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The World Bank

Report No: ICR1662

IMPLEMENTATION COMPLETION AND RESULTS REPORT  
(IDA-41340 TF-56748 TF-56749)

ON A

CREDIT

IN THE AMOUNT OF SDR 281.8 MILLION  
(US\$ 400 MILLION EQUIVALENT)

TO THE

ISLAMIC REPUBLIC OF PAKISTAN

FOR AN

EARTHQUAKE EMERGENCY RECOVERY CREDIT

December 31, 2011

Urban and Water Unit  
Sustainable Development Department  
South Asia Region

## CURRENCY EQUIVALENTS

(Exchange Rate Effective December 21, 2011)

Currency Unit = Pakistan Rupees (PKR)

1.00 = US\$ 0.011

US\$ 1.00 = PKR 89.00

FISCAL YEAR

July 1 – June 30

## ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank	NDMA	National Disaster Management Authority
AJK	Azad Jammu & Kashmir	NDRMF	National Disaster Risk Management Framework
CAS	Country Assistance Strategy	NGO	Non-governmental Organization
CBDRM	Community based Disaster Risk Management	NWFP	North West Frontier Province
CNIC	Computerized National Identity Cards	OCHA	United Nations Office of Coordination and Humanitarian Assistance
CPS	Country Partnership Strategy	O& M	Operations and Maintenance
CSIA	Continuous Social Impact Assessment	PARCO	Pak Arab Refinery Limited
DDMA	District Disaster Management Authority	PDD	Planning and Development Division
DNA	Damage and Needs Assessment	PDMA	Provincial Disaster Management Authority
DRCs	Data Resource Centers	PDO	Project Development Objective
DRM	Disaster Risk Management	PEOC	Provincial Emergency Operations Center
DRU	District Reconstruction Unit	PERRA	Provincial Earthquake Reconstruction & Rehabilitation Agency
EA	Environmental Assessment	PMU	Project Management Unit
EQ	Earthquake	POL	Petroleum Oil & Lubricants
EIA	Environmental Impact Assessment	POs	Partner Organizations
EMP	Environmental Management Plan	PPAF	Pakistan Poverty Alleviation Fund
ERC	Emergency Recovery Credit	PPRA	Pakistan Procurement Regulatory Authority
ERP	Earthquake Recovery Program	PRSP	Poverty Reduction Strategy Paper
ERRA	Earthquake Reconstruction and Rehabilitation Authority	PSO	Pakistan State Oil
ESSAF	Environmental and Social Screening Assessment Framework	RHRP	Rural Housing Reconstruction Programme
FATA	Federally Administered Tribal Areas	RME	Reporting Monitoring & Evaluation System
FM	Financial Management	SA	Social Assessment
FMRs	Financial Monitoring Reports	SBP	State Bank of Pakistan
GDP	Gross Domestic Product	SERRA	State Earthquake Reconstruction & Rehabilitation Agency
GOP	Government of Pakistan	HSWG	Housing Strategic Working Group

GRM	Grievance Redressal Mechanisms	IBRD	International Bank for Reconstruction and Development
M&E	Monitoring and Evaluation	ICRR	Implementation Completion and Results Report
MIS	Management Information Systems	IDA	International Development Association
NADRA	National Database and Registration Authority	IDB	Islamic Development Bank
NCRRS	Non-Compliance Referral and Response System	ISR	Implementation Status Report
JSDF	Japan Social Development Fund	UN	United Nations
KP	Khyber Pakhtunkhwa	UNDP	United Nations Development Programme
KPIs	Key Performance Indicators	VPU	Vice Presidency Unit
SFP	Safeguard Focal Point	WB	World Bank
SIA	Social Impact Assessment		
SMCs	School Management Committees		

Vice President: Isabel M. Guerrero  
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 Project Team Leader: Raja Rehan Arshad  
 ICR Team Leader: Abdu Muwonge



**PAKISTAN**  
**Earthquake Emergency Recovery Credit**

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A. Basic Information			
Country:	Pakistan	Project Name:	PK: Pakistan Earthquake ERC
Project ID:	P099110	L/C/TF Number(s):	IDA-41340,TF-56748,TF-56749
ICR Date:	01/05/2012	ICR Type:	Core ICR
Lending Instrument:	ERL	Borrower:	GOVERNMENT OF PAKISTAN
Original Total Commitment:	XDR 281.80M	Disbursed Amount:	XDR 480.70M
Revised Amount:	XDR 480.70M		
<b>Environmental Category: B</b>			
<b>Implementing Agencies:</b> Earthquake Reconstruction and Rehabilitation Authority			
<b>Cofinanciers and Other External Partners:</b>			

B. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	11/07/2005	Effectiveness:	01/19/2006	01/19/2006
Appraisal:	11/21/2005	Restructuring(s):		09/30/2010
Approval:	12/15/2005	Mid-term Review:	09/01/2007	12/18/2007
		Closing:	06/30/2009	05/31/2011

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	Satisfactory
Risk to Development Outcome:	Substantial
Bank Performance:	Satisfactory
Borrower Performance:	Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Satisfactory	Government:	Not Applicable
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Not Applicable
<b>Overall Bank Performance:</b>	Satisfactory	<b>Overall Borrower Performance:</b>	Satisfactory

<b>C.3 Quality at Entry and Implementation Performance Indicators</b>			
<b>Implementation Performance</b>	<b>Indicators</b>	<b>QAG Assessments (if any)</b>	<b>Rating</b>
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA):	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Satisfactory		

<b>D. Sector and Theme Codes</b>		
	<b>Original</b>	<b>Actual</b>
<b>Sector Code (as % of total Bank financing)</b>		
Central government administration	20	20
General education sector	5	5
Housing construction	40	40
Other social services	5	5
Sub-national government administration	30	30
<b>Theme Code (as % of total Bank financing)</b>		
Natural disaster management	40	40
Participation and civic engagement	20	20
Rural services and infrastructure	20	20
Social safety nets	20	20

<b>E. Bank Staff</b>		
<b>Positions</b>	<b>At ICR</b>	<b>At Approval</b>
Vice President:	Isabel M. Guerrero	Praful C. Patel
Country Director:	Rachid Benmessaoud	John W. Wall
Sector Manager:	Ming Zhang	Sonia Hammam
Project Team Leader:	Raja Rehan Arshad	Christoph Pusch & Raja Rehan Arshad
ICR Team Leader:	Abdu Muwonge	
ICR Primary Author:	Abdu Muwonge	



## F. Results Framework Analysis

### Project Development Objectives (from Project Appraisal Document)

The project objectives are to support the efforts of the Government of Pakistan to:

- (i) Reduce the immediate suffering resulting from the effects of the earthquake and restore livelihoods destroyed by the earthquake;
- (ii) Restore basic services to the affected population and rebuild public infrastructure; and
- (iii) Start the recovery and reconstruction process.

### Revised Project Development Objectives (as approved by original approving authority)

The revised PDO was to:

- (i) reduce the immediate suffering resulting from the effects of the 2005 earthquake and restore livelihoods destroyed by the 2005 earthquake;
- (ii) restore basic services to the affected population and rebuild public infrastructure destroyed by the 2005 earthquake;
- (iii) start the recovery and reconstruction process from the 2005 earthquake; and
- (iv) enhance the resources available to adequately meet the early recovery needs of people affected by the 2010 floods.

(NOTE: the description below of KPI baseline and completion data relates to additional financing)

#### (a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
<b>Indicator 1 :</b>	Stocks of motor gasoline needed for recovery operations maintained at adequate levels (Pakistan State Oil targets 10 days worth of consumption) during the period of import financing. (UoM = days)			
Value quantitative or Qualitative)	8	6		10
Date achieved	08/31/2010	09/30/2010		12/31/2010
Comments (incl. % achievement)	100 percent achieved.			
<b>Indicator 2 :</b>	Stocks of Jet A-1 needed for recovery operations maintained at adequate levels (Pakistan State Oil targets 10 days worth of consumption) during the period of import financing. (UoM = days)			

Value quantitative or Qualitative)	18	15		10
Date achieved	08/31/2010	09/30/2010		12/31/2010
Comments (incl. % achievement)	100 percent achieved.			
<b>Indicator 3 :</b>	Stocks of High Speed Diesel needed for recovery operations maintained at adequate levels (Pakistan State Oil targets 15 days worth of consumption) during the period of import financing. (UoM = days)			
Value quantitative or Qualitative)	23	22		15
Date achieved	08/31/2010	09/30/2010		12/31/2010
Comments (incl. % achievement)	100 percent achieved.			
<b>Indicator 4 :</b>	Housing component KPI-1: amount of restoration/reconstruction grants disbursed			
Value quantitative or Qualitative)	0	Quick disbursements were expected to respond to the emergency. By October 2006, disbursements of the housing grant (Rs. 30 billion) had reached 82 percent of beneficiaries.		100% disbursement of the housing grant.
Date achieved	12/05/2005	10/17/2006		05/31/2011
Comments (incl. % achievement)				
<b>Indicator 5 :</b>	Housing component KPI-2: Number of houses reconstructed/restored to earthquake (EQ) resistance standards.			
Value quantitative or Qualitative)	528,000 beneficiaries			528,000 beneficiaries
Date achieved	07/30/2006			05/31/2011
Comments (incl. % achievement)	By October 2006, 435,000 beneficiaries had received the Housing Grants.			
<b>Indicator 6 :</b>	Housing component KPI-3: Number of craftsmen trained in key trades (masons and carpenters).			
Value quantitative or Qualitative)	Zero. However, ERRA had partnered with 18 civil society Partner Organizations (including			By mid-term over 500,000 beneficiaries and community

	PPAF POs) to establish a training network in 130 UCs by October 2006.			members had undergone training. More than 16,000 artisans and 4000 local government personnel and master trainers had benefited from training
Date achieved	12/05/2005			03/30/2008
Comments (incl. % achievement)				
<b>Indicator 7 :</b>	Housing component KPI-4: Percentage of complaints redressed			
Value quantitative or Qualitative)	0			Data Resource Centers (DRCs) in AJK and SERRA helpline received and resolved more than 350,000 complaints related to housing cash grants. Concurrently, DRCs in NWFP and PERRA entertained about 200,000 complaints.
Date achieved	12/05/2005			05/31/2011
Comments (incl. % achievement)				
<b>Indicator 8 :</b>	Livelihood support KPI-1: Number of communities /villages reached.			
Value quantitative or Qualitative)	Zero at the time of disaster			All affected communities had benefited from the project.
Date achieved	12/05/2005			05/31/2011
Comments (incl. % achievement)				
<b>Indicator 9 :</b>	Livelihood support KPI-2: Number of families benefited in each district;			
Value quantitative or Qualitative)	Initial target population of 250,000 eligible households.			Over 280,000 families benefited from cash grants by the end of the project
Date achieved	12/05/2005			05/31/2011
Comments				

(incl. % achievement)				
<b>Indicator 10 :</b>	Livelihood support KPI-3: Amount of money collected by beneficiaries.			
Value quantitative or Qualitative)	100 percent disbursement of the livelihood grant.			Total disbursement of about US\$81 million were disbursed to over 280,000 beneficiaries
Date achieved	12/05/2005			05/31/2011
Comments (incl. % achievement)				
<b>Indicator 11 :</b>	Livelihood support KPI-4: Number of communities /villages where payments were delivered on time			
Value quantitative or Qualitative)	Over 250,000 families were deemed eligible to benefit from the payments on time			More than 100 percent of the baseline was achieved
Date achieved	12/05/2005			05/31/2011
Comments (incl. % achievement)				
<b>Indicator 12 :</b>	Livelihood support KPI-4: Number of grievances/appeals received by district and how many have been resolved.			
Value quantitative or Qualitative)				
Date achieved				
Comments (incl. % achievement)	Similar data as shown above on the Housing component KPI-4			

