



"BUILD BACK BETTER"

LIVELIHOOD SUPPORT CASH GRANT
UMBRELLA PROJECT DOCUMENT
EARTHQUAKE EMERGENCY RECOVERY PROJECT

Islamabad, March 10, 2006

Government of Pakistan (GOP)
Earthquake Rehabilitation and Reconstruction Authority (ERRA)
Prime Minister Secretariat (Public)

GOVERNMENT OF PAKISTAN
EARTHQUAKE REHABILITATION & RECONSTRUCTION AUTHORITY
LIVELIHOODS CASH GRANTS

Table of Contents

Acronyms
Project Summary

- I. INTRODUCTION
- II. INSTITUTIONS AND ORGANIZATIONS
- III. IMPLEMENTATION APPROACH
- IV. PROJECT IMPLEMENTATION CYCLE
- V. GRIEVANCE REDRESSAL SYSTEM
- VI. FINANCIAL ARRANGEMENTS
- VII. MONITORING AND EVALUATION

Tables

- 1. Data of Earthquake Affected/Component Coverage Area
- 2. Summary Budget Estimates for Livelihoods Grants
- 3. Detailed Operational Costs Table

ACRONYMS

ACS	Additional Chief Secretary
AJK	Azad Jammu & Kashmir
AJK ERA	AJK Earthquake Reconstruction Agency
Board	Board of ERRA
COS	Chief of Staff to Deputy Chairman
Council	Council of ERRA
CS	Chief Secretary
DC	Deputy Commissioner
DCO	District Coordination Officer
DG	Director General
DRO	District Revenue Officer
DRAC	District Reconstruction Advisory Committee
DRU	District Reconstruction Unit
ERRA	Earthquake Reconstruction and Rehabilitation Authority
FEC	Foreign Exchange Component
KPO	Key Punch Operators
M&E	Monitoring and Evaluation
NWFP	Northwest Frontier Province
NWFP ERA	NWFP Earthquake Reconstruction Authority
PSC	Programme Steering Committee
RCRC	Revenue Circle Relief Committee
SMBR	Senior Member Board of Revenue
State	State of AJK
TET	Targeting and Enrolment Teams
UCRC	Union Council Relief Committee (NWFP)
WB	World Bank

LIVELIHOODS CASH GRANTS

PROJECT SUMMARY

<p>1. Name of Project:</p>	Livelihood Cash Grants
<p>2. Authorities responsible for:</p> <p>i) Sponsoring</p> <p>ii) Execution</p> <p>iii) Operation & maintenance</p>	<p>ERRA</p> <p>i. ERRA ii. NWFP/AJK governments through respective Senior Members of Board of Revenue iii. District Coordination Officers in NWFP and Deputy Commissioners in AJK in nine earthquake affected districts</p> <p>ERRA, SMBRs, AJK and NWFP DCOs Abbottabad, Mansehra, Battagram, Shangla, Kohistan (NWFP) DCs Muzaffarabad, Neelum, Bagh and Rawlakot</p>
<p>3. Project Completion Period:</p>	March 2006 to March 2007
<p>4. Plan provision:</p> <p>i) If the Project is included in the current Five-year Plan, specify actual allocation.</p> <p>ii) If not included in the current Plan, how is it now proposed to be accommodated (Inter/Intra-Sectoral adjustments in allocation or other resources may be indicated).</p> <p>iii) If the project is proposed to be financed out of block provision for a programme; indicate:</p>	<p>Not included in current five-year plan. It's a rapid response relief project for the most vulnerable families in earth quake affected areas.</p> <p>Through a US\$ 400 million World Bank loan out of which US\$ 85 million are specifically allocated to finance this project.</p> <p>NA</p>
<p>5. Relationship of the project with the objectives of the</p>	ERRA is mandated to quickly rehabilitate the infrastructure and effected populations

<p>sector:</p>	<p>in the target nine districts. One of the main casualties in the earthquake has been the livelihoods of the population because of deaths of bread-winners, large scale disabilities and destruction of means of production. The Rs. 3000 per month cash grants over a period of 06 months are meant to assist the most vulnerable households during the transition phase when the early relief activities and assistance comes to an end and the full-scale rehabilitation and reconstruction has yet to take place.</p>
<p>6. Cost of Project: (In Million Rupees)</p>	<p>US\$ 85 million or Rs. 5.1 billion</p>
<p>7. Annual recurring expenditure after completion: (In Million Rupees)</p>	<p>Nil</p>
<p>8. Objectives of the Project preferably in quantitative terms:</p>	<ul style="list-style-type: none"> i. Provide a safety net to the most vulnerable families in the earthquake affected areas. About 250,000 families are likely to be assisted through these grants. ii. Enable the most vulnerable families to meet their essential non-food needs during the transition phase between early relief and full-scale rehabilitation.

