, duties and other levies as are assigned to the Authority under a fiscal law
- Implement, with the approval of the Government, the tax administration reforms
- Promote voluntary tax compliance
- Implement comprehensive policies and programs for education and facilitation of taxpayers, stakeholders and employees to improve the quality of the performance of the Authority as a service-oriented entity
- adopt modern effective tax administration methods, information technology systems and policies to consolidate assessments, improve processes, organize registration of tax payers, widen the tax base, and make departmental remedies more efficient including enforcement of, or reduction or remission in duty, penalty or tax, in accordance with the relevant fiscal law
- Improve productivity through a comprehensive and effective human resource strategy
- Identify and select a transparent manner, qualified work force on such terms and conditions and in such manner as may be prescribed
- Grant such performance based additional allowances or incentives and rewards to the employees and members of the Authority as may be prescribed
- Take appropriate measures including internal controls to combat corruption in the organizations under the Authority and to provide checks to ensure that the integrity of the employees is verified periodically through applicable procedures and the said verification shall constitute one of the criteria for purposes of grant of incentives and consideration for promotion
- Direct or advise, where necessary, investigation or inquiry into suspected duty or tax evasion and tax or commercial fraud
- Introduce and maintain a system of accountability of performance, competence and conduct of the employees
- Implement the mandate and provisions of a fiscal law if so authorized by such law
- Establish, with the approval of the Government, a foundation for the welfare of the present and retired employees and their families, and for creating, establishing, organizing and assisting them in the social and cultural facilities
- Frame regulations, policies, programs, strategies in order to carry out the purposes of the Act
- Set up mechanism and processes for remedying the grievances and complaints of the taxpayers
- Develop a website and adopt, in the prescribed manner, electronic communication in respect of all taxation matters such as e-filing, e-payments, e-notice, e-notification, digital imaging, protocols or agreements

- Practice transparency and public participation as a norm for all its processes and policies
- Review the existing fiscal laws and suggest improvements, if necessary
- Form a committee and assign or delegate functions to the committee, and
- Perform such other functions as may be prescribed or are incidental to the above functions or assigned by the Government.

38. Punjab Revenue Authority will be involved in the selling and procurement of ICT equipment. PRA staff should be trained on ICT SOPs under the program. Finance Department make sure that PRA implement the ICT SOPs.

Excise, Taxation & Narcotics Control Department¹⁸

39. **Overview:** The Excise, Taxation and Narcotics Control Department provides services for collection of various taxes and duties efficiently and effectively and suggests ways and means for additional resource mobilization in the Province. Apart from building up of taxpayer's confidence, creation of taxpaying culture and providing facilities to the general public in payment of taxes are the topmost priorities, the department aims to:

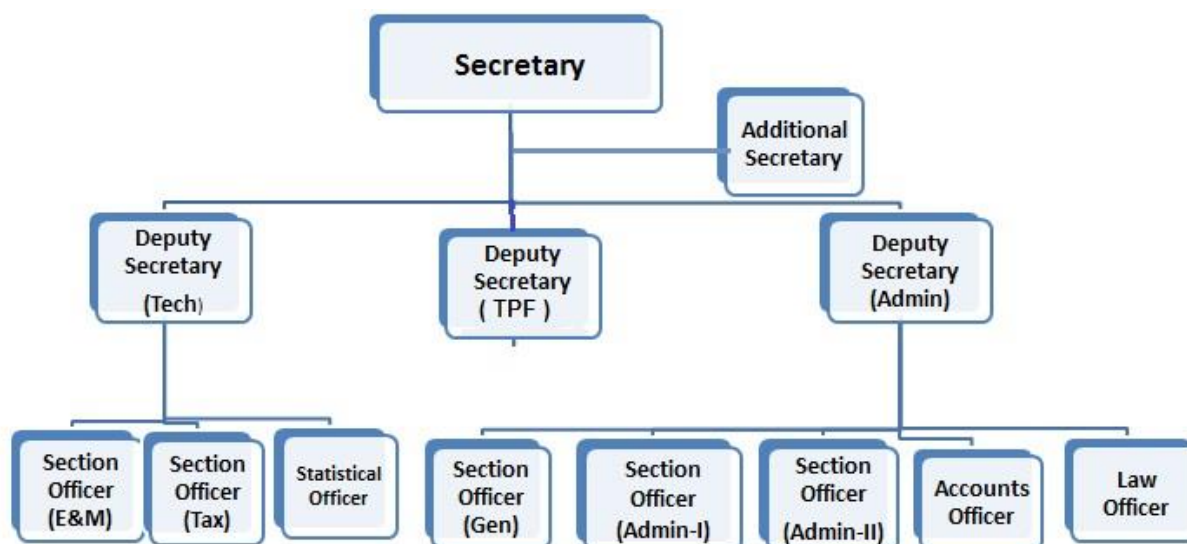
- Mobilize fiscal resources through equitable and taxpayer-friendly taxation and customer facilitation, plug in leakages, expand tax base, and rationalize tax rates and exemptions, BPR
- Promote automation and outsourcing of functions & services to ensure IEE, economize and optimize delivery of public services through minimum public and government official's interface
- Transform HR into professionally sound, motivated team, committed to dispense public friendly services and be a semblance of good governance
- Maximize fiscal space
- Create tax-paying culture
- Improve service delivery
- Improve departmental image
- HR at the central stage of the reform initiatives
- Motivate & provide enabling environments to E&T Human Resource

