

Pakistan's Citizens Damage Compensation Program (CDCP)

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PAKISTAN'S CITIZENS DAMAGE COMPENSATION PROGRAM (CDCP)

Summary

Following severe floods in 2010, the Government of Pakistan (GoP) put in place a temporary nationwide social safety net (SSN) program that has successfully reached an estimated eight million flood-affected people. The program has also led to the development of a SSN disaster preparedness action plan by the GoP for future disasters and crises.

This case study looks at: the approach taken to the design and delivery of the program, which allowed for its rapid establishment and expansion over a wide geographic area; the efficient beneficiary registration and payment distribution system created in partnership with commercial banks and linked to the national civil registry; and the largely effective coordination achieved among 19 partners operating at the national, provincial, and local levels. The challenges that arose in implementing such a massive program over a short time in vulnerability targeting, communications and grievance processes – and the solutions found – are also explored.

Disaster Context

In July and August 2010, during the monsoon season, Pakistan experienced the worst floods in its history (IRIN, 2010). The floods covered all four provinces of the country (Sindh, Punjab, Khyber Pakhtunkwa and Baluchistan), as well as the autonomous territories of Gilgit-Baltistan and Azad Jammu and Kashmir (AJK). The National Disaster Management Authority (NDMA) estimated that more than 20 million people were affected, with over 1,980 reported deaths. Approximately 1.6 million homes were destroyed, 2.4 million hectares of crops damaged, and both farm and non-farm livelihoods were severely affected (Multi-Cluster Rapid Humanitarian Needs Assessment, August 2010).

More broadly, Pakistan is highly vulnerable to natural disasters, including recurrent floods, earthquakes, landslides, cyclones, and drought. Between 1993 and 2002 alone, over 6,000 people were killed and nearly nine million affected by the impact of natural disasters (NDMA, 2012). The country experienced a major earthquake in 2005, and further major monsoonal floods have also occurred in 2011 and 2012.

Program Overview

The Pakistan's *Citizen's Damage Compensation Program* (CDCP) is a rapid response cash grant program. It was initially created by the GoP to provide much-needed relief to the flood-affected population, and later continued and expanded to support their early recovery.

The CDCP builds upon the GoP's prior experience using cash grants in crisis response. This has included the delivery of a US\$100 million cash transfer program (compensation for losses) to survivors of the 2005 Pakistan earthquake and the provision of cash grants to people internally displaced during the 2009 civil conflict. Considerable knowledge was gained – and systems

developed for – both the administration of such assistance and the use of more modern delivery modalities, such as debit cards.

The CDCP did not use Pakistan's existing SSN mechanism as a vehicle for the flood recovery program. The Benazir Income Support Program (BISP), a nationwide SSN that provides monthly cash payments to female household heads in the poorest 20 percent of Pakistan's households had been established in 2008¹ (Hunt et al, 2011), but it was not developed enough at the time of the disaster to be used to deliver support to affected people. Instead, the federal government worked closely with provincial governments and the National Database Registration Authority (NADRA) to initiate a separate program.

Based on positive prior experience from the 2009 civil crisis, the GoP decided to deliver the cash transfers through commercial banks. The selected program beneficiaries were issued Visa direct debit cards by these banks, called *Watan* cards, which could be used to collect their grants from ATM machines or designated Points of Sale.

Phase I

Phase I, which ran from September 2010 to June 2011, aimed to provide quick assistance to families who lost their homes or faced a serious threat to their wellbeing as a result of the flood. It was funded by the GoP, which provided almost US\$ 400 million in cash grants to more than 1.62 million families across Pakistan (CDCP website, 2012).

Eligible households located in the affected areas were given a one-off cash grant in the amount of PKR 20,000 (or approximately US\$213). This amount was determined based on the funds available to the GoP to try to cover the urgent needs of a very large flood-affected target population. The funds helped households to cover these needs at a crucial time (PDAM, 2011), with an evaluation of Phase I finding that families had used the grants mostly for food, health needs, housing repair, and debt re-payment (Hunt et al, 2011). However, the amount was insufficient for the flood-affected households to recapitalize their damaged or lost assets.

Phase II

A decision was taken to implement a second phase of the CDCP June 2011 and ends in June 2013 in order to support the recovery of affected households. The GoP provided US\$100 million for Phase II, and development partners (donors) pledged approximately US\$480 million in additional funds including: USAID (US\$ 190 million), DFID (US\$ 100 million), and the Government of Italy (US\$ 65 million). The World Bank provided a credit of SDR 79.5 million (US\$ 125 million equivalent). The World Bank also has assisted the GOP in the design and implementation of Phase II.

Flood-affected households, including many of those from Phase I, are being provided with cash payments which can be used to meet any of their recovery needs, such as reconstructing their houses, restoring their livelihoods or paying back accumulated debt.² With additional donor

¹ The BISP replaced two prior SSN mechanisms, which had less comprehensive outreach.

² The funds were initially earmarked for reconstruction only, but it was later decided to allow the beneficiaries to choose how to spend the cash in order to give them greater flexibility.

support available, the GoP has been able to double the size of the grant to eligible households to PRs 40,000 (around US\$ 426), a more suitable amount to support recovery, which is provided in two installments of PRK 20,000 each.

Phase II also incorporates an objective to assist the GoP in strengthening the implementation of the CDCP, as the Phase I evaluation found many gaps in the delivery capacity of the program – for example, in areas such as beneficiary targeting and verification, appeals/grievances processing, monitoring and evaluation, and communications. Additionally, Phase II gives specific attention to applying the learning experiences from the CDCP to planning for future disaster/crisis responses.

Key Program Features

Policy and Institutional Framework

A major lesson learned by the CDCP has been the importance of assessing the capacity of implementing agencies to successfully deliver a large-scale SSN disaster response program. Not only do human resources have to be adequately scaled up, but the implementing partners also must be provided with the skills and information to perform their roles effectively.

Operational Context

The GoP faced the enormous challenge of mounting a large-scale SSN that would not only respond to the early recovery needs of more than eight million people spread throughout the country, but also do this quickly. Experience has shown that usually the faster the support can reach the poor and vulnerable affected by a disaster, the less likely they are to resort to harmful negative coping strategies (World Bank, 2009). Access issues in many locations – due to the floodwaters, remoteness, difficult terrain or other factors – further complicated the situation.

Added to this, disaster response is highly devolved in Pakistan, with the provincial governments playing a key role. While the 2006 *National Disaster Management Ordinance* had established the foundation for a more coordinated response to national scale disasters, including the creation of a National Disaster Management Council (NDMC) and National Disaster Management Authority (NDMA), the related 2010 *National Disaster Management Act* was not passed until December, 2010. Thus, many structural aspects of multi-level, multi-agency disaster response coordination were still at an early stage of development.

