



**ENSURING THE
TRANSPARENT
USE OF
EARTHQUAKE
RECONSTRUCTION
FUNDS**

ISLAMABAD, PAKISTAN \ \ \ \

PROCEEDINGS OF THE INTERNATIONAL WORKSHOP ON TRANSPARENT UTILISATION OF EARTHQUAKE RECONSTRUCTION FUNDS ORGANISED BY TRANSPARENCY INTERNATIONAL AND TRANSPARENCY INTERNATIONAL PAKISTAN
ISLAMABAD, PAKISTAN, 7 AND 8 FEBRUARY 2006

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WORKSHOP CONCLUSIONS AND RECOMMENDATIONS FOR ACTION

The earthquake that hit northern Pakistan on 8 October 2005 left widespread destruction, killing at least 73,000 people, severely injuring another 70,000 and leaving 2.8 million people without shelter. The worst affected provinces - Azad Jammu Kashmir (AJK) and North Western Frontier Province (NWFP) - suffered extensive structural and economic damage, with vulnerable groups in this mountainous region bearing the brunt of the earthquake's impact. The overall cost of relief and reconstruction efforts associated with the earthquake is estimated at USD 5.2 billion, a substantial part of which will be funded by international donors, and of which an estimated USD 3.5 billion is for reconstruction and rehabilitation.

Recognising that specific action is needed to support transparency and curb the risk of corruption in Pakistan's earthquake reconstruction efforts to ensure that funds are appropriately used and benefit the individuals and communities affected, participants at a two day workshop in Islamabad, Pakistan, on 7-8 February 2006, identified a framework of relevant good practice and stakeholder responsibilities to be taken by government, local and international civil society and donors. The workshop, which was convened by Transparency International and Transparency International Pakistan (TI-P), saw participation from key government agencies, international donors and experts, and both national and international civil society organisations.

At the opening session of the workshop, the Prime Minister of Pakistan emphasised his government's commitment to transparency in the earthquake relief and reconstruction, making enforcement and audit stronger, and ensuring that funds are appropriately managed and benefit the affected people.

The workshop drew on lessons learned from the response to previous disasters, in particular the 2001 Gujarat earthquake and the 2004 Indian Ocean tsunami, as well as considering the specific context of the Pakistan earthquake and the national considerations applicable to it.

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FRAMEWORK FOR GOOD PRACTICE AND STAKEHOLDER RESPONSIBILITIES TO PROMOTE TRANSPARENCY AND TO CURB CORRUPTION IN THE PAKISTAN EARTHQUAKE RECONSTRUCTION

The Government of Pakistan, non-governmental organisations, the private sector, donors and international governmental organisations shall work together with affected communities to ensure transparency in aid delivery and that relief and reconstruction efforts are not tainted by corruption. This enhanced collective action should strengthen trust between stakeholders and lead to more effective channelling of resources to affected communities.

1. PARTICIPATORY DECISION-MAKING IN RELIEF AND RECONSTRUCTION

The involvement of affected communities and vulnerable social groups in decisions relating to relief and reconstruction lies at the heart of effective and transparent aid strategies. The active participation of affected communities in relief and reconstruction decisions should be encouraged and facilitated by all stakeholders to minimise the risk of corruption. In particular:

- Affected communities should be involved from the earliest stages of relief, through to the design, implementation and evaluation of long-term reconstruction activities. Such participation ensures a greater sense of ownership over reconstruction plans and increases the likelihood of their success. Indeed, following past disasters, in situ owner-driven reconstruction of private housing has proved to be particularly effective where properly supervised. The participation of affected communities is also important in terms of planning and building more sophisticated public buildings such as schools and health centres, though greater supervision is likely to be required to ensure such structures meet appropriate safety standards.
- The principle of subsidiarity should be followed wherever possible i.e. decisions relating to relief and reconstruction and its implementation should be taken at the most local level possible to facilitate greater accountability to affected communities.
- Cross-sector representation on the boards of key institutions (e.g. disaster relief trust funds) should be ensured to facilitate real coordination between government, donors, local and international NGOs and socially vulnerable groups.
- The economic capacity and expertise of affected communities, as well as local technology and materials, should be used wherever possible in delivering relief and reconstruction to reduce cost, ensure appropriate solutions and assist with economic recovery. Where feasible, existing rural community support programmes should be used in relation to land and property allocation decisions, the rebuilding of community infrastructure and the restoration of livelihoods.



- Government and other implementing agencies, including NGOs, should ensure that affected communities are provided with accessible and understandable information about relief and reconstruction efforts as well as about the relief and compensation benefits they are entitled to. Appropriate formats and local languages should be used to ensure ease of access by such communities.
- Governments, public and private donors, international organisations and local civil society organisations should implement comprehensive and harmonised information strategies that uphold internationally recognised access to information standards. Publishing lists of aid figures on websites is not enough, especially as access to computers and the internet is likely to be particularly difficult in the earthquake affected areas.
- All stakeholders should seek to support the role of the media in providing information and acting as a watchdog in relation to relief and reconstruction efforts.

2. TRANSPARENCY AND MONITORING OF AID FLOWS

Ensuring full transparency in aid flows and in the allocation and distribution process is vital. Given the expected high level of aid to be given over the coming months and years, public disclosure of all aid flows should be ensured and robust systems of accounting and oversight established. In particular:

- The national tracking system in place and agreed by the Government of Pakistan should contain all information from all stakeholders in order to contribute to coordinating, monitoring and managing the overall rebuilding effort.
- The national tracking system should show the funding mechanism, preferably on budget, and the contribution of multi-donor funds set up for the disaster.
- The system should contain information comprehensive enough to respond to government and donor exigencies yet simple enough to be accessible by affected communities.
- International organisations and donors should support the development and maintenance of the tracking system.
- In order to ensure the relevance and accessibility of the information tracked, affected communities should be consulted about the type of information they require and the form in which they would like to receive it.
- Access to information on financial flows is, by itself, not enough to improve the transparency and effectiveness of aid flows. The actual outputs of funds used must also be monitored.