40. **Functions:** Following are the broad functions of the department:

- Collection of Provincial Taxes/Fees
- Collection of Federal Taxes
- Motor Vehicle Registration
- Dealer Vehicle Registration System for Dealers
- Dealer Vehicle Registration System for Customer
- Auctions of Attractive Registration Marks

41. **Organogram:** The organogram of the department is as under:

¹⁸ www.excise-punjab.gov.pk



45. Excise, Taxation and Narcotics Control Department will be involved in the selling and procurement of ICT equipment under the program. ETNCD staff should be trained on ICT SOPs under the program. Finance Department make sure that ETNCD implement the ICT SOPs.

Board of Revenue¹⁹

46. **Introduction:** The Board of Revenue is the successor of the Office of the Financial Commissioner. It was originally constituted under the provisions of West Pakistan Board of Revenue Act, 1957, which on dissolution of One Unit in 1970, became the Board of Revenue, Punjab.

47. **Functions:** Following are the functions of the board:

- It is the controlling authority in all matters connected with the administration of land, land taxation, land revenue, preparation, updating and maintenance of records
- It is the highest Revenue Court and custodian of the rights in land of all the right-holders
- It exercises general superintendence and control over the Revenue Officers and Revenue Courts in the province and has sue-moto jurisdiction

48. **Organization:** The Board consists of the following departments/functional units:

- Revenue Department
- Colonies Department
- Consolidation Department
- Relief Department

Other functional units include:

- Administration Wing
- Research & Gazetteer Cell

¹⁹ www.punjab.gov.pk/board_of_revenue

- Directorate of Land Records
- Settlement & Rehabilitation Wing
- Punjab Land Commission (Statutory Agency)

49. Board of Revenue will be involved in the selling and procurement of ICT equipment. BOR staff should be trained on ICT SOPs under the program. Finance Department make sure that BOR implement the ICT SOPs.