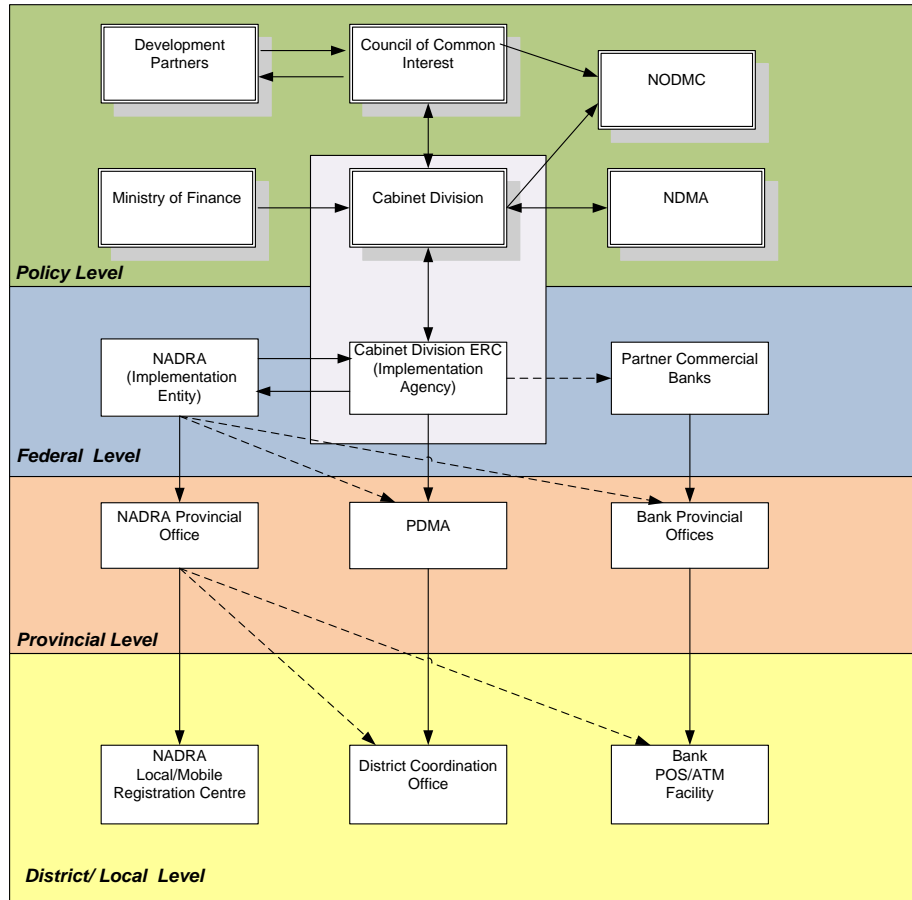
It was clear to decision-makers that substantial collaboration and coordination between multiple levels of government and multiple partners would be required in order to successfully implement the CDCP. Under considerable public pressure to deliver assistance to the flood survivors, the GoP had very limited time to develop a workable program implementation structure.

Policy/Institutional Structure

The pragmatic approach taken was to work largely through the organizational structure established for the broader national flood response, combined with other public/private sector and international partners with previous experience in cash transfer schemes (e.g. commercial banks, International Organization for Migration, etc.). In total, 19 different institutions participated in the implementation of the CDCP (see Figure 1 on CDCP institutional

implementation arrangements). The specific working relationships have developed and evolved over time – with learning along the way about what works and what does not – as experience has been built in delivering one of the world's largest post-disaster early recovery SSNs to date.

Figure 1. CDCP Institutional Implementation Arrangements



Source: Cabinet Division, GoP

Policy. Four key bodies/agencies are responsible for the broad oversight and policy direction of the CDCP. These include: the Council of Common Interest (CCI), comprised of the Prime Minister and all four Chief Ministers of Provinces; the National Oversight Disaster Management Council (NODMC), an independent body created to oversee all flood response related activities; the Cabinet Division, Prime Minister's Secretariat which facilitates federal, provincial and district level coordination; and the Ministry of Finance (MoF), responsible for financial oversight, including the transfer of GoP and donor funds to the CDCP's commercial bank partners.

Implementation

Federal. At the national level, there are three key implementing agencies. The *Cabinet Division, Emergency Relief Cell*, through its CDCP unit, manages policy and coordination issues

including: beneficiary coverage, eligibility criteria and benefit levels; program implementation mechanisms; and management of GoP/donor funds.

Three *Partner Commercial Banks* (PCBs) are responsible for delivering the cash transfer payments to the CDCP's beneficiaries. The criteria for their selection included the spread of networks (especially at the provincial level) and previous experience in operating cash transfers to unbanked families/people. For example, one of the selected banks had previous experience from the GoP's 2009 IDP crisis response and the BISP. The PCBs (UBL, HBL, and Al-Falah) were selected through an internal GOP consultative process, rather than through a formal competitive bidding process, due to time constraints.

The *National Database Registration Authority (NADRA)* is the CDCP's technical execution agency. NADRA is an independent corporate body, responsible for Pakistan's civil registration system, and has been internationally recognized for its work. NADRA was selected for this role due to its high quality pre-existing national database, large and strong staff capacity, effective use of international financial reporting standards, and prior experience supporting cash transfer programs following the 2005 earthquake and 2009 Internally Displaced People (IDP) crisis.³ NADRA also supported the BISP to develop and populate the database for its national household poverty survey (NADRA Technologies Ltd, u.d.).

NADRA receives, aggregates and verifies all beneficiary data at the national level, producing and disseminating the beneficiary lists. At the provincial level, NADRA coordinates with the PCBs in the production and delivery of the *Watan* cards. NADRA also provides the PCBs with beneficiary lists and information about payment dates and amounts. NADRA developed the program's operational procedures, which it shares with the provincial governments and PCBs, coordinating with them on their respective roles. NADRA further coordinates with the provincial and local authorities to set up data collection centers and to follow up on grievances related to updating of beneficiary information (which can affect CDCP eligibility status).

Provincial/District/Local. At these levels, the *Provincial Disaster Management Authorities (PDMAs)*, the State Management Authority (AJK), the *District Coordination Offices (DCOs)*, the PCBs' provincial offices and NADRA's provincial/local offices are the key implementing partners. The district and local level government counterparts, supported by the DCOs, are responsible for: mobilizing and scheduling beneficiaries to go to NADRA registration centers; providing sites and security for local registration centers and points-of-sale (places to collect the cash transfer that are set up locally by the PCBs); and carrying out beneficiary verification and grievance redress processes (forwarded to the PDMAs for final approval). The PDMAs work closely with the DCOs and other district/local authorities in these areas. The PDMAs have technical links with the NDMA, however, they report directly to the provincial governments.