Ensuring full transparency in aid flows and in the allocation and distribution process is vital.

Non-transparent or closed procurement systems can lead to the diversion of resources away from intended beneficiaries through corruption or uncompetitive processes.

3. TRANSPARENCY, MONITORING AND EVALUATION OF PROCUREMENT AND SERVICE DELIVERY

Non-transparent or closed procurement systems can lead to the diversion of resources away from intended beneficiaries through corruption or uncompetitive processes. Effective independent monitoring and evaluation is key to ensuring the transparent implementation of relief and reconstruction programs, including both procurement and service delivery. The development and application of mechanisms to facilitate such monitoring is of vital importance. In particular:

- All procurement using the Government of Pakistan's federal reconstruction funds (including that made by the governments of Azad Kashmir and NWFP) should be subject to the Public Procurement Rules 2004. These rules have a robust track record having already been successfully implemented in many of Pakistan's Federal Procurements.
- Effective internal control and external auditing (including real time and field audits) should be complemented by community-led approaches, such as people's audits, that reinforce accountability towards affected peoples. Such approaches should be promoted by the government and by donors and all stakeholders should implement necessary action to rectify problems identified.
- All stakeholders should commit themselves to maintain adequate accounts and provide timely, transparent, comprehensive, and accessible information on programming, aid flows, and expenditure. Accountability to beneficiaries is vital as are both horizontal and upwards accountability.
- The role of centralized agencies should be reinforced by institutional, parliamentary and citizen oversight, for example, via third party quality audits and monitoring by both aid providers and NGOs.
- The implementation of contracts is highly vulnerable to corruption and appropriate mechanisms should be established to deal with, for example, change or variation orders to the original contract.
- Auditing mechanisms play an important role in enhancing the transparency of project implementation. Concurrent audits conducted during reconstruction can lead to rapid reductions in project expenditures. Such audits should be accompanied by appropriate whistleblower protection as well as fraud awareness training.
- Government institutions and other implementing agencies should use appropriate means (i.e. photography) to record damaged infrastructure. These records should then be periodically reviewed by a third party to ensure their accuracy.
- Government institutions and other implementing agencies should strive to be accountable to the intended beneficiaries of reconstruction assistance by, for example, undertaking regular community satisfaction surveys.



4. EFFECTIVE ENFORCEMENT AND COMPLAINT-HANDLING

Ensuring appropriate mechanisms and capacity to capture complaints of abuse, investigate potential corruption cases and enforce anti-corruption measures is also of vital importance. Accessible grievance procedures, including corruption reporting channels and protection for whistleblowers and witnesses, should be provided in the context of relief and reconstruction efforts. In particular:

- Grievance procedures should cover private and public sector employees, the media, and the general public. Ombudsmen at district level should be in place to enable effective redress of public grievances
- A toll-free telephone number should be established to allow public complaints to be registered and handled effectively.
- Citizen complaints boxes should be put in place to make reporting of abuse easier.
- Sufficient resources and capacity need to be made available to the institutions responsible for dealing with and following-up on complaints.
- Aid beneficiaries should also be provided access to complaints mechanisms in humanitarian organisations, opening up effective new methods of project evaluation and corruption detection.

SUMMARY OF PROCEEDINGS

“Corruption in the delivery of aid undermines the very spirit of humanitarian action: to ‘do no harm’.”

INTRODUCTION

The earthquake that hit northern Pakistan on 8 October 2005 left widespread destruction, killing at least 73,000 people, severely injuring another 70,000 and leaving 2.8 million people without shelter. The worst affected provinces - Azad Jammu Kashmir (AJK) and North Western Frontier Province (NWFP) - suffered extensive structural and economic damage, with vulnerable groups in this mountainous region bearing the brunt of the earthquake’s impact. The overall cost of relief and reconstruction efforts associated with the earthquake is estimated at USD 5.2 billion, a substantial part of which will be funded by foreign donors.¹

At the Donor Meeting held in Islamabad on 19 November 2005, international donors pledged over USD 6 billion to support relief and reconstruction activities. As has been recognised in previous humanitarian disasters, the sudden flow of large amounts of money, goods and services can result in a heightened risk of monetary losses due to corruption, waste and mismanagement.

Corruption in the delivery of aid undermines the very spirit of humanitarian action: to ‘do no harm’. Relief supplies - including food, water, medicines and shelter - can, as a result of corruption, be diverted away from affected communities or distributed inequitably. This, in turn, can have fatal consequences for many individuals and can force desperate households to engage in other, often illegal, means in order to survive. The long term reconstruction required after major disasters is particularly prone to corruption due to a tendency to bypass standard procedures to ensure rapid rebuilding. Improper planning or contracting processes that favour particular interest groups can, for example, result in sub-standard or inappropriately located roads and housing or lead to commercial interests acquiring land at the expense of former owners who are ‘relocated’. Such outcomes ignore the needs of survivors, often further marginalising those from the poorest sections of society. Preventing opportunities for corruption in relief and reconstruction efforts is therefore key to ensuring effective and equitable assistance to those in greatest need.