Environmental Protection Department²⁰

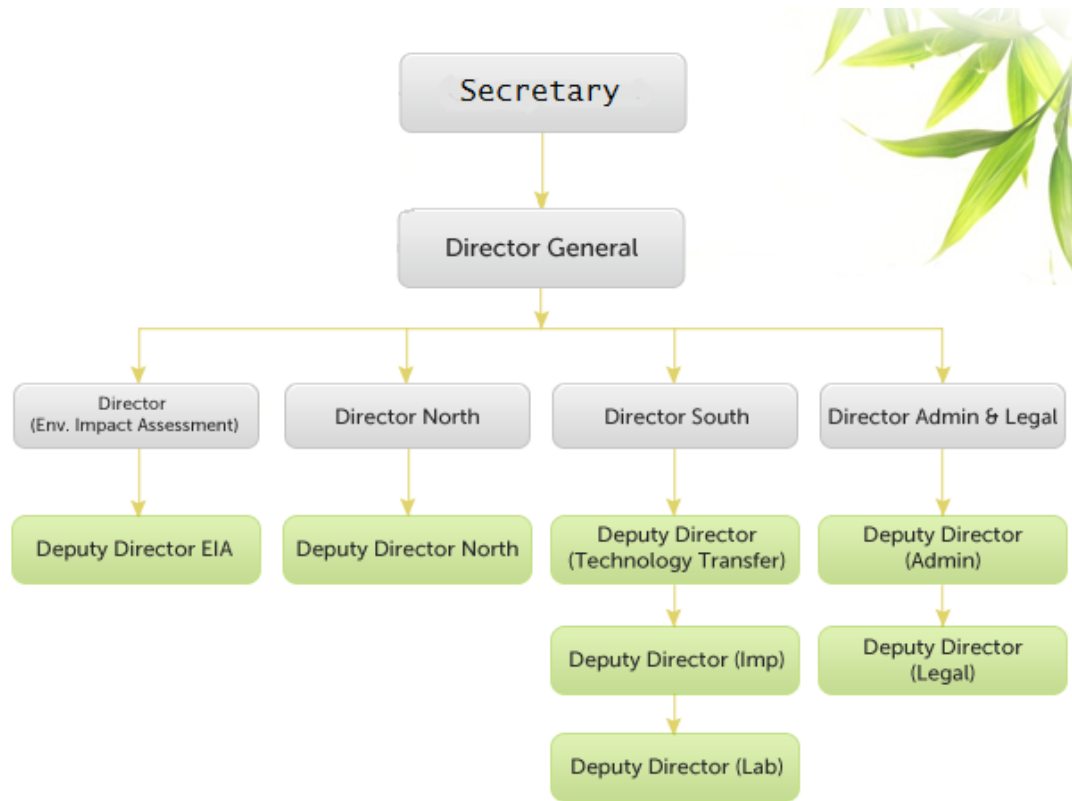
50. The mandate of Punjab EPA according to the PEPA 2012 is summarized as follows: implement rules and regulations prepared under PEPA 2012 and prepare additional legislation according to the needs of the province, prepare and implement provincial environmental standards, develop provincial systems for the implementation of pollution charges, conduct research and development for most viable environmental technologies, certify laboratories, engage LGs in the implementation of PEPA 2012, raise environmental awareness and incorporate environmental issues in educational curriculums, prepare provincial-level Environmental Disaster Management Plans (DMPs), collaborate and coordinate with stakeholders for the effective implementation of environmental policies and PEPA 2012, entertain inquiries and complaints raised by stakeholders, mobilize national and international financial resources for environmental projects, develop provincial-level fiscal programs and financial incentives for environmental compliance, fix pollution charges, conduct investigations against polluters, assist courts by generating field-level environmental data about polluters, establish environmental laboratories, implementation of IEE/EIA Rules and Regulations and Guidelines, manage hazardous waste under the Hazardous Substance Rules, and monitor vehicles for controlling air pollution.

51. Functions: The major functions of the Environment Protection Department (EPD) include:

- Administer and implement the provisions of Environment Protection Act and the rules and regulations made there under
- Prepare and establish the Punjab Environmental Quality Standards with approval of the Council and Enforcement
- Take measures to promote research and development of science and technology which may contribute to the prevention of pollution, protection of the environment and sustainable development
- Identify the needs for, and initiate legislation in various sectors of the environment
- Provide information and guidance to the public on environmental matters
- Specify safeguards for the prevention of accidents and disasters which may cause pollution
- Encourage the formation and working of non-government, community and village organizations to prevent and control pollution and promote sustainable development
- Take all necessary measures for protection, conservation, rehabilitation and improvement of the environment, and for prevention and control of pollution
- Promotion of sustainable development

52. The organogram of EPD, Punjab is presented in below:

²⁰ www.epd.punjab.gov.pk



Local Government and Community Development Department

53. The Local Government & Community Development (LG&CD) Department has been assigned the responsibility to implement Punjab Local Government Act (PLGA) 2013 to achieve the stated objectives of the Government. Moreover, the LG&CD Department has an over-seeing role to ensure that the local governments perform their functions within the provincial framework and adhere to the federal and provincial laws. The Local Government & Community Development (LG&CD) Department was created to respond to the specific needs of the mega cities and largely urban districts of Punjab for good governance.

54. LG&CD is working with a mission to assist and guide Local Governments in creating environment for autonomous and responsible decision making. This will improve service delivery in the social sectors and boost socio-economic development of the local area.

Services

55. Municipal services include:

- Network of water supply

- Network of sanitation and conservancy
- Removal and disposal of sullage, refuse, garbage, sewer or storm water, solid or liquid waste, drainage
- Express ways bridges, flyovers, public roads, streets, foot paths, traffic signals, pavements and lighting
- Public parks, gardens, arboriculture, landscaping, bill boards, hoardings, firefighting
- Land use control
- Zoning, master planning
- Classification declassification or reclassification of commercial or residential areas, markets
- Housing
- Urban or rural infrastructure
- Environment and construction
- Maintenance or development
- Enforcement of any law or rule

Assessment

56. Current policy and regulations at both provincial and federal levels, lack specific provisions pertinent to e-waste management. Hazardous substances mentioned under Hazardous Substance Rules, 2003, to be controlled, do not mention e-waste rather different hazardous chemicals and heavy metals are mentioned which can be the part of the e-waste or released during dismantling, burning, chemical processing or disposing on the land. Overall enforcement of the environmental management provisions is weak in the province due to lack of enforcement infrastructure and resources.