INTRODUCTION

1. On October 08, 2005, at 8:50 PST, a magnitude 7.6 earthquake occurred in Pakistan, Afghanistan and India. More than 1,000 aftershocks were recorded in the India-Pakistan Kashmir Region, ranging from magnitude 5.0 to 6.0.

2. In at least four Districts of Azad Jammu and Kashmir (AJK) and five in North West Frontier Province (NWFP), public and private housing, social service delivery, governance structures, commerce and communication have been either severely damaged or completely destroyed. The overall loss of public and private assets (direct damage at book value) in the nine most affected districts is estimated at Rs. 135.2 billion (US\$2.3 billion), and the resulting loss in income (indirect loss) is estimated at Rs. 34.2 billion (US\$ 576 million).

3. According to the Government of Pakistan (GoP) figures, as of November 3, approximately 73,000 people had died and more than 70,000 had been severely injured or disabled. Over 2.8 million persons have been left without shelter, and it is estimated that about 2.3 million persons are without adequate food. The earthquake destroyed about 203,600 units of housing and damaged another 197,000. Of the total housing stock, 84 percent was damaged or destroyed in AJK and 36 percent was damaged or destroyed in NWFP. The official estimates of the death and damage remain conservative as more isolated communities in the earthquake affected region remain inaccessible, which foreshadows an increase in official figures as these areas are reached.

4. The World Bank has made available to GoP US\$ 400 Million, through an Emergency Recovery Credit (ERC), for support over a three-year period to deal with the immediate consequences of the disaster. The total cost of the Cash Grants component is US\$85 million for a target population of around 250,000 households, with a 13 percent overhead cost for implementation and monitoring.

5. This program will be using the institutional arrangements that have already been put in place for relief and recovery operations. Therefore, at the provincial/state level, the revenue departments, supervised by Provincial/State Steering Committee and Provincial/State Reconstruction Agency, (as and when these structures are set up and functional) will play the role of the executing agencies with the assistance of District

offices and union council relief committees (UCRC)/ revenue circle relief committee (RCRC) for the implementation. At the Federal level, ERRA will be responsible for overall coordination, implementation and monitoring.

6. Given the need for rapid implementation of the cash grants, and recognizing that the institutional arrangements indicated above may still be evolving, ERRA will initiate the implementation of cash grants with the existing structures. Therefore in the transition phase, the Revenue Departments will be the executing agencies where program accounts will be established. These revenue departments will in turn supervise the District Offices and UCRCs/ RCRCs.

Livelihood Support - Objectives of the Component

7. The livelihood support focuses on provision of cash grants to eligible **families**. The overall objective is to protect the most vulnerable, and a viable short-term option is the provision of Cash Grants to affected families, in the form of monthly support of a fixed amount.

Cash Grants Details

8. Each eligible family shall be provided a Cash Grant of Rs. 3,000 per month for a period of 6 months. Afterward, only the most vulnerable families will be eligible for an additional period, to be determined by ERRA in consultation with the province/state government and the World Bank, and subject to resource availability.

INSTITUTIONS AND ORGANISATIONS

9. Following are the major stakeholders that are involved in the overall management of the livelihood component at different levels:

- i. Earthquake Reconstruction and Rehabilitation Authority (ERRA)
- ii. State Bank of Pakistan (SBP)
- iii. The World Bank (WB)
- iv. Commercial Banks participating in the Project
- v. State/Provincial Steering Committees
- vi. NWFP and AJK Reconstruction Agencies
- vii. District Reconstruction Advisory Committees, NWFP and AJK
- viii. District Advisory Committee, AJK

- ix. NWFP and AJK District Offices
- x. UCRCs at NWFP
- xi. RCRCs at AJK
- xii. Beneficiaries
- xiii. NADRA

Earthquake Reconstruction and Rehabilitation Authority (ERRA)

10. The GoP has established ERRA at the Federal Level with the responsibility for overall policy and planning, standard setting, regulation, coordination and monitoring of the reconstruction and rehabilitation program. It serves as a focal point for the overall operations in the earthquake-affected area.

