



Stakeholder Engagement Plan

**Pakistan Raises Revenue Project
(PRRP)**

Published in August 2023

(First Draft Prepared in 2019 and including stakeholder engagements held in 2018-19)

List of Abbreviations

ADRC	Alternate Dispute Resolution Committee
AEES	Automated Entry-Exit System
AP	Affected Parties
BID	Basic Information Document
BPRD	Banking Policies and Regulations Department
BTB	Broadening of Tax base
BOR Punjab	Board of Revenue Punjab
CIT	Corporate Income Tax
CPDI	Center for Peace and Development Initiatives
CR	Complaint Register
CRM	Customer Relationship Management
CSOs	Civil Society Organizations
DLTL	Drawback of Local Taxes and Levies
EMS	Environmental Management Specialist
EPA	Environmental Protection Agency
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESFP	Environment & Social Focal Person
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Standards
EWMP	E-Waste Management Plan
FBR	Federal Board of Revenue
FGD	Focus Group Discussion
FPCCI	Federation of Pakistan Chambers of Commerce & Industry
GDP	Gross Domestic Product
GIIP	Good International Industrial Practices
GRC	Grievance Redress Committee
GRS	Grievance Redress Service
GST	General Sales Tax
ICT	Information and Communications Technology
IPMU	Integrity & Performance Management Unit
IMC	Integrity Management Cell
IRS	Inland Revenue Service
IT	Information Technology
KII	Key Informant Interview
LTO	Large Taxpayers Office
MoIB	Ministry of Information and Broadcasting
MVT	Motor Vehicle Tax
NADRA	National Database and Registration Authority
NCRDP	National Council for the Rehabilitation of Disabled Persons
NGOs	Non-Governmental Organizations
NTC	National Tax Council
NTN	National Tax Number
PAI	Project Area of Influence
PBC	Pakistan Business Council
PCA	Post Clearance Audit
PDOs	Project Development Objectives
PCRDP	Provincial Councils for Rehabilitation of Disabled Persons
PMU	Project Management Unit

PPRA	Public Procurement Regulatory Authority
PRA	Punjab Revenue Authority
PRAL	Pakistan Revenue Automation Limited
PRRP	Pakistan Raises Revenue Project
PSQCA	Pakistan Standards and Quality Control Authority
PVMA	Pakistan Vanaspati Manufacturers Associations
PWMA	Pakistan Weaving Mills Association
RGST	Reformed General Sales Tax
RRMC	Reform and Resource Mobilization Commission
RTI	Right to Information
RTO	Regional Tax Office
SDPI	Sustainable Development Policy Institute
SME	Small and Medium Enterprise
SMS	Social Management Specialist
SBP	State Bank of Pakistan
SRB	Sindh Revenue Board
SECP	Securities and Exchange Commission of Pakistan
TDAP	Trade Development Authority of Pakistan
UNISAME	Union of Small and Medium Enterprises
VAT	Value-Added Tax
WB	World Bank

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Executive Summary

Federal Board of Revenue (FBR) is undertaking Pakistan Raises Revenue Project (PRRP) to upgrade FBR's Information and Communication Technology (ICT) across Pakistan. The objective of the Project is to contribute to a sustainable increase in domestic revenue by broadening the tax base and facilitating compliance. The project's classification for social risks is moderate owing to the risks of exclusion and labor-related risks. Environmental risks are classified as moderate pointing to the risks associated with e-waste management. Consequently, the overall environmental and social risks classification of the project is 'moderate'.

PRRP is subdivided into two components. Component 1 includes the simplification of the tax administration framework to make procedures, more transparent and intelligible to taxpayers and tax administration staff. Component 1 also focuses on the implementation of risk-based inspections and Post-Clearance Audits (PCA) in Customs, the expansion of e-services for taxpayers and traders, and the institutional development of FBR for efficiency and accountability. Component 2 of PRRP targets the replacement of outdated ICT equipment from FBR offices across Pakistan. The intervention includes upgrading the high-capacity data warehouse to support big data analysis and integration of databases along with the replacement of equipment that has reached its useful life in the FBR's data centers. The ICT equipment to be replaced and provided through PRRP will include computers, printers, copiers, and scanners as well as networking components such as network switches, routers, and servers. Component 2 also has the provision of vehicle/container scanners under the Pakistan Customs Automated Entry-Exit System (AEES) to be installed at sea ports and airports.

Following the World Bank ESSs and Environmental and Social Commitment Plan (ESCP), and ESS10, as well as national and provincial laws and Good International Industrial Practices (GIIP), the Stakeholder Engagement Plan (SEP) is being finalized to engage stakeholders effectively during the life of the project.

The scope of PRRP activities will be confined to existing office buildings without disturbing the natural habitats i.e., no new land acquisition and no new construction will be involved in PRRP. Therefore, the area of influence of this project is limited to the existing offices of FBR. Environmental and social conditions in FBR offices have been studied along with environmental and social baselines while keeping in view the PRRP's influence on such parameters. As such, an Environmental and Social Management Plan (ESMP) has been developed for PRRP which necessitates the stakeholder consultations to fulfill the World Bank's ESS10 requirements.

The ESMP of PRRP has identified a number of social impacts of the project such as exclusion of low IT literate taxpayers, and taxpayers with a disability as a result of end-to-end automation. Tax accountants and consultants, who provide taxation services to majority of the taxpayers while assisting them in filing their tax returns with the FBR, may also experience the impact as stakeholders in the process. In view of Project's social impacts and to engage interested and affected parties effectively in the meaningful dialogue, FBR conducted initial assessment of social impacts in 2018-19 thereby gathering data and views of stakeholders that resulted in production of the first version of SEP in 2019. A need was felt in 2023 to update the SEP with more consultations and actions to make the project more effective for taxation system in Pakistan. The additional

stakeholder consultations held in 2022-23 have been recorded and made part of this SEP while strategies have been included in this SEP for conducting consultations with the stakeholders yet not consulted. The feedback and recommendations received so far during such consultations have been recorded and necessary recommendations and actions included in this SEP. The main discussions and recommendations of the initial version of 2019 have been kept intact in this updated version.

The SEP provides methodologies for meaningful stakeholder consultations on a frequency that ensures interested parties and affected parties, including vulnerable groups are onboard and well informed about the project's progress and outputs that may have social impacts. The SEP also provides guidelines for communications with the stakeholders and suggests strategies for information disclosure.

1. Federal Board of Revenue - An overview

The Federal Board of Revenue (FBR) is the central agency of the Government of Pakistan that is responsible for the administration of taxes in the country. The board was established in 1924 as Central Board of Revenue, and has since played a crucial role in the development and growth of the national economy. In July 2007, the "*FBR Act*" was passed whereby the Central Board of Revenue was renamed to the present-day Federal Board of Revenue and placed under the Revenue Division of the Ministry of Finance.

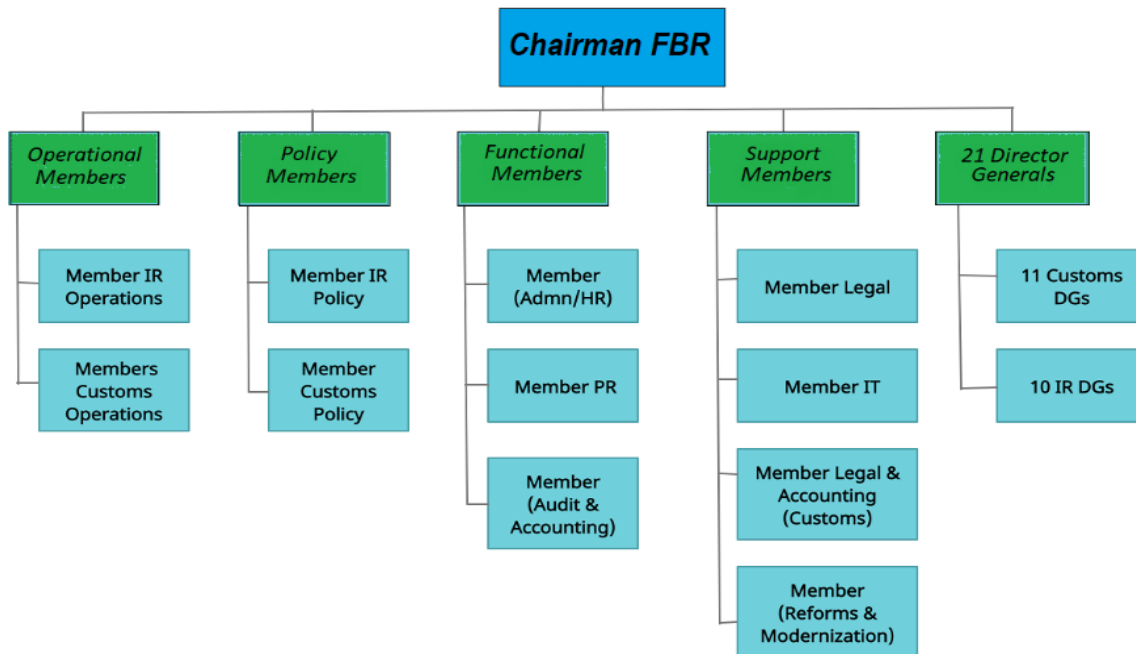
The FBR’s primary objectives are to implement government policies related to taxation, collect revenue on behalf of the government and ensure tax compliance, and provide taxpayers with the necessary guidance and support to fulfil their tax obligations.

In addition to tax administration, the FBR also plays a crucial role in the development of tax policies in Pakistan. The board is responsible for conducting research and analysis of tax laws and policies, making recommendations to the government on tax reforms, and implementing new tax policies as directed by the government. FBR investigates tax crimes, suspicious accumulation of wealth, money-laundering and makes regulations for the collection of tax from all individuals and businesses. FBR also checks tax evasion and administers tax laws for the Government of Pakistan.

The FBR operates through headquarter located at Islamabad and regional offices located in major cities across Pakistan. The tax administration system is divided into three main categories: Income Tax, Sales Tax, and Customs Duty.

The organogram¹ of FBR is as under;

Figure 1: Organogram of FBR



¹ <https://fbr.gov.pk/organizational-chart/131166> accessed 22nd June 2023

1.1. Project Description

Federal Board of Revenue (FBR) is undertaking Pakistan Raises Revenue Project (PRRP) to upgrade FBR’s ICT systems across Pakistan. The majority of existing equipment at FBR offices is decades old and is prone to failure, thus, prompting the need to replace existing equipment before any system break could occur resulting in discontinuation of services to tax-payers. This is a five year project. The project does not involve major civil works, land acquisition, displacement, or operations in protected areas or areas inhabited by indigenous people. The project’s classification for social risks is moderate owing to the risks of exclusion and labor-related risks. Environmental risks are classified as moderate and relate to the risks associated with e-waste management. Consequently, the overall environmental and social risks classification of the project is moderate. PRRP is subdivided into two components.

Component 1 includes the simplification of the tax administration framework to make procedures, (including appeals and penalties) more transparent and intelligible to taxpayers and tax administration staff alike. It also focuses on the implementation of Risk-Based Inspections and Post-Clearance Audits (PCA) in Customs, expansion of E-services for taxpayers and traders, and institutional development of FBR for efficiency and accountability.

Component 2 of PRRP targets the replacement of outdated ICT equipment from FBR offices across Pakistan. The intervention includes upgrading the high-capacity data warehouse to support big data analysis and integration of databases along with the replacement of equipment that has reached its useful life in the FBR’s data centers. The ICT equipment to be replaced and provided through PRRP will include computers, printers, copiers, and scanners as well as networking components such as network switches, routers, servers and vehicle/container scanners under the Automated Entry Exit Systems to be installed on major ports and air ports.

1.2. Project Development Objectives

Project Development Objectives (PDOs) Statement: Contribute to a sustainable increase in domestic revenue by broadening the tax base and facilitating compliance. Achievement of the PDO will be measured through the indicators mentioned in Table.1:

Table 1: PDO Indicators, Baselines and Targets

Sr. No	PDO Indicator	Baseline FY17/18	Target FY23/24
1	Increased tax and customs receipts (tax-to-GDP ratio)	13%	17%
2	Expanded tax net (active taxpayers who have filed and paid taxes)	1.2 million	3.5 million
3	Taxpayer compliance facilitated (hours required to file and pay GST and CIT income tax based on the ‘paying taxes’ indicator of Doing Business)	253.5 hours (40 for CIT and 213.5 for GST)	130 hours
4	Customs clearance facilitated (hours spent for customs clearance at the border per the ‘trading across borders’ Doing Business indicator, average for imports and exports)	97.5 hours	48.5 hours

1.3. Project Stage

The PRRP is in its implementation stage. A dedicated Program Office headed by a fulltime Project Director has been established under the Member (Reforms & Modernization). A team of Officers from FBR and technical professionals is onboard. Component 1 of the project is progressing in accordance with the schedule and progress against disbursement linked indicators is being monitored and reported on regular intervals. Activities falling under Component-II are also being rolled out. Initial assessments for technology requirements, screening of offices for social and environmental baseline are in progress. As regards the acquisition of technology, PRRP has started procurement process in 2023 and as such the procurement of technology including scanners for sea ports and airports is in progress.

1.4. Potential Social and Environmental Risks

Pakistan Raises Revenue Project will generate both environmental as well as social impacts. Most of the identified environmental risks are related to the management and disposal of electronic waste (e-waste) generated as part of the project activities. This e-waste will be generated when ICT equipment will be replaced in Inland Revenue Service (IRS) and Pakistan Customs offices in FBR, located across Pakistan. To reduce and mitigate the risks and impacts of e-waste, FBR has developed an E-Waste Management Plan (EWMP) applicable throughout the ICT lifecycle. This Plan takes into account labor issues (associated with e-waste handling) and community health and safety issues.

Social issues of the project relate to the exclusion of low IT literate taxpayers, vulnerable groups such as women, and taxpayers with a disability as a result of end-to-end automation.

Tax accountants, who were previously hired by a majority of the taxpayers to assist in filing their tax returns with the FBR may also experience the impact as stakeholders in the process.

2. Implementation Arrangement

This SEP is being implemented in FBR offices, sea ports and airports, across Pakistan. This section presents the roles and responsibilities of various stakeholders in implementing the SEP. The following structure for institutional arrangements is proposed for the implementation of SEP:

2.1 Project Management Unit

FBR is implementing PRRP in Pakistan. A dedicated Project Management Unit (PMU) has been established under the Program Office of FBR to assist in the implementation of the project activities. FBR has appointed a Project Director and project team. The consultants and support staff members have been hired as per project requirements.

The PMU has the responsibility to implement the SEP and has adequately been resourced with the skillsets and competencies required for the implementation and monitoring. Roles and responsibilities for the implementation of SEP are as follows.

2.2 Resources

It is estimated that the SEP will require technical assistance every year throughout the project life. A budgeted amount of PKR 22.039 million has been allocated for social and environmental compliance activities out of which PKR 10.140 million have been proposed for trainings. The budgeted amount will be used for deployment of social outreach for Social Management Specialist, the cost of hiring venues and arranging facilities such as meals, etc. for participants during consultations, research studies, and surveys, and other miscellaneous activities.

The stakeholder engagement effort will be undertaken by the Social Management Specialist (SMS) working under the Director Program and coordination team. He will have the means to commission data-gathering efforts and analytical work and get any field support as required.

2.3 Social Management Specialist

The SMS works in PMU at FBR Headquarters. SMS is responsible for the overall implementation and compliance of SEP, development of guidelines and procedures as per ESS10 related to SEP compliance and effective implementation, internal monitoring, and progress reporting on SEP compliance. Through the PMU, the SMS will have close coordination with line departments to address their concerns regarding project interventions. The SEP will be implemented under the overall supervision of the Project Director (PD).

2.4 Roles and Responsibilities

The below Table 1.1 delineates the social management roles and responsibilities of PMU for different phases of the project. The same entities will be relied upon to respond to stakeholders during relevant phases of the project.

Table 1.1: Activities and Responsibilities

Activities	Responsibility	Current Status of Activities
Social screening of the sub-projects in consultation with relevant departments	PMU / Coordination Team and Social Management Specialist	A total of 42 FBR offices in Sindh, Punjab and Baluchistan have been screened for both social and environmental baseline in accordance with the approved Environmental and Social Screening Checklist. The details of screening are available in Annexure 5.
Training workshops regarding the SEP and social impacts		PRRP has so far conducted 5 training sessions at different cities for staff of FBR offices to impart necessary knowledge and skills to implement environmental and social mitigation measures. The details of such training sessions are available in Table 1.2.
Implementation of SEP		A number of activities of SEP have been implemented so far which include: <ol style="list-style-type: none"> 1. Consultations with stakeholders as described in various sections of this SEP. 2. Social screening of 42 FBR offices across Pakistan. 3. Holding of 5 training sessions on implementing the social mitigations as per the ESMP.
Interviews with interested and affected parties		A number of interviews have been conducted by PRRP which are described in table 7 of this SEP. Interviews of tax consultants, tax lawyers, individual tax return filers, SME representatives, workers engaged in e-waste disposal, and scrap dealer have been conducted. More interviews of others such as women employees of FBR, women taxpayers, etc. will be conducted in this Financial year.
Awareness sessions for stakeholders regarding the GRM of FBR		So far awareness raising of trainees of 5 training sessions has been conducted. Awareness raising will be continued for all

Activities	Responsibility	Current Status of Activities
		other stakeholders during consultative meetings.
Preparation of SEP compliance reports		The Biannual Environmental and Social reports cover social compliance of PRRP. So far, 3 biannual reports have been prepared and submitted to the World Bank. Specific reports on SEP compliance will be prepared from this financial year once this SEP is cleared by the World Bank.

Table 1.2: Capacity Building/Training events

No.	Title of Training	Schedule	Location	Participants from	Total participants
1	Implementation of ESMP of PRRP	18 to 19 Nov 2021	Karachi	Sindh Province	25
2	Implementation of ESMP of PRRP	01 to 02 Dec 2022	Islamabad	Islamabad and Rawalpindi	22
3	Implementation of ESMP of PRRP	15 to 16 Dec 2022	Lahore	Lahore and Gujranwala	23
4	Environmental and Social Best Practices	5 Jan 2023	Karachi	Sindh Province	19
5	Implementation of ESMP of PRRP	15 to 16 Feb 2023	Quetta	Quetta	11
	Total				100

3. Regulations and Requirements

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

3.1. National Requirements

The PMU is committed to consult all relevant stakeholders before undertaking any significant project activities. In this regard, the SMS is responsible to conduct consultations with all key stakeholders before finalization of the SEP implementation reports.