**(b) Intermediate Outcome Indicator(s)**

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
<b>Indicator 1 :</b>	Value (in US\$ millions) of certified Bills of Lading for fuels (detailed on the positive list of imports) needed for recovery operations. (UoM=US\$ million)			
Value (quantitative or Qualitative)	120	90		
Date achieved	10/31/2010	12/31/2010		
Comments (incl. % achievement)				

## G. Ratings of Project Performance in ISRs

No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
1	06/29/2006	Satisfactory	Satisfactory	326.11
2	12/29/2006	Satisfactory	Satisfactory	326.11
3	06/28/2007	Satisfactory	Highly Satisfactory	357.68
4	12/27/2007	Satisfactory	Highly Satisfactory	387.34
5	06/30/2008	Satisfactory	Highly Satisfactory	393.01
6	12/28/2008	Satisfactory	Highly Satisfactory	393.01
7	05/26/2009	Satisfactory	Highly Satisfactory	395.83
8	07/29/2009	Satisfactory	Highly Satisfactory	398.00
9	11/28/2009	Satisfactory	Highly Satisfactory	399.98
10	05/24/2010	Satisfactory	Highly Satisfactory	401.86
11	12/11/2010	Satisfactory	Highly Satisfactory	403.80

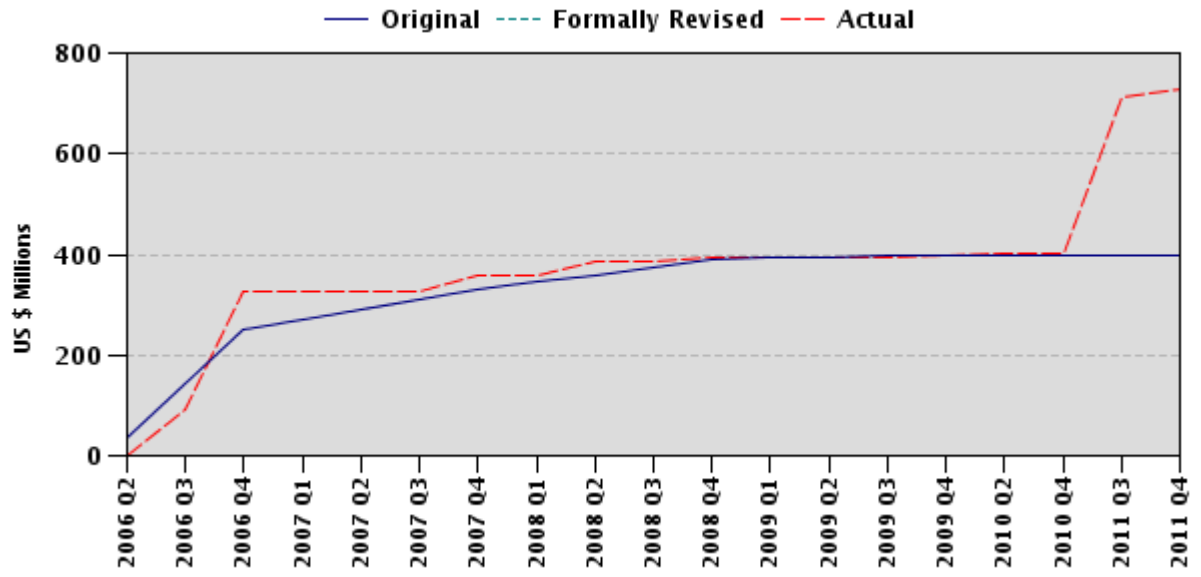
## H. Restructuring (if any)

Restructuring Date(s)	Board Approved PDO Change	ISR Ratings at Restructuring		Amount Disbursed at Restructuring in USD millions	Reason for Restructuring & Key Changes Made
		DO	IP		
09/30/2010	Y	S	HS	403.80	

If PDO and/or Key Outcome Targets were formally revised (approved by the original approving body) enter ratings below:

	Outcome Ratings
Against Original PDO/Targets	Satisfactory
Against Formally Revised PDO/Targets	Satisfactory
Overall (weighted) rating	Satisfactory

## I. Disbursement Profile



## 1. Project Context, Development Objectives and Design

### 1.1. Context at Appraisal

On October 8, 2005, at 8:50 PST<sup>1</sup>, an earthquake of a magnitude 7.6 occurred in Pakistan, Afghanistan and India. In the immediate aftermath of this catastrophe, the World Bank responded by approving a US\$400 million Emergency Recovery Credit (ERC) followed by two emergency Japan Social Development Fund (JSDF) grants (TF:56748) and (TF: 56749) and provision of technical assistance to respond to the huge emerging needs of the Government of Pakistan (GOP).

The earthquake epicenter was located 100 kilometers north—northeast of Islamabad, along a fault associated with the Indian subcontinent moving northward at a rate of about 40 millimeters/year (mm/yr) and colliding with the Eurasian continent. Tremors were felt across a wide region of South Asia, from central Afghanistan to western Bangladesh. More than 1,000 aftershocks were recorded in the India-Pakistan Kashmir region, ranging from magnitude 5.0 to 6.0. The earthquake was arguably the most debilitating natural disaster in Pakistan's history at the time. Pakistan administered Kashmir, known as Azad Jammu and Kashmir (AJK), and the eastern districts of Khyber Pakhtunkhwa (KP), known as North West Frontier Province (NWFP)<sup>2</sup> at the time, suffered the full force of the earthquake in terms of number of lives lost, injuries sustained, and destruction of infrastructure and economic assets. In at least three districts in AJK and five in NWFP, public and private housing, social service delivery, governance structures, commerce and communications were either damaged or destroyed.

According to figures released by the GOP, as of November 3, 2005, approximately 73,000 people died and more than 70,000 sustained severe injuries or were rendered disabled. It was estimated that over 2.8 million persons were left without shelter and 2.3 million persons without adequate food. About 203,600 and 197,000 units of housing were destroyed and damaged respectively. In the affected districts in AJK, 84 percent of the total housing stock was damaged or destroyed. In NWFP, 36 percent of total housing stock in the affected districts was damaged or destroyed.<sup>3</sup> The overall loss of public and private assets (direct damage at book value) in the eight most affected districts was estimated at Rs. 135.2 billion (US\$2.3 billion), and the resulting loss in income (indirect loss) was estimated at Rs. 34.2 billion (US\$576 million). The level of direct damage was higher in AJK than in NWFP with the former believed to have lost about Rs. 76.4 billion (US\$1.3 billion) and the latter's loss about Rs. 56.4 billion (US\$ 989 million). Across sectors, private housing suffered the most extensive damage (estimated at Rs. 61.2 billion

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<sup>1</sup> Pakistan Standard Time.

<sup>2</sup> For consistency with the ERP context, NWFP is used throughout this ICRR text.

<sup>3</sup> Caution needs to be taken in interpreting these figures. Estimates remain conservative as the scale and magnitude of the earthquake devastation could not be fully established due to inaccessibility of more isolated communities located in the rugged mountainous terrain.

(US\$1.03 billion)) followed by transport (US\$ 340 million), education (US\$ 335 million), agriculture and livestock (US\$ 218 million).

While the impact of the earthquake on Pakistan's Gross Domestic Product (GDP) was expected to be relatively small, the impact on the fiscal deficit was severe. Over the fiscal years (FY) 2006—2008 the fiscal deficit was projected to increase by as much as 0.6 to one percent of GDP per year assuming, no other offsetting revenue increases and expenditure reductions. On the other hand, the impact of the earthquake on GDP was estimated at 0.4 percent of GDP.

A joint damage and needs assessment by the World Bank and the Asian Development Bank (ADB) estimated the overall cost associated with the earthquake at US\$5.2 billion. This estimate included costs for reconstruction, relief, and livelihood support for victims. Of this total, US\$ 3.5 billion was estimated as cost of reconstruction of lost assets and restoration of services. Approximately US\$ 1.6 billion was estimated as cost for housing reconstruction.<sup>4</sup> On November 19, 2005, over eighty-five delegations, representing multilateral, governmental and international non-governmental organizations, convened at a one day conference in Islamabad to pledge financial and in-kind support to the GOP's reconstruction and rehabilitation program. Total pledges amounting to US\$5.9 billion were secured, ranging from US\$300,000 to US\$1 billion. Of the total amount pledged, approximately US\$2 billion was in the form of grant support while US\$3.9 billion was in the form of concessional or soft loans.

### **Original Project Development Objectives (PDO) and Key Indicators**

The PDO was to support the efforts of the GOP to: (i) reduce the immediate suffering resulting from the effects of the earthquake and restore livelihoods destroyed by the earthquake; (ii) restore basic services to the affected population and rebuild public infrastructure; and (iii) start the recovery and reconstruction process.

Table 1 below summarizes the key performance indicators with respect to the housing and livelihoods components of the project. The livelihood indicators were distinguished into process indicators and impact indicators. While the import financing component did not list any indicators, a positive list of import items was used to monitor progress towards the PDO.

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<sup>4</sup> This figure excludes the labor hours of tens of thousands of Pakistanis and international officials who worked during the after month of the earthquake.



**Table 1: Summary of the key performance indicators**

<b>Housing Component</b>	<b>Livelihood support</b>	
	<b>Process Indicators</b>	<b>Impact Indicators</b>
<ul style="list-style-type: none"> <li>• Amount of restoration /reconstruction grants disbursed;</li> <li>• Number of houses reconstructed /restored to Earthquake (EQ) resistance standards;</li> <li>• Number of craftsmen trained in key trades (masons and carpenters); and</li> <li>• Percentage of complaints redressed</li> </ul>	<ul style="list-style-type: none"> <li>• Number of communities /villages reached;</li> <li>• Number of families benefited in each district;</li> <li>• Amount of money collected by beneficiaries;</li> <li>• Number of communities /villages where payments were delivered on time; and</li> <li>• Number of grievances/appeals received by district and how many have been resolved.</li> </ul>	<ul style="list-style-type: none"> <li>• Proportion of eligible households not receiving payments and proportion of beneficiaries who are not eligible;</li> <li>• Proportion of affected families meeting their basic needs; and</li> <li>• Proportion of affected families who need further support after 6 months.</li> </ul>

**Revised PDO and Key Indicators, and reasons/justification**

The project was restructured following the Bank’s additional credit of US\$300 million as immediate response to the devastating floods that occurred throughout Pakistan in 2010. Consequently, the PDO and key indicators were expanded to accommodate the broadened scope of the project. The justification of additional financing and restructuring was to ensure timely response by supporting flood recovery efforts with fast disbursing import financing. Compared to the 2005 earthquake, the 2010 floods precipitated a sharp increase in imports, such as food, medicines, tents, construction materials, machinery, and fuel. Fuel was a key category of imports, including motor gasoline, jet fuel, and diesel, which were essential for sustaining the recovery and reconstruction effort. The operation proposed to disburse the full US\$300 million in additional financing against imports of POL items.