11. ERRA shall help in the overall coordination of the livelihood component and perform major duties such as:

- Finalizing and approving the policy and operational guidelines for identifying eligible families, follow up and feedback on the selection of eligible families, appeals process, transparent flow of funds to eligible families and monitoring and evaluation of the program.
- Requesting the required amendments in the operational manual as necessary during the execution of the program.
- Negotiating and signing an MoU with the NBP to facilitate Cash Grants through Commercial Banks;
- Negotiating and signing the MOU with NADRA for utilization of its database for affected districts;
- Ensuring that the Provincial, District and Union Council institutional arrangements function as prescribed in the Operational Manual.
- Support for monitoring and evaluation

The World Bank

12. The World Bank is supporting the Government of Pakistan in the emergency recovery and reconstruction efforts. In order to facilitate GoP's efforts in these directions, it has approved an Earthquake Emergency Recovery Credit (EERC) worth US\$400 Million, including US\$85 Million for the Livelihood Support Component that has the provision for the Cash Grants Component.

The World Bank shall assist the GoP in:

- Providing the no objection certificate to the operational guidelines for the proper implementation of the project and any subsequent changes or adjustments made to the manual.
- Supporting ERRA to oversee and monitor the overall program;
- Developing a system for monitoring and evaluation of the entire component; and
Providing technical

State Bank of Pakistan (SBP)

13. The State Bank of Pakistan is a financial regulatory body and is responsible for all transactions that involve the state.

- Facilitating ERRA to ensure all required support in order to facilitate the smooth implementation of the Cash Grants Component through participating banks;
- Identify the participating banks as per agreed eligibility criteria and facilitate their partnership with ERRA;
- Facilitate and ensure the production of all reports as per agreed MOU;
- Facilitate and assist in monitoring and auditing of financial accounts.

Commercial Banks (participating banks) & Post Offices

14. The banks that have coverage in the earthquake affected areas and satisfy the conditions outlined in chapter 6; section A will be requested to join as participating banks for this component.

- Provide and ensure all agreed support to the beneficiaries in line with the MOU signed with the ERRA;
- Open and maintain accounts for all the beneficiaries directed or already have a bank account in the bank, and charge no fee of any kind for these services out of beneficiaries' accounts;
- Provide the auditors required information as per agreed intervals;
- Ensure the transparent delivery of cash grants to ultimate beneficiaries;
- Refund the cash designated for recipients who do not contact the bank during the project's agreed time frame back to the ERRA project account.

Post offices

For the timely payments to the beneficiaries, the post offices will ensure:

- Provide and ensure agreed support to the beneficiaries in line with the agreement reached with ERRA and the Postmaster General;
- Provide the auditors required information as per agreed intervals; and
- Ensure the transparent delivery of cash grants to the beneficiaries' accounts as per schedule communicated by ERRA and province/state.

State/Provincial Steering Committees

15. The Programme Steering Committees in AJK and NWFP, headed by Chief Secretary/Additional Chief Secretary, will be responsible for annual plan approvals under ERRA Programme Document, regular progress review, coordination, deployment of required human resource and accountability of provincial reconstruction agencies, District Offices, and implementing departments.

NWFP and AJK Reconstruction Agencies

16. Revenue Departments in both AJK and NWFP, coordinated and supervised by the respective AJK/NWFP programme steering committees, would serve as the executing agencies and, if required, would be further strengthened with the provision of additional technical staff in order to provide the backstopping as and when required. The Revenue departments will follow the financial and procurement procedures agreed upon between the WB and ERRA. Other key responsibilities include:

- Execution of work and procurement of goods and services for specific components;
- Coordination with relevant departments and local governments;
- Facilitation, support and implementation of the Cash Grants as described in the operational manual;
- Developing and maintaining an appropriate Management Information System (MIS);
- Producing and disseminating bi-monthly progress reports to State/Provincial Reconstruction Agencies, District Offices and all the concerned stakeholders;
- Reviewing, adjusting and incorporating the feedback provided by audit reports and third party evaluations;

District Reconstruction Advisory Committee, NWFP

17. District Reconstruction Advisory Committee (DRAC), headed by Zila Nazim/DCO will be responsible for coordination and oversight of all ERRA financed reconstruction activities. DRAC shall:

- Approve the annual work plans of District Offices and implementing agencies;
- Coordinate all inputs in reconstruction efforts from various funding sources;
- Regularly review progress and take corrective steps where necessary;
- Ensure deployment of necessary human and material resources for effective execution of programme and component activities;
- Ensure prescribed targeting, transparency, equity and accountability