3.2. World Bank Requirements

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

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

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

ESS 10 also lays down specific requirements for stakeholder engagement:

- “Borrowers will engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design. The nature, scope, and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts.
- Borrowers will engage in meaningful consultations with all stakeholders. Borrowers will provide stakeholders with timely, relevant, understandable, and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination, and intimidation.
- The process of stakeholder engagement will involve the following, process as provided in ESS: (i) stakeholder identification and analysis; (ii) planning how the engagement with

- stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding to grievances; and (vi) reporting to stakeholders.
- The Borrower will maintain and disclose under the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received, and a brief explanation of how the feedback was taken into account, or the reasons why it was not.”

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

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

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

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

4. Stakeholder Identification and Analysis

Stakeholders² include those who are clearly and unquestionably affected by the project and those who do not experience direct impacts, but have an interest in how the project proceeds.

4.1. Stakeholder Identification and Analysis

For meaningful and substantive engagement, it is necessary to determine who the stakeholders are and understand their needs and expectations for engagement, as well as their priorities and objectives for the Project. This information will then be used to tailor engagement to each type of stakeholder. As part of this process, it is particularly important to understand how each stakeholder may be affected – or perceives they may be affected – so that engagement can be modified accordingly.

Under the World Bank-financed projects, SEP and project-level Grievance Redress Mechanism (GRM) need to be developed following ESS10 (Stakeholder Engagement and Information Disclosure) of the World Bank’s Environmental and Social Framework (ESF). ESS10 requires that Borrowers engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design. The nature, scope, and frequency of stakeholder engagement have to be proportionate to the nature and scale of the project and its potential risks and impacts.

The overall objective of this SEP is to define a program for stakeholder engagement, including public information disclosure and consultation, throughout the entire project cycle. The SEP outlines how the project team will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or make complaints if there are any about the project and any activities related to the project. The involvement of the stakeholders is essential to the success of the project to ensure smooth collaboration between project staff and local communities and to minimize and mitigate environmental and social risks related to the proposed project activities. The project stakeholders are defined as individuals, groups, or other entities who:

- a) Are impacted or likely to be impacted directly or indirectly, positively or adversely, by the Project (also known as ‘affected parties) and
- b) May have an interest in the Project (‘interested parties’). They include individuals or groups whose interests may be affected by the Project and who have the potential to influence the Project outcomes in any way.

Cooperation and negotiation with the stakeholders throughout the project development often require the identification of persons within the groups who act as legitimate representatives of their respective stakeholder group, i.e. the individuals who have been entrusted by their fellow group members, advocating the groups’ interests in the process of engagement with the Project.

² GN4.3, For the purpose of this ESS, “stakeholder” refers to individuals or groups who: (a) Are affected or likely to be affected by the project (project-affected parties); and (b) May have an interest in the project (other interested parties).

Community representatives may provide helpful insight into the local settings and act as main conduits for the dissemination of Project-related information and as a primary communication/liaison link between the Project and targeted communities and their established networks. Verification of stakeholder representatives (i.e. the process of confirming that they are legitimate and genuine advocates of the community they represent) remains an important task in establishing contact with the community stakeholders. The legitimacy of the community representatives can be verified by talking informally to a random sample of community members and heeding their views on who can be representing their interests most effectively.

4.2. Methodology

The project intends to utilize various methods of engagement that will be used as part of its continuous interaction with project stakeholders. For the engagement process to be effective and meaningful, a range of various techniques needs to be applied that are specifically tailored to the identified stakeholder groups. Following best practice approaches, the project will apply the following principles for stakeholder engagement:

- a) **Openness and Life-Cycle Approach:** public consultations for the project(s) will be arranged during the whole project life-cycle, carried out openly, free of external manipulation, interference, coercion, or intimidation;
- b) **Informed Participation and Feedback:** information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholders' feedback, for analyzing and addressing comments and concerns;
- c) **Inclusiveness and Sensitivity:** stakeholder identification is undertaken to support better communication and build effective relationships. The participation process for the projects is inclusive. All stakeholders at all times are encouraged to be involved in the consultation process. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable groups, in particular women and persons with disabilities, youth, and elderly, and the cultural sensitivities of diverse ethnic and religious minority groups and those living in remote or inaccessible areas.

The three categories of stakeholders as per the ESS10 are outlined below:

- i. **Interested Parties** – individuals/groups/entities that may not experience direct impacts from the Project but who consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way;
- ii. **Affected Parties** – persons, groups, and other entities within the Project Area of Influence (PAI) that are directly influenced (actually or potentially) by the project and/or have been identified as most susceptible to change associated with the project, and who need to be closely engaged in identifying impacts and their significance, in decision-making on mitigation and management measures; and
- iii. **Vulnerable Groups** – persons who may be disproportionately impacted or further disadvantaged by the project as compared with any other group due to their vulnerable status³

³ Vulnerable status may stem from an individual's or group's race, national, ethnic or social origin, color, gender, language, religion, political or other opinion, property, age, culture, literacy, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.

that may require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the project.

4.3. Key Project Stakeholders

Both interested and affected parties under this project have been identified as follows.

Table 2: List of Stakeholders

<i>Stakeholder Type</i>	<i>Stakeholders</i>	<i>Mandate and Justification</i>
Interested Parties	FBR (Head Quarters and Field Formations) / PRAL	Main beneficiary and implmenting agency of PRRP. FBR has nationwide presence with more than 21,000 staff members. PRRP activitis will afect FBR both positively and negatively. Negative effects are discussed as impacts in the ESMP.
	Pakistan Environmental Protection Agency (Pak-EPA)	The Federal Environmental Agency responsible for drafting environmental rules and regulations and monitoring compliance. Electronic Waste Management Rules are under process for approval which will be monitored by this agency once these rules are approved.
	Pakistan Nuclear Regulatory Authority	The apex body of the Government of Pakistan responsible for regulating the import, installation, use and dismantling of radiation based devices and equipment including scanners. Coordination with PNRA is required for guidance on import, installation, use and dismantling of radiation based scanners at sea and airports to comply with the national regulations.
	Culture, Tourism, Antiquities and Archives Department, Government of Sindh	The department of Sindh Government is responsible for preservation of cultural heritage in Sindh Province. PRRP will collaborate with the Department to seek guidance on preserving the cultural heritage if project activities are identified to have any impact on any cultural site.
	Sea Ports of Pakistan <ol style="list-style-type: none"> 1. South Asia Pakistan Terminals (SAPT), Karachi 2. Pakistan International Container Terminal (PICT) 3. Karachi International Container Terminal (KICT) 4. Qasim International Container Terminal (QICT) 	Sea ports receive large number of containers and cargo that needs to be scanned before allowed to be released to importers. Sea ports will be the direct beneficiary of technology through use of x-ray based scanners provided by the PRRP. Health and safety of operators and drivers will need to be protected.
	International Airports of Pakistan <ol style="list-style-type: none"> 1. Jinnah International Airpot, Karachi 2. Allama Iqbal International Airport, Lahore 3. Islamabad International Airport 4. Bacha Khan International Airpot, Peshawar 	Airports receive large quantities of cargo that needs to be scanned before allowed to be released to importers.

<i>Stakeholder Type</i>	<i>Stakeholders</i>	<i>Mandate and Justification</i>
	5. Multan International Airport	Airports will be the direct beneficiary of technology through use of x-ray based scanners. Health and safety of operators will need to be protected.
Other Interested Parties	State Bank of Pakistan (SBP)	National Organization/Central Bank. Sets the monetary policy and governs all sorts of banking in Pakistan. FBR collaboration is required for data warehousing, business intelligence, and sharing of /access to databases. Link with FBR database issues is another important sphere of coordination.
	Ministry of Information and Broadcasting	The Ministry of Information & Broadcasting (MoIB) is responsible for release of government information, media galleries, public domain and government unclassified non-scientific data to the public. The MoIB has jurisdiction for administrating the rules and regulations and laws relating to information, broadcasting and the press media in Pakistan. Taxation related laws, rules and procedures need to be disclosed to general public. MoIB has the role in disseminating this information.
	Securities and Exchange Commission of Pakistan (SECP)	National Organization; a financial regulatory agency to develop a modern and efficient corporate sector and a capital market based on sound authority principles. FBR collaboration is required for data warehousing, business intelligence, and sharing of /access to databases. Link with FBR database issues is another important sphere of coordination.
	Provincial Revenue Authorities (PRAs)	Each province has three revenue authorities: (i) the Excise and Taxation Departments, which collect the Urban Immovable Property Tax, the tax on professions, the Motor Vehicle Tax (MVT), and provincial excises; (ii) the Boards of Revenue, which collect the AIT, land taxes, stamp duty and other taxes on property transactions); and (iii) the revenue authorities that collect the General Sales Tax (GST). FBR will collaborate with PRAs for addressing legal obstacles in automated sharing of taxpayer information, harmonizing definitions of taxable items subject to GST, agreement on taxation principles and methods for calculating input adjustments for the GST (provincial authorities use STRIVE database to collect GST).
	Trade Development Authority of Pakistan (TDAP)	TDAP facilitates and promotes international trade of Pakistan. TDAP is mandated to have a larger view of global trade development, rather than only the export promotion -

Stakeholder Type	Stakeholders	Mandate and Justification
		together with its 14 regional offices, the department performs facilitation and regulatory functions as well as providing supply side and marketing assistance to exporters. It arranges <i>awareness seminars and workshops</i> to educate the Pakistani business community about the latest conditions and trends in the global markets. FBR to collaborate with TDAP with a holistic view of trade development in Pakistan and implement tax policy. Coordinate with TDAP with respect to needs of importers and exporters about tax and also issues of transit trade.
	National Database and Registration Authority (NADRA)	The National Database & Registration Authority is an independent and autonomous agency under the Ministry of Interior that regulates government databases and statistically manages the sensitive registration database of all the citizens of Pakistan. The issue of coordination with NADRA includes sharing data between FBR and NADRA to identify new taxpayers.
	Pakistan Business Council (PBC)	PBC represents business interests and serves as an advocacy platform for business and provides policy advice. Correct information on exemptions, cost of doing business, incentives, and levies on businesses has to be disseminated to business owners for which PBC can play a pivotal role.
	Civil Society Organizations and Non Governmental Organizations	Civil society organizations exist throughout Pakistan that strive to create awareness among populations on various issues including social issues and also disseminating information to all. A number of organizations serve specific groups and purposes of a segment of society such as disability organizations working for welfare of disabled. CSOs and NGOs may be involved in PRRP activities to disseminate information, create awareness and promote social well-being.
Affected⁴ Parties	Electronic scrap dealers	Scrap dealing businesses established throughout the country in every human settlement. The scrap dealers collect wastes/scrap of all types and handover to the recycling/ manufacturing industries.

⁴ The term “affected parties” refers to individuals, groups, or organizations with an interest in the project, which may be affected because of the project location, its characteristics, its impacts, or matters related to public interest. For example, these parties may include regulators, government officials, the private sector, the scientific community, academics, unions, women’s organizations, other civil society organizations, and cultural groups.

<i>Stakeholder Type</i>	<i>Stakeholders</i>	<i>Mandate and Justification</i>
		PRRP to collaborate with scrap dealers for proper disposal/recycling of e-waste expected to be generated through PRRP technology acquisition component.
	E-waste recyclers	Operating in major cities of Pakistan responsible for receiving e-waste and recycling the same as per international standards. PRRP to ensure recycling of e-waste while avoiding traditional and environment damaging disposal such as burning and acid application.
	E-waste disposal workers	Workers involved in final disposal of e-waste manually. Awareness creation among these workers is important. Health and safety of workers is at risk if e-waste disposal carried out traditionally using burning method or acid application.
	Tax Consultants/Lawyers/ Custom Clearance Agents	Tax consultants, lawyers and agents are providing taxation related services to individuals and businesses throughout Pakistan. PRRP to collaborate with this group to determine their perceptions of the level of impact from PRRP and as such to reduce or eliminate those impacts.
	Tax return filers (all classes of taxpayers)	Directly affected by broadening of the tax base as cost of living is increasing and more products and services are brought into the tax net. Since taxation is passed on to the end consumer in most cases, citizens tend to lose purchasing power. Also, there is a general distrust among citizens on the use of the revenue generated, mostly perceiving it to go into individual pockets of revenue staff, retailers, etc. and none of it is spent on public goods and welfare.
	Representatives of manufacturer associations	Business interests and advocacy for the different sectors and sector-specific information on the issues encountered. The subjects of collaboration with this group include working with high-risk sectors, implementation of policies such as electronic monitoring and track and trace, issues of double taxation and GST.
Vulnerable Group	Women Taxpayers	Women taxpayers are essential component of overall taxpayers in the country at individual or corporate/ entrepreneurial level. Interaction with womne taxpayers is essential for dissemination of information on simplified procedures and clarity on the tax system as well as trade facilitation measures, which may impact them.
	Disabled Taxpayers	Disable persons are also essential component of overall taxpayers in the country at

<i>Stakeholder Type</i>	<i>Stakeholders</i>	<i>Mandate and Justification</i>
		individual or corporate/ entrepreneurial level. The needs of disable persons to be identified and incorporated in PRRP activities ensuring that PRRP avoids negative impacts on disables and that technology improvement ensures facilitation of disables.
	Women Employees of FBR	Comprise very small % of staff i.e. 4.6% of FBR staff is female that may be affected by PRRP. FBR needs to look in to the issues of female staff concerning job retention, promotion, and incentives; Non-Discrimination and equal opportunities. There is a need of an enabling environment and performance incentives for staff based on a robust appraisal system and measures to promote a more diverse workforce by improving the attraction and retention of women
	Taxpayers with low literacy	Uneducated, low literate people finding difficulty in understanding tax terminology as well as understanding the IT based systems. FBR to explore the challenges faced by this group of taxpayers to facilitate them through process and technology improvement.

This list of stakeholders is likely to expand/change in composition as the Project moves to the implementation and operations phases.

4.4. Affected Parties

- a) **Active Taxpayer:** The active taxpayer in Pakistan will get benefit under this project.
- b) **Civil Society Organizations (CSOs) and Non-Governmental Organizations (NGOs):**

There has been a paradigm shift in the development strategy and policy in Pakistan to ensure improved access to tax filing services. The government is strengthening its commitment to partnerships with civil society organizations and non-government organizations by emphasizing delivering good services regarding tax issues. Working towards a common goal of improving the situation, the CSOs and NGOs use a variety of strategies and they are clear about the fact that their role is not to replace the government but to ensure that the government effectively covers the taxpayer needs, concerning quality, accessibility, affordability and equity. These non-profit development organizations may assume several important roles such as advocacy, service delivery, capacity building, grass-root community mobilization, innovation, social experimentation, and research in primary education.

c) Vulnerable Groups

Vulnerable groups have been identified for this project, and the stakeholder engagement exercise will be designed to ensure that they are consulted regularly, and included in key decision-making processes. In the case of the PRRP, both men and women who do not have sufficient ICT training would be adversely impacted and not be able to utilize or benefit from the FBR processes. Women taxpayers, in particular, middle-aged and older women can be at a greater disadvantage in terms of ease of access and ICT knowledge to use the FBR interface as compared to men due to (generally) lower levels of female literacy, access to services (such as tax accountants who are mostly male), etc. Other disadvantaged groups include disabled people, who may be physically challenged or unable to use their limbs or be dyslexic, blind, or handicapped in other ways, may encounter difficulties accessing and utilizing the FBR online platform. As a result, they would be unable to benefit from its services. However, such groups could continue to use paper-based systems, as digital filing is not mandatory as yet. Women employees of the FBR and Pakistan Customs may not benefit equitably by working in these organizations due to the organizational culture, workplace suitability, working hours, etc. They may not have equal opportunities for promotions or be given performance incentives as compared to their male counterparts. Also, retention rates may be lower for women in key positions. Table.3 summarizes the interests of vulnerable groups

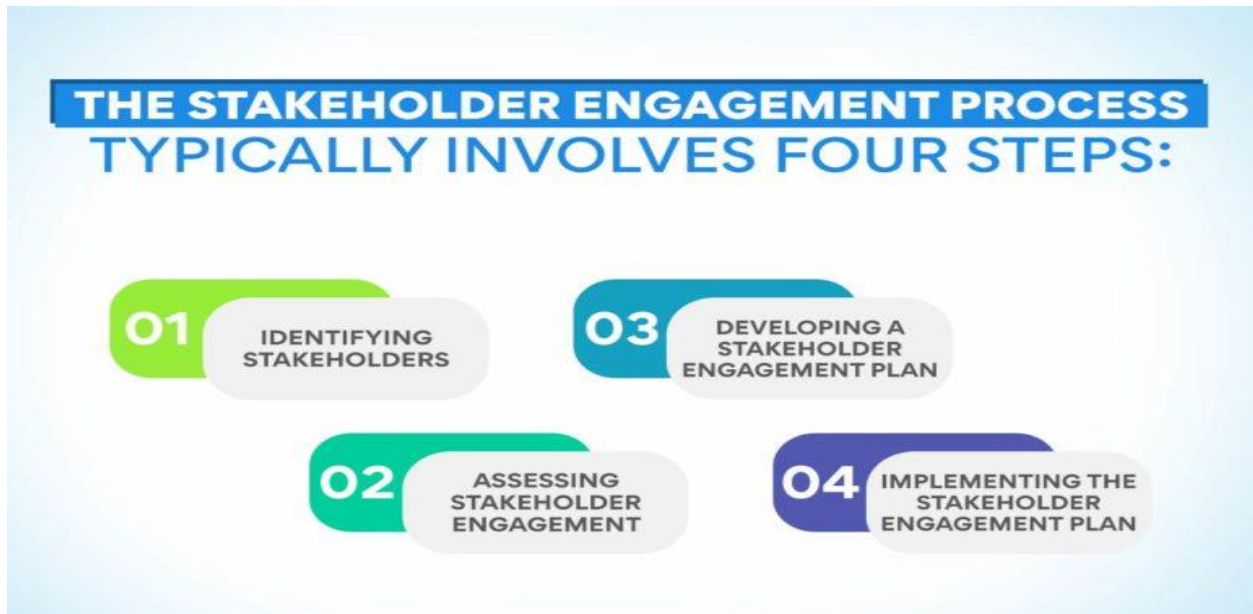
Table 3: Interests of Vulnerable Groups

Activities	Vulnerable Groups and Individuals	Preferred means of notification/consultation	Additional Resources Required
Preparation and Implementation of SEP	Women Taxpayers, Disabled Taxpayers, Women employees of FBR, Custom, IRS, and other implementing partners, and Taxpayers with low literacy rates.	In-person	Social organizers and links with NGOs.
Development of SEP communication strategies	Women Taxpayers, Disabled Taxpayers, Women employees of FBR, customs, IRS, and other implementing partners, and Taxpayers with low literacy rates.	Social and electronic media/in-person consultations in key areas.	Communications and awareness raising campaign to be developed.