1. World Bank and Asian Development Bank, Pakistan 2005 Earthquake Preliminary Damage and Needs Assessment (WB/ADB: November 2005)



Transparency International (TI) and Transparency International-Pakistan (TI-P) convened a workshop in Islamabad on 7-8 February 2006 to support transparency measures and curb the risk of corruption, mismanagement and waste in the country's reconstruction efforts. With the support of the Government of Pakistan, the workshop resulted in concrete recommendations for a framework of good practice and stakeholder responsibilities. It included participants from key government agencies, donors, civil society representatives as well as international experts. The workshop built on lessons learned from previous natural disasters - including the Indian Ocean tsunami and Gujarat earthquake - and followed a regional meeting on corruption prevention in tsunami relief organised by TI with the ADB-OECD Anti-Corruption Initiative for Asia-Pacific, held in Jakarta in April 2005. For more information on this previous meeting, please see http://www.transparency.org/in_focus_archive/tsunami/in_focus_tsunami.html

Peter Rooke welcomed participants to the meeting on behalf of Transparency International.

Opening the meeting on behalf of the Government of Pakistan, the Prime Minister, H.E. Shaukat Aziz, noted that the response from international donors after the Earthquake was a sign that the world had confidence in Pakistan's ability to use the funds appropriately. Saying that both the Earthquake Reconstruction and Rehabilitation Authority (ERRA) and the Federal Relief Commission (FRC) were set up to coordinate the relief and reconstruction efforts, he stressed that the Government of Pakistan was committed to ensuring transparency in the earthquake reconstruction. Full disclosure of funds received and used, external audits of the President's Earthquake Relief Fund and oversight by both the Auditor General of Pakistan and by a Parliamentary Committee will support this. Since a large part of the relief and reconstruction activities will be undertaken by NGOs, the Prime Minister emphasized that these organisations also need to comply with international standards of transparency.

The Prime Minister of Azad Kashmir, H.E. Sikandar Hayat Khan, told participants that no complaints have yet been received in the distribution of compensation following the earthquake. He noted that the ERRA guidelines being prepared will inform the overall implementation of the reconstruction strategy and that ERRA will carry the overall responsibility for reconstruction, with logistical support from the military. He thanked the organisers of the workshop and noted that he hoped to receive suggestions for the effective monitoring and evaluation of reconstruction activities from this meeting.

SESSION 2: GOOD PRACTICE AND LESSONS LEARNT FROM PREVIOUS DISASTERS

CHAIRIED BY MAJOR GENERAL FAROOQ AHMED KHAN, FEDERAL RELIEF COMMISSIONER PAKISTAN

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“In Aceh, the challenges remain enormous as corruption is deeply entrenched while the spotlight is very strong.”

Introducing the Indonesian response to the tsunami which devastated Aceh on 26 December 2004, killing more than 160,000 and displacing some half a million people, Heru Prasetyo of the Reconstruction and Rehabilitation Agency for Aceh and Nias (BRR) presented the situation as it was in Aceh before the tsunami, putting into context the challenges faced by the BRR. Aceh was one of the poorest areas of Indonesia, torn apart by civil conflict, ranking 7th most corrupt of 33 provinces in Indonesia in a perception survey undertaken by civil society. It was a province in which corruption was seen to be rampant within a country in which corruption was seen to be rampant. The reconstruction challenge was enormous: the tsunami had not only wiped out physical infrastructure but also local government capacity. With a total of USD 7.1 billion at stake, there was a clear need to handle the fragile aid funds with care: cases of corruption could stop the flow of aid.

The BRR was given a clear mandate to counter the risk of corruption through prevention, education and investigation, but was not made responsible for enforcement. An anti-corruption unit was set up within the BRR to mainstream ethical governance into the relief and reconstruction efforts. A substantial proportion of the BRR budget was allocated to anti-corruption efforts: this was seen as an investment rather than a cost, and Mr. Prasetyo noted it was of critical importance that the institution should have sufficient resources to implement its mandate.

Mr Prasetyo emphasized the importance of a holistic approach to countering corruption: public trust in institutions is a key factor to improve governance. In order to build up a system of trust with the affected people, information must actively be provided on the policies in place regarding reconstruction, on their implementation, and on complaints received and follow up undertaken. He explained that this was particularly important in Aceh where the long-standing conflict has eroded public trust in the government.

The BRR therefore followed a strategy of aggressive outreach and the promotion of new practices and expected standards, followed by consistent enforcement. The capacity building of local authorities was also given a high priority. The BRR also implemented integrity pacts for all staff, declarations of conflicts of interest, reporting gratuities, and a declaration to engage in no forms of corruption by BRR partners. He concluded that the reconstruction after the tsunami disaster is a golden opportunity to revive good governance in Aceh. However, the challenges remain enormous as corruption is deeply entrenched while the spotlight is very strong. Corruption can be addressed, but strong commitment is needed from all relevant parties, particularly from the country's leadership.



Anung Karyadi of TI Indonesia reported that the anti-corruption intentions of the Government of Indonesia in the context of the tsunami reconstruction are unquestioned. The BRR was set up to ensure transparency in the use of relief and reconstruction funds and appropriately equipped with the Blueprint of Aceh Reconstruction and the Rehabilitation Master Plan drawn up by the National Planning Body.

However, he noted that implementation of reconstruction activities has been slow. Special measures were introduced to counter this but, after June 2006, the structures in place will be implemented fully. So far, the procurement processes followed by NGOs and others have been unsatisfactory, and have not followed proper bidding procedures. At the same time, prudent procurement procedures used by the BRR have slowed down the reconstruction progress. He highlighted the need for civil society to play a role in monitoring implementation and disseminating information.

TI Indonesia for instance played a key role in working with the public in Aceh, disseminating information on reconstruction projects, supporting community monitoring coalitions to empower local communities, encouraging donor transparency, promoting civil society accountability and working towards public procurement reform through integrity pacts and training of public officials.

Presenting on behalf of the Ministry of Urban Development in India, who were unfortunately unable to send a representative to the workshop, Aled Williams of Transparency International shared the lessons learnt from the Gujarat Earthquake of 2001. Nearly 14 thousand lives were lost, 10 million people were affected overall, 1 million homes were destroyed, and the direct financial losses were estimated at USD 3.3 billion.