57. There are no certified e-waste recycling facilities and recyclers in Pakistan and Punjab for environmentally sound recycling of e-waste generated in the country and Punjab. The program implementing departments will be unable to deliver their e-waste to such recyclers or to such facilities.

58. Finance Department responsible for the implementation of the program needs to develop Program specific ICT SOPs for handling e-waste based on current World Bank's Environment, Health and Safety (EHS) Guidelines, based upon general and industry specific examples of Good International Industry Specific Practices (GIIPs). The partner departments will have to maintain records of their e-waste and forward these records to Finance Department and Punjab EPA to enhance its related database in support of the development of pertinent provincial regulations. The EPA needs to regulate e-waste recycling facilities by registering and issuing licenses and monitoring their operations. The implementing departments need to hand over e-waste to the licensed e-waste recyclers. The regulations should address e-waste recycling and disposal aspect as per above mentioned EHS guidelines. The guidelines need to be developed and enforced for e-waste recyclers and their facilities. The regulators are required to monitor these licensed facilities as per the guidelines.

Environmental Management Capacity

59. This sub-section summarizes the ESSA team's evaluation of the capacity of the institutions to implement the program's environmental management system, particularly for e-waste management.

60. The implementing departments don't have adequate capacity to deal with e-waste. Based on the ESSA team consultation and assessment of the departments' capacity on this issue, the present practices are environmentally unfriendly. Old ICT equipment if: (a) still useable and only replenishment/replacement is needed with the new ones then it is passed to lower hierarchy staff for subsequent use; (b) declared discarded at the end of their useful life, then it is placed in the respective entity's common store along with other discarded office equipment (furniture, machinery etc.). The dumped material is then periodically put to auction (through item/weight) by the administration usually as a one whole lot.

61. The terms and conditions of auction do not include any environmental provisions and departments therefore do not consider their role in keeping track or knowing fate of final disposal of auctioned material. The concerned staff members are not sensitized on the adverse impacts on health and environment resulting from any degradation or accidental damage of ICT equipment.

62. The regulators are lacking in awareness and capacity to regulate e-waste. The implementing departments are also not aware of the e-waste management. Awareness raising and capacity development of the regulators and implementing departments is required. The legislation needs to address e-waste issue and formulate e-waste management guidelines/rules. These rules need to be enforced to regulate recyclers and recycling facilities.

Social Management System

63. Following regulations are applicable for social management under the program:

- Punjab Local Government Act 2013
- Punjab Transparency and Right to Information Act 2013
- The Punjab Office of the Ombudsman Act 1997
- Open Government Partnership

Punjab Local Government Act 2013

64. PLGA 2013 includes the establishment of Local Government Commission (LGC), headed by the provincial minister of LG and including members from the provincial assembly, bureaucracy, and technocrats. The LGCs perform inspections, social audits, and dispute resolution for councils and submit reports and recommendations to the provincial government.

65. PLGA 2013 authorizes the Union, Village, and Neighborhood Councils to constitute panels of councilors to facilitate out-of-court dispute resolutions and also allows a nine member Panchayat (assembly chosen by the local community) in rural areas and Musalehat-e- Anjuman in urban areas, including two women members nominated by the provincial government.

Punjab Transparency and Right to Information Act 2013

66. The Punjab Transparency and Right to Information Act 2013 was promulgated with effect from 4th October 2013 to provide for transparency and freedom of information to ensure that citizens have improved access to public information; to make the Government more accountable to citizens; to enforce the fundamental right of access to information in all matters of public importance and to provide for ancillary matters. The law was promulgated owing to an old demand of different sections of the society, NGOs and the courts of law; above all, due to the following Article of the Constitution (inserted through 18th Amendment in the year 2010):

67. *“19A. Right to information – Every citizen shall have the right to have access to information in all matters of public importance subject to regulation and reasonable restrictions imposed by law.”*

The Punjab Office of the Ombudsman Act 1997

68. The Ombudsman Punjab has the mandate to protect the rights of the people, ensuring adherence to the rule of law, diagnosing, redressing and rectifying any injustice done to a person through maladministration and suppressing corrupt practices.