5. Stakeholder Engagement Program

This Stakeholder Engagement Plan (SEP) has been developed in accordance with the World Bank’s Environment and Social Framework (ESF), specifically adhering to Environment and Social Standard ESS 10, which focuses on “Stakeholder Engagement and Information Disclosure”. Under this Standard, the implementing agency i.e. FBR, is obligated to provide stakeholders with information that is timely, relevant, easily understandable, and accessible. Furthermore, the FBR must engage with stakeholders in an appropriate manner that is free of manipulation, interference, coercion, discrimination and intimidation.

Figure 2: Stakeholder Engagement Process



5.1. Engagement Methods and Tools

The project intends to utilize various methods of engagement that will be used as part of its continuous interaction with the stakeholders. For the engagement process to be effective and meaningful, a range of various techniques needs to be applied that are specifically tailored to the identified stakeholder groups. Methods used for consulting with statutory officials may be different from a format of liaising with other stakeholders (focus group discussions, displays, and visuals with a lesser emphasis on technical aspects).

5.2. Purpose and Phases of the Stakeholder Engagement Program

5.2.1 Purpose of Stakeholder Engagement

The purpose of the stakeholder engagement is to facilitate the involvement of all groups that have a vested interest in this project or may be impacted by it, either positively or negatively. Through active participation in the project design process, stakeholders can identify necessary improvements and highlight potential obstacles. During implementation, stakeholders play a crucial role in providing feedback on what is functioning well and what requires improvement. The overall aim is to collaborate with project proponents to ensure that the project's benefits are maximized and any potential negative consequences are minimized.

5.2.2 Phases of Stakeholder Engagement Plan

Stakeholder engagement will take place in three phases in the project preparation phase, i.e. preparation, implementation and post implementation stage.

1. **Preparation Stage:** In the preparation stage, given time constraints, engagement remained limited to interactions with program-affected parties. The purpose of engagement at this stage was to apprise the stakeholder groups of planned activities and to ensure that valid concerns of stakeholders and useful suggestions were carefully received and addressed before program activities were finalized.
2. **Project Implementation Stage:** In the project implementation stage, consultations will be carried out with affected parties, and other interested parties. Vulnerable groups that are likely to be affected by project activities will be consulted, both in separate groups and by making sure that their representatives are included in the consultations with affected parties and others. In this phase, the emphasis will be on disseminating information on how activities are proceeding, getting feedback on impacts, and consultations on how activities can be carried out such that any negative effects (if any) are mitigated. Engagement after the program conclusion will focus on all identified stakeholder groups. At this stage the emphasis will be on understanding whether the project has achieved its objectives.

The periodicity of consultations will vary through the project cycle. In the preparation stage, departmental-level consultations, as well as discussions with experts took place from December 2021 onwards, focusing mainly on project-affected parties. In the program implementation stage, consultations will be planned monthly or quarterly, depending on the stakeholder group, and the activities that need to be discussed. In the post-program implementation phase, a fixed number of consultations will be carried out. Details are given in the following sections.

In general, engagement is directly proportional to the impact and influence of a stakeholder. The stakeholder analysis is used to classify stakeholders based on their level of interest and influence related to the project. Results of the analysis are used to recommend the level of engagement as under:

High Interest and High Influence: These stakeholders are to be informed and engaged in the form of a formal interaction on the tax-related aspects of the project. If they raise any concerns, they will be actively involved in identifying mitigation measures and developing subsequent plans. Their engagement aims to obtain their acceptance of Project activities and management plans. They are engaged at the stage of impact assessment studies and in key decisions in project planning, implementation, and operational phases.

High Interest and Low Influence (monitoring of their interest): These stakeholders have limited ability to directly influence the project but have a keen interest in one or more aspects of the project. The recommendation is that the views of these stakeholders be tracked and monitored through communications.

Low Interest and High Influence (leverage): These stakeholders may not seriously be concerned about the environmental and social aspects of the project, but they are critical of project success. They are recommended to be engaged in active communication on key project activities throughout the project lifecycle. The approval of these stakeholders will be critical for the Project; and

Low Interest and Low Influence (to be informed): These stakeholders will be provided information on key Project activities through press releases, briefings, and other modes of communication during the project lifecycle.

3. **Post Implementation Stage:** Post implementation stage will comprise of the report prepared by the independent evaluator. During this process, the focus and scope of the SEP will be evaluated to ensure that PMU addresses external changes and adhere to its strategy.

5.3. Consultations and Communication Guidelines

Following World Bank Guidelines, the consultations were carried out keeping in view the following major objectives:

- i. Sharing information with stakeholders on the PRRP project activities and providing key project information to the stakeholders, and soliciting their views on the project and its potential or perceived social and environmental impacts.
- ii. Identification of likely social and environmental impacts.
- iii. Developing and maintaining communication links between the project proponents i.e. FBR and stakeholders.
- iv. Ascertaining the most acceptable solutions and mitigation measures for possible issues that could arise during the implementation of SEP.
- v. Possible Redress of specific issues associated with the implementation of SEP.
- vi. Understanding the stakeholders' concerns regarding various aspects of the project, including the existing situation, rehabilitation/construction works, and the potential social and environmental impacts of the rehabilitation/construction-related activities and operation of the project.
- vii. Receiving feedback on social and environmental impacts and verifying their significance.
- viii. Ensuring that the views and concerns of the stakeholders are incorporated into the PRRP project design and implementation as much as possible with the objectives of reducing or offsetting negative impacts and enhancing the benefits of the proposed project.
- ix. Managing expectations and misconceptions related to the project.
- x. Interaction with the stakeholders, teachers, and local community for the collection of primary and secondary data on social and environmental impacts, and
- xi. Engaging stakeholders for maximization of the project benefits.

Stakeholder engagement plays a vital role in studying project effects and their successful mitigation. This provides an opportunity for the stakeholders to share their views associated with the project and propose possible solutions. Stakeholder engagement is an essential element of SEP preparation, leading to a better and more acceptable SEP implementation.

5.4. Proposed Strategy for Information Disclosure

The PMU will handle communications through the FBR's Public Relations (PR) wing, and key responsibilities for project advocacy and relaying information on project activities will be disseminated and shared with all the stakeholders accordingly.

An uninterrupted two-way flow of information is crucial to the success of any stakeholder engagement program. This is particularly true for projects which are likely to have widespread impacts across a range of stakeholders covering almost all income groups. Given that PRRP relies on precise information, it is essential to promptly share accurate information with relevant stakeholders and the parties that are directly affected by the project. Furthermore, regular updates should be provided as the project progresses. Adequate time should be allocated to stakeholders, allowing them to develop their responses and provide feedback during the engagement process. This ensures that stakeholders are well-informed and have sufficient opportunity to actively participate in shaping the project’s outcomes. Various modes of communication would be used to disseminate the necessary information to the relevant stakeholders as given in the table below.

The Stakeholder Engagement Plan will be summarized, translated into Urdu, and also be disclosed after finalization. Key messages will be conveyed in the national as well as relevant regional languages to facilitate a broader audience. The Table.4 summarized this as follow.

Table 5: Information Disclosure

Project Activities	List of Documents/ Information to be disclosed	Methods proposed	Target Stakeholders	Responsibilities
Components 1 and 2:	SEP will be disclosed in English and in the local language (Urdu) on the FBR website	Stakeholders’ workshop	Project Interested Parties Project Affected Parties Vulnerable Groups	FBR-PR wing

5.5. Proposed Strategy for Consultation

As given in the table above, the information is to be disclosed to stakeholders throughout project preparation and implementation. The information will be disseminated using relevant strategies depending on the stakeholder group and the program stage. Stakeholders will be provided the Basic Information Document (BID) in advance of consultations.

5.6. Strategy to Incorporate the Views of Stakeholders

The stakeholders are not a homogenous group. Some stakeholders may readily engage in direct communication with government/agencies and openly express their concerns, others may exhibit reluctance and prefer not to be contacted at all. Consequently, it becomes necessary to adopt varying strategies tailored to the specific needs and preferences of different stakeholders.

The PMU has appointed SMS in the PMU who will work on the consultations with all identified stakeholders. The Specialist will formulate a strategy for an engagement at project commencement in consultation with the focal points, but will broadly follow the steps below.

5.7. Identification of Potential Partners

As a first step, the SMS will identify potential partners/stakeholders working in this sector. This identification exercise will classify these partners by

- a) Area/location of operations;
- b) Nature of intervention or type of activity; and
- c) Sector of interest.

The potential partners will be shortlisted for further engagement to develop potential partnerships throughout the life of the project. The selection will be made in consultation with Program Director, Additional Director (CIC), Social Management Specialist and Environmental Management Specialist of PRRP.

5.8. Consultation with Relevant Government Institutions

In the next stage, meetings will be organized with representatives of the relevant government departments, at first individually, and then in a group, to apprise them of the objectives of the stakeholder engagement plan. The requirements of the stakeholder engagement plan, concerning consultations with different groups, and vulnerable groups in particular, will be shared with them, and their inputs sought on how best to establish contact and create an atmosphere of mutual trust. While the more detailed strategy for interaction with interested and affected parties will be chalked out once the different government institutions are onboard, the SMS will not only guide them but will also chalk out a program of regular contacts with stakeholder groups which he/she will lead in person. The Specialist will also prepare a work plan and strategy, giving the timelines for outreach with different groups, linked to different phases of project implementation. At each stage of project implementation, and for each type of outreach activity, the Specialist will define how consultations will take place (in person, through online communication platform), how records of consultation will be maintained, and how concerns raised, etc.

5.9. Proposed Stakeholder Engagement Plan

The approach for the stakeholder engagement analysis has been underscored by three elements: belief in the primacy of qualitative data, commitment to participatory methods, and flexible responsive methods. An inclusive and participatory approach has been followed taking the main characteristics and interests of the stakeholders into account, as well as the different levels of engagement and consultation that will be appropriate for different stakeholders.

In general, engagement is directly proportional to the impact and influence of a stakeholder. As the extent of the impact of a project on a stakeholder group increases, or the extent of influence of a particular stakeholder on a project increases, engagement with that particular stakeholder group should intensify and deepen in terms of the frequency and intensity of the engagement method

Table 4.1 Proposed Stakeholder Engagement Plan

Type of Stakeholders	Target Stakeholders	Topics of Engagement	Methods used	Location and Frequency	Roles and Responsibilities
Interested Parties	Federal Board of Revenue (FBR)	<ul style="list-style-type: none"> Stakeholder Consultations and Communications Importance of defining and communicating various types of taxes to the public at large introducing concepts of ‘customer services’, ‘user-friendly’ taxation regimes Scope of automation and its limitations 	<ul style="list-style-type: none"> Central and regional workshops according to Taxpayer Unit size Guidance notes and resource materials on topics of engagement 	<ul style="list-style-type: none"> All major cities/regions including federal and provincial capitals; Once a year throughout the project period 	<ul style="list-style-type: none"> PMU FBR Public Relations (PR) Wing
	Provincial Tax Authorities	<ul style="list-style-type: none"> Stakeholder Consultations and Communications Removing obstacles to the automated sharing of taxpayer information Definitions of taxable items subject to GSTS Importance of defining and communicating various types of taxes to the public at large Introducing concepts of ‘customer services, and ‘user-friendly’ taxation regimes; 	<ul style="list-style-type: none"> Formulation and notification of joint working groups of provincial tax authorities and FBR Workshops/Meetings of these working groups; Training workshops for provincial tax authorities Guidance notes and resource materials on topics of engagement 	<ul style="list-style-type: none"> All major cities and taxpayer units across all provinces; Annual meetings of working groups; Training workshops once every two years during the project period 	<ul style="list-style-type: none"> PMU FBR-PR Wing Chief (Provincial Taxes) Member (IR Policy)
	Pakistan Business Council (PBC)	<ul style="list-style-type: none"> Updated information on tax exemptions, incentives, and levies on various types of businesses 	<ul style="list-style-type: none"> Communication of Resource material and briefs to PBC on topics of engagement 	<ul style="list-style-type: none"> Biannual meetings 	<ul style="list-style-type: none"> PMU FBR-PR Wing Director General Broadening of Tax Base (BTB) (Member Operations)
	Business Associations in R/O Track & Trace (T&T), Sugar Mills Association, Pakistan, Fertilizer manufacturers of Pakistan	<ul style="list-style-type: none"> Implications of automation in sectors included in Track and Trace Systems, Implications and opportunities due to electronic monitoring and track and trace policies on large sectors 	<ul style="list-style-type: none"> FGDs, KIIs 	<ul style="list-style-type: none"> The consultation will be carried out on a Biannual basis at their identified place/venue 	<ul style="list-style-type: none"> PMU Operation (OPS) wing, Director T&T PR Wing DG Digital Initiatives.

Type of Stakeholders	Target Stakeholders	Topics of Engagement	Methods used	Location and Frequency	Roles and Responsibilities
	Advisory Council (FMPAC)				
	Citizens of Pakistan	<ul style="list-style-type: none"> Building trust amongst citizens on fundamentals of taxation Uses of the revenue generated Definition and applicability of various types of taxes 	<ul style="list-style-type: none"> Regular and frequent communications using TV, Radio, SMS/Texts, and social media. 	<ul style="list-style-type: none"> The consultation will be carried out on a Bi-annual basis at their identified place/venue 	<ul style="list-style-type: none"> PMU IR Operations Wing Customs operations wing
Other Interested Parties	State Bank of Pakistan (SBP)	<ul style="list-style-type: none"> Data Warehousing Security and challenges Business intelligence and sharing of /access to databases. 	<ul style="list-style-type: none"> Focus Group Discussion (FGDs) Key Informant Interviews (KIIs) 	Bi-annual basis at their identified place	<ul style="list-style-type: none"> PMU FBR IT Wing Reform and Resource Mobilization Commission (RRMC)⁵ as per its ToR⁶
	Securities & Exchange Commission of Pakistan (SECP)	<ul style="list-style-type: none"> Regular updates on the taxation regime Addition of new companies in the tax net Role of SECP in Business intelligence sharing 			
	Trade Development Authority	<ul style="list-style-type: none"> Needs of importers and exporters regarding tax Single Window Operation Under Pakistan 		Annual	

⁵ The Commission is (i) independent and headed by a full-time chairman and its chairman would report directly to finance minister; (ii) interact with stakeholders and sub-groups, and evaluate their proposals for the federal budget (in) may co-opt any other person with the prior approval of the finance minister; (iv) avail services of any expert (s) on need basis; (v) have a full-time Secretariat at the FBR and the FBR shall provide logistic and RR support to the Commission; (vi) take decisions by a majority vote of all members.

⁶Under the terms of reference (ToRs) of the commission, it would advise and make recommendations to the finance minister in the areas: (i) to review existing revenue policies, evaluate FBR data at macro level, and identify initiatives, measures, policies for resource mobilization, ease of doing business, and pro-economic growth; (ii) to identify issues, difficulties, snags, risks of the existing tax system and recommend remedial measures; (iii) to review the budget proposals, evaluate their consequences on business, and advice finance minister on practical aspects of budget proposals; (iv) to review the proposed amendments to Finance Bill and make recommendations on implications of proposed amendments on businesses; (v) to review the complexities of lax legislation and recommend simplification, e.g., different compliance levels for different categories of taxpayers; (vi) to suggest action plan to curb the parallel economy and to make recommendations for improving financial inclusion in the documented system; (vii) to review and recommend a robust IT system on modern lines and upgrade existing IT facilities to maximize tax compliance. enforcement, broaden the tax base and provide taxpayer facilitation; (viii) to make recommendations for minimizing taxpayer/ tax collector interaction and maximizing trust between the FBR and the taxpayers; (ix) to review and advise restructuring of the FBR.

Type of Stakeholders	Target Stakeholders	Topics of Engagement	Methods used	Location and Frequency	Roles and Responsibilities
	Pakistan (TDAP)				
	Civil Society Organizations (CSOs)	<ul style="list-style-type: none"> The right to information tax information and procedures for citizens of Pakistan Rights of Taxpayers Bill 		Bi-annual	
Affected Parties	Electronic Scrap Dealers	<ul style="list-style-type: none"> Collection, storage and disposal of e-waste from FBR offices 	<ul style="list-style-type: none"> Informal meetings 	Bi-annual basis at their site	<ul style="list-style-type: none"> PMU
	E-waste Recyclers	<ul style="list-style-type: none"> Proper recycling of e-waste avoiding burning and acid application 	<ul style="list-style-type: none"> Informal meetings 	Bi-annual basis at their site	<ul style="list-style-type: none"> PMU
	E-waste Disposal Workers	<ul style="list-style-type: none"> Health and safety issues of workers 	<ul style="list-style-type: none"> Informal meetings 	Bi-annual basis at their site	<ul style="list-style-type: none"> PMU
	Tax consultants, Lawyers, Custom Clearing Agents	<ul style="list-style-type: none"> Impact of improved business processes of FBR on tax consultants, lawyers and custom clearing agents 	<ul style="list-style-type: none"> Key informant interviews Surveys 	Annual	<ul style="list-style-type: none"> PMU
	Tax return filers (all classes of taxpayers)	<ul style="list-style-type: none"> Impacts of improved tax filing system on tax return filers 	<ul style="list-style-type: none"> Surveys 	Annual	<ul style="list-style-type: none"> PMU
	Representatives of manufacturer associations	<ul style="list-style-type: none"> Issues faced as withholding agents. Up to date information sharing on taxation matters 	<ul style="list-style-type: none"> Informal meetings 	Bi-annual basis at their identified place	<ul style="list-style-type: none"> PMU
Vulnerable/Disadvantaged Groups	Women employees of FBR	<ul style="list-style-type: none"> Job retention, promotion, and incentives. Non-Discrimination and equal opportunities. 	<ul style="list-style-type: none"> Informal interviews 	At FBR House Quarterly	<ul style="list-style-type: none"> PMU Member Admin (FBR)
	Organizations for persons with disabilities	<ul style="list-style-type: none"> Hurdles in filing Tax and its related issues 	<ul style="list-style-type: none"> Informal interviews 	Biannually, at their suggested place and time	<ul style="list-style-type: none"> PMU

6. Feedback Assessment from Stakeholders

6.1. Concerns/Feedback

The project incorporates multiple citizen engagement mechanisms in the results framework, the Environmental and Social Commitment Plan (ESCP), and SEP. PDO indicators 3 and 4 on taxpayer and trader facilitation will be measured based on the annual Doing Business surveys of taxpayers. More than five consultations were carried out with the private sector across the country to identify measures to reduce compliance costs using digital technology. Women’s entrepreneur groups in Faisalabad and Karachi suggested a risk-based audit system with no direct intervention between the taxpayer and tax collector. This has been incorporated in the design of the risk-based audit system that will be financed from the project. Similarly, the private sector in Lahore and Khyber Pakhtunkhwa requested a unified system to pay sales tax to reduce compliance costs and reduce chances for corruption. This feedback has been incorporated into the design of the business process re-engineering part of the project.