District Advisory Committee, AJK

18. Will be chaired by the DC having the same responsibilities as of above.

NWFP and AJK District Offices

19. the District Offices through Revenue Departments will coordinate the work of Union Council Relief Committees, enter data and handle appeals and claims. DCOs of districts in NWFP and DCs in AJK would be the coordinators for District Offices supervising all activities of the line departments under Cash Grants component. These offices will:

- Collect and disseminate the information to Union Council (UC) members;
- Brief the UC members on the role of UCRC;
- Facilitate UCs in the formation of UCRC and targeting and enrolment team (TET);
- Coordinate the functioning of UCRCs and TETs;
- Collect and share the reports of the UCRC with the concerned stakeholders;
- Collect and share information with the Revenue Departments;
- Handle all appeals and claims

Union Council Relief Committees (UCRC) in NWFP

20. The UCRC committee will essentially remain the same committee that was constituted for the enrolment, targeting and distribution of the government compensations for death, injury, and housing. The committee will comprise of a minimum of 5 individuals – including Nazim or Naib Nazim UC, UC Secretary, one elected councillor, the patwari and one representative from the set of affected families. The total number of members in UCRC can go up to a maximum of 9. These UCRC will focus on the targeting and enrolment process. Once this is completed, one UC officer will be delegated responsibility to process appeals and facilitate beneficiaries in opening of bank accounts. Other responsibilities of UCRCs shall be as under:

- Identification and selection of the beneficiaries as per eligibility criteria;
- Execution of the targeting and enrolment of beneficiaries as per Operational Manual;
- Generation and dissemination of basic lists of beneficiaries to all concerned stakeholders;
- Promptly process all appeals against claim rejection
- Facilitate beneficiaries in opening of bank accounts and access to funds received in such accounts;

Revenue Circle Relief Committees (RCRC) in AJK

21. In AJK Revenue Circle Relief Committees (RCRC) would be constituted at each Revenue Circle for the livelihood support cash grants. The committee will comprise of 5 individuals – three from government officials and two from civil society with strong credentials. The Naib Tehsildar or Circle Revenue Officer would be the team leader. These RCRC will focus on the targeting and enrolment process. Once this is completed, one member from the same team will be delegated responsibility to process appeals and facilitate beneficiaries in opening of bank accounts. Other responsibilities of RCRCs shall be as under:

- Identification and selection of the beneficiaries as per eligibility criteria;
- Execution of the targeting and enrolment of beneficiaries as per Operational Manual;

- Generation and dissemination of basic lists of beneficiaries to all concerned stakeholders;
- Promptly process all appeals against claim rejection
- Facilitate beneficiaries in opening of bank accounts and access to funds received in such accounts.

Beneficiaries

22. The families, defined according to the NADRA B-form who meet program's eligibility criteria are defined as beneficiaries. They shall assist the process by:

- Providing accurate information during the targeting and enrolment process
- Opening the account within minimum possible time, as defined in chapter IV, section B in the participating banks, if the family has no account;
- Keeping a record of the account and share the requested information, if asked, with the third party/ auditors;
- Exit the program as per the policy;

NADRA

23. NADRA will help with the data entry and its validation through NADRA's database. Further more, it will develop MIS which will be updated on a regular basis to include changes in the eligible families list, bank information, grievance/ appeals process etc. Finally, NADRA will also help in building capacities of province/state and the districts by installing the requisite hardware, data management and updating information during the grievance redressal/ appeals process.

24. Delivery of required services from NADRA, and costs thereon, shall be formalized through MoU between ERRA and NADRA.

IMPLEMENTATION APPROACH

Coverage and geographic targeting

25. The program will be implemented in all nine affected districts of North West Frontier Province (NWFP) and Azad Jammu & Kashmir (AJK). For all districts i.e. Mansehra, Battagram, Abbottabad, Kohistan, Shangla (NWFP) and Muzaffarabad Neelum, Bagh, and Poonch (AJK) only affected UCs mutually agreed by their respective

District Offices (DOs) and Earthquake Reconstruction and Rehabilitation Authority (ERRA) shall be included in the programme.

Eligibility Criteria

26. The Program is applicable to affectees broadly defined as families that have suffered any housing damage. Within this universe, the beneficiary families must meet the following eligibility criteria:

a) Comprising three or more children including orphans dependent on the same family (less than 18 years old).

OR

b) Families with no adult male member (defined as age 18- 60). The only exception will be families who have adult males in this age group who are physically disabled.