The revised PDO was to: (i) reduce the immediate suffering resulting from the effects of the 2005 earthquake and restore livelihoods destroyed by the 2005 earthquake; (ii) restore basic services to the affected population and rebuild public infrastructure destroyed by the 2005 earthquake; (iii) start the recovery and reconstruction process from the 2005 earthquake; and (iv) enhance the resources available to adequately meet the early recovery needs of people affected by the 2010 floods.

The additional performance indicators following the restructuring were:

- Stocks of motor gasoline needed for recovery operations maintained at adequate levels (Pakistan State Oil targets 10 days worth of consumption) during the period of import financing;
- Stocks of Jet A-1 needed for recovery operations maintained at adequate levels (Pakistan State Oil targets 10 days worth of consumption) during the period of import financing;
- Stocks of high speed diesel needed for recovery operations maintained at adequate levels (Pakistan State Oil targets 15 days worth of consumption) during the period of import financing; and

- Value (in millions of US\$) of certified bills of lading for fuels (detailed on the positive list of imports in the original technical annex) needed for recovery operations (Revised).

The additional financing helped to ensure that adequate supplies of fuel were available to sustain recovery and rehabilitation operations. The National Disaster Management Authority (NDMA) estimated that substantial amounts of jet fuel were being used by helicopters and fixed wing aircraft flying rescue and relief operations. In addition, heavy machinery, trucks, buses and other mechanized vehicles also required huge quantities of diesel and gasoline in their engagement in flood response. The fuel supply shortage was exacerbated by the closure of Pak-Arab Refinery Limited's (PARCO) refinery, which accounted for 20 percent of Pakistan's refinery capacity, producing 60,000 tons of motor gasoline, 60 tons of jet fuel and 100,000 tons of diesel fuel per month. The closure was due to flood related damages to roads and bridges leading to the refinery. It was expected that repairs to this infrastructure would take at least 5—7 weeks, which was too long in a response operation. The closure translated into a loss of fuel worth over US\$150 million, which was to be immediately imported in order to sustain adequate fuel supplies in the country. It is important to note that the import financing was in the form of budget support and thus, no actual data is available on the actual purchases of fuel made using the project resources.

### **Main Beneficiaries**

The main beneficiaries were the population affected by the 2005 earthquake in AJK and in NWFP, and the population affected by the 2010 floods across Pakistan. Other beneficiaries were government staff, including those working with the project implementing agency and associated departments. Relevant capacity support and technical assistance to staff was provided in the areas of disaster and risk reduction, project management, procurement and financial management. Indirectly, unskilled workers benefited through access to on-the-job construction skills. Local builders acquired skills on seismic building standards and techniques. Similarly, communities' strengthened their capacity and skills in the repair and up gradation of their buildings.

### **Original Components**

The original project components were designed to respond to achieving the PDO stated above. The components took into account the lessons learned in Pakistan and were consistent with prior projects on disaster risk and reduction. The main components were as follows:

**Component 1: Housing Reconstruction (US\$220 million).** This component was to finance: (a) housing assistance in the form of cash grants for replacement of destroyed homes with new seismic resistant core units and the restoration and strengthening of damaged homes to seismically acceptable standards, with eligibility determined by a detailed damage and eligibility survey; and (b) technical assistance and capacity building to support the Earthquake Reconstruction and Rehabilitation Authority (ERRA) and

provincial and local governments in overall project management, reporting, monitoring and evaluation, and compliance with the social and environmental framework, development of a grievance redressal mechanism, among other activities.

**Component 2: Livelihoods Support (US\$85 million).** This component was to address the dual objectives of protecting the most vulnerable households in the short-term through the provision of cash grants, and rejuvenating economic activity by reviving small businesses and replacing assets lost in agriculture and livestock. Cash grants were to be provided for monthly income support to affected households (for example, households that were displaced due to housing damage or lost their main source of livelihood – shop/business, livestock or agricultural land). Preference was to be given to needy or vulnerable households, for example those with a high number of dependents to support, such as the disabled, elderly, children, and injured.

**Component 3: Import Financing (US\$85 million).** This component was to assist the GOP in early reconstruction and rehabilitation efforts while maintaining macroeconomic stability by financing critical imports related to reconstruction and rehabilitation of earthquake affected areas. The component was based on a quick-disbursing mechanism to help to finance POL imports. The imports would in turn support early reconstruction, rehabilitation of assets, and restoration of economic activity, while mitigating pressure on the balance of payments. Imports financed under this component were to include fuel and petroleum products and other construction material, prefabricated and temporary structures for providing medical services, and construction and earth-moving machinery and spare parts.

**Component 4: Capacity Building (US\$10 million).** This component was to support the strengthening of the existing implementation capacity of all levels of government to implement and to monitor the recovery program, as well as to meet the heightened demand for project management and oversight. These measures were to include the provision of human resources and consultancy inputs at the federal, provincial and district levels, technical assistance for continuous social impact assessment and third party evaluation, sector-specific training programs, the provision of information technology connectivity and the establishment of management information systems (MIS), as well as the purchase of basic office supplies, infrastructure, and urgently needed vehicles. In addition, technical assistance was to be provided to develop a strategic and effective hazard risk management system in Pakistan.

### **Revised Components**

As shown above, following the devastating 2010 floods the Bank responded swiftly with an additional credit of US\$ 300 million. The ERC was restructured to accommodate the GOP's emergency resource needs to address flood related recovery and reconstruction costs. There was a greater demand for imports, and in particular, fuel used by helicopters, jets, and other equipment during the emergency operation. Therefore, an additional US\$300 million were provided under component 3 on import financing, increasing the overall cost from US\$ 85 million to US\$385 million (more than a 4 and ½ times fold

increase of the original cost). There were no changes made to the original design and implementation modalities of component 3, as defined and appraised during the preparation of the ERC. The additional financing and restructuring was approved by the Board of Directors on September 30, 2010.

### **Other significant changes**

Since the nature and geographic scope of the flood event of 2010 was beyond the mandate of ERRA, the Planning and Development Division (PDD) of the GOP became the implementing agency for the import financing component. The PDD was the main institution at the federal level responsible for flood response coordination, as well as donor interface. Throughout the rest of the implementation period, there is no major reason to suspect that this arrangement impeded the achievement of the intermediate outcomes under component 3 as well as attainment of the PDO.

## **2. Key Factors Affecting Implementation and Outcomes**

### **2.1. Project Preparation, Design and Quality at Entry**

The overall quality at entry is rated as satisfactory. This rating is based on the following assessment:

**Rationale for the Bank's Intervention.** The 2005 earthquake and the recent 2010 severe flooding are among the worst natural disasters in Pakistan's history. Tens of thousands of lives were lost and there was severe public and private property damage and destruction. The resource requirements to address the recovery and reconstruction needs of Pakistan were enormously huge. The project and its additional financing were consistent with the second and third pillar of the Bank Group's Country Partnership Strategy (CPS) 2010-2013. The second pillar of the CPS seeks to improve human development and social protection and the third pillar seeks to improve infrastructure to support growth. In addition, the GOP and other domestic and international stakeholders sought for timely assistance and collaboration from the Bank given its wide international experience in disaster management and post disaster reconstruction operations. The Bank's assistance was informed by a joint damage and needs assessment carried out together with the ADB. The international community was also quick in responding and various countries provided assistance both in cash and kind. The United Nations through its various specialized agencies such as United Nations Office of Coordination and Humanitarian Assistance (OCHA) assisted in the relief efforts.

**Government commitment.** The Government's commitment and priorities in dealing with the disaster were furthered demonstrated by the creation of the Earthquake Reconstruction & Rehabilitation Authority (ERRA) at the federal level and State Earthquake Reconstruction & Rehabilitation Agency (SERRA) as well as Provincial Earthquake Reconstruction & Rehabilitation Agency (PERRA) at the Provincial level.

**Clarity, focus and flexibility of project design.** The project design allowed for greater flexibility for the GOP to respond to emerging natural disaster needs. The PDO was clearly defined and the associated components were aligned toward achievement of this objective. For these reasons, the design was quickly adapted during the Bank's response to the 2010 severe floods. In addition, the adoption of a mixed centralized and decentralization approach allowed for alignment of the appropriate functions and addressing implementation challenges at the right administrative level. Policy and strategy formulation were centralized while implementation, monitoring and reporting mechanisms were decentralized through field units. Moreover, implementation through mainstreamed government line departments allowed for strengthening of existing institutions to better respond to future disasters. Significant efforts were made to build capacity in disaster risk and reduction across all implementing agencies.

**Adequacy of safeguard policies.** Safeguard policies as required under Bank policy were adequately integrated in the project design. An Environmental and Social Screening and Assessment Framework (ESSAF) was prepared to undertake environmental impact assessments (EIAs) for all rehabilitation and reconstruction activities. The assessments were aimed at ensuring that adverse environmental and social impacts were minimized and that appropriate mitigation measures were inbuilt within the project.

In addition, a continuous social impact assessment (CSIA) was recommended and adopted to facilitate the articulation of community perceptions, grievances and feedback vis-a-vis identification of beneficiaries for the housing and livelihood components and the mobilization of resources. The CSIA was to provide inputs in the project design with regards to monitoring the social dimensions and potential risks of the program. Through direct interaction with beneficiary communities it was proposed to carry out an independent evaluation of program implementation and distribution of program benefits.

**Lessons of earlier operations.** The Bank has enormous experience in supporting emergency operations in Pakistan and elsewhere. The Bank has supported earthquake emergency rehabilitation operations such as in Gujarat and Maharashtra in India, Turkey and Iran. Successful approaches applied in these and other operations were adopted in the project design. These included flexible and demand driven design, continuous oversight by local and state authorities, use of supervisory and implementation consultants to augment capacity, enforcement of performance based criteria, effective procurement planning and contract management arrangements. In addition to the conventional contractor driven reconstruction, community-driven reconstruction model, particularly the home-owner driven program, were also catered for in the project design. Other useful approaches applied in this project design include training of local builders, formulation of operational manuals clearly defining roles, responsibilities and procedures for implementation by multiple actors, formulation of construction guidelines and requirement of supervision mechanisms.

**Adequacy of participatory processes.** The IDA response to the disaster was based on a joint damage and needs assessment which was carried out by the Bank in partnership with ADB. The exercise was coordinated with the Government at the national, provincial,

district and local levels. Several stakeholders were involved, including the UN agencies, bilateral donors, and civil society. All strategies for the ensuing response and recovery/reconstruction efforts supported under the operation were informed by this assessment.

**Project risks and mitigations.** The key risks were the limited capacity and the highly inaccessible environment/areas due to inclement weather. The limited capacity risks were mitigated through capacity support to ERRA, PERRA/SERRA and District Reconstruction Units (DRUs) in effectively managing disaster risk and reduction strategies.

## **2.2. Implementation**

Bank supervision missions found the implementation progress as satisfactory, as recorded in the Aide Memoirs between 2006 and 2008. By mid-term in 2008, the project had disbursed 97 percent of the original credit amount. By the closure of the operation, disbursements had reached 100 percent. Evidence from studies carried out by the Bank and other assessments showed that the implementation arrangements for various components of the project were satisfactory.

**Housing:** The housing component constituted 55 percent of the total ERP original credit. At the closure of the project this component was rated highly satisfactory following successful implementation and full disbursement. The component financed 15 percent of the Government's US\$1.5 billion Rural Housing Reconstruction Programme (RHRP), which was a home-owner driven design initiative. Due to the programme's credibility, the RHRP was able to mobilize full donor financing.

