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Pakistan at Risk

Challenges and Opportunities After the Flood



A Jinnah Institute
Conference Report

J JINNAH
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Report Editor: **Erum Haider**
Project Manager: **Sehar Tariq**
Research Asst: **Hisham Mohmand, Jahandad Khan, Huma Imtiaz**

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About the Jinnah Institute

The Jinnah Institute is a non-profit public policy organization based in Pakistan. It functions as a think tank, advocacy group and public outreach organization independent of government. The JI seeks to promote knowledge-based policy making for strengthening democratic institutions and building public stakes in human and national security discourse, with an emphasis on regional peace . It remains committed to policies that promote fundamental rights, independence and pluralism.

Through multiple mediums of public outreach, JI Pakistan will build and advocate a discourse centered on the values of equitable democratic and social entitlements, pluralism, rule of law and transparent governance. Its strategic security program advances the project of inclusive policy-making for enhancing Pakistan's stakes in regional peace and build public capacity to reverse the tide of extremism and related challenges.

JI engages policy-makers, government, media organizations, civil society, state institutions and academia with a view to maximizing space for its intellectual and advocacy products at the national, regional and global level.

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Introduction

This report brings together findings from the Jinnah Institute Stakeholder Conference held on October 16th 2010, and the JIP's conference "Pakistan at Risk: Stabilization Challenges after the Flood" held on 23rd October 2010. It aims at flagging a first-level estimate of damage on the ground, its impact on imperiled livelihoods and food security; it also attempts to articulate many of the longer-term concerns of a country struggling to rebuild its economy, stabilize security and meet its Millennium Development Goals. Bringing the country's intellectual and physical capital to bear on various aspects of this disaster, the report suggests that while several short-term actions are imperative, many long-standing structural changes to the economy and development reform must also be taken.

The conference covered four aspects of post-disaster challenges faced by Pakistan today. The short papers focus on multi-agency coordination and relief activities, the economic impact of the flood and the structural weaknesses of the development sector that need urgent attention. The final section looks at the reconstruction and rehabilitation plans in the next six to twelve months, and the role of the international community in this process.

Contributors for the panel are experts in their fields, both in Pakistan and internationally. The stakeholder conference held prior to the panel included a rich diversity of local non-profit organizations who have spent decades in communities across Pakistan and bring a wealth of knowledge to the table. Recommendations to policy-makers in this report reflect inputs from the frontline in the field, as well as ideas generated by stakeholders in Pakistan's recovery and reconstruction effort. They are by no means definitive or comprehensive, and match the course of the crisis as an evolving response.

In the days and weeks after the flood it was frequently commented that getting a sense of the disaster was nearly impossible. At the height of the flood, one-fifth of Pakistan's landmass was

inundated, and over 20 million people were affected. These are, in many ways, incomprehensible statistics: making sense of the disaster requires taking a bird's eye view of the diversity and multitude of issues that challenge Pakistan today. This report aims at providing an initial perspective on the floods that hit Pakistan in the summer of 2010 and pointing a way forward.

Crises shape and define relations between state and institutions; Pakistan's recent floods have shown that learning from previous disasters did not inform fresh responses. In the 2010 floods in Pakistan, government functionaries and international agencies were slow to respond, although given the scale of the disaster no government or agency could have been adequately prepared. It is immediately evident that assessing the situation itself was a major challenge, and that a Damage and Needs Assessment will assist in overcoming a critical gap in knowledge. Understanding how best to prioritize issues in the coming months will be the next major challenge, in spite of the fact that the worst part of the crisis is over.

For relief organizations, the most immediate lesson learnt is that the scale of this disaster affects, reflects and reinforces vast diversities in pre-flood development and social indices. This is most evident in the extent to which district governments have displayed varying competence and capacity across the country. Khyber Pakhtunkhwa has been rated highest for a relatively well-developed crisis-management plan; in other provinces, the organization of the district governments has been rated as poorly. Sindh, in particular, faces huge challenges due to the loss of land records, sluggish reporting of the disaster and ineffective bureaucratic structures. Finally, some provinces – Gilgit-Baltistan and Balochistan in particular – are seen as severely neglected because of their relative absence from the mainstream media. Balochistan deserves particular mention in this instance: the province has been persistently low on basic development indicators, standing at 0.556, which is comparable to the Sub-Saharan Africa average. The flood has set the districts of Jaffarabad, Nasirabad, Kachhi and Jhal Magsi back by several years – the provincial government estimates that over 367 km of roads have been damaged and several kilometers of irrigation canals were washed away. Combined with the loss of health and education facilities, this amounts to a setback of hundreds of millions of rupees. Balochistan's devastated districts are a reminder that developing responses tailored to the challenges faced in each of Pakistan's 81 affected districts is essential. Shandana Khan and Manuel Bessler discuss this aspect of disaster management in the first section.

The second critical lesson is the importance, and in Pakistan's case, the neglect – of local communities. Local communities form the first line of defence in disasters around the world; their activities usually evolve into rapid-response mechanisms by central governments, local NGOs and international NGOs. However, for several weeks into the disaster no such transition took place, and local communities were left struggling with the flood without support from the center or the provinces. Hundreds of local organizations continued to raise funds and operate independently of each other well into the disaster, leading to both an overlap of efforts and competition for funding. If there are, in fact, disincentives to inter-agency coordination built into the development system, then the task of a central body like the NDMA or UNOCHA will be extremely difficult. Whatever their institutional deficits, both organizations will have to take responsibility for many failures in the field.

Based on interviews with activists, stakeholders and experts, it is evident that "coordination" and "accountability" are two sides of the same coin, and both demand some form of cen-

tralization. However, an entire political economy literature dedicated to decentralization shows that too much centralization can slow down the process of delivering aid to those who need it the most, and this view must be kept in mind when devising systems for accountability as well. Dr. Ishrat Hussain's essay in this report addresses the "allergy" to devolution plaguing Pakistan's provincial governments; he and other expert economists stress the need to conduct elections to local government bodies as soon as possible to cope with the reconstruction and rehabilitation phase. Assessing local needs and prioritizing issues will require rapid devolution to the local level, which includes local government bodies and civil administration. Serious decision-making and budgeting power must be given to these communities. Mechanisms that are already in place for transparency and oversight must be utilized instead of attempting to re-invent the wheel at a time when every second counts.

Development literature cautions against an overdependence on non-profit organizations as even the most organized and reputed local NGOs have limits on their outreach. In the immediate term, civil society (including independent philanthropists), the NDMA, army and international agencies must make greater efforts to coordinate during the relief and reconstruction phase and provide mechanisms for transparency within their projects. A similar dissonance is noted between the government and the army: the latter has been accused of acting independently from the former. A recent report focused on Khyber Pakhtunkhwa suggests that greater civilian oversight of army relief and reconstruction efforts would be a valuable change in the relations between the two institutions.

It is predicted that Pakistan's economy will face severe multiple shocks in the medium to long term. At the outset, this means new resources will have to be mobilized at home, including an expansion in the direct tax net, particularly from big agriculture, and property from the economically empowered. There are already calls for cuts in non-development expenditure, cabinet reduction, and higher transparency in the governance of disaster. Ambassador Robin Raphel, Economic Advisor for Economic Assistance to Pakistan for the United States of America, in her chapter points out that for the government, backing up appeals to international governments with partial financial commitments from within Pakistan will be a strong signal of commitment to transparency and accountability.

Findings in the report indicate that Pakistan faced outstanding structural impediments to meeting its development goals. Amongst these is a nine-year old war on terror and sluggish economic growth. Before the flood, 61 % of Pakistan's districts were rated as food insecure. According to the WFP, 77 million people were hungry and 45 million were malnourished. Now, with two million hectares of standing crop destroyed, and households vulnerable to drops in their capacity to access, afford and absorb food, the nutrition crisis will be unprecedented. Household savings have been eroded by surging food prices, and the loss of seed, cattle and other assets in agrarian households will put more than 80% of Pakistanis in the food insecure districts at risk of malnutrition and impoverishment. This is the shocking percentage of Pakistanis dependent on foodcrops in the flood-affected areas. In the absence of any serious crop-livestock risk insurance and social safety nets, the damage to agriculture and infrastructure will impact negatively on future growth as well. Small farmers and unskilled labour in rural areas will be the hardest hit, with income, asset and consumption shocks tripling their crisis. These households traditionally spend more than 65% of their income on food, and with the vast scale of damage, they are at serious risk. This is not a poverty line, but a starvation line.

Some of the most food insecure regions in Pakistan are also home to many of the home-grown terrorists that have claimed civilian and soldier lives since the war against militancy began in 2001. The social profile of the Pakistani militant is nothing like the Faisal Shahzad “laptop” bomber we see in the developed world. Many of the young Taliban recruits are children born and raised in extreme poverty. There are already reports of philanthropic groups aided and funded by militants providing relief and rehabilitation in northern Pakistan in the absence of government and international assistance to these areas. Neglect during this disaster may not immediately lead to large swathes of the country falling under the Taliban as some analysts have predicted. However, surging poverty in the tribal regions, Southern Punjab and other affected districts will definitely make citizens vulnerable to militant succour and social unrest. The Pakistani government and its allies against extremism must keep this in mind when designing aid and relief programs.

The international community has recognized Pakistan’s disaster as unprecedented and has correctly asked the Government to implement tax reforms, policy delivery and higher transparency. It must also be reminded that a humanitarian crisis of this scale could tip any developing country over the precipice. Pakistan has been the site of a bruising struggle against militancy and host to not only its own conflict-driven IDPs, but also millions of Afghan refugees. Now is the time to come to Pakistan’s aid, as critical deficits define the UN’s flash appeal of \$2 billion for just humanitarian relief. The government may not inspire confidence, but according to expert estimates, it needs at least six times this amount to build back basics, let alone “build back better”.

The downturn in economic activity, heightened food insecurity, loss of livelihoods could potentially render the floods a threat multiplier to a volatile political climate. This overstretch of resources has serious implications for decreasing the state’s ability to maintain writ over previously governable spaces. Much of the food insecurity and low levels of growth are attributed to what Akmal Hussain in his chapter calls elite-centric growth: high growth periods that accrue wealth to the rich without spreading gains across income groups. The floods provide an opportunity for more equitable growth policies to be implemented as livelihoods are reconstructed, best done through investing in small-scale manufacturing, community-owned corporations, microfinance development, women’s asset creation, and employment guarantee schemes. Similarly, in the agricultural sector, land redistribution and the provision of agricultural inputs to small farmers could support rural growth and prevent the collapse of the rural economy in future disasters.

All these have been proposed and discussed by Pakistan’s policymakers for several years but implementation has been held off by for a variety of reasons, which include the absence of unified political will. The floods provide an opportunity to bring political actors of all stripes on board with serious economic and governance reforms. The public spirit of young people all over Pakistan who volunteered time and resources, as well the many experts and stakeholders who have come forward with policy initiatives, makes this a unique moment in Pakistan’s history for economic and institutional growth, and social change.