The above criteria will explicitly cover families headed by widows, elderly, families taking care of orphans or disabled children, or families with disabled heads. These are categories of families who are most likely to have suffered an income shock.

27. The final list of eligible families will be determined by prioritizing among categories of families according to severity of vulnerability. Families fulfilling criteria (b) will be deemed eligible first, followed by families who have three or more children as in (a), with the exception of those who are employed in government service. This category (a) may be fine-tuned if simulation of data from the two most affected districts (Muzaffarabad in AJK, and Mansehra in NWFP) suggests a larger number of families than affordable given the resources available for this program. To mitigate any delays in this process the program implementation will start with these districts.

Benefits and Recipients

28. The cash grant program will consist of monthly grants of Rs. 3,000 per family – an amount that is considered sufficient to achieve minimum basic needs, taking into account the continuing availability of some food relief.

29. Beneficiaries are entitled to receive the cash grant for a period of six months. Nevertheless, the Earthquake Reconstruction and Rehabilitation Authority (ERRA) can decide to extend the period of benefits to a group of beneficiaries depending on budget availability and whether they meet the criteria established under exit policy. Any

contemplated extension shall be decided by ERRA, in consultation with World Bank, along with exact number of beneficiary families covered in the extension phase, at least one month prior to the termination of the initial phase.

30. The head of the family shall receive the benefit, unless he or she delegates it to some other member of the family. On the other hand, if the head of the family, male parent, is not any more part of the family - dead or divorced, the following priority criteria will be used to make this person recipient of the benefit:

- i. Wife
- ii. Eldest child, as long as he or she is an adult
- iii. Legally accepted Guardian, including orphans, in the event all adult members are deceased in the family

Suspension of Benefits

31. Benefits may be suspended if a beneficiary has provided false information that did not meet eligibility criteria, as verified by operational auditors.

Exit Policy

32. A beneficiary will exit the program after six monthly payments have been issued. Nevertheless, ERRA may decide to extend benefits for the most vulnerable group, subject to resource availability. New cut-off criteria for any extensions will be determined by ERRA, in consultation with the province/state and the World Bank. The project will make a last payment to beneficiaries no later than June 2007.

Implementation

32. This is a short-term relief project and is to be completed by June 2007. The targeting process will begin in March 2006 in a phased approach and completed no later than 30th September 2006. District offices¹ will have to complete the whole targeting process for all affected districts within six months of the starting date. *No new beneficiary will be added to the program after this date.* Furthermore, all extended benefits for most

¹ Since the DRUs may take some time in becoming fully operational, the Revenue Departments in NWFP and AJK will be mandated by ERRA to initiate the targeting process immediately upon the formal notification of this manual. DCs and DCOs will directly supervise this phase. The coordination and supervisory control and all other related functions will be assumed by DRUs as soon as they become fully operational.

vulnerable families shall end in June 2007. After a beneficiary is declared eligible for the programme, payments will begin in the following month. Within a district the process will begin with union councils where the conditions of Targeting Process have been met as detailed under the programme.

33. Within a district the process will begin with union councils where the conditions of Targeting and Enrolment Process have been met as detailed under the programme.

PROJECT IMPLEMENTATION CYCLE

Public Information Campaign

34. The Public Information campaign will be the responsibility of ERRA. The aims of the campaign are to:

- Create awareness and understanding of the program among the general public.
- Generate understanding, acceptance, and cooperation among prospective beneficiaries of the program.

35. Broad guidelines for the public information campaign:

Broad guidelines for the public information campaign:

- The Provincial Coordinator and District Offices of the Programme shall brief the stakeholders (i.e. UCRCs/RCRCs, Targeting Teams etc), to sensitize them about the program as per predefined guidelines.
- ERRA will distribute posters to be placed in strategic locations in the settlements to inform the public about the program. Pamphlets will be distributed to each household in the affected UCs. In addition, it would also be distributed to public places like mosques, schools, health posts and relief camps.
- Before the targeting process is launched, the campaign would also use the electronic as well as print media for wider dissemination of programme objectives and design.

Targeting Process

36. The objective of the targeting process is to identify the eligible families for the programme. This process must be completed for all affected districts no later than six months after the starting date. No beneficiaries will be accepted afterwards. The following steps shall be carried out:

- a. District Offices will review the total number of UCs within the district that are included in the program and will constitute UCRCs/RCRCs as well as Patwar Circle level Targeting Teams to ensure availability of requisite capacity to carry out the targeting process. By doing so, the District Offices will also complete the operational budget estimates to execute different tasks.
- b. The UCRCs/RCRCs and TTs will be trained by the District Offices through the master trainers who would have been trained by ERRRA and World Bank.
- c. The targeting process will be carried out at the level of Patwar Circle in each Union Council, and shall be completed within four-weeks.