One of the key lessons learnt during the Gujarat experience was that people affected by the earthquake have to be at the centre of the reconstruction and rehabilitation process if it is to be effective. In order to ensure their participation, the whole process needs to be as transparent and comprehensive as possible.

In Gujarat, a state level advisory committee was formed to advise on policy formulation consisting of government officials, academics, NGO representatives and the private sector. An operations manual for project implementation was produced which spelt out the powers and responsibilities of respective actors in the reconstruction process. A comprehensive housing reconstruction programme was designed that was geared to ensure the participation of homeowners themselves in decisions relating to them.



“One of the key lessons learnt during the Gujarat experience was that people affected by the earthquake have to be at the centre of the reconstruction and rehabilitation process if it is to be effective.”

To create awareness of policies, the state government actively provided information in different media including newspaper adverts, booklets of frequently asked questions and answers about reconstruction assistance, and video shows held in affected villages as well as on the internet. Legal literacy camps were conducted to educate people about their eligibility for assistance, legal rights, and grievance redress systems.

Public participation was also sought in relation to project implementation. Damaged houses were assessed and photographed and this information was then archived. A system for reviewing decisions on rebuilding damaged structures was also put in place. Relocation decisions were taken by local self-government bodies at village level. Village civil works committees were involved in repairing damaged classrooms and school buildings. Housing assistance was linked to progress in terms of physical reconstruction - assistance was offered and provided only after previous work was assessed.

To avoid the potential for corruption in procurement, a system of delegation of powers was established, with approval for decisions given at different levels for different price categories. Standard ADB and WB procurement guidelines were also used. Notices of pending procurement of goods and services were advertised on the State Disaster Management Authority website and in leading regional/national newspapers.

Expert committees were established to conduct technical evaluations. A state-level advisory committee monitored implementation, while periodic reviews were conducted by institutions including the ADB and World Bank. The State Disaster Management Authority submitted monthly, quarterly and annual reports on reconstruction efforts, and national commissions for minorities, socially vulnerable groups and women were involved in monitoring. Benefit monitoring mechanisms put in place to ascertain delivery of benefits to vulnerable groups helped in providing guidance for mid-term corrections. An independent professional accounting system was also established, consisting of day-to-day internal as well as statutory and Comptroller & Auditor General audits

Two types of committees were formed to address grievances: at village level and at district level, both including a member of each vulnerable social group. District committees comprised of NGOs, social welfare officers, heads of local government and all elected members of the legislative assembly. The district judge acted as ombudsman to enquire into any complaints and direct district administration to follow-up if needed.

Presenting Pakistan's response to the Earthquake, Major General Farooq Ahmed Khan, Federal Relief Commissioner, noted that the Federal Relief Commission had been formed within 48 hours of the earthquake on 8 October 2005 to respond to the disaster and coordinate immediate relief needs. ERRA would take over as the coordinating body once the reconstruction phase begins. He clarified that ERRA would have an oversight and a coordinating role: the mandate for implementation of reconstruction activities would lie with the provincial governments.

FIGURE 1**PAKISTAN EARTHQUAKE 2005: DAMAGE AND DESTRUCTION**

SOURCE: FRC

	NWFP	AJK	TOTAL
Houses- Destroyed and Damaged	1,95,212 / 5,42,604 (36%)	2,04,940 / 2,44,979 (83.66%)	4,00,152 / 7,87,533 (51%)
Educational Institutions - Destroyed and Damaged	3894 / 7577 (53%)	3685 / 3879 (95%)	7669 / 11456 (67%)
Roads - Destroyed and Damaged	2063 / 6653 (31%)	2366 / 5305 (45%)	4429 / 11963 (37.02%)
Health Institutions /Structure	188	594	782

He stressed the need for the FRC to be an organisation able to act quickly in the relief phase, to have an overarching mandate for relief efforts and be responsible directly to the Chief Executive. At the same time he pointed out that the FRC was involved with the joint coordination centre, containing both military and civilian components as well as strategic leaders of the Government of Pakistan. General Farooq told participants that the FRC was also working with others on the conception and implementation of the National Plan of Action.

While recognising the role of the military in the relief phase, participants pointed out the need for a handover of responsibility from the military to elected bodies once the immediate relief phase was complete. They also noted the need for clearly defined roles and responsibilities and for international donors to be held accountable in a similar manner to the Government.

SESSION 3: PARTICIPATORY DECISION-MAKING IN RELIEF AND RECONSTRUCTION

CHAIRER BY PETER ROOKE,
TRANSPARENCY INTERNATIONAL



The involvement of affected communities and other social actors in decisions relating to relief and reconstruction lies at the heart of effective and transparent aid strategies. Affected communities must also be made aware of their entitlements. This session built on lessons from other disasters to identify measures to ensure appropriate public participation in the context of the Pakistan earthquake reconstruction.

Noting the importance of community participation in reconstruction efforts, [Yasmin Lari](#) presented the approach taken by Karavan. The participation of communities in the reconstruction process ensured the use of local knowledge, local technology and local materials, instilling a sense of ownership and local pride, as well as building back much needed capacity and economic activity.

Involving local communities ensured that rebuilt structures would be both economically and culturally appropriate, and increase the likelihood that they would be fully occupied. She noted that, for this to occur, the appropriate tools and training are required, as much of this had been wiped out by the earthquake. She told participants that Karavan methods and designs have been agreed by ERRA, but pointed out that there is still a long way to go in terms of providing such training.

[John Wall](#) from the World Bank told participants that the Bank had undertaken intensive research for best practice lessons from previous disasters following the earthquake. This showed the benefit of owner-driven, in-situ housing reconstruction, best paid for in cash amounts provided in instalments to allow a supervised approach. He noted that governments need to be encouraged to adopt a low-tech approach which was more likely to be successful. Local settlement of land ownership should be supported: village communities know what belonged to whom, which the national/provincial government does not always have accurate information of. Governments attempting to solve this without community participation will very likely run into disputes.