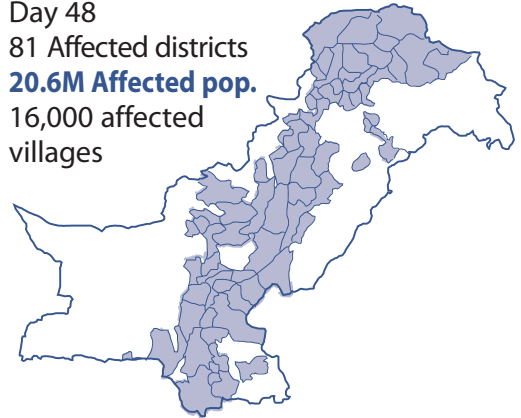
Sherry Rehman

President, Jinnah Institute
Islamabad, October 2010

Statistics of the Disaster

Pakistan Floods 13 of Sep. 2010

Day 48
81 Affected districts
20.6M Affected pop.
16,000 affected villages



Funding Gaps: Critical Deficits Persist

Despite help in cash and kind from a variety of sources, critical needs remain unmet and large funding gaps persist between the aid received and the needs of affected populations. The following table indicates the percentage of funding provided to each category against the current estimates issued for the total need in each area.

Area	Total Required (rounded to the nearest million)	% funded as of October 12, 2010
Water, sanitation and hygiene	\$171 million	27%
Camp Coordination and Management	\$ 13 million	16%
Community Restoration	\$190 million	4%
Coordination and Support Services	\$ 17million	26%
Education	\$ 82 million	9%
Food Security	\$575 million	35%
Health	\$201 million	28%
Logistics and Communications	\$ 50 million	68%
Nutrition	\$ 48 million	49%
Protection	\$ 68 million	20%
Shelter and Non-Food Items	\$346 million	20%

Source for funding gaps: http://fts.unocha.org/reports/daily/ocha_R32sum_A905__1010120204.pdf

An Evolving Crisis

The UN estimates that **20.6 million people have been affected by the devastating floods in Pakistan** and that **1,752 have been killed**. Over **1.8 million houses have been either damaged or destroyed**. The amount of **aid needed immediately stands at \$2 billion**, which is four times more than the initial estimates issued by the Government at the start of the crisis.

Province	Deaths	Injured	Houses Damaged	Population Affected
Punjab	110	350	500,000	8,200,000
Sindh	199	1,072	1,098,720	7,000,000
KP	1,156	1,198	200,799	3,800,000
Balochistan	48	102	75,261	700,000
AJK	71	87	7,108	200,000
Gilgit Baltistan	183	60	2,820	100,000
Total	1,767	2,869	1,884,708	20,000,000

Source: UNOCHA presentation at Pakistan at Risk Conference

Crops and Livestock

The IVA estimates that over **2 million hectares of standing crops were either lost or damaged**. FAO estimates that **over 1.2 million head of livestock (excluding poultry) were lost in the flood**. It is estimated that **14 million livestock are at risk due to fodder shortage and disease**. There has been significant loss of food commodities in warehouses owned by government, humanitarian agencies (including WFP), traders and households in affected areas. Current estimates place losses in government warehouses at around 140,000 metric tons, while the extent of losses by traders has yet to be calculated.

The most affected province in terms of agricultural area affected by the floods is Punjab, followed by Sindh and KP, death of livestock was more widespread in KP.

Mean Land Holdings and Mean Crop losses by Province

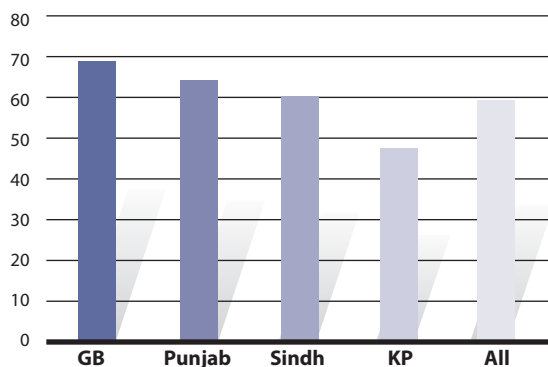
Crop losses were highest in Sindh where more than 95% of people's standing crops were destroyed. Mountainous areas in KP suffered the least crop loss as the mountain slopes aided in rapid drainage and therefore less loss to standing crops.

On average, households lost almost 40% of their livestock and losses to poultry were particularly high with poultry farmers reporting losses of over 70% of their birds. According to current estimates, animal losses were highest in the Province of Sindh

Livelihoods

Prior to the flood, about 50% of the households relied on agriculture as their primary source of income, livestock rearing was the second most common means of earning a livelihood while fifteen percent relied on casual wage labour, 9% on skilled wage. According to surveys done by the WFP, a majority of households reported that their principle livelihood was severely affected with income derived from it dropping by more than 50 percent. In all but one province more than 60 percent of households experienced a drop in income from their principle source of livelihood by more than 50 percent.

% of households that lost > half of their income



Source: WFP Damage Assessment Report September 22, 2010

Shelter

The **number of houses damaged or destroyed is about 1.8 million**. There are currently **1.2 million people in camps and settlements across the country**, mostly in Sindh province. There continues to be a huge need for emergency shelter support in the affected areas. To date, shelter cluster agencies have managed to deliver emergency shelter to some 336,000 families nationwide, but relatively little of it to Sindh, where over 95% of emergency shelter needs have yet to be met due to lack of access and lack of supplies.

In KP and Punjab, there is a growing need for transitional shelter support as people start returning to their damaged or destroyed homes. **Winterized shelter** will be needed in the northern regions of Dir, Swat, Kohistan and Gilgit-Baltistan.

Percentage of Households Damaged

Province	GB	KP	Punjab	Sindh	All
Not Damaged	14.10	26.50	6.40	1.10	9.10
Lightly Damaged	20.20	36.70	33.60	10.80	27.70
Heavily Damaged	2.0	21.1	19.1	19.4	18.9
Destroyed	62.6	15.7	39	62.9	41.8

Source: WFP Damage Assessment Report September 22, 2010

UNOCHA's situation report dated 17th September 2010 states that "15 percent of the overall flood affected population are children under the age of five, while some eight percent are pregnant and lactating women who require urgent nutrition support due to their specific needs."

Food Security

10 million people in KP, Punjab, Balochistan and Sindh are in need of food assistance. However, **55% of affected households currently have no food stocks**. 22% of households have food stocks that will last them less than a week. Therefore, eradicating food insecurity in the coming months remains a daunting challenge.

More than **12,000 children have become acutely malnourished in the aftermath of the floods**. UNOCHA's situation report dated 17th September 2010 states that "15 percent of the overall flood affected population are children under the age of five, while some eight percent are pregnant and lactating women who require urgent nutrition support due to their specific needs."

Health

Acute diarrhea and respiratory infections, skin diseases and possible outbreaks of malaria continue to be the major causes of health consultations in the affected districts. There is heightened **concern for the spread of disease in camps that lack basic sanitation**, including clean water and proper latrines. The percentage of suspected malaria cases continues to rise in Sindh and Balochistan. Almost **3.4 million people now have access to potable water**. The overall **focus of the humanitarian agencies is now shifting from the immediate provision of water to sanitation and hygiene**. 3.67 million people are receiving potable water. There continues to be an **urgent need for safe drinking water** in camps and occupied schools.

Education

10,865 schools have been damaged or destroyed due to the floods. 3,633 schools across the country are being used as temporary shelters for approximately 750,000 people. As schools reopen after the summer break, the displaced families will be required to shift from core areas of the school building; shelter will subsequently shrink for all. To avert a serious drop in attendance and enrolment, provision will have to be made for alternative sites, until the reconstruction cycle is complete.

Policy Recommendations

Mobilizing Funds and Building Disaster Capacity

Resources are the most critical gap in meeting needs in this contingency. The Federal and Provincial Governments should jointly draw out a revised budget for 2010-11 indicating reallocations from the current budget. Additional measures for revenue generation including a one-off progressive Flood Tax should be incorporated into this plan. New resources have to be mobilized at home, and the first source should be an **expansion in the direct tax net**, particularly capital gains on stocks and property for the economically empowered. This is also the time for governments to consider expanding the tax net to **big agriculture and other untaxed sectors of the economy**.

The federal government should embark on a **post-disaster “lessons-learnt” process** with Cabinet approval for Disaster Risk Reduction planning. Broad recommendations for each sector/stakeholder should include the development of each sector’s contingency plans, pre-positioning of emergency equipment, and **budgeting for contingency funds**. All provinces should include Disaster Risk Reduction (DRR) in development budget planning and appoint focal persons with adequate authority at all levels to coordinate disaster management activities within their sectors.

To **mainstream and articulate local needs and to build technical capacity**, the Government of Pakistan must assist local independent organizations to build a

mechanism to assess post-disaster damage and needs (DNA) independent of multilateral donor organizations. Development finance bodies/ IFIs should be asked to partner with local organizations initially to create an infrastructure of knowledge and expertise on grassroots data compilation and analysis in disasters.

The **National Disaster Management Authority (NDMA) must be empowered and funded to coordinate relief efforts** with credible Provincial DMAs that then cascade policy, delivery and information flows on a district grid. It must be answerable to parliament, and enhance the core capacity of all DM units by working through a statutory body called the National Institute of Disaster Management. As it stands, the NDMA itself reports a paucity of trained staff, and the PDMA's were clearly tested beyond capacity. There was little evidence of District DMAs on the ground, with rare exceptions found in KP. Most DDMA's existence is limited to PowerPoint presentations to the government. This needs to change, particularly given the volume and scale of natural disasters Pakistan has faced over the last decade.

The **Pakistan Meteorological Department (PMD) and provincial Flood Warning Cells (FWCs) must be strengthened.** The PMD is a structural as well as service body that must be given requisite equipment for its predictions, given that it is neglected and under-resourced. The FWCs must also be provided with the required modern equipment and expertise to fulfill their mandate. As it stands, the KP FWCs are unable to predict water flows beyond a point because their equipment is outdated and hence cannot gauge how much distance the water will cover in a given time frame, which compromises the entire warning system downstream of KP. This is one of the reasons government departments in other provinces were unable to warn for front-line evacuations in time, although later downstream warnings often went unheeded by local communities.

Governance, Coordination and Transparency

The government needs to pay attention to calls for **cuts in non-development expenditure and invest in accountability protocols.** Many international and local NGOs have called for more transparency in the governance of the disaster and these must be heeded. A report on the government's austerity measures may yield information on reductions proposed by the Ministry of Finance, but policy execution and monitoring by the Cabinet Division remains poor. Some of the aus-

terity measures as announced in the federal budget before the disaster have been implemented, such as energy and power cuts in government buildings, but most remain hostage to the political elite's capture of state resources.

Budget-revisions must go through the relevant Standing Committees of Parliament. Approvals for Finance Ministry submissions on budgetary revisions must first go through parliamentary committees for input, including defense budget revisions, instead of being placed in parliament as post-fact supplementary demands for grants for voting. The military is a key player in disaster-relief and rehabilitation logistics, and like all other government agencies, must expect its demands for annual and supplementary grants to be available to public oversight bodies. A reported mid-term 31% proposed increase in the defense budget could only be justified if approval is sought on disaggregated service allocations.

Coordination gaps in disaster-management between provinces must be identified at the highest level and addressed. At the Cabinet level, the **Council of Common Interests** must be strengthened, provided with a Secretariat, and enabled and empowered to oversee a more coordinated inter-agency recovery effort with the NDMA functioning as the lead agency. It must review the operation and competencies of the Federal Flood Commission in all the provinces.

There must be **visible and clear lines of authority** in the reconstruction process. Whatever organizations or institutions are given responsibility for flood reconstruction must be able to move projects expeditiously and efficiently. There needs to be no confusion as to who the authorities are at the center, in the provinces and in the districts. Experience from the relief stage predicts a high level of inter-agency confusion and overlap, with some sectors and areas left unattended or subject to coordination gaps.