A face-to-face survey of 850 traders from different sectors has been conducted in 2019 by the government to understand the issues driving voluntary compliance to better define the Customs risk management policy, which enables a reduction in time of inspections at the border and reduces traders’ business costs. The ESCP and SEP provide platform for regular consultations with stakeholders such as small business associations and other taxpayers to obtain feedback on the effectiveness of facilitation measures and gather suggestions for further improvements. The project also supports the FBR’s efforts to increase its capacity in communications and outreach by hiring experienced communications professionals to design and implement taxpayer awareness and education campaigns.

During the consultations, participants were briefed on the Project i.e. PRRP and its various elements as well as activities, its need and objectives, and its potential/likely impacts on the interested and impacted parties. Subsequently, their concerns and comments regarding the proposed project were recorded to identify appropriate alternatives and mitigation measures.

6.2. Consultations with Interested Parties

In view of ESS10 and to promote dialogue for meaningful stakeholder consultations, PRRP has conducted stakeholder identification exercise and came up with the following list of Interested Parties to the project. The term “interested parties” refers to the individuals or groups/organizations who will directly or indirectly be involved in project activities or who will get benefit from the project such as obtaining technology through PRRP or overseeing the implementation of national regulations applicable to project activities.

1. FBR (Headquarters and Field Formations)/PRAL.
2. Pakistan Environmental protection Agency (Pak-EPA).
3. Pakistan Nuclear Regulatory Authority (PNRA).
4. Culture, Tourism, Antiquities and Archives Department, Government of Sindh.
5. Sea Ports of Pakistan who will receive scanning equipment.
6. International Airports of Pakistan who will receive scanning equipment.

Table 5: Feedback and Assessment from Interested Parties

Stakeholder Group	Identified Party	Key Characteristics	Needs/Issues	Preferred Notification and Frequency	Specific needs and opportunities for improvement
Interested Parties	FBR	Nationwide presence with more than 21,000 staff members	Revenue shortfalls generate more revenue; Business Intelligence function critical for increasing revenues between various revenue/and decreasing gaps generating bodies, and lack of sharing critical information (between federal and provincial bodies). Electronic Waste Management as well as implementation of ESMP	Regular quarterly engagement through site screening, meetings and monitoring visits	<p>Specific needs of the project with regards to both Components thereby introducing new systems, technologies and standards for FBR to contribute to increased tax collection.</p> <p>FBR has made a considerable progress towards stakeholder involvement during the course of project implementation. A few glimpses of such stakeholder engagement include the following:</p> <p>On 9th December 2019 FBR decided to launch Track & Trace System for major sectors in Pakistan. Sugar sector has been recognized as one of the important sectors for the track and trace system. Comprehensive and interactive dialogue and engagement of sugar sector representatives has been ensured throughout the process of introducing and implementing the track and trace system. The system has been successfully introduced with the consent and confidence of the sugar sector stakeholders. As a result of this initiative FBR registered 33% Growth in Sales Tax from Sugar Sector through Track & Trace System by March 2022.</p> <p>FBR’s helpline has been reviewed and assessed on 23rd December 2019 for its effectiveness and was found a highly useful service for facilitating taxpayers. FBR Helpline can be reached through phone (051-111-772-772) and email (helpline@fbr.gov.pk), plus complaints can also be lodged through the website (www.fbr.gov.pk).</p> <p>A consultative meeting was held between the representatives of FBR and all the Provincial Revenue Authorities on 27th June 2020 to discuss matters of mutual interest including Common Portal - Single Return to facilitate taxpayers and move swiftly</p>

Stakeholder Group	Identified Party	Key Characteristics	Needs/Issues	Preferred Notification and Frequency	Specific needs and opportunities for improvement
					<p>towards an environment conducive for doing business.</p> <p>On 11th November 2020, FBR successfully completed consultations with NADRA and signed an MOU with NADRA on data sharing to increase the tax base in Pakistan.</p> <p>Facilitation & Taxpayer Education Wing facilitates Taxpayers through E-Kachehri, Prime Minister Delivery Unit (PMDU) and FBR Helpline. Furthermore, to foster a Tax Compliant culture, Tax Awareness Session was also conducted on 4th March 2021.</p> <p>After continuous dialogue and consultations FBR has been successful in signing MOU with Board of Revenue & Estate, Khyber Pakhtunkhwa on 27th October 2021 for Data Sharing.</p> <p>On 3rd January 2022 FBR launched Parliamentarians' Tax Directory for Tax Year 2019 with a view to expand the taxpayer's database and to improve the dissemination and access to information.</p> <p>FBR initiated steps on 7th March 2022 to facilitate Temporary Registration of Overseas Pakistanis / Foreigners by collaborating with PTA & FIA.</p> <p>As of 31st March 2022 FBR Registered 29.1% growth in tax collection during for the period July 2021 to March 2022 despite the tax relief provided during the same period.</p> <p>As part of its ongoing drive for a digital culture, FBR inaugurated Security Operations Center at FBR Headquarters, Islamabad on 31st May 2022 designed for prevention, detection, and incident response against cybersecurity attacks on the FBR IT network.</p> <p>FBR has enabled refund adjustment tab in the tax return forms on 27th September 2022 for facilitation of taxpayers while</p>

Stakeholder Group	Identified Party	Key Characteristics	Needs/Issues	Preferred Notification and Frequency	Specific needs and opportunities for improvement
					<p>filing tax returns for the year 2022 and onwards.</p> <p>Chairman FBR held a meeting with Islamabad Women Chamber of Commerce and Industry on 16th September 2022 during which the Chairman ensured FBR's full facilitation for women entrepreneurs in tax compliance. The Chairman FBR has issued directions to establish special desk at Gwadar for addressing grievances and concerns of women entrepreneurs and to facilitate them in filing tax returns.</p> <p>Federal Board of Revenue on 11th December 2019 launched Authorized Economic Operators program for business community linked to IRI-7 which is being implemented by Customs Operations. During the same time period Pakistan Customs launched passenger profiling system at major airports of Pakistan.</p> <p>FBR has launched the first Urdu Version of the Customs Act, 1969 on 8th February 2019 for the convenience and benefit of the traders and the business community. The version is updated till the 30th June 2018 and has been uploaded on the FBR website for easy access of the business community as well as general public. This is a major initiative of FBR in line with the requirements of Article 1 of the Trade Facilitation Agreement (TFA) which specifies the information required to be published and made available through internet in a non-discriminatory and easily accessible manner in order to enable the governments, traders and other interested parties to be acquainted with them.</p> <p>On 20th November 2019 Pakistan Customs has launched a specialized Risk Management System for passenger profiling at all major international airports in Pakistan. This exercise is part of the Customs Border Management Initiative (BMI). The Passenger</p>

Stakeholder Group	Identified Party	Key Characteristics	Needs/Issues	Preferred Notification and Frequency	Specific needs and opportunities for improvement
					<p>Profiling System, “Global Travelers Assessment System” (GTAS) is now operational at seven major airports of the country for which Customs staff has been adequately trained.</p> <p>Pakistan Customs drafted Risk Management Rules for clearance of cargo on 31st December 2019. Pakistan Customs is following Risk Management System since long as signatory to Revised Kyoto Convention. These rules will help in identifying high risk imports/exports while facilitating international trade as decreasing physical inspections to a large extent thus reducing dwell time and port congestion. These measures will help in reducing cost of doing business and thus further improve the business and investment environment in the country, says a press release issued by FBR.</p> <p>In the same time period Pakistan & Chinese Customs Authorities held bilateral dialogue and consultations and agreed to extend cooperation in developing and expanding trade between the two countries.</p> <p>Consultations held with PRAL Data Center at FBR Headquarters on 19th April 2021 during which the technical capacity of staff of Data Center was discussed with the purpose to assess the capabilities of staff to dismantle old equipment and install new equipment within minimum possible time so that services to taxpayers could be restored in as much early as possible. It was found that the staff of Data Center is capable enough to perform such technical functions as desired while upgrading the equipment.</p> <p>During 19th to 23rd April 2021 a series of consultative meetings were held with FBR offices at different locations in Pakistan. During consultative session with Regional Tax Offices, it was identified that dismantling and installation activities will disrupt</p>

Stakeholder Group	Identified Party	Key Characteristics	Needs/Issues	Preferred Notification and Frequency	Specific needs and opportunities for improvement
					<p>the services to tax payers. Therefore, timing for such activities should be decided such as after office hours or on off days. Training on communications and interaction skills may be made part of the training program. Other training topics suggested included health and Safety, Kitchen and Toilet hygiene. Women will be given equal opportunity for training. It was decided that private tax consultants and lawyers will be consulted during the project implementation to ensure they will not be affected by the project activities.</p> <p>Regional Tax Office Multan pointed out some useful improvements in the software for cross checking and verification of data input by the tax payers and filers. Current software lacks such provisions. It was suggested that software may be improved step-wise for cross checking and submission of proof documents.</p> <p>Keeping the interest of stakeholder intact is a key to successful project. Project activities for dismantling and installation of new equipment must be completed within timeframe so that the project should not lose the interest of stakeholders.</p> <p>Staff at different Regional Tax Offices pointed out social issues such as lack of social services including sitting room during break, cafeteria, smoking area, etc. Thus, psychological stress prevails. Project may look into these social issues.</p> <p>Similar consultative sessions were held with Pakistan Customs at regional offices in Pakistan during which social and environmental impacts of PRRP were discussed. The major concern expressed was the discontinuation of services due to dismantling and installation activities. It was suggested to utilize off days for such activities. Pakistan Customs suggested that Women employees should be</p>

Stakeholder Group	Identified Party	Key Characteristics	Needs/Issues	Preferred Notification and Frequency	Specific needs and opportunities for improvement
					given equal opportunity to get new equipment.
	Pakistan Environmental Protection Agency (Pak-EPA)	The Federal Environmental Agency is responsible for drafting environmental rules and regulations and monitoring compliance.	Electronic Waste Management	Biannually through meetings and sharing compliance reports if required under the law	A consultative meeting was held with Deputy Director at Pak-EPA and, Senior Lab Assistant at Pak-EPA on 21 May, 2021 wherein discussion on E-waste management was held. Pak-EPA informed that E-waste management rules are under process and a draft has been developed which is under validation process at Pak-EPA. The draft once finalized and validated, will go through the approval process which will take considerable time.
	Pakistan Nuclear Regulatory Authority (PNRA)	The apex body of the Government of Pakistan responsible for regulating the import, installation, use and dismantling of radiation based devices and equipment.	Coordination with PNRA for guidance on import, installation, use and dismantling of radiation based scanners at sea and airports to comply with the national regulations.	Quarterly or as required by PNRA	<p>Program Office held consultative session with Pakistan Nuclear Regulatory Authority (PNRA) on 2nd Dec 2021 to obtain the input of PNRA on dismantling, installation and operation of scanners at major airports and sea ports of Pakistan.</p> <p>PNRA deals with radiation safety of workers, environment and the general public. Radiation users such as those using vehicle/container scanners based on x-rays have to follow the operational guidelines of manufacturer. In this way the operator follows the operational documents of manufacturer while manufacturer provides printed manuals and training to operators.</p> <p>According to PNRA Regulation PAK/908 (Rev.1) scanner users will have to obtain two types of licenses from PNRA i.e., license to acquire x-ray-based scanners and another license to operate the scanners. Therefore, Pakistan Customs will be required to coordinate with PNRA's regional office in Karachi to obtain license to acquire scanners. Supplier will install the scanners, perform test runs, ensures quality control and provide certificate of proper operation. PNRA will also ensure the quality assurance and quality control aspects of the scanners and provides registration and license to use the scanners. PNRA will continue to check the quality</p>

Stakeholder Group	Identified Party	Key Characteristics	Needs/Issues	Preferred Notification and Frequency	Specific needs and opportunities for improvement
					<p>controls during operational phase as and when deemed necessary.</p> <p>According to PNRA, radiation monitoring is required for those facilities and technology that use radioactive materials. X-ray based devices produce x-rays only when energized. Therefore, x-ray-based scanners will not be monitored by PNRA on a regular basis. Nevertheless, quality controls will be checked by PNRA as described above. Pakistan Customs will be required to follow the PNRA's template for development of radiation protection plan and radiation emergency plan. Guidelines are also available for development of decommissioning plan. PNRA provides guidance to applicants at each step.</p>
	Culture, Tourism, Antiquities and Archives Department, Government of Sindh	The department is responsible for preservation of cultural heritage in Sindh Province.	Collaborating with the Department to seek guidance on preserving the cultural heritage if project activities are identified to have any impact on cultural sites.	Before commencement of any activity in any identified cultural site and quarterly or as required by the Department. Joint site visits, meetings and sharing of information and reports.	Few preliminary telephonic discussions were held with the Department during January to April 2023 on any developmental activity in Old Custom House which is declared a cultural site by the Department. Pakistan Customs to finalize the site selection and if this site is finalized then consultation will be held with the Department.
	Sea Ports of Pakistan	Sea ports receive larger number of container and cargo that needs to be scanned before allowed to be released to importers.	Sea ports will be using the x-ray based scanners. Health and safety of operators and drivers will need to be protected.	Capacity building, site visits, monitoring and meetings on quarterly basis.	<p>During consultation with Port Qasim Authorities on 1st December 2021 as well as with Pakistan Single Window under Pakistan Customs, it was informed that staff has the experience of operation and maintenance of x-ray-based scanners. Port authorities are aware of the PNRA regulations on licensing and use of x-ray-based scanners. Staff is willing to develop SOPs for radiation protection in light of manufacturer's guidelines and PNRA recommendations. SOPs for existing scanners are already available that can be used for SOPs for using new scanners.</p> <p>The South Asia Port Terminals (SAPT) authorities have been consulted on 8th December 2021 on the issue of installation and operation of scanners. SAPT endorsed that X-ray based scanners are known for their safety with regards to radiation they emit.</p>

Stakeholder Group	Identified Party	Key Characteristics	Needs/Issues	Preferred Notification and Frequency	Specific needs and opportunities for improvement
					The impact is not serious. Overall environmental impacts will be minimal as no new land will be acquired or developed. Only minor civil works for installation of scanners will be carried out. PNRA to be consulted for import and licensing of scanners. No disturbance expected to routine operations at ports.
	International Airports of Pakistan	Airports receive large quantities of cargo that needs to be scanned before allowed to be released to importers.	Airports will be using the x-ray based scanners. Health and safety of operators will need to be protected	Capacity building, site visits, monitoring and meetings on quarterly basis.	On 8 th December 2021, airport cargo handling staff at Jinnah International Airport, Karachi informed that visit of World Bank team was held in November 2021 regarding the scanning equipment required for cargo scanning. Minor civil works will be carried out to prepare platform for the scanners. Cargo area has alternate arrangements in place, such as space, for cargo handling during civil works. A scanner is already in use at the airport for cargo scanning. SOPs are available for existing scanners. SOPs for new scanners will be developed as per the requirements of PNRA and manufacturer's guidelines.

6.2.1 Identified Issues during stakeholder consultation in 2018-19 for an Effective and Inclusive Engagement

This section elaborates on the issues affecting the direct stakeholders of the project, as ascertained in various interviews conducted with them during the project preparation phase.

Federal Board of Revenue (FBR) is the main implementing agency and therefore likely to be most impacted by the reform agenda. A set of interview questions have been developed for the key thematic areas of the reform process (listed in Annexure 3) and to gauge the stakeholders' sense of support for the PRRP. A synopsis of key responses is as under.

A. Federal Board of Revenue Working Group (February 20, 2019 to March 31, 2019)

FBR is envisioning holistic reforms through the PRRP. This is an evolutionary process. The reform project can serve as a pilot for other ministries to learn lessons and draw on best practices.

The FBR Working Group was created to provide a resource mobilization and transformation road map. The FBR Working Group was formed on February 20, 2019, till March 31, 2019.

One of the areas of reform is the automation of FBR processes. According to FBR team, in practical terms, a completely paperless system is not possible and documentation is also necessary.

Concerning the case history of an individual or organization, access to full documentation files, which are comprehensive and contain a detailed history, is important for processing cases and making informed decisions. The files are sometimes large and cover many years; hence this process of automation should be gradual to allow for complete files to be available electronically. Taxpayers need to be taken on board and their issues and grievances addressed. Taxpayer outreach is a big issue. It is critical to sensitize people on the importance of paying taxes and develop a robust tax culture.

FBR cannot work in isolation, and their work is contingent on cooperation and support from other agencies such as the Excise and Taxation Department, NADRA, CDA, etc. There is a need to streamline the systems to engage in seamless data sharing (among different entities). Enforcement, presence, and outreach are critical issues. FBR should follow through on policies and not change them frequently and be consistent about enforcement.

Broadening of the tax base is one of the objectives of PRRP, as the FBR is not achieving results with the current system. The phrase "broadening the tax base" is often used in Pakistan in the context of an extremely narrow base of income tax and refers to the idea of spreading it out over all potential sources. It would be more productive and would add value if BTB function is based on territorial jurisdiction for collecting new cases and increasing the tax net. At present there is a lack of clarity and ownership. Due diligence and procedure are required for taxpayer mapping and field surveys to identify potential taxpayers before bringing them into the tax net.

In terms of the work process structure, initially there was a Circle-based system, under which, each Circle was responsible for closely monitoring the performance of all taxpayers falling within its territorial jurisdiction. The Officer In-charge was entrusted with all the responsibilities of maintenance of records, receipt, and enforcement of income tax returns/statements, conducting audit and assessment, recovery of taxes, filing of appeals at various appellate fora, issuance of refunds, and assisting the Commissioner in the issuance of exemption certificates. Since all the work was the responsibility of one person, there was a unity of command, a better understanding of issues, and a sense of ownership among the tax officials. In 2000 it became Function-based, in which there was a lack of ownership and officers did not know anything outside their function. The system has now introduced a "composite system" broadly similar to the comprising work units, the jurisdiction of which is by and large based on "territorial" specifications, and the work is entrusted to one person. Hence IRS is organized along tax instruments, territorial jurisdictions, and taxpayer segments (e.g. Large Taxpayer Offices) rather than functions, for instance, taxpayer registration, assessment, and tax audit. This aspect of the Organization may be explored further through consultations as it has implications for the efficiency of work processes and would impact the reform agenda of the project.

FBR has been integrated with NADRA and SECP, in particular about registration of taxpayers and the ease of doing business. Under the One Window Operations Policy, people can obtain their NTN from SECP.

For companies other than Trusts, NGOs and Funds withholding Tax serves as a tool for documentation of the economy, and cutting down on withholding tax streams should not be at the expense of gathering data of taxpayers. 90% of tax collection today is from withholding tax.