Asian Development Bank representative [Peter Fedon](#) supported this view, saying that responses driven by executive decisions without consultation will not deliver the needed outcomes in the case of Pakistan. He emphasized the importance of people-centred solutions, decided along the principle of subsidiarity: matters should be dealt with by the lowest existing and competent authority. Not every village, for example, can have a health centre and these decisions should be made at a local community level rather than by the executive. Public consultation is of more importance than complex technical solutions in ensuring their success. To enable this consultation to be meaningful, reconstruction efforts should build upon whatever local capacity is left to implement projects.

Participants agreed on the importance of building back the capacity of local communities to enable them to participate in the reconstruction in a meaningful way. To ensure this, donors and implementing agencies should agree to implement participatory approaches as well as effective monitoring and oversight mechanisms.

“Local settlement of land ownership should be supported: village communities know what belonged to whom, which the national/provincial government does not always have accurate information of. Governments attempting to solve this without community participation will very likely run into disputes.”

SESSION 4:

TRANSPARENCY AND MONITORING OF AID FLOWS

CHAIRER BY AHMED JAWAD, ADDITIONAL
SECRETARY ECONOMIC AFFAIRS DIVISION
MINISTRY OF FINANCE

Ensuring full transparency in aid flows and in the allocation and distribution process is vital. Given the expected high level of aid to be given over the coming months and years, this session addressed the importance of public disclosure of all aid flows as well as robust systems of accounting and oversight by internal and external real time, as well as post-implementation, audits.

Opening the session [Ahmed Jawad](#) of the Ministry of Finance Government of Pakistan noted the importance of the issue being discussed in this session and told participants that the Government of Pakistan is taking steps to ensure the transparency of aid flows, through external audits to be undertaken by internationally recognised accounting firms, and through a donor assistance database on the ERRA website.

[Kevin Savage](#) from the Overseas Development Institute highlighted the complexities of the system created by a humanitarian disaster. It is important to understand the web of different actors involved, so as to understand how best to ensure the transparency of aid flows and the possibility to monitor them. He noted that the risk of corruption in emergency situations is not limited to one group of actors but is common to all: this risk is widely recognised in internal discussions, but the lack of open acknowledgement of this is damaging. Corruption risk assessments need to be mainstreamed into all aid decisions and not limited to financial aspects, if the aim is to be accountable to those beneficiaries affected by the disaster, for whom the reconstruction activities are being undertaken.

Mr. Savage emphasized that all stakeholders should assist national governments to track aid flows: there should be constructive engagement between international organisations and national governments to provide such information. Information provided on aid flows need to be presented in an understandable and accessible form. Civil society has to be empowered to follow the aid flow to the local level given its key role as a watchdog and as an advocate of change.

The United Nations Development Programme (UNDP) is in the process of helping the Government of Pakistan to develop a system of tracking assistance to enable this to take place, said [Farhan Sabih](#) of the UNDP. The Donor Assistance Database (DAD) being developed should be in place by the end of February 2006, and will record pledges, as well as track projects and activities. This will allow linkage back to reconstruction strategies and enable stakeholders to monitor sectoral disbursement, equity issues and any mismatch between needs and funding, as well as the role of national policies in the reconstruction plans. To be effective, information needs to be timely, credible and accurate, and designed to be accessible to affected communities.

“In isolation, a financial tracking system will not be able to curb the risk of corruption: a strong commitment towards institution-building is needed.”

“To promote downward accountability, [financial] information needs to be presented in an understandable form in accessible media and should not be limited to internet websites to which few rural communities have access.”



However, he qualified this saying that, in isolation, a financial tracking system will not be able to curb the risk of corruption: a strong commitment towards institution-building is needed. To allow government authorities to fulfil their mandate, sufficient resources are required. Real time audits are also essential to keep activities on track.

A representative of the Auditor General of Pakistan noted that concurrent audits have already integrated into the plan, as are integrated timelines. He added that a Director-General of Audits will be set up within the ERRA framework, external to the AGP. Sixty field auditors with mobile audit teams will be used throughout the reconstruction period. Audits undertaken will conform to international accounting standards and would be in line with INTOSAI auditing guidelines. A final question will be whether the regional ERRA funds will be treated as a trust fund, as this affects the measures they are subject to.

Participants agreed on the importance of accessibility to such information, and emphasized that to promote downward accountability, this information needs to be presented in an understandable form in accessible media and should not be limited to internet websites to which few rural communities have access.

They also highlighted the importance of capturing information on expenditures of all stakeholders: NGO and private projects also form a substantial part of the reconstruction funds and activities and should be included in some form.

SESSION 5:

TRANSPARENCY, MONITORING AND EVALUATION OF PROCUREMENT AND SERVICE DELIVERY

CHAired BY PETER ROOKE,
TRANSPARENCY INTERNATIONAL

Non-transparent or closed procurement systems can lead to the diversion of resources away from intended beneficiaries through corruption or uncompetitive processes. This session sought ways to involve various social stakeholders, including affected local communities, in monitoring and evaluating the effectiveness of procurement, project implementation and service delivery.

[Syed Adil Gilani](#) of Transparency International Pakistan highlighted the importance of transparent procurement rules in the context of the reconstruction. He stressed that procurement rules should ensure value for money. To do this, it is crucial that there is public access to information related to the tender. For instance, the evaluation criteria in a tender should be an integral part of public bidding documentation: once a contract is awarded, all documents relating to the contract should be made available to the public.