The Disaster Management Oversight Council that oversees disbursement has yet to demonstrate any credible ability to make institutions accountable. **Oversight mechanisms must be consistent at the federal, provincial and district levels.** The military's distribution infrastructure must also not be exempt from oversight or seen as separate from government mechanisms.

Projects must have inbuilt mechanisms for accountability and impact measurement. Tenders and contracts for rebuilding must be publically floated and vetted by a bipartisan Parliamentary Oversight Committee for Disaster Management.

International NGOs must also provide the Pakistani public with **accessible public audits and expense reports.** Maintaining transparency is vital to building support amongst communities and holding all relief agencies to higher stan-

dards. Benchmarks should also be established for the use of grant money for non-development expenditures and for capping high administration costs.

There is broad consensus amongst experts and stakeholders that holding local government elections and **devolving power to the local level** is a priority. While holding immediate elections may not be feasible, building up these institutions is necessary in the medium to long-term. **Local level disaster management and response institutions must be strengthened.** Civilian-based disaster management plans will enable communities to effectively play their roles as the first line of defense in disasters.

Governance metrics for water management must be established. **The floods crisis has exposed glaring mismanagement of the Indus waterways. The courts must also investigate illegal encroachments, and cuts made in embankments during the flood.** This process will need a sustained application of political will, and if executed transparently, will enhance the credibility of the courts as well as the government in adjudicating post-conflict disputes and holding elites accountable.

Government must **enforce the existing zoning, land-use and Environmental Impact Assessments.** An EIA must include a detailed risk assessment and provide alternative options. Land-use planning can mitigate disasters and reduce risks by discouraging high-density settlements. Land degradation, deforestation, desertification, wild land fires, loss of biodiversity, land, water and air pollution, are the environmental security indices that are largely ignored by Pakistani planning and executive authorities.

The operations of land, builder, and timber mafias must be stripped of impunity. Pakistan has one of the highest deforestation rates in the world, and environment experts argue that while the force and quantity of water in the floods was too high to be checked, deforestation and riverbank encroachments contributed extensively to the absence of barriers to the flooding. Mandatory diligence required by the state is flouted due to a combination of neglect and complicity with the builder, land and timber mafias with political connections. Existing **regulations for environmental protection must be given both executive backing** and enforcement mandates.

Since the year 2000, millions of lives in Pakistan have been affected at the hands of recurring natural calamities. The Ministry of Environment must be empowered to lead a serious **Climate Change mitigation and adaptation study with international support.**

R econstruction P riorities

A **comprehensive, prioritized reconstruction plan agreed upon by the federal government and the provinces must be drawn up.** The plan should indicate financial sources, allocations by sector and a timeline for deliverables. Committing part of the funding from the government's own spending will indicate Pakistan's commitment to self-reliance, and also lay down measurable outcomes for a transparent monitoring and evaluation process one year into the project.

While international donors and the government are cognizant of **reconstruction needs for large-scale infrastructure, damage to smaller infrastructure may be off the radar.** Inter and intra village roads and pathways, irrigation and other common infrastructure at the village level is critical public infrastructure that has been destroyed in the floods, and that may not get any attention by private or market sources. Budgets for the **repair of village to market roads and inter-and intra-village roads** need to be allocated.

Despite the severe flooding, Pakistan is an extremely water-stressed country. The growing imbalance between Pakistan's water supply and demand has led to shortages, regional competition, conflicts between provinces, and impediments to hydro-power and economic development. **The government must use this opportunity to address the water imbalance by planning development for new supplies and by improving a more efficient use of the existing resources.**

Pakistan currently has the largest contiguous irrigation system in the world. In the medium- to long-term a **complete rehabilitation and strengthening of the irrigation system should be undertaken.** The irrigation network alone contributes to nearly a quarter of the country's GDP and meets most of its food and fiber requirements. The livelihood of many families and the economy of the country are sensitive to the availability of water and to reductions in availability that may be caused by the effects of climate change. A medium-term physical rehabilitation of the waterways should be accompanied by an institutional overhaul of the Irrigation and Power Departments.

A large-scale mobilization effort to get communities involved in the reconstruction and rehabilitation effort must be made. **Community involvement** will play the dual role of expediting reconstruction and providing employment. Public infrastructure programs are an excellent way to involve people in an employment guarantee scheme.

A **Cash-for-Work program** can potentially address the dual challenge of reconstructing small infrastructure along with provision of livelihoods. Instead of investing entirely in capital-intensive infrastructure projects and outsourcing labor management to sub-contractors, the Public Sector Development Program of the Federal government should consider including in **employment generation** as a key component of infrastructure projects. Detailed plans for this scheme have been presented in this report.

The flood may be an opportunity to invest in **outstanding development projects that lead to equitable and sustainable growth**. One such model is small-scale manufacturing. These industries require lower capital investment and generate higher employment per unit of output and also have shorter gestation periods as compared to the large-scale manufacturing sector. Similarly, large corporations owned by the poor and managed by professionals are also a means to equitable growth. Models for community-owned enterprises that have been successfully implemented in other parts of the world can be adapted for Pakistan.

A Small Farmer Development Corporation (SFDC), to be owned by farmers with equity provided through loans by government/ donors should be set up to provide small farmers with facilities for land development, access over new agriculture technologies, and extension services for developing high value crops, livestock development and production of milk and milk products. The government has 2.6 million acres of cultivable state land that can be distributed amongst current landless tenant farmers, in packages of 5 acres each.

With more than 1 million dwellings totally or partially destroyed, a **comprehensive national level, low-cost housing policy** must be developed with the active participation of relevant stakeholders. The key ingredients for a coordinated policy should include builders, constructions material suppliers, financial institutions, town/village planers, donors and government. Public-private partnership can be effective, with the private sector providing the building, financing and design. Currently only the House Building Finance Corporation provides low cost housing finance.

After the initial Damage and Needs Assessment (DNA), donors, regulators, microfinance institutions and the government should create a master **livelihood re-establishment plan**. Land reclamation and cash for inputs are both high priorities in many parts of flood-affected districts. Land reclamation must be done with government supervision, ensuring transparent re-demarcations of land. Financing for rebuilding will have to rely on a mix of international as well as private sector resources. The optimal use of donor funding should start with an outright grant; once immediate needs are fulfilled, loans can follow grants.

The Watan Card scheme launched by the government has been met with a mixed response. User-experiences vary across the field, with some reports citing non-receipt of funds promised by the ATM card while many indicate the opposite. These indicate that distribution chains are available, accompanied by accessibility of funds, although bottlenecks and delays have often been reported. It is crucial, at this stage, for **independent monitoring and evaluation projects** to be built around this scheme. Using data provided by NADRA and NDMA, *Watan* card beneficiaries can be mapped and matched with IDPs, including those who have returned home. It is important to design and implement these projects at the earliest to identify leakages (e.g. affectees who did not get the card, card-holders who could not access the money) and irregularities and overlaps. If schemes such as the *Watan* card prove to be effective then their use can be expanded to provide compensation into the reconstruction phase as well.

Bridging Social Sector Gaps

A Damage and Needs Assessment (DNA) of the Health sector is needed in order to assess shifting needs as IDPs move back to their homes. Needs related to the provision of health facilities and potable water will continue to shift and organizations with grassroots knowledge working in flood-affected areas must regularly be consulted. The lack of provision of basic health services at the national level has become visibly apparent during the recent crisis. **Policymaking for a public- private health services partnership initiative** should be explored to provide in-patient facilities for the rural areas. The government must either upgrade or provide new hospitals and clinics.

The private sector with donor assistance should launch a **basic health card** with a nominal premium that allows the holder to access in-patient services at designated hospitals for selected services without having to pay cash. At the moment, grassroots organizations service more than a million health policy holders; this outreach needs to be enhanced to include the affected areas.

Gender needs are rarely addressed in situations of crisis and conflict, although women tend to be the worst victims of displacement and trauma. Their needs and mobility constraints should be incorporated in disaster-management protocols. Many women, particularly those displaced from very poor areas, have encountered medical facilities for the first time; this opportunity should be fully utilized to **educate women regarding hygiene, reproductive health and child care** practices (e.g. breastfeeding, birth control, immunization).

Women form the backbone of the rural economy but remain invisible workers instead of agents of change. The government should consider giving livestock compensation to women and physically “hand over” ownership papers as an important symbolic step towards **women’s asset creation**. This crisis can also be used as an opportunity to mainstream agricultural and home-based women workers in the formal economy by **documenting their contributions**.

The government must mobilize recruitment for a new **surge in the Lady Health Worker** program through WHO assistance, as child and maternal health is severely stressed in the districts affected the most by the floods. The National Maternal and Child Health program which functions as the backbone of safe deliveries, hygiene promotion and child healthcare, relies on locally recruited

and trained female health workers for its operations, particularly in rural areas. This local workforce has itself been disproportionately affected in flood-hit regions. As a result, the program now reports a fifty percent staff deficit. These LHWs must be urgently replaced and supplemented by a cadre of trained volunteers recruited and monitored by the Federal Ministry of Health in case of any shortfalls faced by the provincial departments.

Teams of medical aid workers in the field have found that many children in rural Sindh and Balochistan in particular are partially immunized or not immunized at all. Due to poor accessibility in non-crisis times it is often difficult to determine the extent of the problem. The government should use this opportunity, where residents from remote settlements are in urban relief camps, to **carry out assessments of the number of non-immunized population** in order to come up with comprehensive immunization programs.

Government must **prioritize Education (in particular, primary and secondary girls' education)** when re-allocating PSDP resources. Instead of cuts, this sector, along with Health, must be given higher allocations. All provinces have reported widespread destruction of schooling infrastructure. **In areas where educational institutes have not been damaged by floods, they have been turned into camps for the displaced people.** In both cases, schooling has taken a hit. Field knowledge indicates that when communities return home, they may take children out of schools to supplement incomes, and re-build other infrastructure before schools. Temporary learning centers must be set up in all affected districts, and existing education challenges must be factored in when governments and international donors seek to set up an incentive-based system linked to stipends and scholarships in order to minimize the labor demand on low-income children.

To mitigate the expansion of militant grassroots non-state actors, particularly in Khyber Pakhtunkhwa and Malakand, where several such groups have been seen operating relief close to the ground, the government must resolve to **enforce uniform social justice mechanisms and address development gaps.** Given that in the northern parts of Pakistan the floods have destroyed almost all bridges and road infrastructure, a huge resource deficit will be the first constraint. The international community will have to step in to meet this challenge, and the federal government can use this 'moment of change' opportunity when communities are mobilized in re-building, **to begin stakeholder buy-in for incremental changes to colonial laws such as the FCR.** Expanding state governance in all these areas is a long-term goal, but reform opportunities are always available in moments of crisis, and must be exploited.

International Donors

The international donor community has been slow to respond to the flood appeal and there have been major shortfalls in meeting targets, with key exceptions. As UNOCHA's head in Pakistan points out in this report, the UN has appealed for \$2 billion for the humanitarian crisis, which has yet to be met. The donor community has pledged a combined total of less than \$700 million, but this still has to be delivered. The **UN's humanitarian response has been severely impeded by funding and coordination deficits.** The UN food cluster is funded at less than half its stated needs and the funding gap has severely restricted the ability of the cluster to carry out its planned interventions as outlined in the revised response plan.