A total of US\$210 million was earmarked (out of the total housing component cost) as cash disbursement amongst beneficiaries for reconstruction of destroyed homes with new seismic resistant core units and restoration and strengthening of damaged homes to seismically accepted standards. A culture of seismic-resistant construction became institutionalized in the project beneficiary areas. The aggregate seismic compliance rates at the plinth level and lintel level were 99 percent and 94 percent respectively, which represented substantial progress towards meeting the PDO. Ten million dollars were earmarked for technical assistance and capacity building to support ERRA and provincial and local governments in overall project management, hazard risk management, reporting, monitoring and evaluation and compliance with safeguards. Necessary equipment and vehicles were provided to SERRA, PERRA and DRUs. In addition, ERRA launched DRM pilot projects in Muzaffarabad and Mansehra for the preparation of macro level hazard risk maps, enhancement of response capacity of communities through training, and mainstreaming DRM in government planning process.

**Livelihood Support:** This component was rated satisfactory. It achieved successful implementation and full disbursement within two years of the program. The component constituted 21 percent of the total original credit sought to provide cash grants of Rs. 3,000 per household to an initial target population of 250,000 eligible households. The

cash grant was aimed at addressing immediate basic needs (including food items). However, due to delays in finalization of the eligibility criteria and methodology the launch of this component was delayed for four months not until April 2006. The last phase of payments was made in October 2007. Approximately US\$77 million was disbursed amongst a total of 260,802 families. Furthermore, a total of 20,866 families which were considered for extended support, received an additional US\$4 million, bringing total disbursement to US\$81 million.

**Import Financing:** This component constituted 21 percent of the original credit. However, when additional financing due to the 2010 floods is considered, the component constituted 55 percent of the total US\$ 700 million (original credit plus additional financing). This component was designed to provide quick-disbursing assistance to the GOP, to partially finance the imports of items required for reconstruction and rehabilitation activities. An agreed positive list governed the procurements from this component. The additional funds provided a single tranche assistance to the GOP to import the necessary POL items, as required in the immediate aftermath of the disaster. The component was fully disbursed.

**Capacity Building:** This component financed capacity building of ERRA and its subordinate institutions to manage the recovery, reconstruction and rehabilitation program in the earthquake affected areas of AJK and NWFP. Significant focus was on institutional capacity building as well as Hazard Risk Management to ensure safe reconstruction of houses and to encourage a culture of preparedness for future natural disasters. As agreed through a tri-lateral agreement between the Bank, ERRA and NDMA, US\$ 4 million were provided to NDMA to undertake various DRM activities, including a national multi-hazard risk assessment, establishment of a National Emergency Operations Center, development of a National Disaster Response Plan and formulate standard operating procedures. A PMU within NDMA was also established to undertake these activities.

**Challenges:** Due to the unprecedented scale of the disaster and the conditions in the affected areas, a number of challenges posed the risk of derailing and delaying implementation of some of the project activities. Firstly, there were coordination issues resulting from a large number of stakeholders involved in the earthquake response. These included UN agencies working on relief, recovery and rehabilitation, national and international NGOs providing assistance over a broad thematic and geographic canvas and multiple government agencies. This threatened to overwhelm the coordination capacity of the Government and as a result, potentially lose the coherence of the response. A review of the ISRs shows that ERRA demonstrated strong leadership to manage the recovery and rehabilitation by working closely with the provincial Governments of AJK, NWFP and the Pakistan Army.

However, the role of the army's monitoring team in the reconstruction program in AJK and NWFP was difficult to coordinate. The two formations of the army in the two provinces were reporting to different channels making it difficult to harmonize communication on housing standards.

Secondly, reconstruction of a large number of houses simply overwhelmed the production capacity of the local industry and resulted in a shortage and increase in prices of materials. This was further exacerbated by a sudden increase in demand due to investment by different donors which saturated the market and increased the prices of the materials rendering the estimation of costs obsolete. This challenge was overcome by import of materials from the neighboring countries (e.g. India) which resulted in alleviating the strains on the local supply to some extent. Furthermore, the government monitored the prices on a regular basis to ensure that there was no artificial price hike. To keep the prices reasonable, ERRA facilitated transportation and space for materials in decentralized hubs located in different regions.

Thirdly, as part of the various DRM initiatives undertaken by NDMA, a contract was awarded to a semi-governmental French firm to carry out a national risk assessment as a joint venture with local partners in Pakistan. However, due to the deteriorating security situation in the country at the time, the French firm's staff was not able to travel to Pakistan and made arrangements for the local partners to collect and dispatch the necessary data to France for analysis. The GOP objected to the transfer of the potentially sensitive geographic / topographic data to a foreign country. As a result, the project never materialized.

Initially a high percentage of non-compliant houses were reconstructed in the affected areas. Such instances were to be identified and corrected through a Non-Compliant Reconstruction Referral System (NCRRS). Under the NCRRS, the field inspection teams assessed the compliance of reconstructed houses with the seismic-resistant standards of the project and made corrective recommendations to house-owners. However, due to the large number of instances where non-compliance to the standards was observed, the NCRRS was not effective initially. Additional field resources had to be mobilized to address this issue.

Another challenge which emerged was the reluctance of the Government to invoke the penalty clause in the MoU that required the house-owners to complete reconstruction within a stipulated time or risked suspension of further disbursements.

### **Monitoring and Evaluation (M&E) Design, Implementation and Utilization**

A distinguishing feature of the project that also contributed to its successful implementation was the robust and participatory monitoring, evaluation and reporting system.

Due to the complex nature of the activities in the post-earthquake scenario and the large number of beneficiaries targeted over a diverse geographic area along with access challenges, the program required the presence of an integrated M&E system that would enable undertaking mid-course corrections and promptly identify any bottlenecks and undertake corrective measures. For this purpose, the World Bank and ERRA created a reporting, monitoring and evaluation system to enable the decision makers to utilize the information in order to make informed decisions. This enabled ERRA to identify trends



and issues and to take corrective actions for areas that were having issues due to different reasons.

The M&E system was primarily geared towards the housing reconstruction component. A number of monitoring indicators were tracked during the implementation. These included physical reconstruction (number of houses reconstructed in the affected areas), disbursements (the flow of funds from ERRA to SERRA / PERRA and the number of beneficiaries), and number of master trainers educated in DRM.

The central RME system housed at ERRA received inputs from a number of sources, including amongst others; (i) ERRA and army monitoring units/mobile teams in the field; (ii) National Database and Registration Authority (NADRA); (iii) banks and; (iv) partner organizations operating at the union council/community level. Through the RME, ERRA was able to identify trends, particularly related to quality of housing in certain area or the number of disbursements vis-à-vis number of houses reconstructed in a given district.

The M&E arrangements for the livelihoods support component primarily monitored disbursement and number of beneficiaries. To ensure support to the beneficiaries, the World Bank and ERRA in partnership with the NADRA created an online Grievance Redressal Mechanism (GRM) to identify and address the grievances and issues of the beneficiaries in real time.

Lastly, to deal with the issue of non-compliance and to take corrective measures an integrated NCRRS was established to identify, document, analyze and provide solutions for non-compliance leading to higher levels of compliance in reconstruction of houses.

### **Safeguard and Fiduciary Compliance**

The overall safeguard compliance of the project is rated moderately satisfactory.

**Environmental Impacts and Safeguards.** The project involved restoration and reconstruction of damaged and destroyed buildings and roads in the affected areas in AJK and NWFP. Due to the nature and size of individual sub-projects, the project was rated as environmental category B.

During the Appraisal, the Environmental and Social Screening and Assessment Framework (ESSAF) provided general policies, guidelines, code of practices and procedures to be integrated into the implementation of the project. During the initial period, ESSAF required a safeguard focal point (SFP) in the implementing agency to oversee the implementation of the framework. In this regard, ERRA appointed Deputy Director (Environment) to head the environmental protection cell and oversee the ESSAF implementation. Furthermore, ERRA developed the environmental strategy and environmental management plan (EMP) to address environmental and social issues for the entire project. Environmental experts at the ERRA and PERRA level, as well as environment monitors at the DRU levels were also inducted.

ERRA also undertook limited Environmental Assessment (EA), in accordance with ESSAF requirements to assess the impact of project components, particularly housing reconstruction. In line with ESSAF requirements regarding capacity building, ERRA undertook a training needs assessment and completed one round of environmental trainings in AJK, which was attended by SERRA, DRU staff and personnel from the various line departments.

**Social issues.** In an effort to address social aspects of ESSAF, ERRA appointed a social safeguards focal point. ERRA also undertook a Social Impact Assessment (SIA), which was reviewed and cleared by the Bank. The widely-disseminated SIA provided baseline data, informed the project regarding the application of the ESSAF, identified social issues with respect to ERRA's programs and recommended indicators for monitoring.

Following the completion of the initial social impact assessment, the CSIA was expected to be undertaken; however, it was not carried out. As laid out in the Technical Annex, the CSIA was intended to facilitate the articulation of community perceptions, grievances and feedback for the housing and livelihood components and hence would contribute to harnessing community based accountability.

ERRA implemented an effective and transparent GRM to receive and address the complaints lodged by those affected by the earthquake. The MIS-based system ensured one-window operation for the full cycle of the GRM—right from complaint lodging to problem solving. The system also provided a helpline facility via telephone, fax and email for those affected. Throughout the duration of the program, Data Resource Centers (DRCs) in AJK and SERRA helpline received and resolved more than 350,000 complaints related to housing cash grants. Concurrently, DRCs in NWFP and PERRA entertained about 200,000 complaints.

**Fiduciary aspects.** Several Financial Management (FM) risks were identified at the appraisal stage of the project, which highlighted the dearth of a financial management team at ERRA, weak auditing capacity, potential mismanagement of livelihood cash grants and inability to comprehend complexity in funds flow arrangement. To mitigate these risks, the project had provisions for hiring specific FM related staff from the market to build capacity at ERRA, SERRA/PERRA and DRUs.

ERRA was able to address most of these issues with support from the Bank. The Member Finance was re-designated as Director-General (DG) Finance, which marked the evolution of FM and internal control systems at ERRA. ERRA also issued the Accounting Procedures Manual to provide guidance regarding general and specific FM, payments and internal control processes. Appropriate staff was also posted in the Internal Audit Unit, while the Internal Audit Manual prepared under PIFRA was also adopted. However, various Bank missions reported that under-staffing continued to remain a persistent issue, particularly at PERRA and SERRA.

The submission of annual audited Financial Statements for FY 06-07 were delayed by approximately 4 months. However, subsequently these delays were avoided. Quarterly

Financial Monitoring Reports (FMRs) were prepared by ERRA for all operations undertaken by the entity, which also separately identified the sources and uses of funds relating to major donors. This approach was fully subscribed to by the donors and presented a complete picture of reconstruction activities managed by ERRA and its subsidiaries.

**Procurement.** The procurement risk identified for the project was rated as “high”. Procurement categories identified in the project paper were goods, works and services with corresponding procurement methods and review thresholds. During the course of the implementation of the emergency project, the Bank and ERRA maintained a close working relationship to seek procurement advice on a case by case basis. A positive list of import items was agreed upon with the GOP, specifically for the quick disbursement component.