69. The law empowers the Ombudsman Punjab to entertain complaints against any department, commission or office of the Provincial Government or a statutory corporation or other institution established or controlled by the Provincial Government but does not include the High Court and the Courts working under the supervision of High Court and Provincial Assembly and its Secretariat. Under section 9 (1) of the Act the Ombudsman on a complaint of any aggrieved person, on a reference by the Government or the Provincial Assembly or on a motion of Supreme Court or the High Court or on his own motion (suo moto) can undertake any investigation into any allegation of ‘maladministration’ on the part of any agency or its officers or employees. The Ombudsman, however, has no jurisdiction to investigate or enquire into matters which are (a) sub judice before a court of competent jurisdiction (b) relates to the external relations of Pakistan or connected with defense of Pakistan or Military, Naval and Air Force of Pakistan or the matters covered by the laws relating to these Forces. The Ombudsman also cannot entertain for investigation any complaint by or on behalf of a public servant or functionary concerning any matter relating to the agency in which the public servant has been or is working in respect of any personal grievance or relating to his service therein.

70. Ombudsman has the same powers as are vested in a Civil Court under the code of civil procedure for summoning and enforcing the attendance of any person; compelling the production of documents; receiving evidence on affidavits and issuing commission for examination of witnesses. The Ombudsman is vested with the powers to enter and search any premises and inspect any article, books of account and other documents; impound and seal such article. The Ombudsman has the same powers, mutatis mutandis, as the High Court has to punish any person for its contempt.

Open Government Partnership

71. 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.

72. 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.

73. 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.

74. In total, 75 OGP participating countries have made over 2,500 commitments to make their governments more open and accountable. 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.

Social Management Capacity

75. This section summarizes the ESSA team's evaluation of the capacity of the institutions to implement the program's social management system.

76. The role of Public Information Officer (PIO), designated by each public body under the Punjab's Transparency and Right to Information Act, is central to the implementation of this law. PIOs are the first point of contact between citizens and public bodies. The government and public bodies are required to facilitate PIOs in the proactive disclosure of information as much as possible. This would require a need for significantly reforming and modernizing mechanisms of traditional recordkeeping by public bodies. However, as public records are digitized, public bodies will be able to provide information in a timely fashion. Furthermore, PIOs would be empowered to share information upon request as required by RTI law. The current bureaucratic structure compels PIOs to seek permission from the heads of public bodies, the secretaries, before disclosing information. PIOs should not be bound by such restrictions and if any departmental rule binds them to do so, it should be amended.

77. The number of information requests under the law is expected to increase manifold as citizens become aware of this law. Thus, the most important aspect of Punjab's law is proactive disclosure. Public bodies should disclose as much information as possible proactively, using digital means. This will greatly reduce the number of information requests and limit the burden on PIOs to respond to such requests.

78. Social management is not under the direct mandate of P&D department. There are various sections of the department but none of these responds social risks. However, P&D has past experience of engaging with bilateral and multilateral donors in implementing various projects/programs, where such socially responsive mechanisms were in place.

79. The Board of Revenue understands the social risks associated with its operations, especially the lack of engagement and consultations. They have limited understanding of impacts and risks of their planned operations on the vulnerable groups, and do not have exemptions for the same.

80. Two sets of persons can get effected due to the adoption of ICT based systems i.e. (i) non-literate employees of the PRIDE partner institutions, and (ii) non-literate segments of taxpayers. Training sessions need to be organized for employees of partner institutions on SOPs and new ICT system. Regarding, non-literate segments of taxpayers, partner institutions need to make appropriate facilitation arrangements such as ICT kiosks at different locations in markets and departments for this segment of the taxpayers.

81. Vulnerable groups can be affected by the program activities due to imposition of new taxes on them. Finance Department (FD) needs to make sure that the concerns of vulnerable groups are effectively addressed while formulating the tax policies. In this regard, the elected public representatives should be briefed about the formulation of new taxes with special focus on effects on vulnerable groups. It is proposed that assessment studies on vulnerable groups need to be conducted under the program at the formulation and launch of each tax reform.

82. PITB operates the Chief Minister, Punjab complaint cell through PITB call center. There is no language barrier at this complaint cell. The complainant can register its complaint in Urdu as well as in English language. PITB is also operating call center to receive complaints from the Government departments. The employees can lodge complains against their superiors at this portal. However, the departmental complaint register is limited to certain departments only such as health, education etc.

83. It is assessed that there is a spread of Grievance Redress Mechanism in the system of Punjab Government and departments. There is a need to consolidate the GRM system under one focal institution, may be PITB.

84. It is assessed that most of the implementing departments have a limited human resource capacity, infrastructure, past experience and mandate to safeguard social development issues.