Shelter needs are poorly funded. The provision of shelter materials continues to vary among the provinces, ranging from 81 percent in KP to 6 percent in Sindh. According to the last UNOCHA assessment, overall 1.2 million households were still looking for emergency shelter material. There continue to be concerns about the ability to rebuild on saturated soil and about anticipated increases in the cost of shelter materials. Cluster partners have reported incidents of aggression at distribution points in Punjab and Sindh. The cluster is facing an 80 percent funding shortfall.

Poverty has dramatically gone up by seven percent since the floods began at the end of July. **If sufficient international aid fails to materialize, non-state actors are slowly but likely to fill the vacuum.** Reports from KP and southern Punjab indicate that militant relief agencies are providing aid to flood victims. While the threat from jihadist groups may be lower than expected or stated, the failure to provide timely and effective humanitarian relief and long-term rehabilitation and reconstruction may take Pakistan to the edge of another precipice. If nothing else, it certainly will push the country's largely poor and young population of 180 million into higher food-insecurity, poverty and towards militancy. The connection may be obvious to policy-makers, but delayed responses to **deprivation will encourage religious extremism, pump oxygen into insurgent ranks, and create the conditions for further regional instability.** **The Government of Pakistan will need sustained grant assistance, as opposed to loans, to enable it to bring the population at risk above the starvation line, let alone the poverty line.** At this point, Pakistan cannot do this alone.

International aid to Pakistan has not been linked in the past to good governance and anti-corruption efforts. It has almost always been linked to security. In some circles, there is worry about Pakistan's worsening economic crisis and growing indebtedness. **To avert dangerous economic instability, the donor community should bring serious resources and planning to the table.** The growth turndown in Pakistan, crises of shelter, malnutrition, disease and lost livelihoods could trigger large-scale social unrest and shake existing political fault-lines. Overstretched resources have serious implications for decreasing the state's ability to maintain writ over previously governable spaces. If accountability is a high barrier, international donors should be invited to **undertake projects of their choice in a particular district directly or through local partner organizations**, with transparency benchmarks signed off by all parties and oversight responsibility from the relevant disaster management authority.

An international insurance mechanism within the U.N. Framework Convention on Climate Change (UNFCCC) process should also be initiated in order to link serious planning and implementation of risk reduction measures to wider climate risk management strategies. The government should make a pitch for a **global insurance** approach, supported by the international community, to assist adaptation and risk management for Pakistan, which clearly falls in the category of a country facing high-level climate risks. The benefits include an incentive-based focus on risk reduction and advance planning for adequate financial resources when and where they are needed. Previous experiences have shown that insurance mechanisms can make rapid payouts.

To ensure accountability, a **National Climate Change Fund board** that can receive international insurance payments can be set up, as Bangladesh has done. The Fund can be governed by a multi-stakeholder committee rather than a government ministry. To make such a model work, the committee would have to work out how to distribute payments before any disaster occurred. An insurance mechanism should be one of the operational elements of the adaptation framework negotiated in the UNFCCC process and should be financed from a share of international funds provided for adaptation. Regional approaches can be piloted through the "fast-start" climate finance donors are providing from 2010 to 2012 to support humanitarian efforts in vulnerable countries.

Manuel Bessler

Mapping the Disaster

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The scale of the disaster in Pakistan is unprecedented. It is much larger than many of the recent calamities experienced by humanity. The havoc wreaked by the floods in Pakistan is greater in magnitude than the 2004 Indian Ocean tsunami, or the earthquake in Haiti. Over 20 million people have been affected by this catastrophe. All four provinces have been hit by this disaster. 81 districts have been affected and over 16,000 villages need our help.

While the death toll remains low in a flood crisis, a total of 1,767 deaths have been reported in Pakistan. The real challenge that we need to meet is resettling 20.6 million displaced people, rebuilding over 1.8 million homes, providing shelter and safety and providing livelihoods to those that have lost what were already meager sources of income.

The scale of the disaster is spread out over a large geographical area. 8.2 million people have been affected in Punjab, 7 million in Sindh, 3.8 million in KP, 0.7 million in Balochistan, 0.2 million in AJK and 0.1 million in GB. While the numbers are largest in Punjab, the needs of Sindh remain the greatest. The people of Sindh, who were hit last by the flood, are not receiving the kind of attention or immediate aid as those who were affected early on in the disaster as donor and philanthropist fatigue is beginning to set in.

The strategic priorities of the UN and the organizations working with it include providing affected populations with adequate public health through an integrated “survival strategy,” in order to prevent the outbreak of disease and the onset of a major health disaster. This approach combines the provision of clean drinking water, sanitation and hygienic living conditions with adequate nutrition and medication. Providing people with basic food assistance until their livelihoods are restored is another key priority, as is the provision of shelter in the short and medium term, as well as fulfilling core housing needs.

Manuel Bessler is Country Head for the United Nations Office for Coordination of Humanitarian Affairs (UNOCHA), Pakistan

Restoring some semblance of normalcy and self-sustainability to the affected communities is of vital importance. The UN and its partner organizations have prioritized the restoration of livelihoods, agricultural activities, livestock and productive assets. Restoration of basic community services and supporting the re-establishment of public administration, health, and education systems is critical to rebuilding affected communities.

In order to tackle the wide scale of this disaster the United Nations has adopted a cluster approach and has facilitated the creation of groups of organizations working on various issue areas according to their expertise. Clusters have been formed to address the areas of Water, Sanitation and Health (WASH); Food Security, Health, Agriculture, Nutrition, Education, Protection and Community Restoration.

The UN Office for Coordination of Humanitarian Affairs is being assisted in its work by a number of local and international organizations who are in the process of providing direct relief and rehabilitation to flood hit communities. However, the lack of funding within these organizations has placed constraints on their work and effectiveness. Pakistan, in conjunction with the United Nations, has developed the Pakistan Flood Emergency Response Plan (PFERP). According to this plan, Pakistan needs 2 billion dollars to complete the work of rehabilitation and reconstruction. In response to the PFERP, Pakistan has received 615 million dollars. An additional 878 million dollars have been received outside of the PFERP in the form of donations to the Government of Pakistan, contributions to UN agencies, NGOs and in-kind contributions. Despite these generous donations, a large part of the needs remain unmet and this will pose challenges to financing the later stages of reconstruction.

As the waters recede, we are now moving beyond the stage of initial disaster relief and entering the recovery stage of the effort, which will require sustained inputs from all agencies involved over a much longer period of time. This is the work that will take longer and require greater commitment from all members of civil society, international organizations and local communities. Given that 69% of Pakistan's funding needs remain unmet as of September 23rd, we need to make efforts to utilize available resources with efficiency and efficacy. But we also need to keep in mind the great challenge that lies ahead, and to continue to contribute time and money generously to the relief and reconstruction efforts. We must continue to urge international and local donors to sustain help and aid to the disaster stricken people of Pakistan.

As of September 23rd, critical areas such as health and food security remain underfunded at 75% and 66%. The funding needs of agriculture, education and community restoration remain at an all time low as not even 15% of the money required for the rehabilitation of these sectors has been provided. The work of the international community, the government of Pakistan and civil society is far from over. Greater efforts need to be made to mobilize resources and maintain the levels of dedication and selflessness with which people have worked to provide relief to communities. It is time to shift strategic gears from providing relief to providing early recovery and then reconstruction. The scale of this disaster is unprecedented and the time, effort and finances required to meet this challenge will also be great. The work of the international and local communities must continue at full steam as there is still much that needs to be done.

Shandana Khan

A Perspective from the Grassroots

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This paper draws from personal experience and that of the Rural Support Program Network (RSPN) in the aftermath of the floods in Pakistan. While most of it is based on grassroots experience, it is also useful to present a macro picture of the situation as it arose and developed, and the challenges it presents us today.

At this stage of the crisis there is a lot of anger in the country. The general neglect of these communities and the mismanagement of the disaster will come home to roost as people realize that their government has failed them. Local organizations such as RSPN have been working in these communities for several years; during the earthquake we coordinated closely with ERRA (Earthquake Reconstruction and Rehabilitation Authority) and found their coordination effort to be excellent. As with the earthquake, local communities were the first to respond as the floods swept through northern Pakistan. What few of us realize is that the 'timing' of the flood was terrible because most people had stored food, especially in the mountains where communities are already facing winter.

We therefore need to understand provincial and social differences across Pakistan. For example, in some regions the economic gap between feudal and tenants will have been exacerbated by the flood, and this forms the potential for future conflict. The difference between one region and the next affects the relief and aid that go to that region too. For example underserved areas of Gilgit-Baltistan (GB), Khyber Pakhtunkhwa (KP) and parts of Azad Jammu and Kashmir (AJK) have had accessibility issues for a while, and the blocking of roads and highways has impacted the efficiency of flood relief. It is also important to emphasize that this is an evolving crisis. The country is in different stages of crisis: KP is now in a rehab stage while in Sindh areas are still flooded. Government and donor priorities will need to shift accordingly. In KP people need tons of wheat seed before mid-

*Shandana Khan is
Chief Executive
Officer, Rural
Support Program
Network (RSPN)*

A large scale mobilization effort is required to get communities involved in the reconstruction and rehabilitation effort. It has been done before, in the aftermath of the earthquake, and it can be done again.

October. A short lived 'crisis economy' that has emerged in these areas with up to 250% increases in local commodity prices, therefore providing free seeds and fertilizer for the communities is important. Shelter is also a priority for them; perhaps we could offer temporary shelter for those who have returned to their homes. On the other hand, in Sindh tents are needed for those who are still under the open sky.

I think it is important to laud the efforts of communities and neighbors in helping each other, and coming forward during this flood. Experience from RSPN has taught us that supporting community-based organization enables these grassroots institutions to assist thousands of people on their own, only because they were organized to do so. There is therefore an important role for NGOs that work with grassroots communities and mobilize them to be organized and self-reliant.

Recommendations

Shelter is an immediate need for most of the displaced persons. Second, the provision of health facilities and water should be made a priority. In parts we need to start providing agricultural inputs, and provide compensation and input for housing. People can and should be involved in rebuilding irrigation infrastructure, especially the smaller schemes. A large scale mobilization effort is required to get communities involved in the reconstruction and rehabilitation effort. A partnership with people is critical, starting at the micro-level. It has been done before, in the aftermath of the earthquake, and it can be done again. However this time the scale is much, much larger. District level bodies need to be formed to guide the reconstruction process and coordinate the efforts of government and non-government, military, and community groups. District level plans need making.

Public infrastructure programs are an excellent way to involve people in an employment guarantee scheme, such as our experience in rebuilding Swat's public schools has shown. By encouraging as much local participation as possible in relief efforts it may still be possible to re-gain the trust of the people of Pakistan.

Ishrat Hussain

Post-flood Economic Challenges

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It must be stated at the outset that Pakistan was already suffering from three serious external shocks before the recent devastation to human lives, property, infrastructure and social services by the floods that struck us in August-September 2010. Pakistan has been engaged in fighting militants and terrorists since the U.S. initiated the war in Afghanistan. Billions of dollars of losses have been incurred so far, and as a destination for investment in terms of capital flows, tourism and trade, Pakistan has suffered enormously. On the demand side, the second shock has been caused by the decline in the purchasing power of Pakistanis who have been facing a stagnating economy and double-digit inflation for the past three years. Three, the synchronized recession in the global economy has added to the crisis. Earlier on, it was the food-fuel price hikes that induced adversity, followed soon after by a global financial crisis of a magnitude not witnessed since the 1930s. It is in this context that it is important to stress that no country with the resources and capacity that Pakistan has can single-handedly meet the stabilization challenges brought on by the great flood. The pace, extent and magnitude of the stimulus provided jointly by the domestic and international community will determine how soon the Pakistani economy is stabilized.