Unfortunately, at the inception of the project there was delayed recruitment of a procurement officer and preparation of a procurement plan. Yet, given the required nature of timely response, immediate action on these critical aspects had to be taken. ERRA, PERRA and SERRA commenced procurement services without the Bank’s prior approval. However, ERRA adopted the PPRA Public Procurement Rules 2004, with a few specific adjustments to allow it to deal with the nature of the emergency project. In addition, ERRA developed a standard operating procedure for handling of procurement and set up appropriate bid evaluation and procurement committees. Eventually a separate Procurement Cell, housed within the Administration and Procurement Wing was established at ERRA, which is headed by a Director General, Administration and Procurement.

### **Post-completion Operation/Next Phase**

Most of the support provided under the project was for reconstruction of houses and livelihoods grants to those affected and did not involve major operations and maintenance (O&M) requirements.

Follow on operation. Since this was largely an emergency project and most needs have been met, a follow up operation has not been planned.

## **3. Assessment of Outcomes**

### **3.1. Relevance of Objectives, Design and Implementation**

The earthquake hit Pakistan during the last period of implementation of the previous CAS (2003). The disaster had a huge impact on the country and a direct impact on the achievement of the existing CAS pillars and the Bank program. Since this was a largely unforeseen major disaster, it was not included in the CAS at the time. However, the objectives of the project, specifically to restore vital economic and social infrastructure is in line with CAS pillars I and III for strengthening macroeconomic stability and supporting pro-poor and pro-gender equity policies. Through supporting the government

in reconstruction the project was able to soften the macroeconomic effects of the disaster and most importantly, support those affected by the natural disasters. The following CAS (2005—2009) took the 2005 earthquake disaster into consideration and highlighted the vulnerability of the poor to shocks such as natural disasters under pillar III on “Improved Lives and Protection of the Vulnerable”. The current CPS (2010—2013) calls for improving disaster risk management and reducing the country’s vulnerability to natural disasters. The project objectives are also in line with the government’s PRSP which recognized the susceptibility of poor to natural disasters and shocks and the need for their protection. Lastly, the new National Disaster Risk Management Framework (NDRMF) calls for disaster risk reduction through structural and non-structural mitigation measures. Under the project, all structures were constructed under the “*Build Back Better*” model and were seismic resistant in nature.

**Design and Implementation.** The design and implementation of the project was in line with the required response in the aftermath of the disaster and also broadly consistent with the CAS as well as government priorities. The housing component directly supported the Rural Housing Reconstruction Strategy of the GOP. The livelihood component aimed at addressing the immediate basic needs (including food items) of those affected by the earthquake. The import financing component directly supported the financing of imports of items required for reconstruction and rehabilitation activities. The capacity building support component helped the Government to better manage the recovery and reconstruction phases of the disaster response.

### **3.2. Achievement of Project Development Objectives**

The overall achievement of the PDO is rated as satisfactory.

The project achieved its PDO of: (i) reducing the immediate suffering resulting from the effects of the earthquake and restore livelihoods destroyed by the earthquake; (ii) restoring basic services to the affected population and rebuild public infrastructure; and jump starting the recovery and reconstruction process. The project activities outlined in the technical annex were accomplished as planned.

**Other achievements.** In addition to meeting the PDO, the project contributed to pilot testing a number of innovative approaches especially in terms of participatory monitoring and evaluation through online and real time systems which are expected to be adopted by the Government in future disaster response operations. In addition, the capacity support to ERRA enabled it to effectively manage the earthquake response by the GOP. Lastly, the interventions in DRM under the project informed the country-wide disaster risk management programmes especially in the area of community based disaster risk management.

### **3.3. Efficiency**

The project was an emergency response operation and no economic or financial analysis was undertaken.

However, judging by the extent of devastation caused by the earthquake, the project's activities were a timely and efficient response. The exact cost of the earthquake damage is difficult to quantify. Some estimates were done. Approximately 73,000 people died and more than 70,000 sustained severe injuries or were rendered disabled. It was estimated that over 2.8 million persons were left without shelter and 2.3 million persons without adequate food. About 203,600 and 197,000 units of housing were destroyed and damaged respectively. In the affected districts in AJK, 84 percent of the total housing stock was damaged or destroyed. In NWFP, 36 percent of total housing stock in the affected districts was damaged or destroyed. The overall loss of public and private assets (direct damage at book value) in the eight most affected districts was estimated at Rs. 135.2 billion (US\$2.3 billion), and the resulting loss in income (indirect loss) was estimated at Rs. 34.2 billion (US\$576 million). The level of direct damage was higher in AJK than in NWFP with the former believed to have lost about Rs. 76.4 billion (US\$1.3 billion) and the latter's loss about Rs. 56.4 billion (US\$ 989 million). Across sectors, private housing suffered the most extensive damage (estimated at Rs. 61.2 billion (US\$1.03 billion)) followed by transport (US\$ 340 million), education (US\$ 335 million), agriculture and livestock (US\$ 218 million).

With an investment of US\$ 400 million under the project, almost the entire housing stock that was destroyed in the earthquake affected districts was restored. We cannot claim that the total assets destroyed were all restored. But even if one assumes that only a small fraction of the total public and private assets were restored, it can still be argued that the intervention was cost effective and the right humanitarian intervention for the Bank to undertake.

The 2010 floods disaster and needs assessment shows the overall economic impact of the floods on the Pakistan economy. The total damage was estimated at about 5.8 percent of GDP (roughly Rs. 855 billion), with damages in agriculture sector alone amounting to Rs 429 billion (over 14 percent of sectoral income). Other macroeconomic aggregates were predicted to worsen following the impact of the floods. Again compared to the total loss suffered due to the floods, an investment of US\$ 300 million to mitigate (in a timely manner) on some of the potential effects of the disaster was the right decision undertaken by the GOP.

### **3.4. Justification of Overall Outcome Rating**

#### **Rating: Satisfactory**

The overall rating is based on the relevance of the project to the PRSP, NDRMF and the Bank's CAS. The rating is justified on the basis of the speed with which the project

achieved its objectives in a highly challenging and complex environment, the ownership of the government, innovative M&E and GRM and effectively pioneering DRM work in the earthquake affected areas which was taken as a model for future interventions in the country.

### **3.5. Overarching Themes, Other Outcomes and Impacts**

**Poverty impacts, gender aspects, and social development.** In the aftermath of the disaster the project significantly contributed towards prevention of further increase of poverty levels amongst the most vulnerable segments of the population through reconstruction of destroyed houses and livelihoods support to those affected. The build back better policy improved safety conditions for houses compared to the pre-disaster situation. The project helped improve livelihood opportunities through training in seismic resistant housing.

The livelihoods' cash grant provided much needed resources, particularly to female headed households, to meet basic needs in the aftermath of the disaster. The specific targeting of female-headed households increased their purchasing power and economically empowered them to provide basic necessities for their families. Furthermore, the project introduced and expanded formal documentation in the affected region, including birth/marriage/death certificates, distribution of Computerized National Identity Cards (CNIC) and access to the banking system.

**Capacity building of Government entities and institutional development.** The government entities gained invaluable experience in managing and implementing a disaster response project. The project particularly strengthened capacity of ERRA which was able to effectively manage the gigantic earthquake response programme.

**Other unintended outcomes and impacts.** The project not only supported the government's effort to rebuild the houses destroyed and providing livelihoods support to the most vulnerable, it contributed towards creating a culture of preparedness by encouraging earthquake resistant construction which had not been practiced in those areas in the past. It created a large cadre of masons who are aware of earthquake resistant building techniques which would ensure continuation of project interventions well beyond project life. The support provided to ERRA not only enabled it to manage the earthquake response but also helped in mainstreaming cross cutting issues such as gender, environment and DRM in the recovery, reconstruction and rehabilitation phases.

### **3.6. Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops**

Beneficiary surveys and stakeholder workshops were not undertaken.

#### **4. Assessment of Risk to Development Outcome**

##### **Rating: Substantial**

The overall risk to development outcome at the time of project closing is rated as substantial, due to the following factors:

Institutional risks are moderate. ERRA has been given the mandate to oversee future (similar) disasters. Although ERRA built significant capacity over the course of the project and displayed satisfactory performance, it is currently thin on staffing as many of its employees have left.

Natural disasters risks are substantial. The affected regions have a history of major disasters, including floods, earthquakes and landslides. The region is at a high seismic risk. Although the program helped to establish seismic resistant construction standards aimed at safeguarding against a similar scale of damages, it is difficult to ascertain their sustainability in the event of any future disaster.

However, it appears that the program has contributed to stronger Government ownership and commitment toward disaster risk reduction and management. The government seems interested in enhancement of their disaster preparedness capabilities and considers the project as a success. In this case, the ICR considers the risks due to lack of government ownership and commitment to be negligible.

#### **5. Assessment of Bank and Borrower Performance**

##### **5.1. Bank Performance**

###### **(a) Bank Performance in Ensuring Quality at Entry**

##### **Rating: Satisfactory**

During design phase the project team ensured that development objectives and the project scope conformed to the emergency nature of needs that had arisen due to the disaster. The Bank team also maintained liaison with the government entities to ensure that the project activities were in line with the government priorities in response to the earthquake.

###### **(b) Quality of Supervision**

##### **Rating: Satisfactory**

The Bank team conducted regular supervision missions with at least one and sometimes two or three missions per year. The Task team regularly discussed key issues and the way forward with government, stakeholders and counterpart staff through face to face meeting and audio conferencing. The Task team also regularly reviewed various technical reports and financial audits and discussed findings and required actions with the government. Supervision missions regularly met with various stakeholders, periodically inspected

physical works in the field and conducted interviews with beneficiaries and community groups.

**(c) Justification of Rating for Overall Bank Performance**

**Rating: Satisfactory**

Strong supervision by the task team allowed the project to successfully achieve its PDO. Considering the challenges in implementing such a complex project in challenging scenario, the Bank team did a commendable job both in design and supervision. Due to the high quality supervision and coordination with the implementing, the Bank team was given the Vice Presidency Unit (VPU) Award.

**5.2. Borrower Performance**

**(a) Government Performance**

**Rating: Satisfactory**

The Government managed the gigantic challenge created by the earthquake in a timely and effective manner. Realizing the importance of looking beyond relief and focusing on reconstruction of destroyed houses and provision of livelihoods support to those affected was a strategic decision that paid dividends over the longer term. The government provided support to the project and ensured timely completion of activities as well as meeting the targets outlined as part of the PDO.

**(b) Implementing Agency or Agencies Performance**

**Rating: Satisfactory**

The implementation agency was given the challenging task of managing recovery and reconstruction on a massive scale in the aftermath of the earthquake. It was a complex task considering the scale of the disaster, inclement weather conditions and difficulties of access to all those affected due to diverse terrain. Furthermore, it had to coordinate with a large number of stakeholders including the local governments, army, Donors, UN Agencies and NGOs to ensure coherence and equitable distribution of the assistance. In spite of these challenges and different impediments created due to changing priorities, market conditions and the capacity of the industry to meet increasing raw materials demand, it managed to complete the project activities and meet the targets set of the project.



## (c) **Justification of Rating for Overall Borrower Performance**

### **Rating: Satisfactory**

In spite of the large number of challenges and the fact that ERRA was a newly created entity in the aftermath of the earthquake, the project succeeded in attaining its PDO in a timely and efficient manner.

## **6. Lessons Learned**

**Clarity of Implementation Arrangements:** One of the major factors that contributed towards successful and timely completion of the project was the clearly defined implementation mechanism covering the federal, provincial/state, district and local level governance of the earthquake response. For the reconstruction activities, ERRA created parallel structures at the provincial/state levels in the form of PERRA and SERRA and at the district level in the form of DRUs. These structures resulted in expediting the provision of assistance to those affected in the target areas. In addition, partnerships were established with national and international NGOs with clearly defined roles and responsibilities which helped in ensuring timely and equitable assistance to the communities.

