

# Round II Consultations Report

## World Bank Group (WBG) Country Partnership Strategy (CPS) 2015-19

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## **A. Introduction/ Background**

1. A second round of consultations was held in various cities around the country as a follow up to the first round of held July 2013- January 2014. The objective of these consultations was to engage with the stakeholders, both government and non-government and share the draft strategy to receive input for suggestions. It was an opportunity to have further discussions on information gathered earlier, and to validate that the emerging themes were incorporated in the new Country Partnership Strategy.

2. Based on the feedback received from the government and other stakeholders, key priorities at the federal level are emerging as:

- (i) Energy and water; small to medium dams, alternate energy, accountability
- (ii) Improving investment climate for private sector participation
- (iii) Climate change, disaster management, and environmental sustainability
- (iv) Regional trade and economic growth; value chain addition
- (v) MDGs – education, health particularly maternal health and infant mortality
- (vi) Employment for youth and women

3. As explained during the first round of consultations, while an effort will be made to take various views on board, some level of prioritization and trade-offs would have to be made as WBG would not be able to respond to all demands with its limited resources. WBG has to exercise selectivity to seek visible impact and results. One important element of the WBG strategy is to leverage the strengths of the private sector and other development partners to support the key priorities in Pakistan. The three institutions of the World Bank Group will work together to bring value to the clients in Pakistan. The WBG includes International Development Association (IDA), the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Multilateral Investment Guarantee Agency (MIGA). The IDA and IBRD work with the governments and provide concessional credits, grants, loans and knowledge support (analytical work and non-lending technical assistance). IFC provides advice and commercial loans to the private sector, while MIGA provides political risk insurance guarantees for private investment in the country. To learn more about how the World Bank Group operates in Pakistan please visit our website at [www.worldbank.org.pk](http://www.worldbank.org.pk). For more information on our Country Program Snapshot please download a working copy from the following link: <http://documents.worldbank.org/curated/en/2013/10/18368828/world-bank-group-pakistan-partnership-country-program-snapshot>.

## **B. Presentation by the WBG on CPS Draft Strategy 2015-2019**

4. The WBG presentation focused on an overview of the CPS process, the lessons learned from the previous CPS, what is different this time around and what result areas emerged through the consultative process.

5. To develop the strategy, an extensive round of consultations was held from July 2013- January 2014 where 4100 people were consulted across Pakistan. These consultations included in person meetings with Federal Ministers, Chief Ministers, Chief Secretaries Senior Officials of

various ministries, members of the Civil Society, Parliamentarians and Political leaders, Think Tanks, Academia Youth, Analysts, Development Partners, Media and of the Private Sector. In addition, client surveys, interview surveys and online surveys were held on Facebook to gather feedback on the challenges faced by Pakistan.

6. In addition to the stakeholders' consultations, the CPS is informed by government strategies and documents and as the provincial strategies develop, they will continue to guide the WBG engagement in provinces. The reference documents that have been used for guidance in this process are as follows:

- 1) Government Framework of 4Es: Energy, Economy, Education and Extremism
- 2) Priorities under the draft Vision 2025, as given on the Planning Commission's webpage
- 3) Balochistan Development Needs Assessment
- 4) Khyber Pakhtunkhwa Comprehensive Development Framework
- 5) National Energy Policy 2013
- 6) IMF Program: Letter of Intent
- 7) FBR's new approach to tax mobilization

7. There were several lessons learned from the previous CPS and details are available in Annex II of the main strategy document available on [www.worldbank.org.pk](http://www.worldbank.org.pk). One of the important lessons was that key strategic engagements take time. For example, for many years efforts on fiscal reforms/tax policy and energy have made little or uneven progress; however the engagements have laid the foundation for priority work in the new CPS. It was learned that coordinating donor responses can make a big difference –coordination on responses to challenges such as floods, social protection and the MDTF-highlights the value of partnerships with stakeholders. Traditional approaches to capacity building have only been moderately effective, where staff turnover in civil service is so high that it is hard to gain long-term traction. There is also a need to focus more on monitoring and evaluation and on results reporting from the start and a simpler CPS results framework with fewer outcomes will help keep the engagements focused. It was also learned that the provincial engagements need to be strengthened, particularly after the devolution. The role of the private sector is critical. During the last CPS period IFC played a counter-cyclical role that helped ramp up support to the private sector, even in difficult macroeconomic situation. Lastly it was also learned that an IFC-WB collaboration build around an explicit agreement on joint priorities, helped increase the impact of WBG program. The keys to success included a strong field presence, strengthened communication and use of private networks to leverage policy dialogue.