In such a vast landscape of destruction, damage estimates will remain contentious. A recent IMF report projects that the loss of output in the agriculture sector alone will reduce the GDP by over 2 percent. Public finances are likely to be affected quite substantially, with lower revenue collections, higher outlays for vital humanitarian assistance and defense services. Trade has also been impacted, with supplies of exports and imports held up, and fuel delivery to power plants has been severely compromised. The current economic scenario for 2010/11 looks fairly bleak as GDP growth is expected to reach 2.8 percent, inflation 13.5 percent, and the current account deficit at 3.1 percent. The fiscal deficit stands at even more insecure estimates.

*Dr. Ishrat Hussain
is Dean at Institute
of Business
Administration,
Karachi*

This paper argues that a timely and appropriate response of the domestic and interna-

This burden-sharing framework will consist of four dimensions. The most difficult one is that of wealth-sharing by the elites by paying taxes, charges for public services, *Zakat* and other obligations.

tional community to this calamity can not only contain and mitigate the risks to the economy, but can also turn it into an opportunity for economic revival. This goal is achievable if the post-relief rehabilitation responses and reconstruction initiatives are carried out in a framework of burden-sharing, and not business-as-usual.

This burden-sharing framework will consist of four dimensions. The first is between the international and domestic community working together in a comprehensive and coordinated manner. The second is between the public, private, non-profit and community organizations at the grass-root level. The third is between the Federal, Provincial and District governments at various district levels with specific tasks and responsibilities assigned to each of these tiers. The fourth, and the most difficult one, is the project of wealth sharing by the elites by paying taxes, charges for public services, *Zakat* and other obligations.

Within this framework, there are at least seven post-relief activities that deserve urgent attention.

1 In the next few months, as the flood waters recede, restoration of livelihoods of those displaced from their lands should immediately begin. The immediate task would be to facilitate the return of approximately four million families, and to enable the transition to earning incomes and preparing lands for cultivating Rabi crops. Cash grants, microfinance loans, supply of seeds, fertilizers, bullocks, implements and housing materials can be financed from allocations made from the Benazir Income Support Program and various development budgets. These public sector funds should be supplemented by involving the corporate sector, NGOs, Microfinance Banks and Institutions (MFBs and MFIs), Civil Society Organizations, individuals with high net worth, philanthropists, and non-resident Pakistanis. These groups may operate in specific areas or assigned specific components to undertake on their own, without being asked to donate cash contributions. MFBs and MFIs can be provided lines of credit from both domestic and international donors for channeling micro loans for agriculture, housing and micro businesses. Similarly, the international donor community should be invited to directly undertake projects of their choice in particular districts or through local partner organizations. The only requirement would be that the activities, projects, and components undertaken by

each participating agency should be part of the District Rehabilitation and Reconstruction Program.

The merits of this approach are multifold. First, there will be an integrated planning framework under which the public and private sectors and international donors will participate in a coordinated manner, but with full control of their financial and administrative resources. Second, the plan will be drawn with intimate knowledge of the local conditions – the communities displaced, the lands damaged, the loss of livestock, the stocks of grains and seeds washed away, the extent of the repairs of houses, dwellings, sheds and shops and rapid rehabilitation of essential infrastructure and connectivity. Third, the disjointed or fragmented activities resulting in overlapping and duplication or too many resources going to one place will be avoided.

The traditional way, whereby the Federal or Provincial Government agencies formulate, approve and implement the plans from Islamabad and the provincial capitals is bound to result in failure, slippages or inordinate delays. The districts affected by the calamity should be provided the manpower and financial resources to work with and formulate a plan with the help of all the government agencies, NGOs, private sector and donors. A District Rehabilitation and Reconstruction Board headed by the District Coordination Officer, and consisting of the representatives of major participating agencies, should be formed. The work of this Board should be overseen by an independent monitoring committee consisting of the district's MPAs and MNAs, representatives of the Armed Forces, and few eminent persons of repute belonging to the district. The Provincial and Federal Governments, including the NDMA, should place some of their technical experts, skilled and experienced manpower at the disposal of the Boards on deputation.

2 The Federal and Provincial Governments should prepare a comprehensive Post-Flood Rehabilitation Plan based on the district-wise damage assessment. The plan should indicate financial sources, allocations by sector and the timeline for deliverables and should be presented before an International Donors conference. The plan would acquire credibility if the government informs the donors that it would contribute a certain amount from its own resources for financing this plan, and expect donors to make up for the gap. Given the prevalent donor sentiment, it is expected to be difficult to persuade the international community to finance reconstruction projects without firm commitment from the government to meet them half way.

3 The Federal and Provincial Governments should jointly draw out a revised budget for 2010/11, an indicative budget for the next three years outlining the reallocations from the recurrent and development budgets, allocations from *Zakat*, *Bait-ul-Mal* and the additional measures for revenue generation including Flood Tax or Surcharge. The incidence of this tax or surcharge should fall mainly upon the elites in Pakistan.

4 At the Provincial level, this crisis can be utilized for a complete rehabilitation and strengthening of our entire irrigation system that has been neglected for over sixty years. The physical rehabilitation should be accompanied by an institutional overhaul of the Irrigation and Power Departments. The outdated system of water allocation that is misallocated by generous access to the large and well-to-do farmers at the expense of the poor has to be replaced by a more efficient and equitable community-based system.

5 Physical infrastructure, including power grids, gas transmission lines, bridges, and the highway system, should be repaired and rebuilt on a sustainable basis. The allocations for these activities should be made out of the reprioritized budgets of the Government, NHA, gas companies, PEPCO, etc. The recommendations of the Prime Minister's Task Force on Climate Change ought to be scrutinized and implemented after updating it.

6 The Federal government should also re-double its efforts to obtain access for value added textile exports to the European Union (EU) and U.S. Domestically, textile and other export industries should be given all the support they need in form of raw material, uninterrupted supply of power and gas, credit and logistics. The increased export earnings will obviate the need for more external loans, improve the capacity to import essentials and thus subdue the inflationary pressure.

7 Finally, as a logical follow up of the 18th Amendment and the National Finance Commission Award, a strong representative Local Government System should be built up. For the last two years the entire LG System has been in abeyance. The vacuum at the district level due to the absence of a well functioning Local Government system has created a large number of problems that could have been avoided. We should learn from this experience. The previous system of devolving powers, authority and resources for 12 Provincial Departments should be restored with some changes and modifications.

The post-relief phase can have a positive impact on the economy both in the short as well as the long term. The infusion of large capital and redeployment of four million persons in productive activities would stimulate aggregate demand, promote employment and thus help in kick-starting a post-trauma economy. The higher moisture retention in the arid parts of the country can boost agriculture production and ease the pressure in the economy due to food and commodity shortages. In the medium to long term, the efficiency of the Irrigation System would pay positive dividends in form of better utilization of scarce water resources and higher yields.

There are also many risks to such stabilization plans. First, the government may be unable to mobilize and coordinate the much needed financial and human resources required from within and outside the country. Resource-deficits may impact planning as well as delivery. However, this risk can be mitigated by creating credible monitoring and accountability mechanisms. Second, the tendency of over-centralization and the resistance to devolution of powers, authority and resources may persist. A policy initiative to set up District Boards is likely to encounter opposition from the federal and provincial cabinets as this may cause loss of administrative control. Third, it is possible that these Boards may, in fact, be formed on paper but could be rendered toothless or ineffective, and meet the same fate as the Police and Public Safety Commissions set up by the previous regime.

Clearly, no economic reform plan will see policy execution on the ground if the political will is absent. The government will also need political stability and space to push through any such reform package, particularly in the face of such enormous and unprecedented challenges.

Akmal Hussain

The Policy Imperatives of Sustaining Democracy

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The reconstruction challenge for Pakistan will be far more than existing estimates suggest. However, the required reconstruction effort, while it presents a formidable challenge, also provides a great opportunity: to undertake the structural reforms necessary to place Pakistan's economy on a new path of sustained and equitable growth. Such a growth process, if achieved, could give a stake in the economy to all of the people rather than just the elite and thereby lay the basis of *sustainable democracy*. This paper outlines some of the short term policy imperatives and also presents a medium term strategy to achieve what in my recent work I have called *Economic Democracy*.

Short Term Policy Imperatives

Three immediate economic policy measures may be considered in the context of the reconstruction effort:

1 If the winter (*Rabbi*) crop is to be planted and a serious food deficit next summer averted, immediate measures must be undertaken to provide farmers in the flood affected areas, good quality seed, fertilizer and pesticides together with timely provision of tube -well water to enable the planting of wheat in the month ahead.

2 It is time now to consider shifting away from the IMF approach of economic contraction to a new policy of economic stimulation that aims to revive economic growth. Pakistan's GDP growth even before the flood had declined sharply to 2 percent

*Dr. Akmal Hussain
is Distinguished
Professor of
Economics at
Beaconhouse
National University*

An Employment Guarantee Scheme in the form of a Cash-for-Work program should be launched in the flood affected areas at the earliest; successful models can be replicated in the rest of the country.

this year and the per capita income growth had become negative. Following the flood, the losses in standing crops, milch animals and breakdown of small scale industry in the affected areas, the GDP growth may have declined even further with per capita income growth declining sharply in absolute terms. This will not only ratchet up poverty and unemployment, but will also register a sharp slow-down in the growth of government revenues. The former will place further stresses on the fragile democratic structure while the latter will increase the budget deficit. Earlier attempts to cut down the budget deficit (6.2 percent of GDP) through expenditure reduction have failed, and in the years ahead the only viable policy of controlling the budget deficit is by increasing revenues through accelerated GDP growth. Infrastructure projects in the flood affected areas provide an opportunity of doing so.

3 Just before the flood, the food- insecure population had been estimated at about 77 percent, it may now have reached over 85 percent. There is clearly an urgent need to provide food security to the people of Pakistan in general and in the flood affected areas of the country in particular, where food insecurity is most intense. In this context the coverage of the social protection nets needs to be enlarged, and the identity and locations of the flood affected population quickly established so that ATM cards under the Benazir Income Support Programme can be issued as soon as possible.

At the same time an Employment Guarantee Scheme in the form of a Cash-for-Work program should be launched in the flood affected areas at the earliest; successful models can be replicated in the rest of the country. If an infrastructure reconstruction program as part of an economic stimulus package is quickly initiated, then this could dovetail with the EGS, since the reconstruction of tube wells, water courses, canal embankments, barrages, roads, bridges and houses will create a considerable number of employment opportunities for both skilled and unskilled workers.

Outline of a Medium-Term Strategy of Economic Democracy through the Reconstruction Effort.

Pakistan's growth pattern is characterized by spurts of growth followed by stagnation, which is symptomatic of an institutional structure that is unable to generate sustained growth. This is because Pakistan's institutional structure is designed to systematically exclude the majority of the population from the growth process. On the basis of this exclusion, rents are generated from the poor and appropriated by an elite minority. This "limited-access social order" enriches the elite but deprives the majority of the people of the minimum conditions of civilized life, in terms of food security, safe drinking water, sanitation, quality health care and education. Such a social order that induces endemic poverty and economic deprivation may become a breeding ground for extremism. It cannot, however, be the basis of sustaining democracy.