**Importance of coordination with all stakeholders:** Responding to a disaster on the scale of the 2005 earthquake is beyond the capacity of a single entity. The earthquake response operation at its peak involved more than 80 stakeholders that were involved in housing reconstruction alone. They included government entities, army, UN agencies, bilateral donors and national and international NGOs. To ensure coherence and avoid duplication, a Housing Strategic Working Group (HSWG) was established. In this forum all those interested in housing reconstruction were brought on board and given the chance to provide input for the housing policy and especially the training strategy. By doing so, ERRA ensured strong commitment to common principles from among a very diverse range of partners. The HSWG was split into thematic working groups concerned with (a) technical guidelines, (b) assessment, (c) training curricula, and (d) information campaigns.

Coordination mechanisms were also set in place at federal level between ERRA, the army and ERRA institutional partners. At the HRC level coordination was carried out bi-weekly for all housing partner organizations and other stakeholders. These meetings were chaired by ERRA District Housing Coordinators. At union council and village level coordination was carried out between the army, assistance and inspection teams, training mobile teams and village reconstruction committees.

**Owner Driven Reconstruction:** The dividends of such a large reconstruction project can only be fully realized if an owner-driven, pro-poor policy ensuring equity is uniformly applied across an entire disaster affected area. Under the project, individual families used the financial assistance to rebuild their houses. The money was disbursed in installments and in accordance to compliance with earthquake resistant building standards. To ensure the success of such an approach, ERRA, international agencies and civil society

organizations supported skills development in earthquake resistant housing reconstruction policies, principles and techniques.

People affected by disaster were at the center of the process of recovery and reconstruction. In the earthquake affected areas the focus in shift from building houses for people, to supporting people re-build safer housing by themselves, aided by financial and technical assistance enabled effective use of the available financial resources. It enhanced the remarkable speed of reconstruction and the levels of progress of people rebuilding safer homes. For the assistance community the main challenges of implementing the owner driven approach post earthquake were to ensure that technical assistance and training at field level matched the speed at which people are reconstructing and receiving the financial assistance grants. Arguably as a result of the project's interventions, there is now a shift in focus for NGOs from building houses for people, to supporting people to rebuild safer homes by themselves. This form of implementation of housing reconstruction is, consequently, one of the reasons for the rapid and unprecedented rate of reconstruction.

For many of ERRA's partners, both national and international, despite funding constraints and being overstretched in an operationally demanding environment, the disaster in Pakistan has raised awareness of alternative and more sustainable ways of supporting people's recovery and reconstruction. As a result of this project, NGOs are better equipped to address and support the Government's recovery, reconstruction and rehabilitation efforts. This ICR notes that this is valuable capacity that should be used in other post disaster situations in Pakistan.

### **Anticipating and planning for cost escalations and capacity of construction**

**industry:** The increased investment in construction of destroyed houses placed pressure on the local capacity of the industry and saturation of the market due to increased demand and ultimately resulting in cost escalations. The project had to face serious risks in meeting the high demand for materials by allowing importation from neighboring countries, such as India. Such eventualities need to be anticipated and mitigated in the project design for reconstruction projects. ERRA tried to address the difficulties in logistics and high carriage costs by establishing a network of building material hubs.

**Real-time M&E and Reporting System:** A project of this scale and complexity requires an M&E system that can provide information not only to the decision makers but to the stakeholders in real-time to enable identification of issues and bottlenecks to take pre-emptive corrective measures. At ERRA a reporting, monitoring and evaluation system was set up to receive data from (a) a Management Information System (MIS), (b) Army inspection (c) NADRA financial assistance and (d) PPAF. The system allowed cross reference and analysis of trends for better decision making. This system also allowed for geographic visualization of data, which greatly enhanced the understanding of data and report production. The MIS was a useful tool in the post-disaster housing reconstruction initiative that enabled monitoring implementation progress. It provided useful data to support oversight and decision making of all actors involved in housing reconstruction.

**Ensuring Compliance:** The houses reconstructed under the project needed to comply with very strict construction standards to make them resilient to the impacts of future earthquakes. To ensure adherence to the minimum standards, a robust framework in the form of a NCRRS was provided. This system was established at the grass root level in place to identify, document, analyze and resolve issues of non-compliance leading to higher levels of compliance in problematic areas. This enabled the project to cover a greater proportion of beneficiaries which might not have been able to benefit from the project due to non-compliance with the standards of reconstruction.

**Embedding an Effective Grievance Redressal Mechanisms within the project:** A robust GRM was designed into the project to ensure that any grievances were recorded, compiled and acted upon in a seamless manner without wasting time. The GRM enhanced accountability by providing the beneficiaries with a framework through which to resolve their complaints.

**Ensuring Quality and Reliance on Indigenous Knowledge:** Improving the quality of construction and building materials and addressing deficiencies in workmanship particularly in new building materials and techniques were key issues that needed to be addressed at the onset of the project. The unregulated production of substandard materials such as concrete blocks and prefabricated steel columns was addressed by ERRA through confirmation and enforcement of standards. Work in the earthquake affected areas has shown the need to advocate as much as possible for the use of familiar construction techniques. This was a key factor in the speed of reconstruction. Valuable cultural practices in building that differ from the norm, such as the traditional housing were also taken into consideration.

**Mainstreaming Disaster preparedness in emergency reconstruction projects:** The project showed the value of incorporating preparedness and DRM related elements in a recovery and reconstruction efforts. Not only did the project focus on reconstruction and livelihoods support, but also supported creation of a culture of preparedness in the earthquake affected areas that were later replicated in the entire country. Construction of more earthquake resistant houses and roll out of DRM trainings are among two of the tangible achievements in the aftermath of the disaster.

## **7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners**

### **(a) Borrower/implementing agencies**

[See Annex 7 for the Borrower ICR]

### **(b) Co-financiers.**

There were no co-financiers for this project. However, there were other national and international stakeholders like the affectees, federal and provincial/state governments, ERRA, PERRA, SERRA, NADRA, UN-HABITAT, ADB, IDB and other agencies who played their role from designing to the implementation of the project.

### (c) Other Partners and stakeholders

No other partners and stakeholders were asked to provide comments on this ICR. However, it should be noted that PPAF and its POs were the other executing partners and stakeholders in the RHRP. They implemented ERRA's policy formulated in consultation with other national and international partners and stakeholders.

## Annex 1. Project Costs and Financing

### (a) Project Cost by Component (in USD Million equivalent)

Components	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions) <sup>5</sup>	Percentage of Appraisal
Housing	220.00	220.00	100 %
Livelihood Support	85.00	85.00	100 %
Import Financing	85.00	385.00	452 %
Capacity Building	10.00	10.00	100 %
<b>Total Baseline Cost</b>	400.00	700.00	
Physical Contingencies	0.00	0.00	0.00
Price Contingencies	0.00	0.00	0.00
<b>Total Project Costs</b>	0.00	700.00	
Front-end fee PPF	0.00	0.00	.00
Front-end fee IBRD	0.00	0.00	.00
<b>Total Financing Required</b>	0.00	700.00	

### (b) Financing

Source of Funds	Type of Cofinancing	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
Borrower		0.00	0.00	.00
International Development Association (IDA)		400.00	700.00	175 %

<sup>5</sup> Due to exchange rate fluctuations, actual disbursement was:

- US\$ 418.87 million for the original ERC project
- US\$ 310.37 million for Additional Financing and Restructuring

## Annex 2. Outputs by Component

**Housing component.** Under the ERRA program, a total of 353,931 houses were to be reconstructed. Out of these, 337,177 houses have been completely reconstructed and certified as compliant with the hazard resistant construction standards. However, no reconstruction work was undertaken in case of almost 3.8 percent of the houses (13,383 houses). Furthermore, around 0.95 percent of houses (3,371 houses) were found non-compliant with ERRA’s construction standards upon inspection to the degree that the deficiencies could not be adequately addressed through retro-fitting.

	Houses to be reconstructed	% Inspected	Compliant Houses	% Compliant
AJK	255,548	100%	248,389	97%
KP	207,695	100%	190,400	92%
Overall	463,243	100%	438,789	95%

The issues of “No Construction Work Started” and “Non-Compliance Beyond Recognition” tended to be highly localized within certain union councils as shown by the below chart. According to the data compiled by ERRA, in 335 union councils where more than 10 houses were to be reconstructed, the majority of the union councils (244 of 335) had more than 90 percent houses reconstructed and duly certified as compliant. Only 28 union councils out of the 335 union councils had less than 80 percent houses that were either left unconstructed or were found non-compliant. In addition, most of these 28 union councils had a small number (less than 100) houses that were found eligible for reconstruction and hence may be viewed as only a peripheral subset.

**Financial Progress for the Housing Reconstruction Component:** As a result of this impressive physical progress, the Government of Pakistan managed to disburse around US\$ 1.307 billion to more than 600,000 beneficiaries since the effective start of the program in May 2006. This constitutes about 87 percent of the overall estimated cost of the program of around US\$ 1.5 billion. This includes second grant tranches to 100 percent (440,606); third grant tranches to 99 percent (438,789), and the fourth and final grant tranches to 95 percent (417,292) beneficiaries.

**Livelihood Support:** The component constituted 21 percent of the total original credit sought to provide cash grants of Rs. 3,000 per household to an initial target population of 250,000 eligible households. The cash grant was aimed at addressing immediate basic needs (including food items). However, due to delays in finalization of the eligibility criteria and methodology the launch of this component was delayed for four month not until April 2006. The last phase of payments was made in October 2007. Approximately US\$77 million was disbursed amongst a total of 260,802 families. Furthermore, a total of 20,866 families which were considered for extended support, received an additional US\$4 million, bringing total disbursement to US\$81 million.

**Import Financing:** This component constituted 21 percent of the original credit. However, when the additional financing due to the 2010 floods is considered, the

component constituted 55 percent of the total US\$ 700 million. This component was designed to provide quick-disbursing assistance to the GOP, to partially finance the imports of items required for reconstruction and rehabilitation activities. An agreed positive list governed the procurements from this component. The additional funds provided a single tranche assistance to the GOP to import the necessary POL items, as required in the immediate aftermath of the disaster. The component was fully disbursed.

**Capacity Building:** This component financed capacity building of ERRA and its subordinate institutions to manage the recovery, reconstruction and rehabilitation program in the earthquake affected areas of KP and AJK. Significant focus was on institutional capacity building as well as Hazard Risk Management to ensure safe reconstruction of houses and to encourage a culture of preparedness for future natural disasters. As agreed through a tri-lateral agreement between the Bank, ERRA and NDMA, US\$ 4 million were provided to NDMA to undertake various DRM activities, including a national multi-hazard risk assessment, establishment of a National Emergency Operations Center, development of a National Disaster Response Plan and formulate standard operating procedures. A PMU within NDMA was also established to undertake these activities.

### **Annex 3. Economic and Financial Analysis**

Not applicable (emergency response project). However, as shown above in section 3.3, this operation was the right intervention to undertake by the GOP.