However, it also creates problems for businesses and in particular small organizations, which are forced to serve as withholding tax agents and dedicate resources to this effort. Salaried employees have withholding tax deducted from source their salaries. Withholding tax is also deducted on mobile cards etc. and it affects people who does not fall in the income tax bracket and puts undue pressure on their meager income. This needs to be reviewed carefully to reduce undue pressure on low-income groups.

Field officers go through a rigorous process of selection to be in this organization. Following the civil service academy, the officers receive specialized training. FBR is seeking a synergistic solution and is not aiming to corporatize the organization.

The division of positions between IRS and Pakistan Customs wing, required number of positions in each division needs to be proportionate to its size to streamline promotions.

The employee evaluation system or the ACR for FBR staff is subjective and needs to be performance-based. FBR staff believes that to be fair and impartial, the employee evaluation process should be target-oriented or performance-based to reduce its subjective narrative and ranking.

B. Sindh Revenue Board (Interviews held in 2018-19)

As initial interviewees in the SEP exercise, representatives from the Sindh Revenue Board (SRB) shared their viewpoints on their relationship with FBR and other operational issues that they face. At the provincial level, tax collection is fragmented under three tax collection authorities. There is a Revenue Board in each province, which is responsible for GST on services; the Board of Revenue (BoR), is responsible for the collection of registration fees, stamp duty, capital value tax, agricultural income tax, and land revenue; and Excise, Taxation and Narcotics Control (ET&N) Department, responsible for property tax, professional tax, infrastructure development cess, motor vehicle tax, excise duty, cotton fee, liquor and narcotics and entertainment duty. Further, in each province, the Revenue Board is placed under a different department. Representatives from SRB pointed out that the Punjab Revenue Board operates under the Finance Department, the KP Revenue Authority and the Baluchistan Revenue Authority work under the Excise and Taxation department and the Sindh Revenue Board is placed under the Chief Ministers office. As a result of this fragmentation, there is an increased number of return forms, higher compliance costs, and difficulties in coordination with FBR and its subsidiary, Pakistan Revenue Automation (Pvt.) Ltd (PRAL). Interviewees were of the view that tax harmonization is therefore the need of the hour. According to both FBR and SRB representatives, there is friction between FBR and the provinces about tax on goods and services which needs to be examined to avoid hiccups in the implementation of reform.

6.2.2 Level of Stakeholder Interest and Support assessed in 2018-19

- A. FBR Employees are key stakeholders and hence have a high interest in this project. With an overhaul of the system and job descriptions, KPIs will be initiated. In constructing systems and processes, natural attrition is expected to occur. There is overall support for the project given the issues raised by the staff are considered and deliberated upon.

- B. PBC representatives recommended that the project must approach PBC institutionally and form a joint committee which could then review and advise the project, through each of its stages from preparation/formulation, and implementation to monitoring and evaluation. In general, high support and interest is confirmed in the project by the PBC.
- C. The implementation of the project by the FBR would certainly affect business associations, and hence the interest in the project is particularly high. An engagement with select business associations is essential for the project.
- D. Citizens' interest in this project is high, as they hope automation will help reduce rent-seeking, and that would help bring more people into the tax net. There are various platforms for citizens' voices in Pakistan which needs to be consulted, communicated, and informed about the taxation regime to gain their support and trust and encourage them to pass on FBR's message to consumers at large.

6.2.3 Provision of an Accessible and Inclusive GRM (assessed in 2019)

FBR employees fall under the purview of general government servant rules. Under the civil establishment code⁷ or the Esta Code, as it is commonly referred to, no action can be taken against a government employee on an anonymous complaint.

There is a Council of Common Interests and the Ministry of Interprovincial Coordination in place, which are headed by the Prime Minister for federal and provincial matters. However, the role and function of the Council of Common Interests and the Ministry of Interprovincial Coordination needs to be strengthened. An institutional mechanism may also be established to ensure better and more frequent coordination on taxation affairs both among provinces and between provinces and the FBR. FBR has an internal committee with representation from each province to resolve the issues.

The grievance and resolution mechanisms proposed by FBR for the PRRP are taken from the GRM plan proposed by FBR.

As far as the FBR's GRM System is concerned, it is based on intra as well inter-organizational mechanisms. Concerning the inter-organizational mechanism, the FBR maintains an online Complaints section comprised of different parallel tiers depending on the nature of the complaint.

Firstly, if an employee of FBR has a complaint, the same can be lodged with the Chairman FBR (which would be dealt with under the guidelines of the FBR Act, 2007) and if a taxpayer has a complaint regarding any malpractices on the part of tax officials, the same can also be forwarded to the Chairman FBR through the link available on FBR website.

Secondly, an Integrity & Performance Management Unit (IPMU) has been established at FBR. The IPMU is further divided into two cells comprising of Integrity Management Cell (IMC) and Performance Management Cell (PMC). The mandate of IMC is to address corruption-related

⁷ The civil establishment code falls under the Civil Servants Act 1973, which regulates the appointment of persons to and the terms and conditions of service of persons in the service of the Government of Pakistan

complaints of FBR officers/officials (BS-1 to BS-21). To facilitate taxpayers, a detailed mechanism is in place to scrutinize corruption-related complaints, following which a report along with recommendations is submitted to the competent authority for necessary action under the relevant rules and procedures defined in Efficiency & Discipline Rules, 1973. To further materialize and streamline the working of the Integrity Management Cell, FBR has established and successfully launched a Complaint Management System for the redressing corruption-related complaints against officers/officials of FBR. In addition, FBR has also established a Performance Management Cell (PMC), which is tasked to develop an effective mechanism through which the performance of officers of both the Inland Revenue Service and Pakistan Customs Service can be gauged by considering the available data based on job descriptions and Key Performance Indicators already notified by Human Resource Wing of FBR in 2015. In this regard, Member (HRM) and Chief (IPMU) in consultation with field formations have conceptualized the broader framework of the Performance Management System, which is under development by the PRAL and most of the initial work is almost complete. This system will not only provide a mechanism to monitor the performance of field officers, but it will also enhance and facilitate the existing GRM System of FBR.

Thirdly, regarding the inter-organizational GRM System, for the facilitation, technical and legal support of the taxpayers, the CRM (Customer Relationship Management) and Call Center have been established at FBR through which technical queries, software issues, and filing-related understanding, as well as grievances of the taxpayers, are addressed by teams comprised of call center agents, legal team and developers' team.

Fourthly, the ADRC mechanism has been put in place under the guidelines of statutes including Section 134A of the Income Tax Ordinance, 2001, Section 47A of the Sales Tax Act, 1990, Section 38 of the FED Act, 2005, and Section 195C of Customs Act. The ADRC has been constituted regularly and is equipped with independent professionals from the technical and legal domains. The taxpayer has been given the option to lodge his case with the ADRC as an alternative to the established legal forums.

Regarding the inter-organizational aspects, the complainant can lodge his/her complaint with the Office of the Federal Tax Ombudsman which serves as an appellate forum where any taxpayer can file an appeal against a decision taken by the tax authorities. It has a separate website explaining the role of the Ombudsman Office, maintains an online complaint system, and provides information on its regional offices.

As far as the effectiveness of the entire system is concerned, it may be helpful to conduct an independent evaluation and assess the timely response, engagement process, and frequency with the complainant, complaint handling time, and resolution process. For the most part, the systems in place are simple and user-friendly, however reviewing and updating these processes would further improve the existing system.

Considering the inclusiveness of the system, linguistic appropriateness may be a cause for concern as currently, the entire website is in English; complaint forms should also be available in Urdu for the broader reach of information. It is deemed necessary to make this information accessible to lesser-educated and disabled taxpayers, as well as those who do not have computer facilities

even if they are computer literate. These groups are under the threat of exclusion and further marginalization. Dedicated media campaigns using social media, and community information events would help to raise awareness of these facilities and means of redressal among taxpayers, increasing their knowledge and understanding of means of redressal that they can seek if necessary.

PBC referred to the federal tax ombudsman as the avenue for addressing issues but asserted that this is as effective as the person running it. Business associations referred to various forums for addressing their concerns, for instance, the appeals commissioner, or going to an appellate tribunal, the High Court finally the Supreme Court.

6.3. Consultations with other Interested Parties

PRRP has also identified stakeholders in the category of “other interested parties” who will receive secondary benefits from project activities or project outcomes such as access to data, improved taxation practices, up-to-date information on taxation policies and regulations, etc. The other interested parties identified include:

1. State Bank of Pakistan (SBP).
2. Securities and Exchange Commission of Pakistan (SECP).
3. Provincial Revenue Authorities (PRAs).
4. Trade Development Authority of Pakistan (TDAP).
5. National Database and Registration Authority (NADRA).
6. Pakistan Business Council (PBC).

Table 6: Feedback and Assessment from Other Interested Parties

Stakeholder Group	Identified Party	Key Characteristics	Needs/Issues	Preferred Notification and Frequency	Specific needs and opportunities for improvement
Other Interested Parties	State Bank of Pakistan (SBP)	National Organization/Central Bank; Sets the monetary policy and governs all sorts of banking in Pakistan	Data Warehousing, business intelligence, and sharing of /access to databases. Link with FBR Database issues	State Bank officials suggest that FBR should consult State Bank, SECP, ICAP, etc., and create a level playing field for all concerned. A formal frequency for meeting/engagement between SBP and FBR needs to be established, maybe through bi-annual meetings.	The Banking Policies and Regulations Department (BPRD) of the State Bank sends proposals and recommendations annually to the Ministry of Finance. However, FBR and State Bank do not have any arrangements for the routine sharing of information. Banking access data is provided per request.
	Securities and Exchange Commission of Pakistan (SECP)	National Organization; a financial regulatory agency to develop a modern and efficient corporate sector and a capital market based on sound authority principles	Data Warehousing, business intelligence, and sharing of /access to databases. Link with FBR. Database issues	Since it governs private sector companies’ statutes, regulations, etc., it needs to have an interface of some kind with FBR. Annual engagement with SECP will assist in streamlining Companies’ registration with FBR	Better integration of data on new companies registering, and renewing their statutes and articles of associations can help FBR. FBR may want to consider tax proposals of SECP

Stakeholder Group	Identified Party	Key Characteristics	Needs/Issues	Preferred Notification and Frequency	Specific needs and opportunities for improvement
	Provincial Revenue Authorities (PRAs)	Each province has three revenue authorities: (i) the Excise and Taxation Departments, which collect the UIPT, the tax on professions, the MVT, and provincial excises; (ii) the Boards of Revenue, which collect the AIT, land taxes, stamp duty and other taxes on property transactions); and (iii) the revenue authorities that collect the GSTS	Legal obstacles in automated sharing of taxpayer information, harmonizing definitions of taxable items subject to GSTS, agreement on taxation principles and methods for calculating input adjustments for the GSTS (provincial authorities use STRIVE database to collect GSTS).	Regular quarterly engagement via project briefs with provinces and meetings with FBR	<p>Improved coordination with FBR and resolution of the GST issue is the most critical requirement.</p> <p>In terms of coordination with provinces and involving stakeholders for the identified needs of PRRP, stakeholder consultations have been held during the course of implementation of the project.</p> <p>After deliberations and consultations with stakeholders in Azad Jammu and Kashmir (AJ&K) FBR and CBR (AJ&K) agreed on National Sales Tax Return modalities and signed an MOU in this regard in January 2023.</p> <p>Meetings held during 2020 to 2023 between FBR and Provincial Revenue Authorities on data sharing. After continuous consultations with stakeholders in Sindh and Baluchistan, FBR signed Data sharing agreements with Sindh and Baluchistan Board of Revenue in May 2023.</p>
	Trade Development Authority of Pakistan (TDAP)	A holistic view of trade development in Pakistan and implements tax policy	Needs of importers and exporters about tax. Also issues of transit	Propose a joint working group to incentivize the system and make the policies/tax collection easier.	FBR to consult all exporter associations through TDAP for an improved taxation regime
	National Database and Registration Authority (NADRA)	The National Database & Registration Authority is an independent and autonomous agency under the Ministry of Interior that regulates government databases and statistically manages the sensitive registration database of all the citizens of Pakistan	Sharing data between FBR and NADRA to identify new taxpayers.	Regular quarterly engagement via project briefs with NADRA.	<p>FBR and NADRA are engaged through consultative meetings and information sharing regarding improvement in FBR digital systems and thereby increasing the tax base. A number of successes have been achieved in this regard.</p> <p>During June 2019, it was disclosed by FBR that FBR in collaboration with NADRA is providing access to the concerned persons (confidentially) for the transactions undertaken in</p>

Stakeholder Group	Identified Party	Key Characteristics	Needs/Issues	Preferred Notification and Frequency	Specific needs and opportunities for improvement
					<p>the past in order to let the people know the transactions undertaken by them. This data will be available through secure channels from NADRA.</p> <p>In November 2020, FBR signed an MOU with NADRA concerning real-time verification of computerized national identity cards and associated details to improve FBR's service delivery standards for taxpayers as it helps to automate tax refunds prefill data in withholding statements and tax returns.</p> <p>FBR has introduced automated currency declaration system at all airports with the assistance of NADRA. This digital system was developed with the assistance of NADRA and FIA and has been deployed at all International Airports, starting from Islamabad International Airport. This new system is a hassle free and time saving, one stop solution for all incoming and outgoing passengers.</p> <p>NADRA provides services to FBR for the biometric verification of traders to complete the registration process of GST for FBR.</p>
	Pakistan Business Council (PBC)	PBC represents business interests and serves as an advocacy platform for business and provides policy advice.	Correct information on exemptions, cost of doing business, incentives, and levies on businesses	PRRP to approach PBC institutionally and form a joint committee representing various business associations – this committee needs to be engaged through each stage of the project-preparation/formulation, implementation, monitoring and evaluation Although the ease of doing business report has been discontinued, however, the methodology is being revised with respect to Project Development	Engage with PBC and use it as an umbrella advocacy platform to engage with businesses; can be influential in promoting and communicating policy decisions

Stakeholder Group	Identified Party	Key Characteristics	Needs/Issues	Preferred Notification and Frequency	Specific needs and opportunities for improvement
				Objective Indicators 3 and 4. Some information can be included pertaining to revised methodology, and information may be collected during discussions to get sense of relevant indicators.	

A. State Bank of Pakistan (Stakeholder consultation held in 2018-19)

According to the State Bank officials, SME, agriculture and low-cost housing sectors need to be incentivized and brought into the tax net, by offering concessions and tax holidays. Currently, most of them are taxed generally at a uniform rate, except for the IT startups, which get a tax holiday in the form of tax exemptions. SBP officials were of the view that similar exemptions (of reduced tax rates) should be offered to small and medium-sized companies, especially ones set up by women entrepreneurs. This would help increase and broaden the tax base, even if the revenue generated may not be high initially.

B. Securities and Exchange Commission of Pakistan (Stakeholder engagement held in 2018-19)

Securities and Exchange Commission of Pakistan (SECP) and FBR share data through a one-window facility for company and national tax number (NTN) registration under the Virtual One Stop Shop (VOSS). This scheme has been launched to ease the registration process for companies under the ease of doing business agenda. Although there is an MOU in place between the two entities, for sharing need-based data, the representatives felt that FBR should be more proactive about sharing data and information. Only 50,000 of the 100,000 companies registered with the Security and Exchange Commission of Pakistan (SECP) are filing their taxes and this issue needs to be jointly addressed by FBR and SECP. SECP has various ideas on taxation regimes for different types of companies (limited liability, sole proprietorship, group companies, etc.) that can help set up an enabling environment for improved taxation. The engagement between SECP and FBR can help establish taxation benefits for various types of companies, encouraging them to register with FBR and avail of such benefits.

C. Trade Development Authority of Pakistan (Stakeholder engagement held in 2019)

Trade Development Authority of Pakistan (TDAP) is a department within the Ministry of Commerce and Textile Industry of Government of Pakistan and does not interact directly with FBR. During the interview the refunds and duties/taxes under the various export incentives for exporting entities has been discussed. There are two such mechanisms under which a refund is operationalized. One is a Duty and Tax Remission Scheme under which raw materials are imported duty-free after providing a guarantee to FBR and exported 6 months later after adding the value of the inputs. The other matter pertains to sales tax refunds and the issues with the input-output ratio. Overall TDAP's mandate is to increase exports and when there is a dis-incentivized system such as mentioned above, registered manufacturing industries show a downward trend while trade in the informal economy escalates.

C. Pakistan Business Council (Stakeholder engagement held in 2018-19)

Established in 2005 by fourteen of the leading Corporates and Business Groups in Pakistan as an advocacy forum to improve the general business environment of the country, Pakistan Business Council had 79 members in 2019, of whom 40 are members of the Tax Committee. This Committee examines all legislation that impacts business and develops a unified action plan. PBC, because of its size, exercises a degree of influence on taxation. PBC encourages the need for documenting the economy and that also serves business interests. PBC representatives believe that the tax system needs to be simplified so that their members can focus on the growth of their business and enhancing revenues. PBC members are responsible for 25% of the taxes in the country- in other words, every ninth rupee and are therefore directly impacted by the project initiatives.

PBC representatives concurred with most of the above perspectives of SRB. Following the 18th Amendment, FBR is responsible for taxes on goods and services that have been devolved to the provinces. However, the center and provincial authorities do not have a common understanding of goods and services. There has been lack of clarity on which sector qualifies as “service”- for instance in the hospitality industry, the restaurants/food industry is considered good by FBR and service by the provincial authorities. As a result, there is a possibility of double taxation by provinces and/or Federal Government for the same good or service. Issues with the principle for taxation of services also persist- should it be destination-based, origin, or a mix? The issues arise in the case of industries such as the telecom sector, which has a nationwide presence.

Now under the forum of the National Tax Council, the major issues have been addressed. Provincial sales tax rates differ across the provinces and there should be a consistent tax policy on sales tax on services. Moreover, procedures for input-output adjustments are complicated. Respondents were of the view that FBR needs to enhance its understanding of business supply chains. They need to consult with the private sector organizations and this could be through the business associations.

Given the different contexts and tax structures in the provinces, it would be critical to consult with the other provincial authorities to achieve the harmonization of taxes single GST return.

The issue of withholding tax was also highlighted by PBC. Businesses are forced to act as withholding tax agents. The process should be automated and available online so it can be crosschecked by both the FBR as well as the withholding tax agents. Processes should be transparent and consistent and changes in policies, which would impact businesses, should follow a consultative process so that there is buy-in from businesses at the outset. For instance, Pakistan Business Council collaborated with tax authorities on several occasions to help shape the policy environment and improve tax compliance. But FBR made changes to most of these, without engaging with or holding any discussions with stakeholders when making these changes.

Another area of concern is that of advance tax in the Large Tax Offices (LTOs). The LTOs have to meet collection and get the advance tax for the next financial year. Hence large businesses face considerable harassment from tax officials in the LTOs.