It is clear that the flood reconstruction provides an opportunity to initiate the reconstruction of our social order for *Economic Democracy*. The institutional structure for economic democracy would provide opportunities to all of the citizens of Pakistan rather than a few, to have access over productive assets. By bringing the middle classes and the poor into the process of investment, there would be a much broader base of investment, competition, efficiency increase, innovation through which a sustained and more equitable GDP growth could be achieved.

Three policy initiatives could be considered for initiating a process of sustained economic growth on the basis of economic democracy:

1 *Land for the Tiller: A Small Farmer Based Agriculture Growth Strategy* The government has 2.6 million acres of cultivable state land. It is proposed that this land be distributed amongst current landless tenant farmers, in packages of 5 acres each. This land for the tiller policy would need to be backed up by establishing what I have called a Small Farmer Development Corporation (SFDC) which would provide small farmers with facilities for land development, access over new agriculture technologies (such as tunnel farming, drip irrigation etc.), provide extension services for developing high value crops, livestock development and production of milk and milk products. The SFDC ought to be owned by small farmers who could buy equity in this corporation through government loans, but would be managed by high quality professionals.

The proposed Land for the Tiller Policy with institutional support of the SFDC would provide small farmers with both the incentive and the ability to increase agriculture productivity. The small farm sector (farms below 25 acres) constitutes a substantial part of the agrarian economy and possesses the greatest potential for productivity increase. Small farms constitute 94 percent of the total number of farms and 60 percent of the total farm area. Therefore the proposed Land for the Tiller Policy could enable a shift from the Elite Farmer Strategy of the last four decades to a new Small Farmer Strategy. Small farmers could thus become the agents for faster and more equitable agriculture growth.

At the same time, if the institutional conditions could be created for enabling small scale industries to move into high value added components for both import substitution in the domestic market, and for exports, Pakistan's balance of payments pressures could be eased.

2 *Inclusive Growth through Equity Stakes for the Poor* The poor can be included in the process of investment and economic growth not merely through micro enterprises, but through the mainstream corporate sector as well. Large corporations that are owned by the poor and managed by professionals can be established in a number of strategic sectors. Such corporations have already been successfully set up in Bangladesh and in India and span a range of enterprises from milk products and livestock to telecommunications and automotive parts production.

3 *Inclusive Growth through Small Scale Manufacturing Enterprises* The small scale manufacturing industries require lower capital investment and generate higher employment per unit of output. Compared to the large-scale manufacturing sector they also need shorter gestation periods. An increased share of investment in this sector could enable both a higher GDP growth for given levels of investment as well as higher employment generation for given levels of growth. At the same time, if institutional conditions could be created for enabling small scale industries to move into high value-added components for both import substitution in the domestic market, and for exports, Pakistan's balance of payments pressures could be eased.

These initiatives for *Economic Democracy* constitute a strategy for higher GDP growth through equity. Such an economy could become the basis of sustaining Pakistan's political democracy as well. The post-flood reconstruction effort can be used as an opportunity to strengthen the foundations of democracy by giving low-income groups a stake in Pakistan's growth. Their integrated as partners in a new model of economic democracy that can bridge some of the existing equity gaps in the country's economic landscape.

Asad Sayeed

Overcoming the Livelihood Crisis in Flood-Affected Areas

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Perhaps one of the most formidable challenges facing the state and society in Pakistan today is the reconstruction and rehabilitation after the damage caused by the recent floods. While there are a number of areas that will require careful planning, this note will focus on the creation of livelihoods for poor, unskilled workers affected by floods as well as reconstruction of small scale infrastructure.

Currently, the donor-driven Damage and Needs Assessment (DNA) is in the process of identifying damage to large scale infrastructure. This includes roads, bridges, schools and Health Unit buildings, utility services, dykes, embankments and irrigation systems. However, in the process of assessing large-scale reconstruction, damage to smaller infrastructure may be off the radar. Inter- and intra-village roads and pathways, smaller water courses, and other infrastructure at the village, *deh* and *muazza* level is part of the critical public infrastructure that has been destroyed in the floods. Since these are public goods, private individuals or the market may not be interested in providing for them. Their importance, in terms of restoring the lives and livelihoods of the poorest, is self evident.

According to the ILO, the loss of livelihoods is in the range of 5.3 million income earners belonging to roughly 4 million households across the country. Now that the water has receded, it is important that source of livelihoods for the displaced are explored. A large number of those displaced are landless agricultural workers or tenants. It is highly unlikely that in a number of affected areas, the *kharif* crop will be planted, which will mean that demand for labour in the agricultural sector will remain depressed.

It is dangerous to simply assume that mainstream reconstruction work will absorb a large number of these workers for two reasons. Mainstream construction work through the federal Public Sector Development Program (PDSP) or provincial Annual Development Programs tend to be based on specifications that are relatively capital intensive. As such, they will not generate the requisite employment. Second, the PSDP and ADP projects are not geared towards monitoring the labour input. Projects are subcontracted to a contrac-

Dr. Asad Sayeed is an economist and Director at the Collective for Social Sciences Research, Karachi

tor in which 'labour cost' is one of the many cost items. The contractor in turn further sub-contracts to a labour contractor to hire and remunerate workers. The government for its part pays the contractor a lump sum amount on the 'labour cost' item. The government does not control the number of people employed, nor can wages can be monitored. There will be no compulsion on contractors to hire IDPs for this work either.

A Cash-for-Work program can potentially address issues of small infrastructure reconstruction along with provision of livelihoods. If based on the model of employment programs successfully operated by other developing countries – India, Argentina and South Africa for instance – the program can be an important component of the reconstruction and rehabilitation strategy. If the initial uptake of the program is estimated to be approximately 1 million people employed for 100 days at the prevailing minimum wage of Rs. 7000 per month, then the ILO has estimated the total cost of the program at Rs. 35.8 Billion. The reason for initially limiting the uptake to 1 million individuals is based on budgetary constraints as well as keeping in view that a large number of people will initially remain occupied in rebuilding their homes, working in large scale reconstruction work and some will be absorbed in the urban economy and/or their previous forms of employment.

There is skepticism about the program, both at the federal and provincial levels, based on the design of the scheme. This skepticism is borne out of the possibility of managing the scheme at the local level and the identification of beneficiaries. Identification of beneficiaries is the easier part as they can be linked to the issuance of *Watan* cards. Management of material supplies, drawing up the list of works to be undertaken and monitoring their completion is the trickier part. The management of such schemes in other countries is done by local governments. Although the elected part of the local government in Pakistan does not exist right now, its bureaucratic arm does. Oversight at the district or *tehsil* level, through a mix of elected representatives and local NGOs, can provide the requisite oversight of the program. Alternatively if there are NGOs that have been involved in livelihood provision – as the National Rural Support Program and the Sindh Rural Support Organization are – then the responsibility of local level management can be given to them through specific agreements between them and the provincial governments for a specific area.

The larger point is that the scheme should not be rejected on the basis of the lack of a watertight institutional design. The importance of livelihoods provision as well as constructing small infrastructure should not be undermined on the above pretexts. Throwing the baby out with the bath water is never a good idea.

Employment provision to the poorest, it must be added, is an official instrument of social protection of the Government of Pakistan. In the budget for 2010-11, Rs. 5 billion were allocated for the government to employ 200,000 people at minimum wage for 100 days. The proposal developed by the ILO is only a scaling up of the scheme given the floods contingency. Employment provision to the poorest is also a promise of the ruling Pakistan People's Party in its manifesto; Prime Minister Yusuf Raza Gilani also mentioned it in his first address to Parliament.

The floods have thrown into sharp focus the relationship of the state with its powerless citizens. The Cash-for-Work Scheme can be the precursor for creating a positive state-citizen relationship.

Syed Rifaat Hussain

The Potential Threat to National Security

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The scale of a disaster is ultimately measured by the degree to which a community or population has been made vulnerable. In order to mitigate disaster, the main factor that must be taken into consideration is capacity. Strong capacity-building mechanisms can mitigate the disaster and reduce the impact of it.

A few weeks into the floods it is evident that Pakistan faces major challenges on two fronts: physical damage, including the destruction of houses, damage to the land and crops, loss of livestock and personal possessions, displacement of families and livestock and poor accessibility due to destruction of infrastructure. The second front is economic, and it is expected that the lack of economic activity, mobility and the isolation from mainstream developmental activity will persist for several months.

The government was already battling an insurgency and coping with an economic crisis. The floods came at a time when the relief efforts would dilute the government's focus on the war on terror and expose the weaknesses of the government at a critical time. The floods have further strained the already tense relations between the Centre and the provinces - symptoms of this are evident in the relief and reconstruction process. Finally, the floods exacerbated speculation of the unraveling of the existing political order: the legitimacy crisis that the government was facing at the hands of civil society and the media prior to the floods only worsened when images of millions of IDPs flashed across TV screens.

*Dr. Rifaat Hussain
is Chair at the
Department of
Defense Studies,
Quaid-e-Azam
University,
Islamabad*

An aspect of disaster management that has been somewhat neglected in development circles is the impact of a disaster on national security. Events that cause socio-economic destabilization on a large scale can send ripple effects throughout society – affecting even those who were not directly impacted by the disaster. Deprivation often leads to social unrest, especially when large swathes of the population are internally displaced. Escalation in food prices months after the first leg of relief efforts is over can be a potent

The disaster has already created an opportunity and space for *jihadi* organizations to get close to young populations, particularly in relief camps, by providing relief and rescue services. Meanwhile, *jihadi* organizations that were displaced by the flood are taking advantage of the relief efforts provided by the state and non-profit organizations.

trigger for unrest. This can lead to country-wide protest movements, or lay the basis for mass mobilization. It can also provide dangerous space for organized groups to take advantage of the anti-incumbency sentiment.

Food insecurity, the outbreak of infectious diseases, and mass displacement like the present IDPs crisis can become a tipping point for a countrywide protest movement that can aggravate the existing security dilemmas. The disaster has already created an opportunity and space for *jihadi* organizations to get close to young populations, particularly in relief camps, by providing relief and rescue services. Meanwhile, *jihadi* organizations that were displaced by the flood are taking advantage of the relief efforts provided by the state and non-profit organizations. The presence of militant groups in both instances enables them to freely engage with communities.

In the light of these risks, the state's response has been inadequate. State actors and institutions lack comprehensive approaches to disaster management. There is little attention paid to the hazards posed by monsoon floods and changing climate systems. But more than that, the government has displayed an attitude that is insensitive to criticism or input. The fact that political institutions have struggled to take concerted, rapid decisions was starkly evident in this situation. The government was slow to respond and lack of political direction was compounded by bureaucratic inertia. A spontaneous functioning mechanism is still missing, and disasters serve to leave such structural flaws fully exposed.

The local government system, which could have played a vital stabilizing role in this disaster, has been dismantled and remains non-functional for several months now. Local communities lacked the resources for disaster preparedness and were thoroughly disempowered by the dissolution of local government.