8. The overarching goal of the Pakistan CPS is to help the country accelerate poverty reduction and promote shared prosperity. In the new CPS period the WBG will focus on being **selective** and **transformational**. This is the key difference between the last strategy and the new CPS. The new CPS is structured around four strategic results areas:

- 1) Transforming the *energy* sector
- 2) Supporting *private sector* development
- 3) Breaking through “*good enough*” barrier on services
- 4) Reaching out to the *underserved neglected* and *poor*

9. **Leveraging** regional markets will be an important cross cutting theme. The four result areas propose fundamental game changers for the next CPS period. First, it deals with vulnerable macroeconomic external and domestic conditions that mark the initial CPS period. Second, it addresses the country's essential development challenges and focuses on two key constraints on growth —energy and private sector development. It explicitly recognizes the critical role of the private sector to help respond to these development challenges, and of the WBG in creating the enabling environment for more effective development solutions and in using its limited resources to leverage other development and private funding for maximum impact. Third, it supports the role of inclusion for dealing with what appears to be the most significant challenge in the medium term: materializing the population dividend and reaching out to the marginalized. Fourth, it accommodates the realities that the devolution of more responsibilities to provinces, in line with the 18<sup>th</sup> Constitutional Amendment, implies for the development process in terms of governance and service delivery. Finally, while the CPS consolidates the response to conflict-affected areas in particular, it also foresees WBG's initiatives to support a new regional dimension opening up for Pakistan. Overall, the CPS builds upon the new Government's framework of 4Es, the key priorities identified as part of the *Vision 2025* as well as provincial priorities.

10. The transformational change will require a shift in instruments and engagements to make an impact. This includes a focus on increasing development policy financing: for the past five years no development policy financing was possible as the difficult but necessary reforms were not taken. In addition, the WBG will leverage large, private sector funding to complement public sector reforms. In order to strengthen accountability the WBG will increase its focus on results. More emphasis will also be placed on reviewing results at strategy and portfolio levels and expanding the use of third-party monitoring and impact evaluations. The WBG will focus on building knowledge partnerships, facilitate evidence based dialogue and develop deeper understanding of the political economy. In addition the WBG will reduce fragmentation in sub national engagements which means establishing province-specific programmatic engagement and bringing different sectors together at the province level to focus the dialogue on key barriers to poverty reductions and results. Governance will be an integral part of the program and the WBG will systematically identify ways to enhance accountability and transparency in all of the public and private institutions and systems we are working with. This also means helping the Government to implement its stated zero-tolerance for corruption in all transactions

11. The CPS also mainstreams several high priority development themes for Pakistan. On **gender**, most WBG projects in Pakistan are currently gender informed and all new projects will be screened for this. Further, specific attention will be paid to promoting women's participation in education, health, labor and private sector. In light of the demographic trends, the CPS recognizes **youth engagement** as a critical theme and within this a particular emphasis on innovative approaches to promoting economic opportunity for youth. The CPS seeks to address sources of **fragility and conflict**, with an emphasis on restoring trust between citizens and the Governments of KP, FATA, and Balochistan. And finally, an underlying theme of the CPS is creating **more and better jobs**, particularly by building the business environment, competitiveness, marketable skills for a growing labor force, and facilitating cross-border trade

## C. Key Discussion Points and Feedback Received

12. The discussion was focused around the following questions:
  - i. Do the proposed result areas and outcomes adequately reflect the main challenges and opportunities in Pakistan today?
  - ii. Does the draft strategy appropriately reflect feedback from the first round of consultations?
  - iii. How can we improve implementation?