³ Since 2000, NADRA has created a civil registration system and issued secure Computerized National Identity Cards (CNIC) to over 96 million of Pakistan's 150 million citizens in -country and abroad. Its National Data Warehouse hosts the data of these citizens and runs various transaction processing, business intelligence and decision support applications. NADRA employs more than 11,000 technical and management personnel. It has developed 365 multi-biometric Interactive Registration Centers and deployed 189 mobile vans to register citizens living in remote areas. It has received international awards for its e-passport services (NADRA Technologies, u.d.).

Institutional Capacity

Phase I: The immense scope and scale of the CDCP, involving a number of government agencies that were carrying multiple flood response responsibilities, initially stretched the capacity of the implementing partners to – and in some cases, beyond – their limits. For instance, some PDMAs had only recently been created and soon became overwhelmed by the needs they faced. This contributed to early issues in beneficiary targeting and communications/coordination, as well as bottlenecks in grievance processes. It should be noted, though, that the operational context of the flood response would have tested the capacities of any government in the world.

Phase II: The Phase I evaluation, commissioned by the GoP and the World Bank to guide the approach to Phase II, identified a number of capacity gaps. The Phase II capacity development focus has included, among other things, the provision by the World Bank of: technical support to the Cabinet Division for its coordination and policy preparation functions; improved staffing and office facilities to strengthen the financial management capacity of the ERC (leading to creation of the CDCP Unit); technical support to the DCOs' grievance process and to generate the data required to support the resolution of grievance cases; and technical assistance, training, and hardware/software for the PDMAs especially the newer PDMAs in Sindh and Balochistan. The capacity development assistance has led to notable improvements in program delivery, as captured in the CDCP's progress reports.

Targeting

A number of important lessons have been learned about efficient and effective targeting approaches at scale over the course of implementation of the CDCP, including:

- Geographic and housing damage criteria need to be combined with poverty and vulnerability criteria in order to achieve a balance between coverage of those most affected by the disaster and coverage of those least able to cope with the disaster's impacts.
- Independent third party verification helps to reduce targeting errors.
- It is essential to incorporate robust grievance/appeal systems into disaster relief and recovery programs to correct the targeting errors that will inevitably occur when trying to cover a large affected population.
- An adequate level of human resources and technical capacity (surge capacity) needs to be put in place to administer the beneficiary selection/verification system.

Phase I

Targeting Methods. The overall target population for the CDCP is flood-affected families, as defined by the GoP.⁴ For Phase I, the provincial and regional governments used two different

⁴ A family consists of married spouse(s) with unmarried children. When two people get married, they fill out a form requesting the change of status, then NADRA issues a new family number to husband and wife and the CNIC is updated with that number. The same number will be used for their children until they in turn get married and decide to change their status. If a husband decides to have a second wife, when the change of status is requested, the new wife takes the husband's family number. If men or women never get married, they will keep the same family number permanently, since they remain members of their original families.

targeting methods to identify CDCP beneficiaries within this population. A geographical targeting system was used in Punjab, Sindh and Balochistan. Entire communities were identified as calamity affected, through notification by each province of the flood-affected Areas (determined through a visual calculation that at least 50 percent⁵ of houses or crops were lost). In Khyber Pakhtunkwa (KP) province and the autonomous territories of Gilgit Baltistan and AJK, families living in flood affected housing units, rather than communities, were identified as flood-affected. This was based upon a Rapid Housing Survey.

The main reason for the different targeting approaches by the provinces was one of access. Khyber Pakhtunkwa, a mountainous province, had experienced flash flooding; the waters drained away after a day or so, allowing rapid access by the housing damage surveyors. The other provinces had experienced more slow-onset flooding, as the affected districts lay mostly on a floodplain; they were still flooded months after the initial river overflow. Access to the flooded districts was limited, and also those communities that were directly affected were more easily identifiable from a distance. Additionally, the PDMA in KP had greater capacity to conduct housing surveys than their equivalents in other provinces, due to previous earthquake response experience.

The Phase I eligibility criteria also required the head of each potential beneficiary family to have a Computerized National Identity Card (CNIC), issued by NADRA, and a declared address in the areas classified as affected by the PDMA. NADRA generated a list of all family heads with addresses in the affected areas using its own dataset in Punjab, Sindh and parts of Balochistan while KP, AJK, Gilgit-Baltistan and the rest of Balochistan provided lists of CNICs on the basis of the provincial surveys.

Beneficiary Exclusion/Inclusion Issues⁶. The findings from the Phase I evaluation suggested that for every 100 potentially eligible family heads, only 43 had received the *Watan* card; 41 of these would have been on the original beneficiary list, and two would have come through the grievance process. A further 33 would have been unsuccessful in the grievance process (Hunt et al, 2011). While these figures are only crude estimates based on a small sample of beneficiaries, and possibly unrepresentative of the broader population⁷, it became apparent during Phase I that some gaps were emerging in beneficiary coverage. There were a number of contributing factors to this situation.

Firstly, the geographic targeting system used in three provinces was vulnerable to inclusion or exclusion errors. Whilst it could be implemented very quickly, an important consideration during an emergency relief response, it missed directly affected families living within communities where less than 50 percent of the housing was damaged or destroyed. At the same time, families which may not have experienced housing damage were eligible for support

⁵ This requirement was lowered to 40 percent in Punjab.

⁶ Inclusion error refers to the inclusion of ineligible individuals in a program due to inaccurate eligibility specification, elite capture or other factors – also known as “leakage”. Exclusion error refers to the exclusion of eligible individuals from a program – also known as under-coverage (Van Domelen, 2007).

⁷ Contextual factors limited the evaluation to a rapid assessment methodology which did not allow for the use of statistically representative sampling methods. The criteria used to make the calculations also were not stated.

if they lived in a community determined to have 50 percent or more of housing damaged or destroyed.

Secondly, the Rapid Housing Survey approach used in KP and the autonomous regions also had some strengths and limitations. While it took longer to identify those affected, no community was excluded from receiving the Phase I cash transfer. However, for those families living in housing units that were inadvertently missed by the surveys, there was no grievance mechanism in place to allow them to become beneficiaries, regardless of the severity of their exposure to the flooding. Additionally, the surveys were carried out by local “notables” (leaders/authority figures), together with the District Administration officials, under the direction of the provincial authorities. As these individuals usually were not engineers, they looked for general and obvious signs of damage as a proxy for flood impacts – this increased the possibility of exclusion errors.

Finally, the beneficiary selection and verification process proved to be lengthy and cumbersome, particularly for those who had lost the documentation necessary for verification either prior to, or during, the floods. The process was also affected by capacity limitations at the DA level and a lack of communication between policy makers and implementers.