TI Pakistan strongly recommended that the Public Procurement Rules 2004, already in force at the federal level in Pakistan, should be applied to the Earthquake Relief Funds, as these are also federal in nature. These included the use of Integrity Pacts, in which all parties to a contract agree not to engage in any corrupt practices in the framework of that project, as well as other mechanisms to ensure fair and transparent procurement processes.

More generally, TI Pakistan stressed the overarching need for a time-based master plan to be developed for the requirements of the reconstruction before any action was taken.

The overall importance of accountability to beneficiaries of the reconstruction effort was emphasized by [Emmanuel Congo Minari](#) from Humanitarian Accountability Partnership International (HAP-I). Monitoring and evaluation, particularly by the beneficiaries, are central to this. He pointed out that there is often a very low level of accountability to beneficiaries, as compared to accountability to donors, governments and other institutions. Beneficiaries should have the right to question the assistance and service that they get. To implement this consistently, agencies working with beneficiaries need to have clear accountability standards in place and need to communicate these to their staff and beneficiaries clearly. Accountability is important to ensure quality of services and improve trustworthiness. There needs to be a system in place for feedback - beneficiaries and staff should feel safe that they can complain and seek redress without negative consequences.

“The Public Procurement Rules 2004, already in force at the federal level in Pakistan, should be applied to the Earthquake Relief Funds, as these are also federal in nature.”



Douglas Arbuckle from USAID noted that everyone in the aid business is concerned that their aid should reach the intended recipients. He explained that USAID operates under procurement rules similar to the PPRA: it is required to engage in competitive bidding except in carefully prescribed cases such as humanitarian emergencies. Tenders and evaluation criteria are open and outcomes are published. He noted that monitoring and evaluation should be an ongoing activity and recommended that initial damage assessments be reviewed for confirmation. USAID requires financial and programme audits to be conducted in partner organisations, and Mr Arbuckle stressed that donors are also accountable for subcontracted projects implemented by partner NGOs.

Sarah Hennell from DfID told participants that a common framework had just been agreed with the head of ERRA and with several of the major donors to develop an overall monitoring and evaluation framework.

Participants agreed that not only donors and humanitarian organisations, but also government should be downwardly accountable to beneficiaries, and that regular community satisfaction surveys are important to ensure this.

It was noted that procurement also takes place at the community level and that involving beneficiaries in this process is likely to keep prices from being artificially inflated as they know the value of local materials and services.

It was suggested that pre-contracting emergency supplies before emergencies break out might be one way of preventing artificially inflated prices. This was recognised by donors, but they explained that the speed at which such emergencies broke out and the need to procure some goods locally meant that this is not always possible.

“Regular community satisfaction surveys are important to ensure [downward accountability].”

SESSION 6:

EFFECTIVE ENFORCEMENT AND COMPLAINT- HANDLING

CHAIRER BY TANVIR ALI AGHA, FEDERAL
SECRETARY, MINISTRY OF FINANCE, PAKISTAN

Ensuring appropriate mechanisms and capacity to capture complaints of abuse, investigate potential corruption cases and enforce anti-corruption measures is also vital. This final session provided an initial good practice framework for reporting and responding to corruption in the wake of the Pakistan earthquake.

[Khalid Javed](#) of the Public Procurement Regulatory Authority laid out the system in Pakistan with regard to procurement: procurement opportunities are laid out in the press, evaluation criteria must be mentioned in the tender document and are required ten days before a tender closes. Complaints committees should not involve people engaged in the decision making process and people need to be given the opportunity to present external evidence.

More generally, two tiers of complaints are available: complaints can be presented to the cabinet or to the court, but the mechanisms for dealing with these are both slow and costly. Effective enforcement of the PPRA depends on the enabling law, on an effective enforcement office of the Auditor-General, and on the National Accountability Bureau where any criminal intention is visible. He clarified that the PPRA itself was not responsible for enforcement. This was deliberately designed this way following the logic that regulatory authorities should not also deal with enforcement.

[Bushra Gohar](#) pointed out that her comments were based both upon ActionAid's experience with regard to the tsunami and the earthquake in Pakistan. From ActionAid's perspective, the earthquake brought inherent weaknesses of the state to the fore: there was no existing disaster preparedness plan and the initial response was ad hoc and chaotic. At the very early stages, local organisations were the ones to provide critical support to the affected communities. When the government stepped in, its first response was centralised and bureaucratic: transparency was compromised as it was difficult for local groups to participate in this process. The military had done a fantastic job of clearing the roads and restoring communications lines, but had difficulties with activities such as preparing compensation lists, on which there were no clear mechanisms to be applied, and in which social complexities were involved.

She stressed that once the relief efforts come to a close, there needs to be a realistic plan for phasing out the role of the military and establishing civilian oversight: the military does not come under civilian oversight and this is perceived to be a problem. Local government systems should be given a leading role.

“Currently there are no clear mechanisms for complaint-handling in the earthquake relief and reconstruction activities.”

Currently there are no clear mechanisms for complaint-handling in the earthquake relief and reconstruction activities and Ms Gohar stressed that this needs to change. She recommended that regular reviews be conducted with the input of local people; these should be made available in local languages and appropriate formats and not just on the internet. Independent reviews of implementation and openness to acceptance of weakness are also needed - the reconstruction ahead constitutes a huge task, and it is to be expected that not everything would go well - this should be recognised in order to work towards improvement.

She added that the media also has an important role to play and ActionAid was disappointed that there has been a certain clamp down on media reporting of negative news about the earthquake - instead, the media is encouraged to undertake promotion of the relief and reconstruction efforts to date. She emphasized the importance of the media as an independent watchdog over the reconstruction efforts.