### C-I: Consultation Session in Punjab: March 24<sup>th</sup>, 2014

13. A second round of consultations was held in Lahore on March 24<sup>th</sup>, 2014 where all non-government stakeholders: a mix of private sector, academia, think tanks, youth, media, civil society and political leaders were invited to a combined session. The session was chaired by Rachid Benmessaoud, Country Director, World Bank. The purpose of this session was to share the draft WBG strategy and receive input on the key results areas and outcomes. The main themes emerging from the discussion was as follows:

14. Food security was highlighted as an area of focus that needs be supported by interventions in water management and better farming practices. However it was noted that lack of adequate storage facilities leads to food wastage. It was also mentioned that agricultural growth has declined in the past few years with droughts and other natural disasters affecting the sector; hence integrating disaster risk management into the strategy was encouraged.

15. Water was highlighted as another critical issue that affects both the food security and the energy crisis. Pakistan is a water-stressed country and unless action is taken now will eventually become a water scarce country Better water management practices and creating awareness about water conservation is critical. Better water and sanitation will also help in addressing health related issues.

16. Energy was highlighted as the key issue facing the country and is rightly included by the WBG as one of the pillars in the CPS. However, steps also need to be taken with regards to energy conservation and improving the generation and distribution systems, addressing line losses, collection systems, etc. The energy related outcomes to be achieved under the strategy are “too modest”, such reduction in load shedding in 5 years by 5 hours, etc. ..

17. Strengthening the capacity of local governments was highlighted for improving service delivery at the provincial level. Given that the local governments will be the “implementers”, their training and understanding of the systems is critical to the success.

18. . It was shared that Pakistan has a two-market focused approach of which 67 percent is the textile industry and the energy crisis impedes the growth and progress of all other industries. It was suggested that the WBG look at areas of diversification for both product

and markets and to not just limit to neighboring countries and regions. It was also discussed that post 18<sup>th</sup>-amendment there has been an increase in the capacity of the food authorities, however the regulations in place within the domestic markets are not standardized and there are provincial disparities. In addition, the dairy sector contributes to 11 percent of the GDP and could be an area of further growth and development.

19. Population was highlighted as an area that has not been addressed directly in the CPS, however much discussion revolved around how the other result areas, particularly health and education which affect population. It was agreed upon that population explosion will lead to further scarcity of resources and awareness must be brought forth.

20. Youth is central to the growth and development of Pakistan, given the large population of young (men and women) in the labor force. Harnessing the youth's potential through positive engagement will have great results. It was discussed that youth and women should be part of program and project design at every level.

21. The Benazir Income Support Program (BISP) has had a positive impact so far on the vulnerable population. It was suggested to include regional and gender dimension in the BISP impact study as well as assessing the economic impact on the communities. It was also suggested to expand the BISP to include conditional cash transfers linked to educational and health related outcomes could result in huge benefits. The participants discussed that.

## **C-II: Consultation Session in Sindh: March 25<sup>th</sup>, 2014**

22. A second round of consultations was held in Karachi on the 25<sup>th</sup> of March and included a combined session with non-government stakeholders which included the private sector, youth, media, academia, think tanks, political leaders and civil society. The session was chaired by Rachid Benmessaoud, Country Director, World Bank The purpose of this session was to share the draft strategy and receive input on the results and outcomes. The main themes emerging from the discussion was as follows:

23. In general the participants agreed that the four results area addresses the issues discussed in the first round of the consultations and directly and indirectly impact other areas as well.

24. Water management and climate change was highlighted as equally important as the energy deficit, and needed to be reflected in the WBG strategy, particularly in relation to addressing disaster risk management strategies. Water logging and poor irrigation systems are adversely affecting crop management. In addition, the rapid population explosion will continue to make resources such as water, scarce unless that too is addressed.