## Annex 4. Bank Lending and Implementation Support/Supervision Processes

### (a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
<b>Lending</b>			
<b>Supervision/ICR</b>			
Shabir Ahmad	Program Assistant	SASDO	
Zia Al Jalaly	Senior Social Development Spec	SARDE	
Asif Ali	Senior Procurement Specialist	SARPS	
Syed Sayem Ali	Research Analyst	SASEP	
Shahnaz Arshad	Sr Urban Spec.	SASDU	
Ismaila B. Ceesay	Lead Financial Management Spec	AFTFM	
Mohammad Farooq	Consultant	SASHD	
Inaam Haq	Sr Health Spec.	SASHN	
Mohammad Azhar Ul Haq	E T Temporary	SARPS	
Zahid Hasnain	Sr Public Sector Spec.	EASPR	
Shaukat Javed	Program Assistant	SASDO	
Shahnaz Kazi	Senior Economist	SASHN	
Haris Khan	Consultant	SASDU	
Riaz Mahmood	Financial Management Analyst	SARFM	
Muhammad Iftikhar Malik	Sr Social Protection Specialist	SASSP	
Vandana Mehra	Communications Officer	ETWSA	
Hanid Mukhtar	Senior Economist	SASEP	
Ambar Narayan	Senior Economist	PRMPR	
Asta Olesen	Senior Social Development Specialist	SASDS	
Ayaz Parvez	Disaster Risk Management Specialist	GFDRR	
Christoph Pusch	Lead Specialist, Disaster Management	SASDU	
Muhammad Shafiq	Program Assistant	SASEP	
Shahzad Sharjeel	Sr Communications Officer	SAREX	
Jaehyang So	Manager	ETWWP	
Zoe Elena Trohanis	Infrastructure Specialist	EASIN	
Tara Vishwanath	Lead Economist	MNSPR	
Abdu Muwonge	Economist, ICR TTL	SASDU	
Raja Rehan Arshad	Lead Operations Officer/TTL, ERC	SASDU	



**(b) Staff Time and Cost**

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
<b>Lending</b>		
FY06	104	397.11
FY07		0.32
FY08		0.06
<b>Total:</b>	104	397.49
<b>Supervision/ICR</b>		
FY06	80	330.26
FY07	145	454.23
FY08	80	128.24
FY09	54	0.00
<b>Total:</b>	359	912.73

## **Annex 5. Beneficiary Survey Results**

Formal Beneficiary Survey was not undertaken.

## **Annex 6. Stakeholder Workshop Report and Results**

### **Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops**

**Rural Housing.** Despite the great challenges such as the spread and remoteness of area, short building seasons in the mountainous terrain, lack of technical capacity, shortage of skilled labor, prevalence of old construction techniques and sense of urgency among trauma hit people to meet their basic human needs, ERRA was able to evolve a broad based unified policy after consulting with the local, national and international stake holders.

The rural Housing Program achievements are manifested from the following:

- Brought about a sea change in the pattern of construction and in the landscape of the area. It is encouraging to note that over 3.5 million people have successfully moved to new safe and better homes.
- Over 95 percent of the houses have met ERRA's standard of seismic compliance. The houses have received about 1.5 million visits/ inspections by the Army, Un-Habitat and the M&E wing of ERRA. Targeted and bespoke solutions were also given to the affectees for maximum compliance of seismicity and other DRR features.
- For ensuring sustainability these teams provide technical support to households leading to the ownership of the community. Thus the culture of safety has become a reality. For implementation of the DRR principle, over 14,000 families were moved to safer places from hazardous land under the ancillary program of the landless and the virtual landless programs.
- 720,000 people were socially mobilized and trained for DRR including 200,000 women through 27 Partner Organizations in 232 union councils. Over 200,000 technical persons were imparted training.
- Transparency was ensured as over 2 million financial transactions with US\$1.3 billion remitted directly to the affectees' accounts through robust IT system.
- A conspicuous spin-off of the Rural housing Program is that documentation of the economy as over 500,000 new bank accounts opened which created ample awareness in the area.
- Over 55,000 houses owned by women headed households and vulnerable families/population were reconstructed. Over 200,000 women participated in training, awareness and community mobilization activities which are indubitably a great achievement.
- Home owners mostly used salvaged timber and other construction material with minimal environmental impact

**Livelihood Support Cash Grant (LSCG).** To begin with, ERRA provided the LSCG which helped the communities to rebuild their finances and prevented large scale insolvency and indebtedness. Rehabilitation efforts during the early programme were planned to restore the economic status of the communities. These interventions enabled

the vulnerable communities to restore and sustain their income generation activities. Table 2 below shows that more than 90 percent of the respondents were engaged in the same profession/employment and income generating activities as they were before Earthquake. This demonstrates the effectiveness of the efforts to re-establish the communities' economic status. Table 3 shows the percentage distribution of overall economic situation of households, after earthquake and before earthquake. Most of the households indicated that their economic situation was restored to 'before the earthquake situation'.

**Table 2: Percentage Distribution of Household Income Generation Activity, after Earthquake (After EQ) and Before Earthquake (Before EQ).**

<b>Occupational Groups</b>	<b>After EQ</b>	<b>Before EQ</b>	<b>Difference</b>
Salary/Govt/Teacher/NGO/UN	20.98	21.62	-0.64
Skilled Labour	14.85	15.02	-0.17
Business/Petty trade/Shop keeping	13.95	13.49	0.46
Non-agri wage Labour	12.73	12.9	-0.17
Crop or Fruit Vegetable Product	10	9.91	0.09
Taxi/Transport	5.04	5.04	0
Agriculture/Wage Labour	3.65	3.53	0.12
Pension	3.33	2.63	0.7
Permanently away	2.58	2.75	-0.17
Private Professional	2.46	2.14	0.32
Hotel/Restaurants	1.14	1.17	-0.03
Military Services	1.14	1.48	-0.34
Cross border trade	0.97	0.97	0
Livestock Product	0.78	0.85	-0.07
Others	6.4	6.5	-0.1
<b>Total</b>	<b>100</b>	<b>100</b>	

**Table 3: Percentage distribution of overall economic situation of households, after EQ and before EQ**

	<b>After EQ</b>	<b>Before EQ</b>	<b>Difference</b>
Substantially Worse	8.46	13.96	-5.50
Marginally Worse	27.31	32.25	-4.94
Same	52.81	32.62	20.19
A Little Better Now	10.37	15.17	-4.80
Much Better Now	1.09	5.81	-4.72
Do not Know	0.028	0.19	-0.16
<b>Total</b>	<b>100</b>	<b>100</b>	

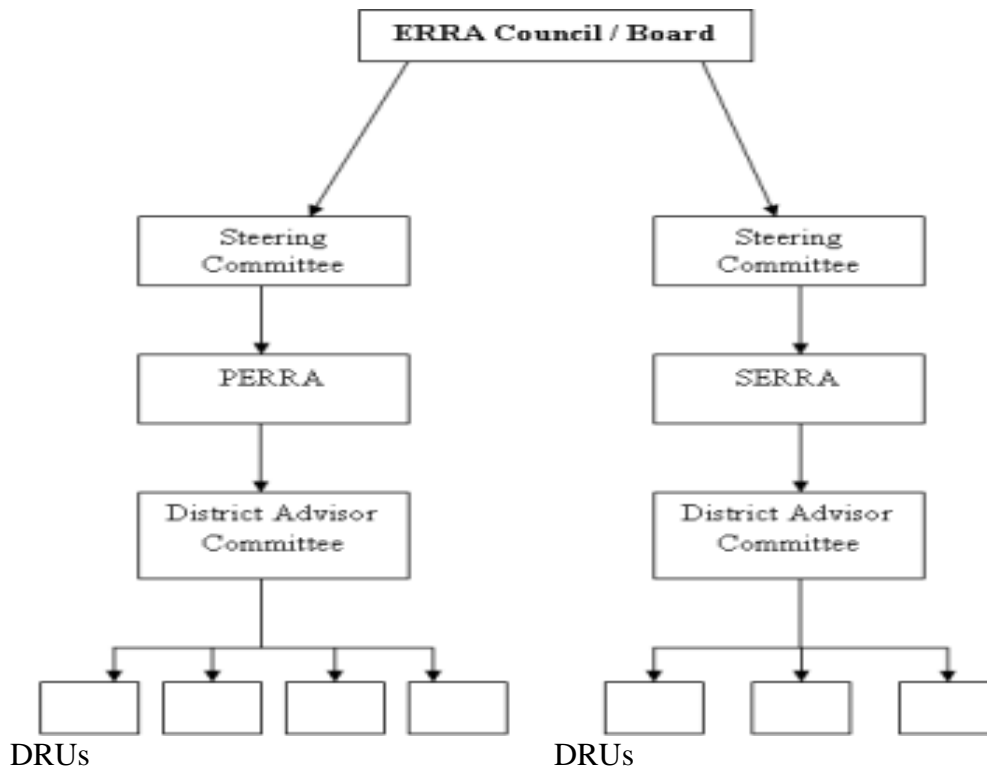
## Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR

### Project Context, Development Objectives and Design

The 2005 earthquake severely damaged public and private housing social service delivery, governance structure, commerce and communication and over 2.8 million persons were left without shelter and 2.3 million persons without food. There was a dire need to help the affectees to stand on their feet.

The immediate challenge after the earthquake was how to manage and implement reconstruction and rehabilitations programs in the earthquake affected areas of AJK and KPK (NWFP). Existing implementing capacity of the Government at all levels (Federal, Provincial and Local) and in all sectors was reviewed to be augmented through additional resources. At the provincial level steering committees chaired by Chief Secretary/ Additional Chief Secretary were constituted. These committees were supported by professionally staffed reconstruction agencies i.e. PERRA & SERRA. Execution of works and procurement of goods and services was to be carried out by the provincial bodies in close coordination with relevant line departments and local governments. At the district level, District Reconstruction Units (DRUs) were established to support preparation of plans and implementation of small contracts in coordination with Districts Governments / District Level line agencies and partner organizations (POs).

The Organization Chart given below depicts the implementation arrangement.



## **Design of program**

In this backdrop, owner driven model was opted for rebuilding and rehabilitating of over 564,000 houses through assistance and inspection regime for ensuring seismic resistant reconstruction and to inculcate a culture of seismic compliance among the people. National and international stakeholders planned to employ participative approach for massive social mobilization and augmentation of technical capacity of the home-owners and artisans/craftsmen for completion of the hazard resistant houses. A uniform housing subsidy plan was devised for simplicity and minimal of disputes.

The program envisaged a transparent and efficient disbursement mechanism for release of tranches of housing subsidy to each affectee directly into his/her bank account after certification of physical progress of the house. As vulnerable groups were the worst hit, it was conceived that traumatized and marginalized groups will be rehabilitated on a priority basis.

The horizontal as well as vertical activities were devised in accordance with a logical framework. Few are mentioned below:

- Damage assessment
- Design menu
- Social mobilization
- Technical assistance – training, inspection teams, mobile training teams
- Public information campaign
- Ensuring tail end supply chain management
- Data management and reporting monitoring and evaluation
- Support to vulnerable
- A responsive grievance redressal mechanism

## **World Bank support**

The International Development Association (IDA) provided US \$400 million to finance four components, namely: Rural Housing Cash Grant, Livelihood Support Cash Grant, Import Financing and Capacity Building. Human Resource capacity of key agencies involved in implementation activities–ERRA, PERRA, SERRA and DRUs as well as the line department / districts offices was enhanced through the recruitment of qualified technical persons, such as planning specialist, implementation specialist, financial management specialist, procurement and monitoring specialists, etc. Staffing arrangements were finalized according to the implementation need.