The requirement to possess a national identity card can potentially exclude some poor and vulnerable groups, as they are the least likely to possess one. In response to this concern, NADRA went to great effort to provide new CNICs to flood-affected people, issuing more than 400,000 in the four provinces. Additionally, those who were excluded due to lack of a CNIC could apply for a CNIC and inclusion in the program through the case management system (Hunt et al, 2011). The Phase I evaluation found that few people had been excluded from the CDCP due to not possessing a CNIC (Hunt et al, 2011). This approach was retained in Phase II, with a similar finding in the baseline report for the Phase II impact evaluation, which is currently underway (O'Leary et al, July 2012).

Phase II

Targeting Methods. Measures were taken from the outset of Phase II to address the targeting issues identified during Phase I. These changes meant not all Phase I beneficiaries were eligible for Phase II support, and some people excluded from Phase I were included in Phase II.

Housing damage was adopted as a proxy indicator for livelihoods losses nationwide, rather than the geographic targeting method previously used in Balochistan, Punjab and Sindh. This meant that the existing Rapid Housing Surveys could be utilised for targeting in KP and the autonomous regions, while new surveys needed to be conducted in the other three provinces. Each province used different definitions of household flood damage (O'Leary et al, July 2012).

The beneficiary eligibility criteria adjusted from a focus on families to households (NADRA, u.d.), which is more broadly defined in the socio-cultural context of Pakistan.⁸ For both phases, the CCI took a decision to provide the transfers to household heads, rather than to family

⁸ The GOP defines a household as consisting of all people living under a common roof and sharing a kitchen. Typically, it consists of a “core” family plus extended family members, but may also include unrelated individuals such as close family friends. However, each province used its own definition of household (NADRA, u.d.).

heads. The CDCP's 2012 impact evaluation is investigating whether this has had any impact on intra-household resource distribution outcomes (World Bank staff, 2012).

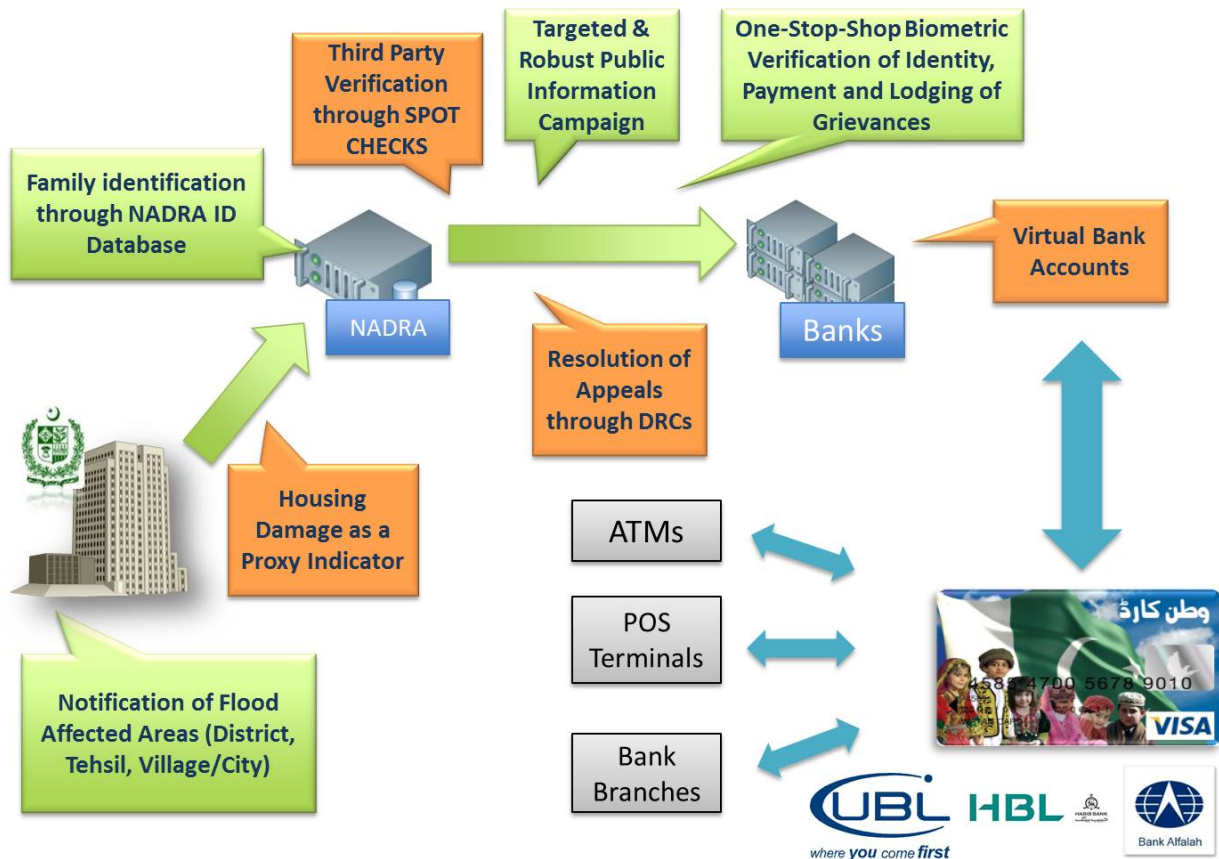
The eligibility criteria were further refined to filter out the better off and to include particularly vulnerable households through the addition of two new eligibility criteria (NADRA, u.d):

1. Well off households are excluded from receiving the Phase II transfer. Wealth is measured by a combination of proxies such as those having bank accounts in international banks, frequent international travel activities and executive jobs.
2. All legitimate vulnerable beneficiaries, defined as female and disabled headed families in NADRA's CNIC database included in Phase I, but not captured as head of household through the [housing damage] survey will, de facto, become a Phase II beneficiary.

The vulnerability characteristics of flood-affected families/households was profiled by analyzing a random sample from NADRA's flood registration database and linking this with information on gender, disability and educational levels in the civil registration database (GoP, July 2012).

Additionally, the outstanding legitimate grievance claims from Phase I were settled and considerable resources have been invested in strengthening the GoP's communications, grievance redress and policy and implementation capacities at different levels.

Figure 2. CDCP Operational Model



Source: Pakistan Case Study, World Bank, 2013

Verification Processes. The GoP and a development partner (USAID) also introduced independent Third Party Verification (TPV) of the selected beneficiaries during Phase II.⁹ USAID contracted the Rural Support Program Network (RSPN), a national NGO, to conduct the TPV; twelve RSPN partners in 108 districts (representing 70 percent of Pakistan) participated. If the TPV found substantial discrepancies between the original list and the spot checked list, the area was to be resurveyed by the authorities, in accordance with the selection parameters defined in the CDCP's Operational Manual.

The verification process determined if: 1) the correct person had been identified as a beneficiary; 2) the person was the owner of the house surveyed; and 3) the house presented the level of damage that would justify its inclusion, according to the provincial definition. The damage assessment was supported by photographs of the original survey certified by locally recognized authorities (as some houses had been reconstructed by the time of verification).