PBC representatives recommended that the project must approach PBC institutionally and form a joint committee which could then review and advise the project, through each of its stages from preparation/formulation, and implementation to monitoring and evaluation. In general, high support and interest is confirmed in the project by the PBC.

D. Business Associations (Stakeholder engagement held in 2018-19)

Sector-wise business associations wield considerable experience in the economic milieu depending on their size and role in the economy. Interviews were conducted with key representatives of the Pakistan Weaving Mills Association (PWMA) and the Pakistan Vanaspati Manufacturers Associations (PVMA) to elicit responses to the reform agenda of the PRRP and learn about issues that are critical for these sectors.

Tax administration at the federal and provincial levels lacks the requisite standards of digitization, integration and technical capacity. Any exercise relating to comprehensive tax reforms cannot be a time-bound affair and does not entail merely altering tax laws or sporadic cosmetic changes. Reforms can only be successful through a comprehensive analysis of the system, ranging from tax structure, tax administration, state of the economy, taxpayers' attitude, revenue needs of the country, etc.

There has been need for establishing a National Tax Council (NTC) to harmonize the tax collection system. The widest possible taxpayer base has to be identified for any tax to be equitably spread across the whole taxpayer population. Tax at a lower rate spread over a wide taxpayer base will invariably yield more revenue than a higher tax on a narrow base. The government should simplify the tax system and introduce a harmonize tax rates to attract more taxpayers into the tax net. Exporters face the burden of filing tax returns, making payments, and facing audits of multiple provincial sales tax authorities, boards of revenue, and provincial excise. A single tax return must be filed once all revenue authorities are integrated and integration of FBR with different authorities and bodies can pave the way for significant tax collection.

One of the core issues businesses face pertains to the ease of doing business and tax automation. There should be a fast-track process- through an online system and less reliance on human resources. In terms of filing taxes, the FBR needs its software and IT equipment. The interviewees also mentioned issues that they have been facing with refunds. There is a lingering issue about export refunds in the textile sector for instance as the Drawback of Local Taxes and Levies (DLTL) through the State Bank, usually take a long time in addition to the refund for GST has to be strengthened.

Similarly, Pakistan Tanners Association is also another stakeholder representing the 2nd largest export-earning sector of leather and leather products. The leather industry produces fine-quality finished leather for export as well as for home consumption. It contributes 5% to the GDP and 5.4% to the overall export earnings of the country. It would add value to the stakeholder perspectives to engage in consultations with other business groups and assess the extent to which their issues are sector-specific or general problems that FBR may be able to address more efficiently and in a shorter period.

6.4. Consultations with Affected Parties (Consultations held during 2020-21)

ESS10 refers to Identifying individuals, groups, and other parties that may be directly or indirectly affected by the project, positively or negatively. The SEP focuses particularly on those directly affected, positively or adversely affected by the project activities. So far, the FBR has identified following directly affected parties under this category:

- 1) Electronic Scrap Dealers
- 2) E-waste Recyclers.
- 3) E-waste Disposal Workers.
- 4) Tax Consultants/Lawyers/Custom Clearing Agents.
- 5) Tax Return Filers (all classes of taxpayers).
- 6) Representatives of manufacturer associations.

Establishing shared online platforms for e-filing of GST and GSTS returns and online payment options, would reduce limited coordination between the federal and provincial revenue authorities, will assist in broadening the tax base, and improve business intelligence. This will impact all sections of society, be it the business community (small, medium, and large manufactures, traders, retailers, etc.) professional service providers (doctors, architects, lawyers, etc.), and consumers (via income tax and GST, etc.) The SEP includes strategy for consultations with each of these groups, having recorded their observations and suggestions, to define a strategy for continual engagement with each of them throughout the project life. Table 7 illustrates the feedback from affected parties

Awareness about e-filing is very limited among the customers and majority of taxpayers. This has given rise to added financial burden on the community, as they are forced to hire tax consultants/lawyers for filling their returns. With facilitation in this area, tax-base can be enhanced.

Table 7: Feedback from Affected Parties

Stakeholder Group	Identified Party	Consultation Needs/Issues	Feedback and specific needs
Affected Parties	Electronic Scrap Dealers	Proper disposal/recycling of e-waste expected to be generated through PRRP technology acquisition component.	Consultations with scrap dealers held during 23 to 28 April 2021. The scrap dealers handover their scrap to recyclers. According to them these established scrap businesses are not involved in illegal E-waste disposal such as burning for extraction of copper from wires, etc. However, some of the scrap including e-waste may end up in waste dumps due to ignorance of scrap dealers about proper disposal. Scrap dealers need to be informed about the dangers of inappropriate disposal of e-waste. Scrap dealers are to be linked with e-waste recyclers.
	E-waste recyclers	Recycling of e-waste while avoiding traditional and environment damaging disposal such as burning and acid application	Recycling companies exist in Pakistan that have setup throughout Pakistan for collecting e-waste and recycling at their facilities. A round of consultation will be held before handing over the e-waste to any recycler for awareness creation and ensuring proper recycling of e-waste.
	E-waste Disposal Workers	Health and safety of workers at risk if e-waste disposal carried out traditionally using burning method or acid application.	<p>The workers involved in disposal of e-waste have been consulted at the ESMP development stage in May 2021. It was felt important to consult such workers and explore their view point on e-waste disposal practices that directly affect their health and social well-being. During consultation with these workers it was found that:</p> <ol style="list-style-type: none"> a. These workers work on two systems i.e., some buy discarded scrap from scrap dealers to extract useful materials at their site and sell extracted materials to earn profits. This is the key point where e-waste could be disposed-off through burning as the workers do not have facilities for proper recycling. b. Other type of workers are employed workers on daily wages when larger scrap dealers in big cities give them task order to extract valuables from the scrap provided by scrap dealers. Similar to above, this system also allows burning of e-waste by the workers and not by the scrap dealers. c. The daily wages range between PKR 400 to 600 depending upon the workload. Sometimes workers have to work for more than 12 hours a day. d. Burning is carried out mainly for extracting copper from wires. Burning is applied only if the wires are damaged so much so that they are not able to be used again. Burning produces toxic fumes that cause asthma problems for the workers. e. Workers remove parts from the circuit boards manually and collect them in bags that they handover to the scrap dealers for onward transportation to recyclers. Leftover circuit boards are also managed the similar way. Acid dipping is usually avoided. Burning of circuit boards is also practiced for extraction of metals. f. There are no unions, no freedom of association and workers have no right to put forward their genuine social demands. g. Workers did not complain about any type of discrimination. h. No protective gear is used by the workers such as gas masks. Workers use cloth pieces to cover their nose during work.

Stakeholder Group	Identified Party	Consultation Needs/Issues	Feedback and specific needs
			<p>PRRP needs to work with these workers and allied businesses to ensure that these workers are well informed about the e-waste impacts, they are provided with the safety gear and that illegal or indiscriminate disposal of e-waste is prohibited.</p>
	Tax Consultants/Lawyers/Custom Clearance Agents	To determine their perceptions of the level of impact from PRRP	<p>During consultations with individual tax consultants and tax lawyers in April to May 2021, it was noted that tax consultants do not rely solely on services to tax payers for filing of income tax or other taxes. Rather, this contributes a little in the total earning which is not even regular every year. It fluctuates every year. Lawyers' main services are litigations on tax issues.</p> <p>Although experts in tax related matters, the online systems are even complicated for these consultants. Sometimes and with some specific client they also have difficulties in filling out the online forms. Individuals want to avoid these situations and difficulties.</p> <p>PRRP may affect tax consultants if new systems provide ease of filing tax returns provided that number of taxpayers remains the same i.e., no additional taxpayers brought into the system. If new taxpayers are added into the system, then PRRP may not affect their services, instead clients may increase to some extent.</p>
	Tax Return Filers (all classes of taxpayers) i.e. citizens of Pakistan	Since taxation is passed on to the end consumer in most cases, citizens tend to lose purchasing power. Also, there is a general distrust among citizens on the use of the revenue generated, mostly perceiving it to go into individual pockets of revenue staff, retailers, etc. and none of it is spent on public goods and welfare.	<p>During 13 to 15 September 2021 a series of consultations were held with individual taxpayers and return filers to identify the impacts of PRRP on this group of affected persons. Tax filing system is complicated for individual taxpayers and return filers. Salaried individuals prefer tax consultants so as to be safe from any actions by FBR or their employers. It is quite difficult to say that individual taxpayers will stop using the services of tax consultants as tax related matters have legal requirements and as such people avoid any mistake in using FBR web interface at their own.</p> <p>The project will prepare a robust and communicative engagement strategy with the citizens of Pakistan to improve their understanding of the improved taxation regime that is to be introduced and create an enabling environment for citizens to pay taxes.</p>
	Representatives of manufacturer associations/ Business Associations (PVMA, PWMA)	High-risk sectors, implementation of policies such as electronic monitoring and track and trace. Consumer businesses Restaurants and other services – issues of double taxation and GSTS	During consultations with these associations in April 2019, it was communicated that the Project aims to improve overall revenue receipts by broadening the tax base, automating tax-paying systems, improving business intelligence functions, and facilitating compliance. The business associations felt these measures are likely to affect their sector outputs and the associations' agendas. Therefore, more consultations with these associations will be held during implementation of the project.
	SMEs (represented by UNISAME)	Simplified procedures and clarity on the tax system. Trade facilitation measures, which may impact them.	Consultations held during March to April 2019. The sector needs friendly policies, simple return forms, and removal of trust deficit, respect for the taxpayer, lowering of the tax rate, removal of multiple taxes, treatment of family business as a single assessment. Focus on tax incentives for new, innovative, and import substitution industries.
	Civil Society Organizations	Research, Transparency of and right to information- tax information and procedures for citizens of Pakistan	There should be engagement and involvement of CSOs (to represent less influential stakeholders) to provide transparent and correct information on policies and the rights of taxpaying citizens. PRRP to conduct consultations with this group during the implementation of PRRP.

6.4.1 Identified Issues for an Effective and Inclusive Engagement

There are several interested or indirect stakeholders for this project. Information from the initial interviews conducted was informative and shed light on their relationship with FBR. A select set of questions were posed to elicit responses on whether they considered themselves important stakeholders, their level of influence and support for the project objectives, and the level of engagement they would like to have during the 5-year project life.

A. Civil Society Organizations (Stakeholder engagement held in 2019)

Civil society organizations such as Sustainable Development Policy Institute (SDPI), The Network for Consumer Protection, and the Centre for Peace and Development Initiatives (CPDI) have been engaged in research and advocacy efforts on various aspects of tax policy and reform.

One of the areas of discussion with CSOs pertained to the automation of FBR services. Second there should be an independent third-party monitoring of the PRRP.

It is also important to run tax advocacy campaigns as part of a behavior change effort to convince people against the evasion and avoidance of taxes. These could be on mainstream television and radio channels and social media handles of the FBR. The SDPI representative also suggested the revitalization of the Fiscal Research and Evaluation Unit housed in FBR, which used to be headed by a public finance economist. This unit produced quarterly research bulletins and had an extensive database. The revival of research and its circulation would also improve the capacity and standing of FBR.

It was discussed by the civil society organizations pertained to the Taxpayers' bill of rights. Taxpayers' rights need to be effectively protected by enacting a Taxpayers' Bill of Rights.

They suggested that small chambers, trade unions, and salaried persons should be consulted.

B. Citizens of Pakistan (Stakeholder engagement held in 2018-19)

Pakistan has historically a low number of taxpayers in general, except for the salaried employees of medium to large-scale companies, which have been in the tax net. These include the entire public infrastructure (government-run and owned departments), state-owned enterprises, international organizations, and those Pakistani businesses whose products and services are visible (either FMCGs or providers of services such as finance, construction, health, etc.). Whenever there has been drive-by previous governments and revenue authorities to broaden the tax base, there has been vehement resistance and reluctance by non-taxpaying businesses (such as traders and wholesalers) and the public at large.

The root cause of this reluctance and resistance has been the distrust that prevails within the citizenry on receipt and end-use of their money. Many argue that since the state does not provide quality health, education, security, and other associated services, it foregoes its right to demand taxes. Others believe that revenue authorities in connivance with producers and large traders, do not submit tax receipts to the Exchequers, but pocket it themselves, raising corruption on taxpayer's

money. Many respondents in the current round of interviews raised this concern and went to the extent of accusing FBR of coming up with new schemes of conning the public at large, where they will take money from citizens and use it by themselves.

Another issue is understanding where taxpayers' money is being used. Some respondents demanded 'expenditure tracking' of the GST that they pay on consumer goods, and on the annual income tax they pay (according to each tax slab). Also, there is confusion on the fundamentals of various types of taxes (such as withholding tax, advance income tax, federal excise duty, GST, VAT, tax on electricity and gas, etc.) and their subsequent applicability. Some interviewees said that FBR is more concerned with bringing more people into the tax net than 'encouraging' and 'rewarding' taxpayers who have paid their taxes all their lives and continue to do so.

6.4.2 Level of Stakeholder Interest and Support

- a) As a research organization, SDPI can serve as an intermediary and facilitate dialogue between the different entities.
- b) FBR may also consider establishing units of fiscal research in which existing units may employ local researchers at a low cost and foster a culture of research and internal evaluation and monitoring of the initiatives being undertaken.
- c) According to CSO representatives the project should aim to establish advisory committees at the federal and provincial levels, with business and with civil society. Regular updates of the project should be shared through a proactive mechanism. FBR should provide updates on their website and the activities undertaken and targets set should be accessible to anyone.
- d) Since UNISAME is an umbrella organization working as an advocacy platform for SMEs, the organization wields considerable influence and can create awareness and identify impediments that SMEs face concerning taxation. The organization is already working with, the State Bank, SECP, and Ministry of Commerce and would like to be engaged with the PRRP. The engagement should be conducted bi-annually through the formation of committees for disputes, finance, and trade (import/export) through which SMEs may be consulted.

6.4.3 Provision of an Accessible and Inclusive GRM.

According to TDAP and SDPI, there should be GRM for exporters. It is important to consult all exporter associations that are directly affected by any policy changes.

6.5. Consultation with Vulnerable Individuals or Groups

As per ESS10, it is particularly important to understand project impacts whether they may disproportionately fall on disadvantaged or vulnerable individuals or groups, who often do not have a voice to express their concerns or understand the impact of a project. In the case of the PRRP, both men and women who do not have sufficient ICT training would be adversely impacted and not be able to utilize or benefit from the FBR processes. Women taxpayers, in particular, middle-aged and older women can be at a greater disadvantage in terms of ease of access and ICT knowledge to use the FBR interface as compared to men due to (generally) lower levels of female

literacy, access to services (such as tax accountants who are mostly male), etc. Other disadvantaged groups include disabled people, who may be physically challenged or unable to use their limbs or be dyslexic, blind, or handicapped in other ways. They would not be able to access, let alone use the FBR online platform. However, such groups could continue to use paper-based systems. A listing of disadvantaged groups and/or individuals can be:

- a. National Council for the Rehabilitation of Disabled Persons (NCRDP); Provincial Councils for Rehabilitation of Disabled Persons (PCRDP); both function under the Social Welfare Departments
- b. Women taxpayers may be represented by the National Commission on the Status of Women (NSCW)
- c. Disabled taxpayers may be represented by the Pakistan Society for the Rehabilitation of the Disabled (PSRD); NOWPDP – A Disability Inclusion Initiative
- d. Women Employees of FBR, including Pakistan Customs Office, Inland Revenue, and other implementing partners
- e. Taxpayers with low ICT literacy

Table below summarizes the feedback from vulnerable/individual groups;

Table 8: Feedback from Vulnerable /Individual Groups

Stakeholder Group	Identified Party	Key Characteristics	Needs/Issues	Preferred Notification and Frequency	Specific needs
Vulnerable Individuals /Groups	Women employees of FBR	Comprise very small % of staff - 4.6% of FBR staff is female	Job retention, promotion, and incentives; Non-Discrimination and equal opportunities. Need an enabling environment and performance incentives for staff based on a robust appraisal system and measures to promote a more diverse workforce by improving the attraction and retention of women.	The level of engagement and frequency may be determined through engagement with the IRS Staff Association	Daycare Facilities as well as common sitting room in the field formations and urban centers. Based on recommendations, FBR is on its way to develop and improve the following: <ul style="list-style-type: none"> • Providing Daycare facilities to women employees • Temporary accommodation for women employees on transferrable posts • Proper washrooms for females in all offices • Transport/ pick and drop facilities for women employees • Employee assistance and counseling services to ensure the well-being of their women workforce. • Digital technology & social media platforms to enable everyone to engage in safe public spaces and to provide opportunities for e-commerce allowing women to generate income by tapping into digital markets.
	Women Taxpayers	As an essential component of overall taxpayers in the country at individual or corporate/ entrepreneurial level	Simplified procedures and clarity on the tax system. Trade facilitation measures, which may impact them.	Engagement may be bi-annual.	To be consulted.
	Persons with Disabilities	People with physical disabilities such as low vision, etc.	To be consulted	To be consulted	To be consulted
	Taxpayers with low literacy	Uneducated, low literate people finding difficulty in understanding tax terminology as well as understanding the IT based systems	To be consulted	To be consulted	To be consulted

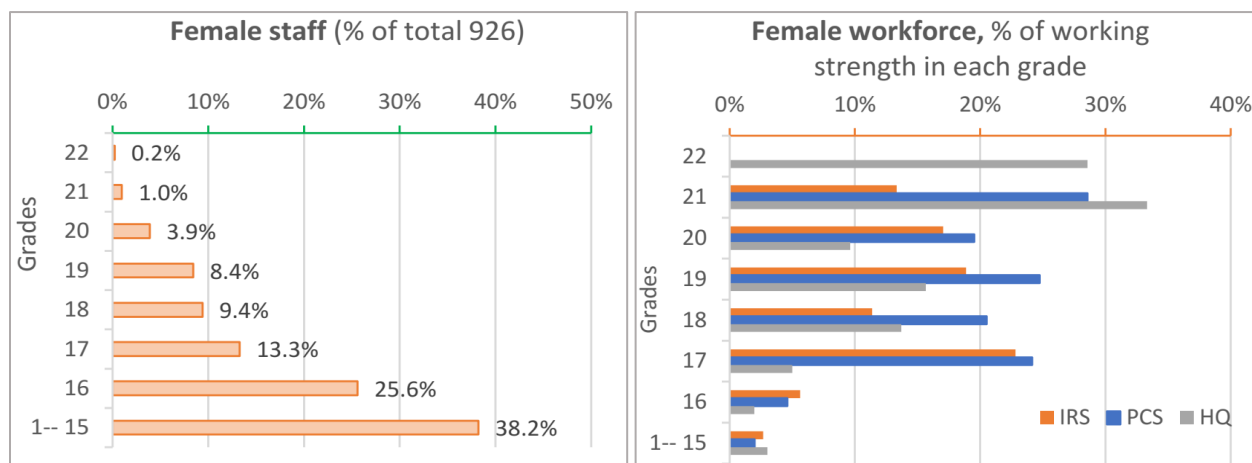
6.5.1 Identified Issues for an Effective and Inclusive Engagement

Based on a set of questions outlined in Annex 3, interviews were conducted with FBR staff and with SME representatives to record and incorporate their perspectives as disadvantaged and vulnerable stakeholders. Persons with disabilities are to be consulted within the next quarter.