For each beneficiary family, the targeting process will proceed as follows:

- a. Through TTs, an explanation of the rules of the project to applicant families. These include the selection process, amount of payments, and mode of payments
- b. Collection and verification of information through FORM-1. The TTs must fill out all fields indicated in the form during the Targeting Process.
- c. The applicant must report their account number and name of the bank/post office. In case, it is not available s/he can provide the same by filling out the FORM-2 and submitting the same either to TTs or UCRCs/RCRCs during the timeframe of targeting process. If this information is provided after the completion of targeting, such beneficiaries shall be treated as a different batch receiving payments in the following quarter.
- d. The Recipient will sign the declaration in FORM-1 that the information provided is true. TTs will also inform the applicant that if they are declared eligible for the programme, their selection will be intimated by the respective UCRCs/RCRCs, either through a letter or any other modality that will ensure timely notification. Payments should start from the following month.

37. The second step would be the selection of beneficiaries as highlighted below:

- a. All data of applicant families will be entered in a centralized database.
- b. Field data will be triangulated with NADRA database (for cases with CNIC/NIC cards) which is one of the available sources to verify family information.

- c. If certain errors or inaccuracies are identified during data entry and verifications, such cases will be referred to the UCRCs/RCRCs for rechecking.
- d. In light of objective analysis of data by ERRA, the list of eligible families will be finalized in agreement with the province/state governments and the World Bank, subject to resource availability.
- e. Lists of eligible and non-eligible families will be made available to the UCRCs/RCRCs for further dissemination.
- f. All original (signed) FORM-1s will be filed and retained in the District Offices and made available anytime for checks and audits.

Eligibility Appeals Process

38. Any family declared not eligible for the program can appeal the decision. The procedure to appeal is as follows:

- a. Families who wish to contest non-eligibility may formally appeal by filling out the appeals form (FORM - 3). Copies of this form will be available at all UCRC/RCRC offices.
- b. Families will submit the completed appeals form to the respective UCRC/RCRC within 7 days of public display of lists of eligible families, also submitting any documentation that supports their appeal.
- c. UCRC/RCRC will examine the legitimacy of the appeal, also triangulating with information in the original Form- 1 and forward their recommendations to the District offices within 15 days of the receipt of appeals with due intimation to the appellant.
- d. District offices will inform the province/state of all additions to the eligibility list within seven days of the receipt of recommendations of UCRC/RCRC. The district offices will also record all decisions (acceptances and rejections) in the MIS system.
- e. In cases where families wish to contest recommendation of the UCRC/RCRC, the District Coordinator will depute an enquiry officer to verify information and submit recommendations within 7 days from the date when this decision has been contested. .

- f. Final resolution must be ready in no more than 30 days from the start of the appeals process. For cases where there is no resolution within the 30-day period, the appeals shall be accepted automatically.

Payments to families/recipients

39. Upon completion of targeting-enrolment- process, the first payment to each individual recipient will be made the following month after completion of TEP. Money will be credited to the designated recipient's bank account. The subsequent payments will also be transferred to the recipient accounts in the first week of every subsequent month.

40. The procedure to issue payments is described below:

- a. The District Coordinator will send the lists of eligible families that include names, CNIC number, and bank account numbers (for those who already have accounts) of the recipients to the Provincial/State Coordinator.
- b. The Provincial/State Coordinator will consolidate the lists and send a request to ERRRA for release of funds according to the number of final list.
- c. ERRRA will transfer the requested amount to the NBP account of the State/Provincial Coordinator in both AJK and NWFP.
- d. The State/Provincial Coordinator will inform NBP to credit the cash payment through its own as well participating banks branches to individual beneficiary accounts as per advice received from Coordinator.
- e. The NBP will send the list of recipients' names along with their CNIC numbers to the participating banks.
- f. Participating banks will credit the cash benefit in each of the recipient accounts the next business day after receiving the transfer advice from NBP.
- g. For payments to the beneficiaries enrolled after the TEP, District offices will update the list of eligible families quarterly and send it to State/Provincial Coordinator in the first week of the first month of the next quarter
- h. The State/Provincial Coordinator will inform ERRRA to transfer the cash needed for monthly payments along with the list of recipients' names,

their CNIC numbers and account numbers in the second week of the same month.