Verification was done using statistical sampling methods, and consisted of examining 196 households per district. Districts were considered correctly surveyed if less than 10 percent of the households visited had been incorrectly targeted in the original survey; if a 10-30 percent discrepancy was found, re-sampling was performed of 50-100 households (according to the district's population size). If the discrepancy was greater than 30 percent, the district was rejected as incorrectly surveyed; if the overall discrepancy of the original and additional samples taken together is less than 15 percent, the survey results are accepted as valid.

Out of 80 districts, only seven were rejected, primarily due to capacity limitations of the provincial authorities, and had to be resurveyed. These results indicate that the original sampling, which was carried out by the District Administrations (DAs), was largely correctly done in terms of minimizing inclusion errors - relieving concerns about potential malpractice at this level. Notably, the DA's knew beforehand that their sampling would be independently verified, which may have encouraged greater attention to accuracy.

Beneficiary Exclusion/Inclusion Issues. The findings of the baseline survey recently completed for the Phase II impact evaluation (underway at the time of preparation of the case study) suggest that Phase II has been reasonably successful in targeting the most severely affected and the most vulnerable households (i.e., the poorest and least educated) in the four provinces, with the exception of Balochistan. The coverage of female and disabled-headed households also has increased in Phase II by over 14 percent from Phase I - these beneficiaries represented one fifth of the CDCP's total caseload in June 2012 (GOP, July 2012).¹⁰

The baseline survey also has highlighted the importance of the measures taken to strengthen beneficiary grievance processes. While inclusion errors have been estimated at a rate of 14 percent, exclusion errors are estimated at a high 61 percent (as the CDCP's TPV processes focused only on the assessment of lists provided by the District Administrations, it could not directly identify broader errors of exclusion from these lists). However, these figures were

⁹ USAID Assessment and Strengthening Program website: http://asp.org.pk/Operations/tpv_cdc.html (27/11/2012).

¹⁰ Although the baseline study found indications that some female-headed households may still face barriers to becoming a beneficiary, while being marginally less flood-affected than male-headed households (O'Leary et al, July 2012).

compiled before households had been notified of the results of third party verification, hence before the commencement of any grievance processes. The CDCP's comprehensive grievance mechanism is expected to address this problem, decreasing exclusion errors to an estimated 37 percent of flood-affected households (O'Leary et al, July 2012). The impact evaluation is further assessing the contributing factors to the CDCP's exclusion errors.

Beneficiary Registration and Payment

The CDCP offers a model of how to establish an efficient decentralized beneficiary registration system for a very large number of clients over a widespread geographic area. By the end of Phase I, more than 1.6 million families had been enrolled, and RPs 33 billion (US\$ 374 million) was distributed (CDCP website, 2012). A further 874,000 *Watan* cards have been issued and nearly RPs 31.9 billion (US\$ 337.6 million) disbursed during Phase II up to June 2012 (GoP, 2012). This is an impressive logistical and administrative achievement.

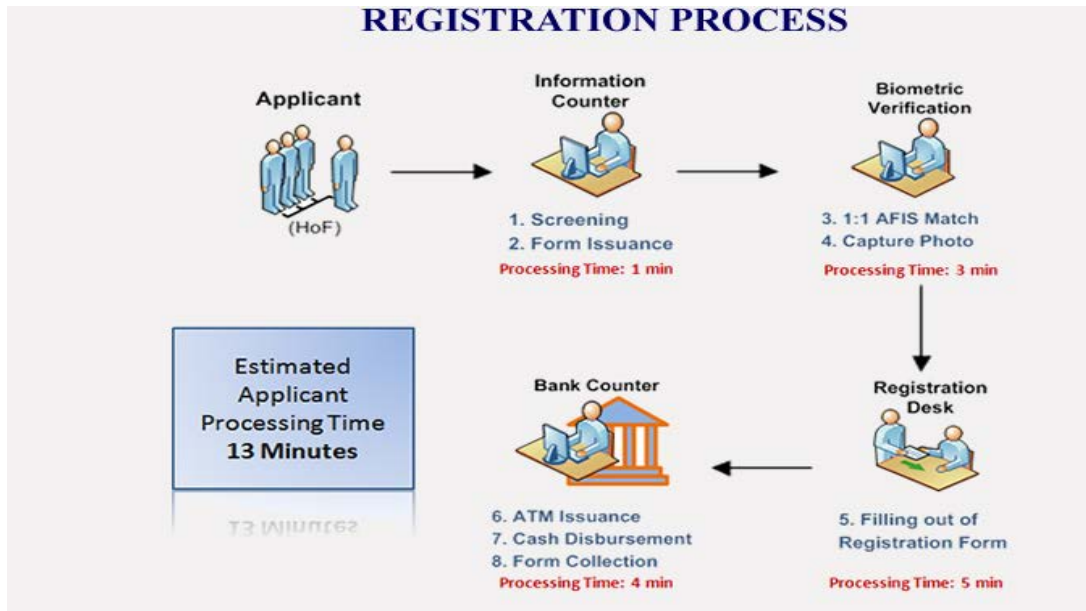
The main areas for potential refinement in future disaster responses include exploration of: the possibilities to provide mobile banking services for those with restricted mobility or living in isolated places; and safe/feasible systems for the replenishment of cash in more remotely based ATMs and Points of Sale.

Beneficiary Registration

Over the course of Phases I and II, NADRA established 101 CDCP local offices covering all of the flood-affected districts, named *Watan* Card Facilitation Centers (WCFCs). The WCFCs serve as a 'one stop shop,' where the beneficiaries are enrolled, register complaints/grievances and often receive their payments via a Point of Sale machine. Biometric screening¹¹ is used to verify the beneficiaries against their CNICs to ensure they are not fraudulently claiming. They are then registered and issued with a *Watan* card (see Figure 2). This can be used at the Point Of Sale desk or any PCB's ATM. In certain districts, the placement of a cash desk at the WCFC (ie on-site cash storage) was deemed a security risk and payments have been processed at a local bank branch, usually one-two km away from the WCFC.

¹¹ Biometric screening is the matching of physical characteristics of an individual, in this case fingerprints and facial images, to computerized databases linking these physical characteristics to information about the individual, allowing for their precise identification.

Figure 3. Beneficiary Registration Process



Source: NADRA

Payment System

Overall, the payment process has operated efficiently, and the CDCP has created an opportunity to bring hundreds of thousands of people into the formal banking system for the first time. For example, the Phase I evaluation found that all beneficiaries interviewed who had received a *Watan* card were able to withdraw fully their grant. Over 60 percent of those interviewed said they found using the card “very easy” or “quite easy,” 96.3 percent said they would prefer to receive any future funds through the card, and virtually all still possessed their *WATAN* card. Around 70 percent expressed interest in converting their *Watan* account into a permanent savings account, an interest shared by the PCBs (Hunt et al, 2011).