Dealing with the disaster immediately, and minimizing anger amongst affected populations will require rapid action on several fronts. A comprehensive search, rescue and shelter mechanism for flood affectees must be devised and implemented. Relief goods including food, water, medicine and fodder should be distributed. The clean-up of flood affected areas, including the burial of deceased humans and animals must be

Every effort should be made to effectively monitor private relief work, and to discourage militant groups from launching and conducting recruitment campaigns amongst flood victims.

undertaken immediately, particularly in the lower-riparian areas, which remain neglected. In the upper-riparian areas, such as KP, the rehabilitation process should begin sooner so that displacement stress and state relief vacuums don't lure people towards militant philanthropy. In the middle to long term, the lack of documentation on land and house ownership might become a source of conflict in the rural areas, which needs to be addressed urgently.

Poverty and economic disempowerment are directly linked to conflict. The creation of alternative livelihood options, via a thorough and independent assessment of flood victims' needs and losses, will enable the de-escalation of conflict risk. This includes not only investing in human capital and providing employment, but also reclaiming and treating the soil and providing adequate seeds, fertilizers and tools to cultivate lands and restore agriculture production. The reconstruction phase provides many opportunities for wage employment under various Rural Development Schemes. Supplying seeds, tools, fertilizers, provisions for livestock rearing and implementing a food for work program could jumpstart the rural economy.

However, the greatest challenge faced by the government is its own public relations campaign. The government must become visible in relief work and the rehabilitation process. Private-public partnerships involving all stakeholders must be encouraged. Every effort should be made to effectively monitor private relief work, and to discourage militant groups from launching and conducting recruitment campaigns amongst flood victims. Government bodies and credible NGOs should handle distribution of food, medical supplies and essential goods in order to prevent militant groups being perceived as relief providers. The government needs to become visible and engage with all stakeholders in order to discourage militant groups.

Finally, environmental security is rarely seen as a component of national security. Perhaps these floods can serve as a reminder that without fully assessing and understanding climate change, any progress made in stabilizing the country's economic and social infrastructure is in constant danger of being washed away. A state is only as strong as its people.

Governance Challenges in Relief Camps and Flood-Affected Areas

It is nearly impossible to speak of development and reconstruction in Pakistan without eventually arriving at the issue of governance. This is for two reasons; the term “governance” is a catch-all phrase for resource management, accountability, justice and distribution. It therefore – correctly or otherwise – becomes the concern of all who consider themselves part of the stakeholder community. Secondly, since it relates inherently to issues of performance, politicians become easy punching bags for everyone. Public criticism is the price of politics and to keep this price low the government must keep its performance indicators high.

At this stage of the crisis, caution must be taken in gauging state responsiveness and the government’s performance in coping with the floods. Even a cursory look suggests that the scale and enormity of this disaster was beyond comprehension, and maybe the best possible response towards it could have been a minimal one. However, despite the enormity of the floods, there are signs that the state’s initial response was a clear example of its failure to execute public policy.

The absence of an official disaster response mechanism at the local level is glaring. The institution of Local Government, which was dissolved a year ago, was traditionally entrusted with providing local leadership, so that any administrative consistency at grassroots was absent.

Provincial governments are not keen on holding local elections, due to their myopic vision. The office of District Commissioner has little infrastructure, and what is available is extremely inadequate. It is obvious, therefore, that holding local elections immediately and restoring local governments at the earliest is crucial to the reconstruction process. All future plans of rehabilitation and reconstruction in flood affected areas should be implemented through local participation and ownership. Any delay or compromise on this fundamental institution of governance would cause more damage than already inflicted.

In the aftermath of the flood, the void created by the absence of local power structures was filled by people themselves: philanthropists, citizens’ groups and organisations, the military and UN agencies. Local political leadership from these constituencies was also present and doing whatever was possible.

*Naeem Mirza is
Chief Operating
Officer, Aurat
Foundation*

The fact that institutions of governance located outside the state's ambit were faster in reaching flood-affected people should not come as a surprise. Communities play an important role in dealing with disaster situations as they are familiar with local conditions, geography and needs. Local groups were the first ones to know about the disaster, and they were the first to reach the place of disaster.

Community groups of National Rural Support Programme, volunteers of Aurat Foundation, Sungi Development Foundation, SPO and other civil society organisations individuals were involved in providing relief goods and shelter to affected communities.

The fact that institutions of governance located outside the state's ambit were faster in reaching flood-affected people should not come as a surprise. Communities play an important role in dealing with disaster situations as they are familiar with local conditions, geography and needs. Local groups were the first ones to know about the disaster, and they were the first to reach the place of disaster. There is clearly enormous social capital in Pakistan. The government must take advantage of this wealth of expertise and tradition of volunteerism. Coordination between the government and civil society efforts is crucial to the success of any future disaster management plan. The most obvious gap experienced during this relief and rescue effort was the lack of training on disaster management and the lack of preparedness for this situation. Besides the military and a small number of trained volunteers from the UN and a few local NGOs, none of the actors had the expertise to cope with disaster situations of any scale.

The failure of successive governments to devise plans and strategies on disaster management and their lack of preparedness, particularly after two huge disaster and conflict situations in the last five years – the 2005 earthquake and 2009 IDPs crisis – is neither understandable nor excusable. Similarly, civil defence institutions like the Girl Guides and Boy Scouts and Red Crescent were conspicuous by their absence. Part of the responsibility of the Flood Relief Commission is to support and encourage these groups. The second major recommendation is therefore to have civilian-oriented disaster management plans in place, and annual nation-wide drills conducted to test the effectiveness of these plans. Civil defence institutions should be restored and strengthened to be made an integral part of these plans.

Another aspect of public policy failure is the illegalities and cases of sheer neglect on the part of successive governments to forestall and pre-empt such calamities. Erosion and diversion of natural water courses has occurred over a period of years through illegal construction, including hotels, houses and farmlands on the river bed and banks. The lack of

a coordinated response combined with support systems under a unified rapid response network at federal, provincial and local level gave rise to a number of problems. Foremost among these was the inequitable distribution and access to relief items, both in food and non-food categories. As in all disaster and conflict situations, foremost among the victims of this inequity were women, children and elderly people.

The general insensitivity of both the government authorities and the general public to the special situation, needs and requirements of women, especially the already disadvantaged rural women, manifested itself in flood relief and distribution.

The scale of discrimination and suffering of women and children in disaster situations can be gauged by simply looking at the discrimination they face during normal, non-disaster periods. The figures in the present situation are alarming – around 90,000 flood-affected women are pregnant; over 30,000 women and girls in the flooded regions may die of causes relating to malnutrition, anaemia, lack of hygiene and sanitation, and vulnerability to disease.

Several incidences of gender-based violence, trafficking, abduction, rape and domestic violence were reported during the 2005 earthquake and then in 2009, during the Swat IDP crisis. Though there had been only a few isolated incidences of these human rights violations in the present crisis, it is possible that as larger tensions over lands and livelihoods play out, incidents such as these may well increase.

Mainstreaming gender perspectives in all relief, rehabilitation and reconstruction plans should be made a priority. Women's special concerns and needs require attention, along with the needs of children. This objective could be achieved through the inclusion of women as equal participants in all decision-making, policy-making, planning and funding allocations and disbursements, and programme implementation for relief and rehabilitation.

The UN Security Council Resolution 1325 calls for institutional measures to ensure women's role in peace-building; similar measures could be undertaken for ensuring women's role in flood relief, rehabilitation and reconstruction plans.

Women's vital role in food security through agriculture and livestock needs to be understood and recognised. The agrarian revival of Pakistan's economy will not be possible without the active participation of women framers. Another key recommendation, therefore, is to ensure ownership of small but critical assets for women. This can be implemented through land distribution of state land to women and to female-headed households. Women must be paid for their agricultural labour and livestock production. In order to rehabilitate women's agri-based livelihoods, free or very cheap credit must be provided on an immediate basis, and agri-business, small entrepreneurship skills training should be made available to them.

Finally, the devastation wreaked by the floods can be seen as an opportunity for a new beginning. For that, the entire premise of disaster management should rest on a rights-based perspective of a caring welfare state. A government which cannot look after its citizens during normal times cannot meet extraordinary expectations to rescue its people from catastrophes.

Robin Raphel

The International Community's Commitment to Reconstruction and Rehabilitation

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It is essential at the outset to commend the people of Pakistan for their courage, their generosity, and their resilience. People have generously shared their homes, food and other essential items with friends and strangers alike. Pakistan's civil servants and the military have worked tirelessly to rescue stranded citizens, organize relief, provide medical services and help reconnect families. NGOs and civil society have also risen to the occasion to distribute goods and provide comfort to traumatized victims. Efforts to raise funds for various charities providing relief to flood victims are visible everywhere. While no relief effort is ever perfect, Pakistani citizens should be proud of themselves and their country.

The international relief organizations also deserve to be commended for their extraordinary work in mobilizing international resources and delivering emergency supplies. They do this all over the world, and bring great expertise and efficiency to the task. This tragedy in Pakistan has been particularly challenging given the breadth and duration of the floods, but they, like Pakistan's people and institutions, have persevered.

It is always remarkable how quickly in the wake of such tragedies people begin to rebuild their lives. The power of the human desire to return to the "normalcy" of their previous lives, however modest, is extraordinary. As the waters have receded, people have moved back to reclaim their land, clean up, and rebuild. Assistance in this early recovery period is crucial; the government, NGOs and the international community are already moving to provide cash, seeds for the next crop, and temporary livelihoods to tide people over until they can reestablish their homes and return to their jobs.

*Ambassador
Robin Raphel is the
United States'
Economic Advisor
for Economic
Assistance to
Pakistan*

The international community wants to respond generously, but now more than ever, with economies all over the world struggling with high unemployment and sluggish growth, international donors want to be sure their whatever resources they provide are effectively spent.

Already the governments of Khyber Pakhtunkhwa and Punjab have done assessments of the damage in their provinces and have presented their findings to the federal government, the international community and others. These findings are being reviewed by the ADB and the World Bank in the more formal Damage Needs Assessment requested by Pakistan government to help ensure consistent standards of measurement of losses across the country. As the waters recede in Sindh and Balochistan, the same methodology will be used there. We should soon have a solid estimate of the damages from this historic flood.

After what seemed like a slow start, the official international community has contributed well over \$1 billion, with \$345 million of this coming from the US. There has also been a huge outpouring from the private sector, including the Pakistani diaspora, which is difficult to track.

But the reconstruction process is expected to call for billions of dollars in the next couple of years. Where will these resources come from? The international community wants to respond generously, but now more than ever, with economies all over the world struggling with high unemployment and sluggish growth, international donors want to be sure their whatever resources they provide are effectively spent.

The following are some metrics that donors will be interested in as they make their plans for relief assistance to Pakistan:

- 1 A comprehensive, prioritized reconstruction plan agreed by the Pakistan government, both the federal government and the provinces.
- 2 Visible and clear lines of authority in the reconstruction process. The relief stage was marked by serious omissions in information and consensus on critical issues. Who should donors deal with at the center? In the provinces? Will the structure for recon-

It is also becoming clear that the flood reconstruction will require more resources than the international community alone can provide. As Ambassador Holbrooke said when he visited Pakistan in September, the country is going to have to raise more resources internally from its own people to help fill the gap.

struction be the same as the one that exists today, or will some new structure be empowered especially for flood reconstruction? Whatever organizations or institutions are given responsibility for flood reconstruction, they must be able to move projects expeditiously and efficiently. It will not surprise any of you for me to say that Pakistan's bureaucracy is not known for its speed. Things need to be different in the flood reconstruction effort.