Syed Shamsuddin from the Human Rights Commission of Pakistan (HRCP) told participants that HRCP had sent missions to the affected areas and established two offices in the region since the earthquake. Immediately after the earthquake the HRCP assessment showed a failure to consult with local authorities, a confusion of policies and looting of relief goods. The subsequent missions to the area found the situation to have improved, but there was no local government presence and everything seemed to have been left to the federal authorities.

He noted the continuing lack of transparency and accountability: since people have little information on government policies and planning, they are not convinced about the fairness of relief and reconstruction efforts. There were worryingly widespread allegations of corruption, and he stressed that the government must find a monitoring mechanism which does not involve the army. He recommended that information cells be set up on the plans for relief and reconstruction, as well as local monitoring cells. Local radio stations could be one way of providing information to remote communities.

Tim Hutton from DfID agreed that effective complaint-handling and enforcement are of key importance and supported the emphasis on clear communication and regular and transparent information to affected communities. The Master Plan currently being established will feed into this, clarifying who is responsible for what, down to the provincial level. This will help to manage expectations: given the scale of aid promised, frustration is sure to result if it is not used equitably. He noted the need for an established mechanism for bottom - up feedback. Recognising the culture of making frivolous complaints, he pointed out that a transparent process for addressing grievances would also help to offset this.



Heru Prasetyo noted the experience in Aceh that action has to be swift and taken at the lowest local level possible. Local decisions should then be reported to higher levels so that eventually these can be incorporated into policy making.

Participants agreed that dispute settlement should take place at the most local level possible. The Gujarat example showed that responsibility could be given to district judges to act as ombudsmen. Settlements in court should be pursued only after other options have been exhausted, as this is time consuming and expensive.

Since most complaints are likely to be at a local level, creating a culture of complaint-handling is likely to clear the bottleneck of complaints at the higher levels.

Khalid Javed closed the session, thanking TI for pulling together different experiences for the workshop to consider the possibilities for application in Pakistan. He noted that the scale of the disaster necessitated a centralised response in its immediate aftermath, but the workshop had shown the need to decentralise this response in the reconstruction phase. A responsibility would be on the Governments of NWFP and Azad Kashmir to make their policies and mechanisms on procurement and other issues clear.

Muhammad Yunis Khan, Auditor General of Pakistan, noted in closing that there was still much to do for Pakistan: the Master/Umbrella Plan should already have been published as the reconstruction effort was about to begin and an overarching plan of action was urgently needed. Despite many efforts, people were still suffering and not much progress had been made. He told participants that the AGP has established a Director General's Office on Audit which will look at this and work at the provincial level in Azad Jammu Kashmir and NWFP. At the same time, NGOs must also be accountable and donors should exert the same pressure on them which governments are subject to. He thanked TI for organising the meeting.

The draft recommendations were circulated and comments received.

“Since people have little information on government policies and planning, they are not convinced about the fairness or relief and reconstruction efforts.”

WORKSHOP AGENDA



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DAY ONE TUESDAY 7 FEBRUARY 2006

09:00 - 09:45

REGISTRATION AND COFFEE

09:45 - 10:00

SECURITY CHECK / SEATING

10:00 - 11:30

SESSION 1: OPENING SESSION AND PRESENTATION OF PAKISTAN'S STRATEGY

CHAIR: A SENIOR REPRESENTATIVE OF THE GOVERNMENT OF PAKISTAN

TO INTRODUCE THE CHIEF GUEST: ARSHAD ZUBERI, TRUSTEE, TRANSPARENCY INTERNATIONAL PAKISTAN TILAWAT-E-QURAN

WELCOMING REMARKS

PETER ROOKE, REGIONAL DIRECTOR ASIA PACIFIC, TRANSPARENCY INTERNATIONAL, GERMANY

SPEAKERS

PRIME MINISTER OF AZAD KASHMIR, H.E. SIKANDAR HAYAT KHANP

INAUGURATION ADDRESS

PRIME MINISTER OF PAKISTAN, H.E. SHAUKAT AZIZ

VOTE OF THANKS

SYED ADIL GILANI, VICE CHAIRMAN, TI PAKISTAN

COFFEE BREAK

11:30 - 11:45

SESSION 2: GOOD PRACTICE AND LESSONS LEARNT FROM PREVIOUS DISASTERS

11:45 - 13:00

CHAIR: MAJOR GENERAL FAROOQ AHMED KHAN, FEDERAL RELIEF COMMISSIONER PAKISTAN

CASE STUDY: THE INDONESIAN RESPONSE TO THE TSUNAMI DISASTER

MR HERU PRASETYO, REHABILITATION AND RECONSTRUCTION AGENCY FOR ACEH AND NIAS (BRR), INDONESIA

PANEL PRESENTATIONS

ANUNG KARYADI, LOBBY AND ADVOCACY COORDINATOR, TRANSPARENCY INTERNATIONAL INDONESIA

P. K. MISHRA, MINISTRY OF URBAN DEVELOPMENT, INDIA (THE GUJARAT EARTHQUAKE)

DISCUSSION

LUNCH

13:00 - 14:00

SESSION 3: PARTICIPATORY DECISION-MAKING IN RELIEF AND RECONSTRUCTION

14:00 - 15:15

THE INVOLVEMENT OF AFFECTED COMMUNITIES AND OTHER SOCIAL ACTORS IN DECISIONS RELATING TO RELIEF AND RECONSTRUCTION LIES AT THE HEART OF EFFECTIVE AND TRANSPARENT AID STRATEGIES. AFFECTED COMMUNITIES MUST ALSO BE MADE AWARE OF THEIR ENTITLEMENTS. THIS SESSION WILL BUILD ON LESSONS FROM OTHER DISASTERS TO IDENTIFY MEASURES TO ENSURE APPROPRIATE PUBLIC PARTICIPATION IN THE CONTEXT OF THE PAKISTAN EARTHQUAKE RECONSTRUCTION.