The accessibility of the communities to the WCFCs and/or banks varies greatly across the country, with the coverage of ATMs more sparse in remote rural areas (NDMA, 2011). This has increased the transaction cost for beneficiaries living in these areas (Hunt et al 2011). As the *Watan* card took two days to activate, for security reasons, many beneficiaries also had to make a follow up trip to the WCFC or local bank branch. On average, during Phase I, people had to travel 30.4 km (return trip) to withdraw funds, which took an average of 2.3 hours and cost PRs 283.9 (Hunt et al 2011). According to World Bank staff, in many cases, the local government authorities assisted remotely-based beneficiaries with transport during both Phases I and II.

Some security problems arose early in Phase I when large numbers of beneficiaries showed up at the WCFCs to claim their benefits. For Phase II, staggered payment days, including gender-specific and/or disabled population-specific payment days, were programmed to better manage

the beneficiary flow. The PCBs also experienced congestion at many ATMs and difficulties replenishing them in more remote sites (Hunt et al, 2011).

Overall, the CDCP has an impressively low rate of technical and corruption issues for a payment system covering such a large number of beneficiaries. During both Phases I and II, only isolated instances have been reported of beneficiaries not being able to collect their cash transfers (e.g. technical issues, third party theft, etc.) or being asked to pay bribes (Hunt et al, 2011; GoP, 2012). The PCBs operate a beneficiary payment complaint system that includes dedicated offices and hotlines (e.g., to deal with lost Watan Cards, forgotten PIN numbers, etc.). This is especially important for beneficiaries without previous experience of using ATMs, estimated at 65 percent in a 2012 nationwide survey conducted by the International Organisation for Migration (IOM), a communications partner of the program (IOM, 2012b). An extensive public information campaign also has been carried out during Phase II, in coordination with that of NADRA/PDMAs to provide guidance about the processes, including a focus on improving the financial literacy of the beneficiaries (GoP, 2012).

Grievances/Complaints

The comprehensive beneficiary grievance process and the improvements made to it over time have made an important contribution to the targeting outcomes of the CDCP. For example, it is contributing to reducing beneficiary exclusion errors in Phase II by an estimated 24 percent if the current level of 40 percent approval of appeals cases continues (O'Leary et al, July 2012).

Management of the grievance process has been the biggest challenge faced throughout implementation of the CDCP. The caseload of eligibility-related appeals has been large and the rate of case resolution has been relatively slow. For example, as at June 2012, 795,117 eligibility-related appeals had been logged in Phase II, out of which 203,553 (25.6 percent) had been resolved at the district level, with 118, 830 awaiting final acceptance by NADRA (15 percent). On the other hand, the number of complaints filed has been very low (4,554) for a program of this size (GoP, 2012). The December 2012 figures, which record a total of more than 1.08 million appeals lodged, also have indicated improvement in the appeals process, with 48 percent of cases resolved at the district level (GoP, forthcoming).

The lessons learned by the CDCP have related to: ensuring adequate human resource capacity, training/skills and inter-agency communications to administer the system; making the system as simple and easy to navigate as possible; and investing sufficiently in beneficiary communications.

Phase I: The CDCP established a multi-agency and multi-level grievance process, with three streams: updates, complaints, and appeals. At the local level, grievance and complaints redress desks were put in place at the WCFCs, run by NADRA and the DCOs; these were operational in 87 out of 101 WCFCs by the start of Phase II. The role of the redress desks has been to: log eligibility-related grievances, complaints about service delivery, and grievances related to updating of the CNIC information, as this can affect eligibility (e.g., changed marital status, death of household head, etc.).

Different partners were made responsible for the resolution of complaints against service providers, depending on the nature of the complaint. For instance, NADRA has overall

responsibility for updating the CNIC information and has set up public telephone hotlines to support this work, in addition to the services provided by the redress desks. The PCBs utilize their own CDCP information and complaints services to resolve payment-related issues.

For program eligibility issues, there are a number of agencies which have been involved since Phase I. Flood-affected families who think they have been wrongfully excluded from the CDCP eligibility list can lodge an appeal at the WCFC grievance counter. If appropriate, the appeal is forwarded to a District Review Committee (DRC) for resolution. The DRC reviews the cases, investigates the validity of the claims, and then conveys its recommendations to Provincial Appeals Secretariats located within the PDMAs. The Secretariats make the final decision on the cases, which are then forwarded to NADRA for final cross-checking against the eligibility criteria and entry into its database.

The human, technical and financial capacity that would be required to administer the grievance system was under-estimated during Phase I (GoP, 2012), as the GoP had no prior experience of operating a post-disaster SSN of this magnitude. Additionally, the grievance process proved to be lengthy and cumbersome, and the communications among the service providers – and between the service providers and flood-affected people – were insufficient. This resulted in confusion and difficulty both for those administering the system and those trying to access it. Furthermore, it gave local administrative officers considerable power, leading to some inappropriate behavior (Hunt et al, 2011). All of these factors have contributed to continued delays in resolving grievance cases and likely to the number of cases themselves over both phases of the CDCP.

During Phase II, a number of actions have been taken to strengthen the grievance process and resolve the backlog of cases. The District Review Committees (DRC) have been established to resolve grievances, as a body of respected individuals who are independent of the selection process and possible vested political interests; the DRCs fall under the responsibility of the District Administrations and each is supported by a NADRA data entry expert. The focus on grievance mechanisms has been increased in communications campaigns with stakeholders. The CDCP has also provided training and technical support at the district and provincial levels. The capacity of key service providers has improved, but still remains variable and stretched in some places – particularly given the high volume of appeals generated due to targeting errors. New initiatives continue to be introduced into the CDCP, such as performance-based incentives programs for the DRCs (GoP, 2012).

Communications

The CDCP has invested a considerable amount of thought and attention into the development of effective beneficiary communication systems at scale, despite difficulties experienced along the way. The GoP has worked with experienced partners and has gradually improved its outreach in this area, building from the lessons learned during Phase I about the importance of ensuring that: locally appropriate and accessible communication channels are selected, capacity exists to deliver and receive communications messages and materials at all levels, and that the messaging is clear and consistent across all audiences. A 2012 survey of flood-affected communities by IOM found that the CDCP program had the most widely circulated information, reaching 68 percent of the population (IOM, 2012b).