25. Alternate energy development was highlighted as important for the overall energy management in the country. It was discussed that Pakistan is rich in natural resources such as coal and with the possible use of coal in energy development, particularly on the large scale there would be an impact on the environment as well. It was recommended that the WBG

conduct a study on the impact of coal-usage on the environment and human health. In alternative energy it was suggested that the focus should be on harnessing the available resources for biogas, solar energy, harvest water from the humidity and wind energy

26. Health sector needs more attention especially at the outcome level. It was suggested to look further and deeper into the health system as currently there are no safety net programs that are health specific and can directly impact the poor. It was suggested to look into micro insurance programs for health as Pakistan does not have one currently. It was also suggested that an affordable health care insurance could positively impact different tiers of the society. BISP was discussed in relation to health as well, and because of its widespread network and systems it was suggested that a health component be part of BISP as well. Inclusion for BISP needs to also consider the ethnic and religious dimension as well.

27. A rich discussion revolved around the third tier of government, the local government, and how the World Bank Group would align with the government's strategy of empowering them. It was discussed that the underlying malaise regarding implementation was the lack of good governance. The interventions being made must be mindful of the lack of experience at the local government level and should ensure mechanisms that help build their capacity as well.

28. Private sector development and improving access to finance was widely appreciated as areas of focus and it was shared that the legal and regulatory aspects of addressing the poor business environment needs to be reflected in the CPS document. Without a strong regulatory framework and specialized courts to resolve commercial disputes, foreign and domestic investment will remain a challenge.

### **C-III: Consultation Session in Balochistan: March 27<sup>th</sup>, 2014**

29. A second round of consultations was held in Quetta on the 27<sup>th</sup> of March and included a combined session with non-government stakeholders which included the private sector youth, media, academia, think tanks, political leaders and civil society. The purpose of this session was to share the draft strategy and receive input on the results and outcomes.

30. The participants were in agreement that the four result areas covered the discussion of the first round but shared that for Balochistan particularly, water should be addressed as a crisis. It was shared that the water level was below 1200 feet in some areas and there are no smaller dams to recharge the water supply. In addition in some parts of the province, they have the capacity to draw from only 400 feet below and do not have adequate supply of water. Changes in the climate have impacted both agriculture and livestock sectors and the water is unfit for drinking. There needs to be extra attention paid to water filtration systems, sanitation systems (which will affect health) and water storage systems. It was shared that a community develops around water and better water management practices with enhanced irrigations systems will restore the above mentioned sectors.

31. For private sector development, the participants shared that a regulatory authority needs to be in place before change can occur and the World Bank Group can help strengthen the capacity of this authority with strict monitoring and evaluation processes. It was recommended to involve and engage with local business owners for policy making as they understand the challenges on the ground and can better guide the reform makers. There is no credit lending as Balochistan is a red zone area, however there should be an option for matching grants for private sector development. It was requested that the WBG work directly with the Private Sector for small and medium projects as there are delays in the banking sector that cannot be resolved. With private sector development the issue of unemployment and youth engagement can be addressed as well.

32. Education was another area that the participants felt that needed more attention in Balochistan as there are not enough schools and quality of education is also low. The private-public partnerships to develop school systems were encouraged. As part of the system, it was discussed that there needs to be schools with hostels as well, for both teachers and students due to distances that need to be travelled. In addition a special focus should be on scholarships for the Balochistan's students in other parts of the country and abroad. In regards to secondary and tertiary education, it was requested by the Women's university that the students are engaged by the WBG for projects in the province as it would enhance their learning, build their confidence and prepare them for future jobs. It was suggested that a program could be started in partnership with the Universities that specialize in the field of teaching so as the students graduate with a certificate, they can teach in neighboring high schools which would be monitored by the University.

#### **C-IV: Consultation Session with the Federal and Provincial Governments: March 28<sup>th</sup>, 2014**

33. A consultation session with representatives from the Federal and provincial governments was held on March 28, 2014 at the Economic Affairs Division (EAD) office in Islamabad. The session was co-chaired by the Country Director, World Bank, and Secretary, EAD. The Secretary appreciated the thorough and comprehensive consultations carried out by the Bank Group, as well as the efforts to align the strategy with the agenda of the new government.