A. Women Employees of FBR (interviews held in 2019)

According to the initial results of a human resource assessment conducted by the World Bank, workforce diversity is low in FBR, although the organization follows the government-wide policy on the inclusion of under-represented groups into the workforce. The total share of female staff in FBR’s workforce is about 4.5% (926 out of 20,770 working strength). The majority of females are recruited in Grade 16 and below (64% of 926) in both IRS and Customs. However, female representation (as a share of working strength in each grade) is better in grades 17 and above, especially in PCS (see Figure 4). Although women and other underrepresented groups can compete for all government positions, however, there is no institutional target for increasing the female workforce (there is a government-wide quota of 10%).

Figure 4: Female staff in FBR, by Grade and Cadre⁸



According to a senior FBR officer who has 18 years of experience working with field formations, the work environment is respectful for lower staff and female officers. In her experience, both with public dealing and in field offices the work environment has always been respectful to women officers. She felt that the government quota of 10% for women over the last decade or so is unfair and skewed in favor of women. Women officers are not displaced. There is a wedlock policy in place, under which female officers are posted in the same locations as their husbands (or if unmarried they are stationed in the same city as their parents) and no female officer is sent out of the station as punishment or for other reasons. They work more independently at the district level than at headquarters, however, this would also be the case with their male counterparts. Women

⁸ The graphs are taken from Diamond Human Resource Assessment of the FBR, Pakistan, March 2019

are usually given their choice postings and do not encounter any hardships on that account. Her male colleague also mentioned that, although there is a reserved quota for women, and positions are merit-based. There are in fact, more women officers than men in the urban areas, particularly in the regional tax offices. Based on these discussions, women staff in FBR do not seem to be at a disadvantage.

Another aspect that is important to mention about women employees, is that FBR staff expressed a need for daycare facilities in the field formations as well as the urban centers, as that would further support women officers who have to take extended leave for child care once their 3-month maternity leave expires.

B. Minorities and People with Disability

In the Pakistan Civil Service, there is a 5% quota for minorities and 2% for disabled groups. In the case of the former, it could be religious minorities and/or regional representation. It would be interesting and informative to examine the extent to which this is adhered to within FBR for a more comprehensive understanding of the makeup of the organization. Steps may be taken to ensure that the project is inclusive in its engagement with the different representations in the FBR. Further, it is important to triangulate the information provided by conducting a staff survey or a focus group discussion to learn about other issues such as any policy against harassment, lavatories for female and disabled staff, ramps and elevators to facilitate both disabled staff and citizens' access to the facility, etc.

Externally, interviews with representatives from other vulnerable groups, such as disabled taxpayers and women taxpayers who may not be computer literate, would further enrich the information on the issues and needs of vulnerable individuals.

i. Level of Stakeholder Interest and Support

- A. FBR can play a role in ensuring an improved workplace environment for women, minorities, and people with disability. It is in their mandate, and they have in the past taken up similar issues with the management

7. Grievance Redress Mechanism

This section lays out the existing grievance redress mechanisms (GRM) in place responsible for project implementation, in addition to delineating proposed GRM procedures for the project itself. As per World Bank requirements, GRM systems are an integral component of project administration. Paragraph 26 of ESS 10 says that “the Borrower will respond to concerns and grievances of project-affected parties related to the environmental and social performance of the project promptly. For this purpose, the Borrower will propose and implement a grievance mechanism to receive and facilitate resolution of such concerns and grievances.”

7.1. Existing Mechanisms

FBR has a Grievance Redress Mechanism which is based on intra as well inter-organizational mechanisms. For inter-organizational mechanisms, the FBR maintains an online complaints section comprising of different parallel tiers depending on the nature of the complaint. Firstly, if an employee of FBR has a complaint, the same can be lodged with the Chairman FBR (which would be dealt with under the guidelines of the FBR Act, 2007) and if a taxpayer has a complaint regarding any malpractices on the part of tax officials, the same can also be forwarded to the Chairman FBR through the link available on FBR website. Secondly, an Integrity & Performance Management Unit (IPMU) has been established at FBR. The IPMU is further divided into two cells comprising of Integrity Management Cell (IMC) and a Performance Management Cell (PMC). Thirdly, regarding the inter-organizational GRM System, for the facilitation, technical and legal support of the taxpayers, the CRM (Customer Relationship Management) and Call Center have been established at FBR through which technical queries, software issues, and filing-related understanding as well as grievances of the taxpayers are addressed by teams comprised of call center agents, legal team and developers’ team.

Regarding the inter-organizational aspects, the complainant can lodge his/her complaint with the Office of the Federal Tax Ombudsman which serves as an appellate forum where any taxpayer can file an appeal against a decision taken by the tax authorities. It has a separate website explaining the role of the Ombudsman Office, maintains an online complaint system, and provides information on its regional offices.

PRRP has an operational GRM to facilitate amicable and timely resolution of complaints and grievances of the stakeholders including project affected persons (PAPs) (male and female) regarding all environmental, social and gender based violence issues including not limited to E-waste disposal by contractors.

The GRM proposed here spans the entire project implementation and will cater to both the directly and indirectly affected people/beneficiaries. Though the GRM proposed here has been designed to address environmental, social and gender based problems identified during implementation, it will also cater to managing any disconnects that emerge from the field level that have significant implications for the effective implementation of the sub-project interventions.

The core responsibility of developing and managing GRM will rest with the PMU in Islamabad. The PRRP target offices will serve as the secretariat for the Grievance Redress Committee which

will be responsible for providing oversight on the entire GRM process at the local level and monitoring complaints management.

7.2. Current Status of GMR

After the clearance of ESMP of PRRP, the GRM contained in ESMP has been disclosed to all concerned i.e. trainees as well as focal persons in FBR offices where PRRP activities are being implemented. As a first step, training sessions on implementation of ESMP including session on GRM implementation have been conducted at five locations which covered 100 participants (see table 1.2). Trainees have been capacitated on registering and resolving complaints of all stakeholders and aggrieved persons in a systematic way as described in the GRM under different tiers. With the provision of ESMP document to all focal persons the GRM has been made operational in all offices. As the physical activities of PRRP are yet to be implemented in offices, no complaint has been recorded so far.

7.3. Objectives of the GRM

The GRM is consistent with the requirements of the FBR and World Bank Procedures & Guidelines of redress mechanisms to ensure the mitigation of concerns by the affected persons, risk management, and maximization of environmental and social benefits. The overall objective of the GRM is therefore to provide a robust system of procedures and processes that provides for transparent and rapid resolution of concerns and complaints identified at the local level which will also include gender based violence related complaints specific to PRRP activities.

The GRM will be accessible to diverse stakeholders including workers, staff, recyclers, and affected communities, including women, senior citizens, and other vulnerable groups. Culturally appropriate communication mechanisms will be used at all sub-project sites both to spread awareness regarding the GRM process as well as complaints management.

The mandate of the GRM is to:

- (i) Receive and address any concerns, complaints, notices of emerging conflicts, or grievances (collectively “Grievance”) alleging actual or potential harm to the affected person(s) (the “Claimant(s)”) arising from the Project;
- (ii) Receive and address gender based violence related complaints relevant to activities of PRRP.
- (iii) Assist in the resolution of Grievances between and among Project Stakeholders; as well as the various government ministries, agencies and commissions, CSOs and NGOs, and others (collectively, the “Stakeholders”) in the context of the Project;
- (iv) Conduct itself at all times in a flexible, collaborative, and transparent manner aimed at problem-solving and consensus building.

7.4. Complaint Registration

Any person will have the option to lodge a grievance/complaint using any of the following means:

1. **Through email:** Complaints can be registered through email to SMS available at sms.prrp@fbr.gov.pk
2. **Verbal registration via phone:** Affected person may contact the respective FBR office via telephone and register a complaint with the Environmental and Social Focal Person. Complaints can be lodged via phone call to SMS at 0519219641.
3. **A written complaint is to be sent through courier to the PMU in Islamabad or any FBR office of concern:** Complaints can be posted to FBR offices of concern as letters or written messages and addressed to the Environmental and Social Focal Person.

The complaint can also be filed by the representative of the affected person, given that they provide credible documentation and written consent by the people or group whom they represent. All complaints, however, made, will be received by the Social Management Specialist based in the PMU office in Islamabad. SMS will consolidate all complaints into a database daily, separated by location as well as subject. All complaints registered will reach the following:

- Project Director, PRRP
- Environmental Management Specialist (EMS)
- Social Management Specialist (SMS)

The grievance application would include the name of the claimant/representative, the contact details of the individual making the complaint (i.e., email, phone, address), and the description of the potential harm. The SMS being the repository of all social complaints will forward the complaint to the relevant Solution Tier. The solution tiers are described in the sections below.

7.5. GRM Procedure

Any grievance in writing, verbal or digital form shall be recorded by the receiving office (PMU or regional FBR offices) in a Complaint Register (CR) which will be maintained in the form of a database. A serial number will be assigned to it together with the date of receipt. The database will include details of actions taken to resolve the issue and dates on which resolution was affected. The database will be centrally maintained at the PMU in Islamabad.

All registered grievances/complaints will be acknowledged through a text message or phone call. If no telephone number is supplied by the complainant, he or she will be asked through a letter to check back with the PMU. This acknowledgment will be issued within one day of receipt of the grievance/complaint. The acknowledgment shall contain the name and designation of the officer who will deal with the grievance; information that necessary action will be taken within the specified working days from the date of receipt of the grievance by the officer concerned; name, address, email address and phone number of the authority which the complainant could approach if the matter is not redressed within the specified timeframe or if she/he is not satisfied with the action taken.

Grievances will be investigated and resolved within the timeframe specified. If resolution demands longer than the specified timeframe, the complainant will be informed. Grievances that require the

cooperation of several departments, or which are otherwise complicated, will be referred to the Grievance Redress Committee (GRC) which will specify how the resolution is to take place.

The staff will provide monthly updates to the claimant regarding the status and current actions being taken to resolve the grievance. If the proposed response is rejected by the stakeholders/beneficiaries then a further assessment will take place unless a mutual agreement is reached between the two parties. A dialogue will be facilitated to ensure that the views of the complainants are discerned.

If the grievance redress mechanism fails to satisfy the aggrieved affected person at all levels, she/he can submit the case to the appropriate court of law. In that case, the GRM staff will document the entire process of redressing grievance including all the relevant steps taken, communication with the complainant, and the decision made by the GRM team to refer the AP to alternative recourse.

A GRM report will be submitted semi-annually detailing the work of the GRM, enumerating the number and nature of the grievances received in the past six months, referrals made, and the status of the ongoing implementation of the grievances being addressed.

7.6. GRM Solution Tiers

A multi-tier GRM has been proposed for the PRRP which is described below.

Tier 1 (Regional Office level): When a grievance arises, the SMS may directly advise the relevant FBR Field Office or Responsible Party to resolve the issue appropriately within the given timeframe of 15 days. If the issue is successfully resolved, no further follow-up is required. Environment and Social Focal Person (ESFP) in the concerned office will keep track of the proceedings. Gender based violence grievances will not be addressed at this tier rather referred to tier 2 for appropriate solution.

Tier 2 (PMU Level GRC): If no solution can be found at Tier 1 or a gender based violence related complaint arises, the SMS will convey concern/grievance to the GRC at the PMU level. Because of the sanctity of the female staff, the gender based violence related complaints, if any, will be addressed on priority and not disclosed to irrelevant persons.

The GRC will comprise of:

- Environmental and Social Focal Person of the regional/ local FBR office concerned,
- Project Director, PRRP
- Social Management Specialist,

All the members will be duly notified. For each complaint, the GRC will investigate and prepare a fact-finding report to assess its eligibility and identify an appropriate solution. The GRC will, as appropriate, instruct the responsible entity to take corrective actions. The complaint will be redressed/appropriately responded to within 15 days. The GRC will review the responsible entity's response and undertake additional monitoring as needed.

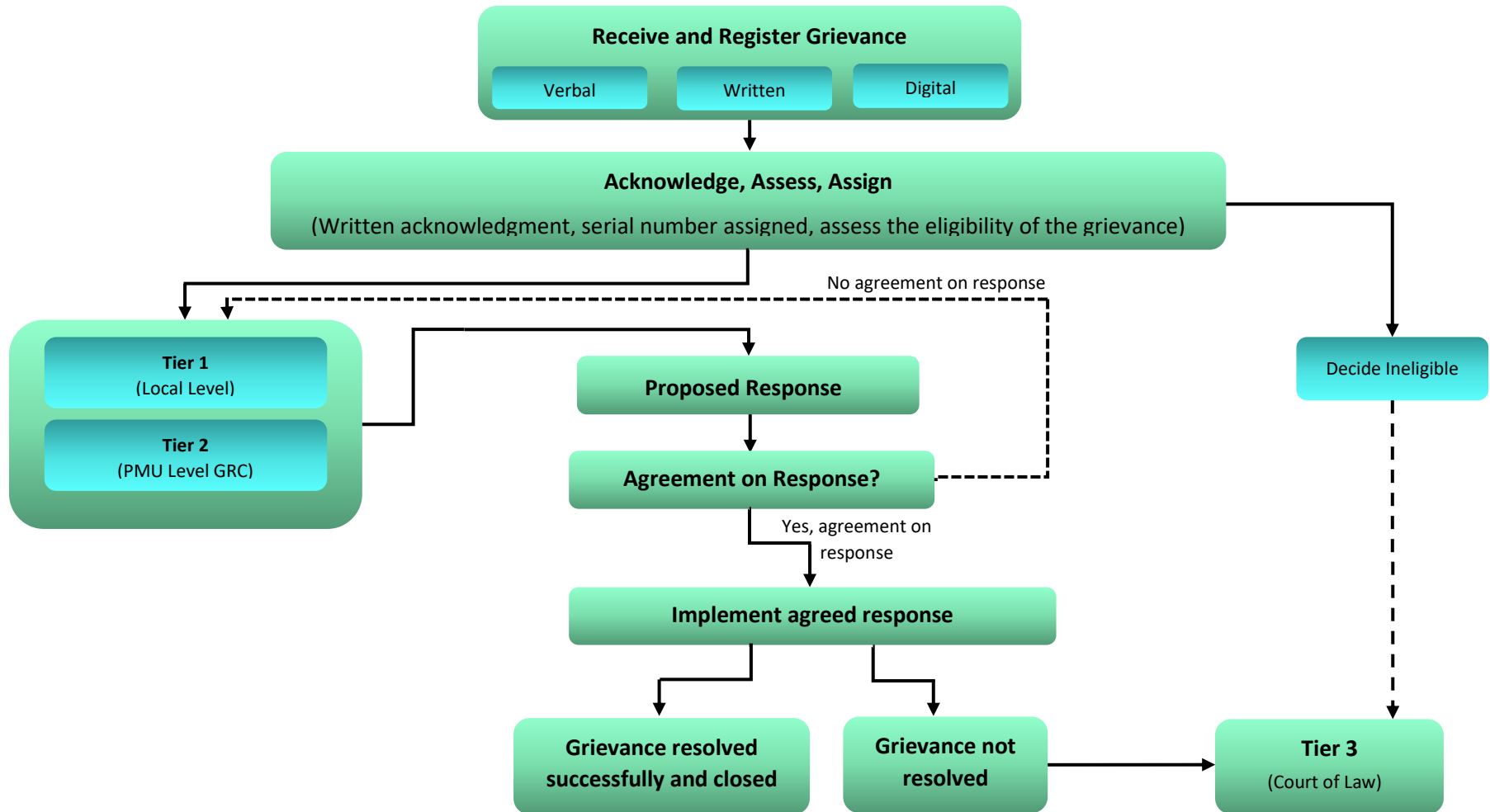
Tier 3: If the PAPs are still not satisfied with the decision, then the complainant(s) may contact and register their complaint with the Court of law.

7.7. Grievance Closure

The complaint shall be considered as disposed-off and closed when:

- The designated officer/authority has acceded to the request of the complainant fully;
- Where the complainant has indicated acceptance of the response in writing;
- Where the complainant has not responded to the concerned officer within one month of being intimated about the final decision of the grievance officer on his grievance/complaint;
- Where the complainant fails to attend the proceedings of the concerned officer at the relevant office within the stipulated period of the disposal of the complaint; and
- Where the complainant withdraws his/her complaint.

Figure 5: Grievance Redress Mechanism



7.8. Types of Complaints

7.8.1 Complaints Regarding Accidental Impact

The FBR core team will identify possible events occurring during the Project and resolve them.

7.8.2 Complaints Stemming from a Lack of Information or Misinformation

When these cases occur in project implementation, the FBR has a clear mechanism for their resolution. The call center of FBR can be approached at 051-111772772. It receives citizens' complaints and addresses them promptly with a three-tier system; ranging from basic queries to technical ones. After technical queries, the third tier is devoted to legal and development (software) related issues. These are catered to by professional teams equipped with the technical skills and requirements of this role.

7.8.3 Complaints about the Behavior

If such a complaint arises, there are various means to address it. First, the Integrity and Performance Management Unit (IPMU) is established, divided into two cells comprising of Integrity Management Cell (IMC) and a Performance Management Cell (PMC). The corruption-related complaints of FBR employees from Grade 1 to Grade 21 are lodged at IMC working under the shadow of Efficiency & Discipline Rules, 1973 with a specially designed system named Complaint Management System. FBR's HRM in collaboration with PRAL (FBR's IT Supplier) is developing a system of key performance indicators for FBR's employees in the Customs and Inland Revenue divisions under the PMC. PMC, on the other hand, is already monitoring these employees based on the earlier KPIs. Along with the above, the project workers will be provided a Grievance form for the resolution of their issues set in a standard format.

7.8.4 Complaints about the Behavior of Personnel of FBR by other FBR employees

In this specially designed mechanism, other FBR employees can complain to the FBR Chairman online about the behavior of other FBR employees. This is a highly effective grievance mechanism set in the organization for the employees.

8. Monitoring and Reporting

8.1. Involvement of Stakeholders in Monitoring Activities

ESCP and SEP require regular consultations with stakeholders such as small business associations and other taxpayers to obtain feedback on the effectiveness of facilitation measures and gather suggestions for further improvement. These consultations will also be used to collect information about the project's progress in meeting the result indicators laid out in the project results framework.