Phase I:

The International Organization for Migration (IOM) was engaged by the GoP to provide information to the public on the various programs and services available for flood survivors during Phase I,¹² with DFID providing bilateral funding. IOM prepared, field-tested and refined a set of answers to “Frequently asked Questions” (FAQs) about the CDCP, with technical support from NADRA. IOM also developed radio campaigns,¹³ some printed material, and FAQ fliers. It stationed two information officers in each of 25 flood-affected districts where the caseload was larger than 25000, with one based at the WCFC and the other conducting community/household visits (IOM, 2012b).¹⁴ The information officers included female staff to hold separate meetings with female beneficiaries (Field interviews, 2012). IOM also conducted five provincial workshops with NGOs, CBOs and other organizations which highlighted key communication issues such as: beneficiary financial literacy, getting information to remote areas, and increasing the access of the elderly, women and disabled to WCF services (IOM, 2012b).

Due to the low literacy rates of the rural population, direct face-to-face communication with beneficiaries was used extensively. IOM employed its pre-existing approach of forming “humanitarian field teams”, typically paid local representatives selected from the communities and trained by IOM in community mobilization techniques. The teams initially conducted CDCP awareness-raising sessions in the targeted villages, including separate consultations with men and women. They are complemented by “human networks” – a group of at least five people per village who can read and write an SMS. These networks are trained to share SMS messages through informal channels (e.g., mosque announcements, word-of-mouth, etc.). The humanitarian field team communicates important information via the human network, and the network informs the field team of important messages or queries from the beneficiaries. If a particular query is applicable to the wider population, it is sent out as a mass message.

Despite these considerable efforts at community outreach, problems arose. A large quantity of public information materials was produced, but the dissemination of these products appears to have been limited at sub-district levels, possibly reflecting limited capacity at these levels (Hunt et al, 2011). The phase I evaluation could not identify a clear strategy for the delivery of these communication products, either to the end-users or to the implementing stakeholders, particularly at district and local levels (the urgency of the initial emergency response did not allow enough time for the development of a full strategy). Most information that was spread by word-of-mouth through the human networks also had led to mixed messages. This situation contributed to confusion among both program administrators and the potential beneficiaries, particularly with regards to registration and grievance procedures (Hunt et al, 2011).

¹² IOM had prior experience in this area, having worked with 3 million IDPs during the 2009 IDP crisis.

¹³ Radio Pakistan estimates that its radio network covers 98 percent of the country's population (<http://www.radio.gov.pk/marketing>, viewed 27/11/2012).

¹⁴ In two other districts, where the population is under 25,000, only one information officer has been provided.

Phase II:

As a result of this experience, and the less pressurized circumstances after the immediate emergency response had been delivered, a formal Communications Strategy was developed for Phase II by NADRA and Cabinet. The World Bank provided specialized technical support to this process, including the incorporation of a focus on the design and provision of appropriate communication materials for each stakeholder, while encouraging innovative and locally appropriate interventions to reach the beneficiary population. The Strategy has three components: internal training/briefing to ensure a coherent understanding of all aspects of the CDCP at all levels among the stakeholders; beneficiary awareness raising through appropriate local media and local government/institutions; and public awareness activities for the general public, media, academia, donors, politicians, and civil society nationally.

IOM's key supporting role has continued during Phase II with DFID and World Bank financing. A DFID-funded IOM call center in Islamabad also was established during Phase II that functions as a hotline to provide information on the CDCP program and procedures, and SMS messaging has been used to provide information on beneficiary status given the high prevalence of mobile phone use in Pakistan.¹⁵ Program reporting has indicated improved knowledge levels/clarity of understanding among service providers and beneficiaries as a result of all of these efforts.

IOM also conducted a major study in early 2012 to identify lessons learned and best practices for future emergencies. Some interesting findings include: the need for financial literacy training to be provided directly to beneficiaries, rather than through pictorial banners (IOM, 2012a); for greater promotion of call center use among a population with reasonable mobile phone access; and use of an integrated-voice-response system for less literate beneficiaries to track the status of their cases (IOM, 2012b). Further studies are also planned by the CDCP on word-of-mouth communications issues in order to better inform future programming (GoP, 2012).

Monitoring, Evaluation and Accountability

The CDCP's system for monitoring and evaluation (M&E) has provided useful information to guide the program's progress and to identify implementation issues that require attention. The Management Information System (MIS) put in place provides efficient tracking of progress and bottlenecks in rolling out the cash transfer assistance and resolving grievances/appeals, with issues brought to the attention of decision-makers on a regular basis. This combined with a range of internal and external M&E, audit and feedback mechanisms developed over Phases I and II has fostered a climate of continuous improvement within the program – as well as contributing to low reported incidences of fraud.

¹⁵ Nearly 72 percent of CDCP beneficiary households surveyed by IOM in 2012 owned at least one mobile phone (IOM, 2012b).

Monitoring

The CDCP has a monitoring framework and follows an annual monitoring plan that is approved by its governance structures. Monitoring is carried out through various internal and external channels. NADRA and the Cabinet Division undertake field level monitoring while an independent international audit firm conducts external operational audits of all the institutions involved in implementation of the program. The CDCP's MIS is also an important program monitoring mechanism. It was developed during Phase I, and was partly manual (e.g., at local levels), but has been fully computerized during Phase II.

The MIS is the system through which all information on targeting, enrollment, payments and grievances is gathered and processed. It combines the Cabinet Division's financial records of disbursements and bank reconciliations with NADRA's national civil registry-linked beneficiary tracking system. The Monitoring Module of the MIS produces lists of indicators which are used to develop a variety of regular reports at different geographic and managerial levels. Teams of Field Monitoring Officers are trained and equipped to generate the data that underpins this work. The Director for Monitoring and Evaluation ensures that these monitoring reports are discussed with the relevant stakeholders in order to take timely corrective action.

Some particularly interesting features of the MIS are: the system can generate alerts to trigger important grievance redress procedures; its indicator lists for reporting can be made available to all stakeholders in formats that are suited to their level of accessibility (e.g., printed or online); and the operational audit includes process monitoring, with feedback provided fortnightly to NADRA and the Cabinet Division and recorded in the MIS (Field interviews, 2012).

Financial Management

The Phase I evaluation found the overall fraud level low in the CDCP's beneficiary identification, grievance and payment processes (Hunt et al, 2011), and there have only been a small number of reported cases of beneficiary misinformation leading to fraud in Phase II (GoP, 2012). Both findings indicate that the system put in place has been functioning effectively.

The CDCP Operational Manual, approved by the CCI, defines the policies and guidelines for transparent and accountable program/financial management and audit, including funds flow control arrangements and procedures. The program is both internally and externally audited. The Cabinet Division appoints staff to conduct internal audits, while the program is externally audited by the Auditor General's office. The internal audit assesses whether internal management controls are aligned with program objectives and the Operational Manual. The external audit certifies whether the program's accounts are being maintained according to internationally recognized standards endorsed by the GoP, as well as reporting on the strength of internal financial controls.

The CDCP stakeholders interviewed for the case study considered the external audits, both operational and financial, a particularly good mechanism for controlling corruption and identifying financial gaps or bottlenecks.