34. The WBG Country Director highlighted that the new Country Strategy for Pakistan placed greater emphasis on selectivity with fewer results to be achieved in close collaboration and partnership with the government and also with the private sector. The WBG is also looking for a more coordinated approach at the sub-national and provincial levels, and is being more ambitious in setting targets, in the education sector for instance.

35. Regarding alignment with the government's priorities, particularly the 3 + 1 Es – Energy, Economy, Extremism and Education, the four pillars of the Country Partnership Strategy (CPS), are directly aligned with these – Energy, Private Sector Development, Inclusion and Service Delivery.

36. The importance of water resource management in Balochistan was stressed upon and it was highlighted that while agriculture is the main source of jobs and livelihoods in the province, it is completely dependent upon rainfall. Therefore water resource management is the most important priority for Balochistan.

37. Climate change was also highlighted as a major cross-cutting theme that needed to be reflected in the new CPS. It was explained that that climate change features prominently in the CPS, with a full annex on climate change and water management.

38. Secretary EAD stressed upon that projects of within the priority areas- as defined in the CPS should be developed by the relevant ministries for seeking clearance from the Government so that they may be considered for funding under the new WBG CPS.

39. The Planning Commission representative pointed out that the poverty figures in the CPS needed to be updated to match the recently published MDG report figures. The numbers have been updated in the latest draft.

40. It was also suggested that a mechanism to ensure geographic equity needs to be introduced. There are areas where bilateral donors are not working and this makes the role of multilateral organizations like the WBG all the more important.

41. Lastly, on lessons learnt from the last strategy, particularly on changing systems for capacity building, the WBG highlighted that capacity building activities needed to focus more building institutions rather than stand- alone training of individual staff. Also, the Government needs to focus more on its core functions and consider outsourcing activities that can be better handled by specialized entities.

#### **C-V: Consultation Session with the Development Partners: March 31<sup>st</sup>, 2014**

42. A consultation session with representatives from the donor community in Pakistan was held on March 31, 2014 at the World Bank office in Islamabad. The session was chaired by Rachid Benmessaoud, Country Director, World Bank. The presentation was appreciated by all participants for being comprehensive and well thought out.

43. Fragmentation at sub-national engagement was highlighted as one of the key challenges by the group. WBG explained that it is engaging with the government and also strengthening donor coordination to address fragmentation.

44. On regional markets, the WBG outlined the opportunities that lie ahead. The CASA-1000 project was approved by the WBG Board in March 2014. The Bank is also working on a project on Pakistan-India interconnection, and an intervention between the two Punjabs. In addition, for projects involving regional markets, the traditional counterpart changes to the Foreign Affairs Ministry and others. Since the bank does not have a traditional relationship with these counterparts, building alliances becomes even more important.

45. There were some questions regarding the linkages between WBG funding and the IMF program. The WBG team explained that IBRD funding would definitely be affected if the IMF program goes off track. The IFC envelope could be affected as well. Currently Pakistan is not eligible for IBRD funding since it needs reserves providing an import cover for at least 3 months as well as a debt to GDP ratio of under 60%. Most projects in Pakistan are funded through the IDA allocation.

46. The WBG presentation pointed out that traditional approaches to capacity building have not been successful. To explain this further, it was said that capacity building often means trainings, and trained people move to other organizations before the benefits are reaped by the project. WBG has engaged with the government on staff turnovers since this is a major problem being faced. WBG has also prepared a short note on capacity building which will be shared with the participants.

47. There was a question regarding IFC's equity stake and what was planned under the new CPS regarding support to the private sector. It was also asked how IFC and the WBG can promote the credit worthiness of Pakistan to attract foreign investment. The meeting was informed that IFC's current investment portfolio in Pakistan amounts to close to US\$1.0 billion million, of which about 20% pertains to equity investments, largely in the financial sector supporting MSMEs. Going forward, IFC plans to invest around US\$500 million a year in the private sector in Pakistan, focusing largely on the power sector (low cost and renewable energy), expanding access to finance and supporting key development sectors. . In terms of mobilizing international investors, IFCs due diligence processes help provide comfort to international investors. The IFC also provides support to companies to improve their corporate governance and access to local and international markets. Regarding the investment climate, to the WBG aims to improve the overall investment climate in the country, focusing more at the sub-national and sectoral levels.