- j. ERRA shall transfer the requested amount to the NBP account of the Revenue Departments in both AJK and NWFP within a week of request from the Revenue Departments.
- k. The same cycle from 4 to 6 above shall repeat for batch No. 2.
- l. For batch No. 3, the process from 7 to 10 shall repeat.

GRIEVANCE REDRESSAL

General Considerations

41. There are four kinds of grievances that may be filed by eligible families, which must be cleared by the District Coordinators.

The grievances not related to payments fall into three categories as defined below:

- a. Quality of the services provided by the participating banks (for example, delays in service provision, rude and unprofessional behavior, charging for services that are deemed free of cost like opening and maintaining bank accounts, lack of security around the bank, not being able to withdraw cash, etc)
- b. Alleged corruption (especially related to determination of eligibility in the program and payments)
- c. Management by the District Offices and/or UCRCs (Delays in services, refusal to accept claims/appeals, delayed resolution of appeals/claims)

42. There is one possible grievance that will affect the payment of benefits:

- Discrepancies on payments made or absence of payments in the designated recipient's bank account.

Processing of Grievances

43. The mechanism to be used in processing grievances is as follows:

- a. FORM-4 shall be made available to any adult member of the eligible families wishing to lodge a claim by the District Offices.

- b. This individual will fill out the form on his/her own, or may be assisted by any officer in UC or DO.
- c. The completed form is then submitted to the District Coordinator's Office who will issue a stamped receipt stating that a claim has been received.
- d. District Coordinators Office will follow the appropriate processing depending on the type of claim.
- e. The District Coordinator will designate a senior officer as Grievances Settlement Officer to process and investigate all claims. This may involve interviews with the respective banks, the individual filing the claim, or any other party as indicated in the claim.
- f. Within a fortnight after the claims have been lodged, a report will be filed with a recommendation for resolution to the District Coordinators of the Programme.
- g. The Coordinator will execute the recommendation.
- h. Once the case has been cleared, the information is entered into the MIS.

This entire process should be completed within a month from the date of filing of the claims.

FINANCIAL ARRANGEMENTS

44. The rules for financial disbursements are as indicated in annex 12 of the negotiated loan agreement between WB and GoP. The financial procedures are described in the financial guidelines developed by ERRRA. Described below are the detailed arrangements for this component and complement the above.

Participating Banks

45. The criteria for commercial banks to participate in the program are listed below:
- The banks must have branches in the affected union councils.
 - The banks should comply with the circular of the State Bank of Pakistan (SBP), relaxing the conditions of availability of Computerized National Identity Card (CNIC) and other identification documents for opening of accounts in the earthquake affected area.

- The banks must reduce or waive the condition of maintaining a minimum balance and any kind of service charges for all accounts receiving cash grants under the livelihood component of ERC. If a bank charges any service to the beneficiary, it will be added to the administration costs of the project.
 - The banks should facilitate independent auditing of all accounts, as and when needed.
 - The banks will ensure their relevant branches have enough cash for beneficiaries to withdraw full payments due in the first week of every month.
46. The procedure for enlisting banks in this program is described below:
- ERRA shall invite the competent authority of each commercial bank having presence in the target area for a briefing on the design and requirements of cash grant phase of ERC livelihood component; and
 - ERRA shall sign a Memorandum of Understanding (MoU) with each participating commercial bank (*see annex I*) enunciating parameters of cash grant disbursements, transfers, payments, verifications, periodicity of reporting, and auditing according to the provisions of this operational manual.

Disbursement Procedures

47. The following procedure shall be employed to ensure efficient cash grant transfers:
- a. Upon request from the relevant entity in GoP, WB shall transfer the cash grant amount to SBP (US\$ 85 million) to be retained in the ERC program account.
 - b. Revenue Departments will make the request to ERRA to transfer the necessary resources to cover administration costs and beneficiary transfers for a period of 12 months.
 - c. ERRA will request SBP to transfer to each Revenue Department's NBP account assigned for this component.
 - d. For beneficiary payments, NBP, upon a request by Revenue Departments along with updated list of beneficiaries, shall issue a circular to all participating banks every month with the names of designated recipients and bank accounts to credit the agreed amount to the recipients.

- e. Each headquarter of the participating bank shall consolidate the amount being disbursed under cash grants on monthly basis and inform Revenue Department accordingly for replenishing their main accounts.
- f. The NBP shall provide regular updates to ERRA and AJK/NWFP Reconstruction Agencies on monthly status of cash transfers through the participating banks.