Social Accountability and Transparency

The help desks and phone hotlines put in place by NADRA/PCBs play a key role in gathering feedback from beneficiaries and the broader flood-affected population. NADRA also operates a CDCP website on which the eligibility criteria and beneficiary lists are published (more basic hard copy notices are posted in villages), along with an extensively used SMS enquiry/response system. Moreover, the inclusion of community members on the DRCs is an important mechanism through which the CDCP holds its targeting system open to local public scrutiny.¹⁶ The early provision of information to beneficiaries on potential fraud/malpractice is considered a key feature to build into communications campaigns for future programs (GoP, 2012).

Evaluation

An independent evaluation was carried out at the end of Phase I which provided timely advice to inform the design and implementation of Phase II, and a Mid-Term Review Workshop also has contributed to the continuous learning and improvement of program delivery during Phase II. An impact evaluation of PHASE II is being conducted during 2012.

Disaster Preparedness and Program Continuity

Pakistan's experience highlights the real challenges that governments can face when trying to provide post-disaster support on a large scale. If limited resources are spread as far as possible across the largest number of affected people, this may be publicly perceived as more equitable, but it can lead to the inclusion of some in lesser need and the exclusion of some with greater need. Conversely, setting up a beneficiary targeting system that is sensitive to different forms/levels of vulnerability carries costs to administrative speed and efficiency. Regardless of the targeting system used, the management of a large-scale response also requires levels of administrative, financial and technical support beyond normal programming. This is needed to establish and implement fast and efficient mechanisms for communicating with disaster-affected people, selecting and registering beneficiaries, disbursing assistance, managing grievances and ensuring adequate fiduciary/operational monitoring and control.

Good disaster preparedness can make a significant difference to the speed and quality of a response (World Bank/United Nations 2010). A World Bank meta-evaluation further found that countries with adequate SSN systems already in place are able to respond more effectively to protect the poor and support recovery from shocks (IEG-World Bank/IFC/MIGA, 2010).

The CDCP has supported the GoP's decision to strengthen its preparedness for post-disaster SSN programming, with the development of an *Action Plan for Early Recovery in Future Disasters (through Cash Transfers)* in 2012. The Plan outlines the institutional framework for the deployment of a SSN/cash transfer program framework in response to future natural disasters or civil crises. The framework has been developed based on the experience of the CDCP and previous post-disaster/crisis SSN programs. It includes strategies for mapping and building implementation capacities among government stakeholders at all levels, conducting contingency planning and simulation exercises, pre-identifying banking partners and signing standing agreements, as well as funding and donor coordination (Harvey et al, 2012). This is

¹⁶ The CDCP Operational Manual also encourages one-two female members on each DRC.

one of the first comprehensive national SSN disaster preparedness/contingency plans to be developed in the world with a focus on rapid-onset disaster scenarios.

There is also good potential to link the short-term SSN relief and recovery programs to longer term GoP social protection/assistance programs in future. The Action Plan envisages the use of Pakistan's National Poverty Score Card (NPS) as a tool to prioritize assistance to the most vulnerable (Harvey et al, 2012). The NPS was developed for the Benazir Income Support Scheme (BISP) and used to conduct a national poverty survey; NADRA assisted BISP to carry out the survey and record the results in an electronic database linked to its national civil registry. The CDCP beneficiary database is also linked to the civil registry. This opens up the possibility to incorporate previously unidentified beneficiaries into the BISP or other future SSN programming (i.e., poor individuals who obtained a CNIC through the CDCP program and, hence, may have been missed in the poverty survey) as well as households that have fallen below the poverty line due to the disaster's impact. Thus, while Pakistan may operate distinctly different kinds of national SSN for regular programming and for times of disaster, the two can interact.

Lessons Learned

Overall, the experience of the CDCP clearly demonstrates that it is possible to establish a large-scale post-disaster SSN cash transfer program that will address both relief and recovery needs within the affected population. With sufficient advance disaster preparedness planning, and attention to the lessons that have emerged from the CDCP's iterative learning process, such programs can be established relatively quickly, run efficiently, and deliver effective results.

Some of the key lessons learned to date by the CDCP include:

- Post-disaster SSN programs can benefit from building on strong existing institutions and mechanisms, such as NADRA's civil registry and BISP poverty/vulnerability databases.
- The capacity of institutional partners to deliver post-disaster SSNs needs to be assessed, especially at sub-national levels, and adequate technical support/resources provided.
- In large-scale disaster contexts, geographical targeting can be a faster way to identify beneficiaries, but the potential for exclusion/inclusion errors is high. Geographic criteria need to be combined with other criteria, particularly poverty/vulnerability criteria, in order to achieve an appropriate balance between reaching those most affected and reaching those least able to cope with the disaster's impacts.
- Access difficulties, e.g., following slow-onset floods, can make the conduct of household level damage and loss surveys too slow a method of targeting for early relief responses in certain areas. This may require creative solutions such as: aerial surveys correlated with existing poverty and vulnerability databases, followed up by field-based beneficiary verification processes when conditions permit; or universal targeting of urgent relief support when resources permit.
- Third party independent verification of targeting efficiency is an important mechanism to reduce targeting errors; notifying the original surveyors that this verification will occur can act as a deterrent to inappropriate targeting.

- A national-level computerized database/registry system is a useful tool to use in large-scale post-disaster SSNs, as it allows a level of initial identification of beneficiaries, verification of payments and monitoring that is difficult to achieve through non-digital registries.
- The electronic funds transfer systems used by the formal banking system can be monitored more easily and are less susceptible to inappropriate transactions by intermediaries.
- A payment system using debit cards is a very efficient way of delivering cash to beneficiaries, provided that: a) adequate information/guidance on how to use the cards/ATM machines is delivered to them; b) point of sale desks are readily accessible; c) bank staff are adequately trained to guide them through the process and help them with any problems that may arise; and d) adequate security is provided at the points of sale.
- It is important to include financial literacy training for target populations not accustomed to the use of formal or electronic banking systems.
- When designing a payment system, it is important to give consideration to the kinds of accessibility issues which frequently arise post-disaster (e.g., disrupted and/or more costly transportation networks, etc.), in addition to the mobility restrictions faced by specific groups such as the disabled, elderly and women in certain socio-cultural contexts.
- Strategic planning of communications activities is needed to ensure that: the most appropriate and accessible communication modes are selected; sufficient human resource and technical capacity is in place for effective two-way communication between the program and its target audiences; and the program's messaging is clear and consistent. For the CDCP, it was found that the most effective communications strategy with the flood-affected population combined the use of mass media, social media and face-to-face methods .
- Grievance processes need to be as administratively simple and easy to use as possible, if they are to be accessible to poor and disadvantaged beneficiaries. Clear and early messages regarding the process are necessary to ensure it works correctly.
- Disaster preparedness is a sound investment for countries at high risk from disaster impacts.

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