48. In response to a question regarding selectivity and strategic choices that the WBG has made in the new CPS including areas that have been left out, a few areas were highlighted by the WBG including highways, roads, and the mining sector, where the WBG has decided not to invest. There was interest from the participants in an analysis on the wider landscape showing what other donors are doing and why WBG has chosen these areas. This would also help identify where different donor efforts can be complimentary. Other suggestions included conducting joint reviews with other donors in different areas.

49. The participants highlighted some areas which they found missing in the WBG strategy including nutrition, gender, governance and devolution. The WBG team clarified that all these areas are part of the strategy. The Bank is proceeding with three projects on nutrition during the next CPS period. The CPS also includes specific milestones on nutrition, and water and sanitation that will contribute to the Bank's overall goal on health. Gender and devolution are cross cutting themes across the four pillars – taking them separately would make the approach project based rather than taking a broader outlook. Governance is also a cross-cutting issue and is dealt specifically under the service delivery pillar as well.

50. Domestic resource mobilization was also identified as something missing in the WBG presentation. In addition, it was said that since the last CPS also targeted the tax to GDP ratio and did not achieve the target, how things will be done differently this time. The Bank team explained that domestic resource mobilization is covered under the service delivery pillar with governance integrated as well through indicators on improving citizen mobilization and public service delivery. Regarding targeting the tax to GDP ratio, the WB team explained that one of the lessons learnt during the last CPS was that one project alone cannot be responsible for such a change.

51. Another issue raised was regarding effective monitoring and evaluation (M&E) in fragile areas, where hands-on monitoring is not possible. The WBG team outlined the different methods that have been used including third party monitoring for the Multi-Donor Trust Fund (MDTF) projects. New methods are being experimented with to make M&E more effective such as engaging with students from University of Peshawar to help assess results of projects, as well as use of ICT technology.

52. Other issues raised by the participants included the lack of information on the lessons learnt from the previous CPS to which the WBG responded that there was a completion report on the previous CPS outlining the lessons learnt and outcomes achieved in detail. The completion report will be part of the new CPS.

#### **C-VI: Consultation Session with Federal Stakeholders: April 1<sup>st</sup>, 2014**

53. A second round of consultations was held in Islamabad on the 1<sup>st</sup> of April. It was a combined session with non-government stakeholders including youth, media, academia, think tanks, political leaders and civil society. The session was chaired by Rachid Benmessaoud, Country Director, World Bank. The purpose of this session was to share the draft strategy and receive input on the key results areas and outcomes. The main themes emerging from the discussion was as follows:

54. The participants agreed that the four results area selected would address the issues that Pakistan is challenged with and were in agreement that a selective, more focused approach will help achieve results. One area that the participants felt that needed a lot more attention was governance and transparency when implementing the strategies. It was discussed that the implementing partners needed guidance and capacity building, technical advice regarding program and project design and the role of civil society in creating awareness about the rights of citizens should be harnessed.

55. On education, it was discussed that the education targets are “lead not lag” targets and what systems were in place to show that the targets achieved were indeed robust. There was a question regarding out of school children and how to ensure that those children would re-enter the education system. Regarding Higher Education, the World Bank Group was requested to reinvest in the Tertiary Education Support Program as that helps polish and develop job-related skills set.

56. Regarding the health sector, it was discussed that health was indirectly linked to several factors such as clean water supply and unplanned urbanization, however the missing element was malnutrition. The participants shared that malnutrition was at an alarming figure, where 1 in 5 children are malnourished; this affects the future population and survival rates. It was shared that involving communities and particularly media in awareness and advocacy campaigns would be of great benefit.