End-of Phase Verification

48. Following will be the means for the end-of-phase verification:
 - a. The participating banks through NBP shall provide complete information of all payments made till this stage to Revenue Departments. They will indicate the accounts, which have not been subject of any withdrawal since the first deposit of Rs. 3,000.
 - b. In case no single withdrawal is made throughout the phase, there will be an investigation for reasons of non-activity on the account by District Offices before retrieval of these monies to the project account.

MONITORING AND EVALUATION

49. Monitoring and evaluation (M&E) will comprise of three components:
 - Process monitoring (MIS)
 - Operational spot checks (through financial audits and third party validation)
 - Beneficiary assessment.

Process Monitoring

50. The monitoring process will provide early indication of any shortcomings with regard to the delivery of inputs and execution of activities and the corrective measures that are necessary. Monitoring is used primarily as a device for improving management of the program.

51. The MIS (located in Revenue Departments) will monitor progress in the identified process indicators listed below.

Table 1: Process Indicators

Indicators	Means of verification
<p><i>Process indicators:</i></p> <ul style="list-style-type: none"> ➤ No. Of families who applied for the program (by district) ➤ Proportion. of eligible families selected into the program (wrt total applied) ➤ Proportion of eligible families with bank accounts ➤ No. of tehsils where first payments were delivered within one month of enrolment completion ➤ Proportion of recipients receiving transfers within week 1 of each month ➤ No of appeals and claims received (by tehsil) ➤ Proportion of appeals and claims resolved on time (by tehsil) <p>If program is extended for an additional six months to extremely vulnerable families, the following indicators apply:</p> <ul style="list-style-type: none"> ➤ No. of families eligible for extended payment ➤ Proportion of families enrolled for extended payment (wrt no eligible) 	<p>Form 1-4 entered in MIS by Revenue Departments</p>

Operational Spot- Checks and financial auditing

52. Since the enrolment-targeting process will be conducted at once and in a phased manner, spot checks on a sample basis will be done regularly until the enrolment process is completed. Subsequent to the first payment, these checks will be conducted every two months on a random basis, or as problems are identified in any specific tehsil/UC. These checks will be used to refine and improve the processes. Such third party spot checks will also be used to verify the monitoring data collected through the management information system. Such third party field verification will be contracted to a firm/university.

53. The financial auditing will also serve to verify the disbursement process to the participating banks and the recipient accounts. A consulting firm will be contracted for this purpose facilitated by ERRRA. The audit criteria for third party shall be as under:

- Review all accounts of the Livelihood Project to verify completeness of the accounting parameters;
- Ascertain whether the participating banks are transferring monthly payments to the eligible recipients.

54. Reports from financial audits and third party validation will be submitted to ERRA, Revenue Departments, and the World Bank. ERRA and Revenue Departments (jointly) will send a letter to the World Bank indicating how the recommendations from these reports will be addressed for program improvement.

Beneficiary Assessment

55. A beneficiary assessment will be conducted after the 2nd payment and again after the 6th payment only if the program is going to be extended. The assessment will measure exclusion and inclusion (as reflected in the indicators below) based on the eligibility criteria defined in this manual. This will also inform the implications for the broader safety net programs of the country, in terms of the groups that are especially vulnerable and may need continued support. The survey will be conducted on a sample basis at the household level, ensuring representation of the population in affected areas.

56. The World Bank will provide the no- objection to the TOR and will participate in the identification of the local institution that will be hired to carry out this exercise. The ERRA, WB and the identified institution will collaborate on the design of this assessment. The reports from the assessment will be submitted to ERRA, Revenue Departments, and the WB. A workshop will be held for all main stakeholders to discuss the findings and corrective measures that need to be undertaken including implications for future policy.

Table 2: Outcome Indicators

Indicators	Means of verification
<ul style="list-style-type: none"> ➤ Proportion of eligible households <u>not receiving payments</u> (exclusion error) ➤ proportion of beneficiaries who are not eligible <u>but receiving benefits</u> (inclusion error) ➤ Proportion of affected families who have obtained regular employment ➤ Proportion of affected families meeting criteria for the first six months but needing extended support ➤ Proportion of families from eligible lists who are also current recipients of the Zakat/Baitulmaal programs 	<ul style="list-style-type: none"> ➤ Beneficiary survey, 1st (after 2 payments) and 2nd round (after 6 payments).