CHAIR: PETER ROOKE, TRANSPARENCY INTERNATIONAL

INTRODUCTION

YASMIN LARI, KARAVAN

ABDUL SATTAR EDHI, EDHI FOUNDATION

PANEL PRESENTATIONS

UMAIR HASAN, PROGRAMME MANAGER EMERGENCIES, SAVE THE CHILDREN UK, PAKISTAN

JOHN W. WALL, COUNTRY DIRECTOR, WORLD BANK PAKISTAN

PETER FEDON, COUNTRY DIRECTOR, ASIAN DEVELOPMENT BANK PAKISTAN

DISCUSSION

- 15:15 - 16:30 **SESSION 4: TRANSPARENCY AND MONITORING OF AID FLOWS**
 ENSURING FULL TRANSPARENCY IN AID FLOWS AND IN THE ALLOCATION AND DISTRIBUTION PROCESS IS VITAL. GIVEN THE EXPECTED HIGH LEVEL OF AID TO BE GIVEN OVER THE COMING MONTHS AND YEARS, THIS SESSION WILL ADDRESS THE IMPORTANCE OF PUBLIC DISCLOSURE OF ALL AID FLOWS AS WELL AS ROBUST SYSTEMS OF ACCOUNTING AND OVERSIGHT BY INTERNAL AND EXTERNAL REAL TIME, AS WELL AS POST-IMPLEMENTATION, AUDITS.
- CHAIR AND INTRODUCTION:** AHMED JAWAD, ADDITIONAL SECRETARY ECONOMIC AFFAIRS DIVISION, MINISTRY OF FINANCE
- PANEL PRESENTATIONS**
 KEVIN SAVAGE, OVERSEAS DEVELOPMENT INSTITUTE, UK
 FARHAN SABIH, UNITED NATIONS DEVELOPMENT PROGRAMME
- 16:30 - 16:45 **DISCUSSION**
COFFEE BREAK
- 16:45 - 18:00 **SESSION 5: TRANSPARENCY, MONITORING AND EVALUATION OF PROCUREMENT AND SERVICE DELIVERY**
 NON-TRANSPARENT OR CLOSED PROCUREMENT SYSTEMS CAN LEAD TO THE DIVERSION OF RESOURCES AWAY FROM INTENDED BENEFICIARIES THROUGH CORRUPTION OR UNCOMPETITIVE PROCESSES. THIS SESSION WILL SEEK WAYS TO INVOLVE VARIOUS SOCIAL STAKEHOLDERS, INCLUDING AFFECTED LOCAL COMMUNITIES, IN MONITORING AND EVALUATING THE EFFECTIVENESS OF PROCUREMENT, PROJECT IMPLEMENTATION AND SERVICE DELIVERY.
- CHAIR:** PETER ROOKE, TRANSPARENCY INTERNATIONAL
- INTRODUCTION**
 SYED ADIL GILANI, CEO, TRANSPARENCY INTERNATIONAL PAKISTAN
- PANEL PRESENTATIONS**
 DOUGLAS ARBUCKLE, USAID PAKISTAN
 EMMANUEL CONGO MINARI, HUMANITARIAN ACCOUNTABILITY PARTNERSHIP - INTERNATIONAL
- DISCUSSION**
- DAY TWO** **WEDNESDAY 8 FEBRUARY 2006**
- 08:00 - 09:00 **REGISTRATION**
- 09:00 - 10:15 **SESSION 6: EFFECTIVE ENFORCEMENT AND COMPLAINT-HANDLING**
 ENSURING APPROPRIATE MECHANISMS AND CAPACITY TO CAPTURE COMPLAINTS OF ABUSE, INVESTIGATE POTENTIAL CORRUPTION CASES AND ENFORCE ANTI-CORRUPTION MEASURES IS ALSO VITAL. THIS FINAL SESSION WILL ATTEMPT TO PROVIDE AN INITIAL GOOD PRACTICE FRAMEWORK FOR REPORTING AND RESPONDING TO CORRUPTION IN THE WAKE OF THE PAKISTAN EARTHQUAKE.
- CHAIR:** TANVIR ALI AGHA, FEDERAL SECRETARY, MINISTRY OF FINANCE, PAKISTAN
- INTRODUCTION**
 KHALID JAVED , M.D, PUBLIC PROCUREMENT REGULATORY AUTHORITY
- PANEL PRESENTATIONS**
 BUSHRA GOHAR, PROJECT DIRECTOR EMERGENCY AND RECONSTRUCTION PROJECT, ACTIONAID INTERNATIONAL PAKISTAN
 SYED SHAMSUDDIN, HUMAN RIGHTS COMMISSION PAKISTAN
 TIM HUTTON, DFID(UK)
- 10:15 - 11:30 **DISCUSSION**
COFFEE BREAK
- 11:30 - 12:30 **SESSION 7: PRESENTATION OF RECOMMENDATIONS AND CLOSING REMARKS**
CHIEF GUEST: MUHAMMAD YOUNIS KHAN , AUDITOR GENERAL GOVERNMENT OF PAKISTAN
- PRESENTATION OF MEETING RECOMMENDATIONS**
 PETER ROOKE, REGIONAL DIRECTOR ASIA PACIFIC, TRANSPARENCY INTERNATIONAL/
 ADIL GILANI, CEO, TRANSPARENCY INTERNATIONAL, PAKISTAN
- CLOSING REMARKS**
 MUHAMMAD YUNIS KHAN , AUDITOR GENERAL GOVERNMENT OF PAKISTAN
- 12:30 - 13:30 **LUNCH**
- 13:30 - 14:30 **PRESS CONFERENCE**

**ENSURING THE
TRANSPARENT
USE OF
EARTHQUAKE
RECONSTRUCTION
FUNDS**

ISLAMABAD, PAKISTAN \ \ \ \

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