57. There was discussion on what and how the WBG planned to do to achieve the targets and what were the lessons learned from the previous CPS: what would not be repeated and what worked, but more importantly why it didn't work. In addition it was suggested that community involvement should be considered in the design and planning stages as well, not just in strategy development. The WBG team shared that the design process will involve stakeholder discussion.

58. In regards to energy there was discussion on the targets set. It was suggested that elimination of load shedding should be a target as opposed to a reduction in load shedding. The WBG explained that they would help attribute to the Government of Pakistan's goal of eliminating load shedding, by a reduction in the number of hours. At present, the national grid covers about 60 percent of the population at best and covering 60 percent does not mean that all 60 percent gets access to electricity. It was suggested to focus on the areas outside the national grid and it was these areas that needed community managed micro- hydro projects.

59. Uncontrolled rural to urban migration was discussed in context to the population growth and unplanned settlements. Because of lack of jobs the rural population is moving to the larger cities and because of unplanned development in the areas they reside there are challenges with water availability, safety and security and this is creating yet another level of poverty. These inter provincial and regional migrations may lead to manmade disasters if not reviewed. In regards to population growth there was discussion on contraceptive prevalence, lack of access to facilities and it was shared that population that should be a cross cutting theme exacerbating inequalities discussed in the CPS.

#### **C-VII: Consultation Session with Khyber Pakhtunkhwa and Federally Administered Tribal Areas: April 1<sup>st</sup>, 2014**

60. A second round of consultations was held in Islamabad on the 1<sup>st</sup> of April. It was a combined session with non-government stakeholders including youth, media, academia, think tanks, political leaders and civil society. The session was chaired by Rachid Benmessaoud, Country Director, World Bank. The purpose of this session was to share the draft strategy and receive input on the results and outcomes. The main themes emerging from the discussion was as follows:

61. The participants agreed that the areas identified in the new CPS covered the issues discussed in the previous CPS. It was highlighted that with the new government in place, it was a good opportunity for making changes in the regulatory frameworks conducive to private sector development in FATA and KPK. Without a strong regulatory system, there

will continue to be regional and inter-provincial disparities. In the previous government, KPK was subsidized taxes for three years and it was good for attracting investment; however that no longer is applicable and is much needed for growth. In addition, focusing on trade agreements with neighboring countries and relaxing trade laws will impact economic activity. FATA has been on the front line on the war on terror and this will continue to affect the development for the region, particularly this year, with ISAF withdrawal. It was requested that the private sector be involved when discussing regulatory frameworks with the government, as well as limiting the role of the government as a facilitator and not implementer.

62. It was discussed that 80 percent of the land in rural areas is conducive to agricultural growth, however only 27 percent is cultivatable land. It is critical to review this for both FATA and KPK to transform the rural landscape. Focusing on agriculture and livestock development will enhance economic opportunities for the people of the region.

63. In regards to project and program design it was suggested that cultural implications, particularly for FATA, be in considerations so the project is successful. In addition involving communities could substantially enhance the success and sustainability of the projects.

64. In terms of youth involvement it was suggested that special focus be on youth engagement, both in terms of education and jobs. For FATA it was suggested that the dropout rates in secondary and tertiary education be noted and efforts made to keep the students in school.

65. The participants agreed that being more selective will make a greater impact and that donor coordination and transparency is critical for success. It was suggested that a donor mapping be conducted to see what areas of focus should be divided amongst the different donors and one donor should focus its resources on one impact area.

## **D. Conclusion**

66. The Pakistan CPS FY15-19 was discussed and presented to the WBG Board of Executive Directors on May 1<sup>st</sup>, 2014. During implementation, efforts will be made to widely share periodic implementation reviews and reports on CPS progress and results achieved.

*You can find the CPS document and all the background material at the webpage ([www.worldbank.org.pk](http://www.worldbank.org.pk)). Please follow us on Facebook ([www.facebook.com/WorldBankPakistan](http://www.facebook.com/WorldBankPakistan)) or twitter for providing feedback and regular updates/information on Pakistan Country Strategy and Program.*

**Attachment: (i) WBG Presentation  
(ii) List of Persons Met**