**Rural Housing.** The Earthquake of 2005 was indubitably the most debilitating in the Pakistan history. It wreaked havoc resulting in the colossal human and physical and financial loss across the nine districts of AJK and Khyber Pukhtun Khawa. Among the infrastructure and housing sectors, private housing was the hardest hit as over 611,059 houses were either fully collapsed or damaged and required immediate intervention to reconstruct them.

Predominantly “response-centric” approach to disaster was used in the early recovery phase. Nevertheless, with the broad consultation, the national and international stakeholders agreed to incorporate/ mainstream disaster preparedness, mitigation and risk reduction for future hazards components in the rehabilitation and reconstruction plans under the newly created dedicated organization of ERRA. It was realized that there was general lack of risk awareness about the building codes across the government sector organizations and the public.

**Livelihood Support.** The LSCG was launched by ERRA during April 2006 with the financial and technical assistance of the World Bank. The earthquake of October 8, 2005 left widespread destruction in its wake, killing over 73,000 people, severely injuring another 70,000 and leaving 2.8 million people without shelter. Some 500,000 households in the affected areas lost their livelihoods, more than one million people lost their jobs, thousands of families lost their bread earners, mostly men, and thus, leaving vulnerable female headed households with little or no income. While the Government and NGOs provided essential food items to the affected communities during the initial relief period, there was a need to initiate cash assistance to regenerate economic activities in the affected areas, and to support reconstruction of the private houses destroyed or damaged during the earthquake.

**Capacity Building.** The Bank played key role in helping the GOP to deal with the immediate consequences of the disaster and in longer term reconstruction and rehabilitation efforts while helping to safeguard implementation of the ongoing poverty reduction program. To further support the emergency recovery and reconstruction efforts, IDA provided US \$ 400 million through an Emergency Recovery Credit (ERC) initially for the period of three years which was extended for another 23 months up to May 31<sup>st</sup>, 2011. Capacity building was a critical component which helps facilitate the executing agencies to plan, monitor and implement the multi-sectoral reconstruction strategies devised by ERRA in an effective and efficient manner. To ensure sustainability of the capacity building program the GOP through its own resources committed for continuation of capacity building activities already financed by the World Bank. Furthermore, ownership of the said program rests with the executing agencies i.e. PERRA, SERRA & DRUs functioning under the administrative control of the respective governments.

### **Major stakeholders**

The following were the major stake holders:

- Earthquake Reconstruction and Rehabilitation Authority (ERRA)
- State Bank of Pakistan( SBP)
- The World Bank
- Commercial Banks participating in the project
- State/Provincial Steering Committee
- KP and AJ&K Reconstruction Agencies
- District Reconstruction Advisory Committees, KP and AJ&K

- District Advisory Committee, AJ&K
- KP and AJ&K District Offices
- UCRCs at KP
- RCRCs at AJ&K
- Beneficiaries
- NADRA

### **Implementation Methodology**

The programme was spread over three phases. This included first, the targeting and enrolment phase, second, the appeals and grievances phase and third, the party evaluation and impact assessment phase. The last phase is yet to be completed.

Given the need for rapid implementation of the cash grants, the programme used the institutional arrangements that had already been put in place by GOP for the relief and recovery operations. In the transition phase (till the time formal structures of Provincial/State Reconstruction Agencies were established and fully functional), at the Provincial/State level, the Revenue Departments played the role of the executing agencies. These were assisted by the District Offices and Union Council Relief Committees-UCRC (NWFP) and Revenue Circle Relief Committees-RCRC (AJ&K) for implementation. At the Federal level, ERRA was responsible for overall coordination, implementation and monitoring. Component managers working at the district level and field coordinators at the union council level provided requisite inputs for effective programme delivery.

A well-defined women-focused eligibility criteria was employed for the targeting of the vulnerable families. For the initial targeting, eligible families were drawn from a universe of families whose house was either destroyed or damaged, and who did not have any family members currently employed in Government in grade 17 or above. Within this universe, eligible families were the ones who satisfied the criteria of: (i) family headed by a female (widow, divorcee, separated or single), or (ii) has at least one disabled person, or (iii) has 5 or more children (including orphans). A sum of RKR 3,000 was given each month to each beneficiary household for six months considering the average family size and local economy.

### **Achievement of Project Development Objectives**

**Rural Housing.** All the spelt out objectives relating to the short term and long term with reference to the housing sector have been realized and seismic resistant houses have become a reality in the EQ affected areas. Major output of the program is the construction of earthquake resistant houses which have been completed over 95 percent and resultantly over 95 percent people have moved to newly constructed better houses. Other outputs of the project are disbursement of financial assistance and capacity building of the affectees in earthquake resistant techniques.



Over Rs. 73 billion have been disbursed in a transparent and efficient manner through an automated robust IT mechanism. Over 720,000 affectees were socially mobilized and over 220,000 were trained under the cascade of training.

Housing project has accomplished truly a daunting task. The impact of the program can be evaluated from this fact that before the EQ of 2005, over 80 percent of the housing stock was non-permanent (Kacha) houses which has now changed into pucca (permanent) EQ resistant houses and it has brought about attitudinal change in the people's behavior. As a result of all this, there has been sea change in the landscape of the EQ affected area.

**Livelihood Support Cash Grant.** Livelihood cash grants programme was launched to provide immediate and interim assistance and replace income losses of the most vulnerable households. The cash grants helped affected people get back on their feet in a short time and provided much needed subsistence allowance. It also injected urgently required cash into a devastated local economy thereby contributing to the revival of economic activity in the earthquake affected areas. The cash grants programme was designed to provide an interim livelihood capacity to 250,000 vulnerable families in the earthquake affected districts in which it succeeded. However, it was not intended as an on-going or permanent welfare measure. In nutshell, the programme provided much needed critical cash flow to the affectees at the post disaster time. An immediate impact of the same was that it helped them focus on housing reconstruction and bringing their lives to normalcy.

### **Capacity Building**

- The concerned agencies i.e. ERRA, PERRA, SERRA and DRUs have built their capacity through induction of qualified technical personnel, such as Planning Specialists, Implementation Specialists, Financial Management Specialists, Procurement Specialists, Monitoring Specialists and MIS Specialists etc.
- Information management capacity has been increased manifold which help facilitate communication / coordination down to DRU and line department levels for reporting and monitoring of ongoing programmes. At ERRA (HQ) level ERM ERRA Reconstruction Monitor has been established for the purpose.
- A credible Financial Management System has been put in place at ERRA (HQ) managed by qualified professionals. The system serves as a consolidation bench for the integrated MIS of the entire programme having capacity to produce FMR and financial statements of the programme.
- Target communities have improved disaster preparedness and enhanced response capacities.
- Disaster risk reduction is implementation in the planning process of the respective of local administration.
- A total of 5272 volunteers have been trained for emergency response which will help concerned Government in creating institutional basis for operationalizing district level Disaster Management Authorities.
- Stock pile items / tools worth Rs.105,134,315 have been provided to District / UC level (9 Districts and 202 UCs)

- Hazard, physical exposure of built-up areas and physical risk assessments are performed and the relevant information represented on the maps. These instruments are available for the relevant authorities with appropriate contents and scale.
- Disaster risk reduction is implemented in the main planning processes of district administrations by improving PC-1 document.
- Target communities have improved disaster preparedness and enhanced response capacities

### **Outputs/Results**

- Hazard Indication Map (HIM) produced for all districts and products made available in GIS
- Physical risk map produced for each districts
- Database on past events (event register) produced for all districts
- Remote Hazard Maps
- Detailed hazard map for key hot spot identified from Phase-1 mapping
- Detailed Risk maps for identified risk maps
- Authorities are made aware of DRR
- Contents of the guidebook is understood by local authorities
- Authorities can read maps and can implement hazard information into planning processes
- PC-1 document approved with DRR Performa
- Adopted methodology and approach developed project phase-1 with necessary modifications and improvements
- Capacity building of the local government officials and community volunteers
- Union Council based institutions i.e. UCDCMC & UCERT
- Communities are provided with necessary equipment and training on basic DRR approaches

### **Efficiency**

Rural Housing. The program has been relevant and efficient as all the set targets of the Housing Program have been achieved, produced quality results, generated a lot of spin-offs and profoundly impacted upon lives of the EQ areas in a period of five years.

Livelihood Support Cash Grant. Programme was efficient in terms of achievement of objectives within the time frame. As it was launched to provide smooth transition, so it was strictly time bound. Programme did not only manage to complete within the funds allocated, it was able to provide extended help to the most vulnerable and even exceeded the target. Total cost of the programme was US\$ 85 million for a target population of around 250,000 families. Technical assistance provided by The World Bank for programme implementation and monitoring was estimated to be PKR 300 million. Based on expenditures incurred, estimated overheads were approximately 5 percent. Overall, the programme had proved cost effective as its overheads were below 10 percent (internationally acceptable level).

**Capacity Building.** Given the nature of the program component, no deductive and inductive methods can be utilized to ascertain cost effectiveness and financial rate of return. However, keeping in view the projects outcome it can be safely concluded that a reasonable degree of efficiency was obtained in terms of enhancement of capacity of the implementing agencies in planning, implementing and monitoring of the reconstruction and rehabilitation activities, besides, resilience to mitigate the adverse affects of such disasters in future. One of the parameters to gauge the efficiency of the program is timely implementation of the project. On this count, ERRRA has the credit that all the program components were implemented within prescribed timelines by the World Bank.

### **Summary**

The project is a success story of ERRRA which produced outstanding results to boost the morale of the badly affected population and provided them the strength to stand on their feet and start a new era of hope and success.

**Annex 8. Comments of co-financiers and other partners/stakeholders**

Not applicable

## **Annex 9. List of supporting documents**

### **World Bank documentation**

<ul style="list-style-type: none"><li>• Project technical for a Proposed Credit of SDR 281.8 Million to the Islamic Republic of Pakistan for an Earthquake Emergency Recovery Credit. Report No: T7664-PK Annex, 2005</li></ul>
<ul style="list-style-type: none"><li>• World Bank, 2010, Project Paper on a Proposed Additional Credit and Restructuring of SDR 198.9 Million to the Islamic Republic of Pakistan for the Earthquake Emergency Recovery Credit. Report No: 56653-PK</li></ul>
<ul style="list-style-type: none"><li>• Joint Disaster and Needs Assessment, Government of Pakistan</li></ul>
<ul style="list-style-type: none"><li>• Aide-Memoires (2005--2010)</li></ul>
<ul style="list-style-type: none"><li>• Back-to-office reports and letters to Government (2005--2010)</li></ul>
<ul style="list-style-type: none"><li>• Signed Loan Agreement</li></ul>
<ul style="list-style-type: none"><li>• Country Assistance Strategy, Government of Pakistan</li></ul>
<ul style="list-style-type: none"><li>• Country Partnership Strategy, Government of Pakistan</li></ul>
<ul style="list-style-type: none"><li>• Implementation Status Reports (2010)</li></ul>





# PAKISTAN EARTHQUAKE EMERGENCY RECOVERY CREDIT

- HEAVILY AFFECTED TOWNS
- SELECTED CITIES AND TOWNS
- ⊙ PROVINCE CAPITALS
- ★ NATIONAL CAPITAL
- RIVERS
- PROVINCE BOUNDARIES
- - - INTERNATIONAL BOUNDARIES

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