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

8.2. SEP Monitoring Indicators

Monitoring of SEP will focus on a number of indicators generating some statistical/quantified data for evaluation of the progress made during implementation of this SEP. Following indicators will be monitored and would be made part of the SEP monitoring reports:

- a. Number of social capacity building events/trainings held for stakeholders on social compliance
- b. Number of grievances received through GRM
- c. Number of grievances resolved through GRM
- d. Number of grievances in process
- e. Number of stakeholders consulted, disaggregated by the type of stakeholder.
- f. Number of Stakeholder workshops or meetings organized.
- g. Number of press materials published/broadcasted in the local, regional, and national media relating to stakeholder engagements.
- h. Number of participants attending stakeholder consultations, disaggregated by sex and stakeholder group.
- i. Proportion of stakeholder groups identified in the SEP who have been engaged by the project.
- j. Number of stakeholder engagement feedback assessments/evaluations carried out.
- k. Proportion of stakeholder concerns addressed and communicated to them.

8.3. Monitoring the Grievance Mechanism

It is important to monitor the effectiveness of the comment response and, grievance mechanism. Appropriate measures/KPIs for this include monthly reporting on the number of grievances received, resolved, and outstanding. This will be undertaken by the PMU staff and reported to the Project Director. As part of the annual review, analyzing the trends and time taken for grievance resolution will help to evaluate the efficacy of the comment response and, grievance mechanism.

As part of stakeholder engagement and consultation, involving the views of the stakeholders for whom the Comment Response and, Grievance Mechanism is designed in this monitoring and review will help to improve effectiveness and stakeholder buy-in.

The PMU will maintain a database and activity file detailing all public consultation, disclosure information, and grievances collected throughout the project, which will be available for public review on request.

Stakeholder engagement should be periodically evaluated by senior management. The following indicators will be used for evaluation:

- Level of understanding of the project stakeholders;
- Number of annual grievances received and resolved and how they have been addressed; and
- Level of involvement of affected people in committees and in the project itself.
- To measure these indicators the following data will be used:
 - Issues and management responses linked to minutes of meetings;
 - Feedback from primary stakeholder groups (through interviews with a sample of affected people) and
 - Grievance register.

8.4. Reporting Back To Stakeholder Groups

It is critical to follow up with stakeholders at different stages of the project cycle. Once consultations have taken place, stakeholders will want to know which of their suggestions will be used, what risk or impact mitigation measures will be put in place to address their concerns, and how, for example, project impacts are being monitored. Often the same methods used in information disclosure are applied to reporting back to stakeholders. This follow-up can include large-scale forums, brochures, targeted meetings, and consultative committees.

The six-monthly report will provide relevant information to be included in the Project ISR Reports. The project also supports the FBR's efforts to increase its capacity in communications and outreach by hiring experienced communications professionals to design and implement taxpayer awareness sessions and provide a feedback loop.

The project PMU will provide the opportunity to report back to the stakeholders on matters relating to:

- Main findings from the annual monitoring;
- Quarterly/ yearly reporting to primary (direct) stakeholders. These sessions will be open to all interested stakeholders.

8.5. Independent Third-Party Monitor

PMU will hire an Independent third-party monitor (consultant) to monitor the overall implementation process and compliance of PRRP to SEP on an annual basis.

Annexure 1. Stakeholder Consultation Logs

Record of the Consultation Meeting

Stakeholder/s:

Consultation

Group

(Male/Female):

Date:

Time:

Meeting venue:

Attended by:

Name

Occupation

Contact

Conducted by:

Recorded by:

Language:

Preamble:

Picture: To be inserted.

**Stakeholder
views, concerns,
and suggestions:**

Annexure 2. Key Informant Interviews (KIIs)

Form ID: _____

Full Name of Interviewer: First Name: _____ Last Name: _____

Institution/Business: _____ Date: ____/____/____

Time: ____:____ AM PM

Introduction- My name is _____. I am representing PRRP-FBR. We are conducting stakeholder consultations to take the views, concerns, and, suggestions. The information gathered will be used strictly for the project purposes and your identity and anonymity will be ensured. There are no right or wrong questions so please answer as you deem fit. Do I have permission to proceed to ask you relevant questions and record your answers? You are free to withdraw from this discussion at any time by telling the enumerator. Thank you.

Section.1 Existing Issues

Q.1: In your opinion, how effective are the FBR services regarding tax collections and how much support and guidance does it require for those?

Prompt-

SEC.2. Existing support available to you

Q2. Who provides the support to overcome the challenges and how is the support provided?

Prompt-

Q.2.a. How often is the support available to you?

Prompt-

Q.2.b. Which FBR wing provides opportunities to resolve the issues and what level of support do you think they receive from different authorities?

Prompt-

Section: 2 Existing FBR support services

Q.3. What do you think of the existing support services in terms of adequacy, quality, relevance, frequency, and quality?

Prompt-

Q.3.a. In your opinion, did the FBR official(s) meet your needs and were they practical and appropriate for your tax-specific situation? (Please support your answer with examples and reasons)

Prompt-

SEC.3. PRRP-FBR modalities

Q.5: In your opinion, which one of the existing modalities of FBR has been most effective and has had a clear positive impact on raising revenue and why? (Please elaborate).

SEC.4. Barriers to receiving solutions

Q.6. Which organizations/Institutions/firms offer to resolve issues with FBR in case of your queries, and how comfortably do you think these organizations/firms could participate in uplifting the program?

Prompt-

Q.6.a. How supportive do you think authorities such as the NADRA etc. to participate in a program? (Please elaborate)

SEC.5. Recommendations and suggestions

Annexure 3. Focus Group Discussion

General Questions (For all directly interested organizations)

Sr. #	Questions
1	Do you think it is a good initiative and in your opinion, what is the main area of concern that needs to be addressed or streamlined?
2	Automation in FBR is one of the reform initiatives. Do you think any issues will be arising from this?
3	How would they benefit your organization? Will the reform will affect your work?
4	How critical do you think it is for FBR reforms to take place?
5	Do you think that the reforms will affect your work? What influence can you exert on this process?
6	What concerns/issues does your organization have with FBR? Have you been able to address any of these? If not, what do you think has been the main hindrance due to which you could not overcome it?
7	In your view what steps would be needed to address the concerns/issues face by your organization?
8	Who would you consider to be other key stakeholders who would be directly or indirectly affected by the FBR reforms project?
9	Are there any grievance/redressal mechanisms in FBR?
10	How would you like to be informed about the reform process?

Questions Specific to FBR

Sr. #	Questions
1	What kind of reforms would help FBR to increase compliance?
2	How many departments are in FBR? Are they working at full capacity?
3	How would you describe the relationship between the different structures that make up the FBR? (Probe: the relationship between FBR and Ministry of Finance, FBR and customs, FBR and provincial authorities? What is the most problematic aspect of the relationship between different structures? Explain the relationship between different wings of FBR, and the relationship of FBR with Ministry of Finance and provincial authorities? What is the most problematic aspect of the relationship between different structures?)
4	Do FBR employees receive any kind of training? Do you think there is a need for training?
5	What is FBR working group? And what kind of issues are discussed in this?
6	In terms of a grievance mechanism, how long does it take to resolve a complaint in the system? (For instance, resolving an appeal or processing a refund?)

Questions Specific to PRAL

Sr. #	Questions
1	Could you describe the structure and mandate of PRAL?
2	What is the current status of FBR regarding ICT – equipment, capacity to use, and intranet facilities?
3	What are some key issues that are being faced with the databases?
4	Is there any sharing of data and synergy with other organizations e.g. SECP or NADRA?
5	Please explain the mandate, composition and responsibilities of PRAL Board? PRAL Board its composition and its responsibilities?

Questions Specific to FBR Women Staff (Grade 1-15)

Sr. #	Questions
1	In terms of career management, how would you describe the FBR as an organization?
2	Is there any enabling environment and performance incentives for staff? If not, what would you propose to address these areas in the future?
3	What are the working conditions for women? (Bathroom facilities, maternity leave)
4	On average how long do women stay in different posts? Are you frequently posted to different assignments?
5	Is there any gender bias in FBR with respect to promotions?
6	Can you describe any initiatives aimed at promoting workforce diversity by enhancing the recruitment and retention of women? Alternatively, if such measures are not currently in place, could you suggest steps that could be taken to address this issue?

Questions Specific to the Chamber of Commerce

Sr. #	Questions
1	What are the issues regarding collection of withholding tax?
2	What will be the implications would the electronic monitoring (under track and trace system) of production for the sugar, cement, fertilizer, tobacco and other sectors?
3	Is electronic monitoring under track and trace system is a useful tool?
4	How many tax exemptions are in place at present in your sector? Which tax exemptions are available for various sector/tax payers?
5	Does FBR consult with the Chamber and relevant Associations before giving exemptions?
6	What kind of simplification in the e-filing process would help tax payers?
7	How do women-headed firms handle tax burdens and custom practices? What is the procedure and what kind of hurdles do they encounter? Is there any facilitation for the businesses owned by women in tax compliance?

Questions Specific to Tax Accountants/Lawyers

Sr. #	Questions
1	How do you find the current tax system? Is it user-friendly?
2	What would you identify as the main weakness of the current tax system?
3	What are the hindrances in voluntary tax compliance an issue? Why do people hesitate to file their taxes?
4	Who are the most vulnerable groups regarding the issues faced in the tax compliance process?
5	What kind of complaints do you often encounter in your work?

Questions Specific to Pakistan Customs Service

Sr. #	Questions
1	What are the main features of the customs strategic plan? Will it improve the functioning of the current system?
2	What is the significance of the Automated Entry-Exit System? How can it assist in your work?
3	Does the existing workforce have the required ICT training to operate this mechanism?
4	In terms of capacity building what support would be required to enable the department to function efficiently with this new system?
5	What is the status of the trusted trader program? Do you envisage any benefits and/or problems in implementing the system?
6	The government has recently supported the implementation of the national single window for trade facilitation. How do you see that being operationalized? What is the benefit of implementing this initiative and what are the problems you may face?

Questions Specific to EPA and the Ministry of Climate Change

Sr. #	Questions
1	Are there guidelines in place for handling E-Waste? If so, when were these updated?
2	Have these guidelines been implemented with any department/agency?
3	Do you think that these can be implemented by FBR? Will they require any modification?
4	What are the labor and safety issues that may arise in handling E-waste?

Questions Specific to Provincial Tax Authority

Sr. #	Questions
1	Overall, what do you think of the fact that taxation in the province is divided among 3 tax bodies? Is there any synergy between these authorities or do they operate independently?
2	What is the relationship between your department and the provincial finance department? What reporting/interaction is conducted regularly?
3	There is an MOU for the exchange of taxpayer information between the federal and provincial authorities? Is information being shared? What is the main benefit of this arrangement?
4	Are there problems in the collection of GSTS? How frequently do you report it to the FBR? Is there regular information sharing with FBR?
5	Are input adjustments an issue when it comes to levying GST on goods or services? How are these handled?
6	Have you heard of the fiscal coordination committee? What is its role and how can it be effective in better coordination between the center and the provinces?
7	Do you have regular links/communication with the FBR?
8	Overall what would you say is working best between the federal and provincial tax authorities?
9	What would be the most pressing issue, which should be resolved as a priority?

FGD Response Sheet

Full Name of Interviewer: First Name: _____ Last Name: _____

Institution/Business: _____ Date: ____/____/____

Time: ____:____ AM PM

Question #	Response
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Signature

Annexure 4 List of Documents Consulted

1. Diamond Human Resource Assessment of the FBR, Pakistan, March 2019.
2. Environmental and Social Commitment Plan of PRRP, 2019
3. Environmental and Social Management Plan of PRRP, 2022
4. ESS 10 Guidance Note Stakeholder Engagement and Information Disclosure
5. ESS 10 Grievance Redress Mechanism Checklist June 2018
6. ESR Summary Concept Stage (2/27/2019, Report No: ESRSC00280)
7. FBR Grievance Mechanism for PRRP May 2019
8. ICR Review of Pakistan Tax Administration Reforms Project (ICRR 13997)
9. Inception Report for PRRP
10. Project Appraisal Document for PRRP
11. Taxpayers' Satisfaction Survey, FBR, 2023
12. TOR for Preparation of a Stakeholder Engagement Plan for the "Pakistan Raises Revenue Project"
13. Women Taxpayers' Data, FBR available at <https://download1.fbr.gov.pk/Docs/2023431144913725WomanTaxpayer.pdf>.

Annexure 5 Environmental and Social Screening of FBR Offices

No.	Name of office	GPS	Checklist developed	Impact Categorization
1	Corporate Tax Office, Tax House, Nabha Road, Lahore	N: 31.564410 E: 74.309700	15-Jul-22	Medium Impact
2	RTO, Adjacent to Tax House, Nabha Road, Lahore	N: 31.564790 E: 74.309640	18-Jul-22	Medium Impact
3	Post Clearance Audit, Custom House, Lahore	N: 31.564790 E: 74.309640	18-Jul-22	Medium Impact
4	Internal Audit (Customs), Bilour Palace, Lahore	N: 31.566800 E: 74.322460	19-Jul-22	Medium Impact
5	MCC (Appraisalment), Dry Port, Mughalpura, Lahore	N: 31.558260 E: 74.375350	19-Jul-22	Medium Impact
6	I&I (Customs), Allama Iqbal Town, Lahore	N: 31.524380 E: 74.294840	20-Jul-22	Medium Impact
7	Directorate of Training (IR), Allama Iqbal Town, Lahore	N: 31.521770 E: 74.294770	20-Jul-22	Medium Impact
8	I&I (IR), Babar Block, Garden Town, Lahore	N: 31.521770 E: 74.294770	20-Jul-22	Medium Impact
9	Internal Audit (Customs), Johar Town, Lahore	N: 31.471210 E: 74.276770	21-Jul-22	Medium Impact
10	IOCO (North), Canal View Housing Society, Lahore	N: 31.474060 E: 74.251830	21-Jul-22	Medium Impact
11	RTO-II, Gulistan e Johar, Karachi	N: 24.91600 E: 67.123222	2-Jan-23	Medium Impact
12	Medium Taxpayers Office, Income Tax House, Shahrah-e-Kamal Ataturk, Karachi	N: 24.854028 E: 67.018028	17-Jan-23	Medium Impact
13	Corporate Taxpayers Office, Income Tax House, Shahrah-e-Kamal Ataturk, Karachi	N: 24.857370 E: 67.018400	19-Jan-23	Medium Impact
14	Regional Tax Office-I, Income Tax House, Shahrah-e-Kamal Ataturk, Karachi	N: 24.857370 E: 67.018400	20-Jan-23	Medium Impact
15	Regional Tax Office, S.I.T.E. Area, Hyderabad	N: 25.358694 E: 68.384944	17-Jan-23	Medium Impact
16	I&I (IR), Sector G-10/4, Islamabad	N: 33.676194 E: 73.028111	16-Jan-23	Medium Impact
17	Large Taxpayers Office, Mauve Area, G-9/1, Islamabad	N: 33.679910 E: 73.034880	20-Jan-23	Low Impact
18	Corporate Taxpayers Office, Mauve Area, G-9/1, Islamabad	N: 33.677450 E: 73.029670	23-Jan-23	Low Impact
19	RTO, Street 31, Mauve Area, G-9/1, Islamabad	N: 33.677450 E: 73.029670	23-Jan-23	Medium Impact
20	Internal Audit (Custom), Old CBR Building, Sector G-6, Islamabad	N: 33.714760 E: 73.086740	26-Jan-23	Medium Impact
21	Directorate of I&I (IR), Immigration Tower, G-8/1, Islamabad	N: 33.689800 E: 73.054360	27-Jan-23	Low Impact
22	Post Clearance Audit (Custom), Custom House, 24, Mauve Area, G-9/1, Islamabad	N: 33.678250 E: 73.032750	31-Jan-23	Medium Impact
23	Collectorate of Customs (MCC), Custom House, 24, Mauve Area, G-9/1, Islamabad	N: 33.678250 E: 73.032750	31-Jan-23	Medium Impact

24	I&I (Customs), Plot 1, Service Road, G 10/4, Islamabad	N: 33.675850 E: 73.028210	1-Feb-23	Low Impact
25	Internal Audit (IR), CDA Block-2, G-6, Islamabad	N: 33.714400 E: 73.086700	1-Feb-23	Low Impact
26	Pakistan Custom Academy, CDA Block-III, Near Civic Centre, G-6, Islamabad	N: 33.714400 E: 73.086700	2-Feb-23	Medium Impact
27	Directorate of Training (IR), CDA Block-III, Near Civic Centre, G-6, Islamabad	N: 33.714400 E: 73.086700	2-Feb-23	Medium Impact
28	RTO, Income Tax Building, Mayo Road, Rawalpindi	N: 33.585530 E: 73.066270	3-Feb-23	Medium Impact
29	Internal Audit (IR), Income Tax Building, Mayo Road, Rawalpindi	N: 33.585530 E: 73.066270	3-Feb-23	Medium Impact
30	Data Processing Center, Income Tax Building, Mayo Road, Rawalpindi	N: 33.585530 E: 73.066270	3-Feb-23	Low Impact
31	RTO, Income Tax Building, Spinny Road, Quetta	N: 30.200250 E: 66.997080	23-Feb-23	Medium Impact
32	Transit Trade, Chaman Housing Scheme, Quetta	N: 30.215800 E: 66.989590	23-Feb-23	Low Impact
33	I&I Customs, Chaman Housing Scheme, Quetta	N: 30.221210 E: 66.991370	23-Feb-23	Low Impact
34	Custom House (Appraisalment and Preventive), Chaman Road, Quetta	N: 30.223120 E: 66.002370	24-Feb-23	Medium Impact
35	Custom (Appraisalment), NLC Dry Port, Quetta	N: 30.228910 E: 67.009010	24-Feb-23	Medium Impact
36	Customs House, Eduljee Dinshaw Road, Karachi	N: 24.848560 E: 66.991930	11-May-23	Medium Impact
37	PRAL Data Center, Custom House, Eduljee Dinshaw Road, Karachi	N: 24.848560 E: 66.991930	11-May-23	Low Impact
38	Pakistan Custom Academy, Old Custom House, Eduljee Dinshaw Road, Karachi	N: 24.848100 E: 66.992610	15-May-23	Medium Impact
39	Directorate of Transit Trade, Old Custom House, Eduljee Dinshaw Road, Karachi	N: 24.848100 E: 66.992610	15-May-23	Medium Impact
40	LTO, Molvi Tameez ud Din Road, Karachi	N: 24.844630 E: 66.993420	16-May-23	Medium Impact
41	Customs Export, Port Mohammad Bin Qasim (PMBQ), Karachi	N: 24.785050 E: 67.351290	16-May-23	Low Impact
42	Customs Appraisalment, Port Mohammad Bin Qasim, Karachi	N: 24.786640 E: 67.341110	16-May-23	Low Impact