3 Donors want a clear sense of transparency and accountability. They want to know where money has gone, and what it has accomplished. Projects must have inbuilt mechanisms for accountability and impact measurement.

4 They want to see that extra resources are distributed in a way that appears to be and is fair to all the people of Pakistan. They do not want various provinces and groups to complain that they did not get their fair share of resources.

I believe the people of Pakistan want these principles to be observed every bit as much as the international donor community, so I think we are all on the same page. It is of course for the government of Pakistan to organize for the flood reconstruction effort. I know that many of our colleagues in government are hard at work trying to figure out the best arrangement. I know that a National Disaster Management Oversight Commission with many distinguished members has been established. It needs to have sufficient resources and independence to demonstrate to all that resources are being well tracked and not going astray. That is a big challenge.

It is also becoming clear that the flood reconstruction will require more resources than the international community alone can provide. As Ambassador Holbrooke said when he visited Pakistan in September, the country is going to have to raise more resources internally from its own people to help fill the gap. Under its agreement with the IMF, Pakistan is obligated to institute a VAT, or reformed General Sales Tax. That needs to be implemented as soon as possible. There is talk of a special "flood tax" which could also be helpful. Many commentators have suggested over the years that too many sectors in the Pakistan economy are exempt from tax altogether, causing major distortions and

inequities. Again, it is not up to the international community to determine how Pakistan generates more revenue. It is clear there is sufficient wealth here, however, to support a significant portion of the needed reconstruction, and it needs to be tapped soon. It is also important for Pakistan to consider a longer term structural reform to free up and diversify the economy and foster much needed economic growth, which is the key to Pakistan's future. I know the Planning Commission and others in the government are hard at work at this, and the international community stands by to assist them in whatever way we can.

Finally, it is necessary to address the issue of coordination. There needs to be more of it, at all levels. With new authorities now with the provinces, and provincial responsibilities for much of the flood reconstruction with the provinces as well, there needs to be coordination between the federal government and the provinces to ensure visibility on the reconstruction and a level of equality on efforts across the country. I know the Council of Common Interests is serving this goal, but it is still a relatively new organization and outsiders are not clear on its functions and responsibilities.

International organizations and donors need to redouble their efforts to coordinate and not duplicate their efforts. In the last year the UN has tried to better coordinate, among its own agencies and with the government, through the special envoy appointed by the Secretary General. Governments with a serious interest in helping Pakistan have joined together with the government in the Friends of Democratic Pakistan. While the Friends

have a broader agenda, how to most effectively help with flood reconstruction will be on the agenda.

With new authorities now with the provinces, and provincial responsibilities for much of the flood reconstruction with the provinces as well, there needs to be coordination between the federal government and the provinces to ensure visibility on the reconstruction and a level of equality on efforts across the country.

Perhaps most important of these meeting will be the Pakistan Development Forum, convened by Pakistan with the help of the World Bank, in late 2010. That will provide an excellent opportunity for Pakistan to present its own flood reconstruction plan, and broader economic development strategy, and to give donors the confidence they need to contribute generously to a well prioritized, transparent, equitable flood reconstruction effort.

The United States looks forward to deepening the partnership with Pakistan that has developed over the years, as both countries work together to help Pakistan recover from the devastating floods, and progress toward a future which brings economic growth and opportunity for all Pakistanis. The US also looks forward to continuing the very active and productive activities of the Friends of Democratic Pakistan.

Nadeem Ahmed

National Plans for Reconstruction and Rehabilitation

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In the days and weeks after the floods it has been suggested that the government's response was lacking, or that coordination mechanisms were weak. These are unfair remarks – the government is not insensitive, and sufficient coordination mechanisms are already in place. The NDMA has weekly open-door meetings in Islamabad and in the provincial hubs, and all stakeholders are welcome to attend these. As for adequate management of the crisis, it is pertinent to point out that there has not been a single instance of people dying from hunger in the past few weeks.

Additionally, we have started Cash-for-Work programs and are using the *Watan* card scheme to distribute Rs. 20,000 per affected family. The Ministry of Finance is also working to raise funds for the relief and reconstruction process. This essay will provide an overview of the crisis faced by Pakistan after the monsoon floods in 2010. It will also attempt to outline some of the policies and plans that the NDMA has drawn up to cope with the disaster.

Seventy-eight of Pakistan's 141 districts were impacted to varying degrees by this floods. 20 million people have been affected, and 100,000 square kilometers of Pakistan's land mass was impacted by the flooding. The floods inundated 21% of Pakistan's current agricultural land in Pakistan, causing agricultural losses of 247 billion rupees. Nearly two million homes, over 12,000 schools and over 500 health facilities were also washed away. According to NDMA estimates, over 27,000 km of road have been damaged and the railway sector has suffered losses of over 5 billion rupees.

*Lt. General (retd.)
Nadeem Ahmed is
Chairman,
National Disaster
Management
Authority (NDMA)*

These are important statistics. As we enter the reconstruction phase, it is evident that this will not be "business as usual." There are millions of people without shelter, livelihood and basic facilities; providing them with these in the coming months will be a major challenge. To this end, the National Disaster Management Authority's efforts are spread out over several sectors which include housing, education, health, transport

There are presently a number of federating units involved with multiple political and administrative forums; however a glaring capacity gap is bound to debilitate the efforts of these units. Primarily, the current financial, human and institutional resources dedicated to the reconstruction efforts after the flood are inadequate.

and communication, irrigation and flood management, energy, water and sanitation, governance, agriculture, livestock and fisheries, social protection and livelihood, macro economic impact, private sector and infrastructure and finance. We also feel that it is necessary to mainstream policies towards gender, environment and disaster risk management throughout each of these sectors.

Based on the facts presented above, it is evident that the scale and spread of the reconstruction effort will be enormous. Coordinating multiple agencies, donors and NGOs involved in reconstruction will also be a major challenge. There are presently a number of federating units involved with multiple political and administrative forums; however a glaring capacity gap is bound to debilitate the efforts of these units. Primarily, the current financial, human and institutional resources dedicated to the reconstruction efforts after the flood are inadequate. Simply creating titles and offices does not provide the backbone for sufficient work. Many Provincial Disaster Management Authorities existed only on paper until several weeks into the crisis. To this end, more resources should be provided to the NDMA and the PDMA's to effectively carry out their tasks.

While multiple agencies make assessments and design interventions in the field, it is important that they manage expectations in a responsible way. Promising flood affectees goods and services that will not come through will lead to greater anger and dissatisfaction and this will not help those organizations working in the field.

It is therefore imperative that any strategy finalized by the government must be taken within a framework that is acceptable to all stakeholders. This is the only way to ensure long term sustainability. The scale and immediacy of this disaster implies that there is a great need for all projects that are handled by us to meet strict requirements of efficiency, transparency, equity and timeliness. It is also important that all NGOs, international and local, adhere to these guidelines and coordinate with the NDMA before implementing projects.

For our part, the NDMA will continue to follow a clear communication strategy with multiple stakeholders. This framework applies equally to financing these projects: managing multi-source funding means that there is greater risk of overlap and confusion. Rigorous financial reporting guidelines will be provided by the NDMA which we would encourage other organizations to follow.

It is important that one year down the line monitoring and evaluation exercises take place to ensure oversight and quality assurance. The mechanisms for these must be built into the projects from the initial planning stage.

The strategy provided by the NDMA will be based on international best practices. In addition to consensus-based reconstruction and rehabilitation guidelines for all sectors the organization will provide an implementation framework as well. For the convenience of international agencies and others who are new to the field, it will provide an outline of the management structure at federal, provincial and district levels. The NDMA will be responsible for ensuring special legal arrangements for fast track implementation, from the planning and approval to the procurement and implementation phase. Additionally, mechanisms for affectees to have their grievances addressed will also be made available.

Equally, it is important that one year down the line monitoring and evaluation exercises take place to ensure oversight and quality assurance. The mechanisms for these must be built into the projects from the initial planning stage. In order to avoid the kind of confusion seen during relief phase it is crucial that all sectoral strategies are approved by National Disaster Management Council.

The table below shows a tentative timeline, starting from when damage and needs assessments will be made available to project planning and implementation phases. The NDMA will provide technical implementation support to national, provincial and local governments upon request, and “match” approved unfunded projects with available donor / sponsor financing.

ACTIVITIES	TIMELINE
Damage and Needs Assessment Results	15 October
Institutional arrangements at district, province and federal levels with participation of provincial governments	15 October
Capacity development	September / October
Preparation and approval of annual work plans and pre-qualifications	Begins in November / December
Implementation	2011-2015

Prime Minister of Pakistan
Yusuf Raza Gilani

Keynote Address, “Pakistan at Risk: Stabilization Challenges after the Flood”

I am honored to be making the keynote address at the first conference organized by the Jinnah Institute in Pakistan. I am heartened to see that stakeholders on the ground have such clarity and commitment to the project at hand. I stand not only enriched, but encouraged by the level of discussion here today. It tells me that the expert community in the country is active not only in the field, to share the grief and difficulties of our vulnerable sectors, but also actively engaged in coming up with a roadmap for rebuilding the scattered lives of our countrymen.

I want to take this opportunity to inform you and all others listening today that the Government of Pakistan and I are working round the clock to coordinate an effective and rapid response for the 20 million affected by this great flood. We are under no illusion about the staggering nature of the challenges that lie ahead in order to rebuild the country from Khyber to Karachi, but we are also in a race against time to re-build the lives of millions of our people destroyed by this great flood. It is they who mean Pakistan to us, not just its roads and bridges, and it is these people whose livelihoods and homes we have to restore.

The magnitude of the crisis, as mentioned by you all today, is such that we will need the support and assistance of all organizations and nations in the long road ahead to rehabilitation and reconstruction. It is not a task any government can execute alone, and we are grateful to the UN and the international community, as well as all the local stakeholders who have coordinated with us to step up relief endeavours in the field. It is a crisis that is bigger than many of the natural disasters the world has seen in the last so many years, and it is worth noting that even today, the effects of Hurricane Katrina, which was much smaller than this flood, are still being addressed today by the US government.

The challenge of ensuring that we don't lose an entire generation to ignorance and poverty is compounded by the loss of almost 11,000 public schools. We will have to pro-actively ensure that our budget priorities don't take money away from these vital social sectors, and that we enhance our capacity to use the resources effectively.

Unlike other disasters the world has responded to with speed and sympathy, this one has multiple dimensions that arise from the unprecedented scale of the crisis. Pakistan had barely finished re-settling thousands of refugees that were rendered homeless due to the ongoing war against militancy and terrorism. Even during the flood, we saw over 137 people killed in one week as a result of terrorism.

We know what horrors we battle each day on the ground. We know that since the end of July, Khyber Pakhtunkhwa, Punjab, Sindh, Balochistan and AJK & Gilgit-Baltistan, over 20 million have watched their entire lives, their homes, their crops, their cattle, and their assets washed away, in 82 districts. Just from the flood, 1,802 people have lost their lives and 2,994 have been gravely injured.

The statistics of this disaster are still coming in, but even today I can tell you that over 3.4 million children under the age of 5 and 4.4 million women of child bearing- age are listed as affectees. This means that they are in acute distress and it is our responsibility to pull them out of this distress.

In managing this trauma, the government has been assisted by thousands of volunteers and a vigilant UN cluster. But even so, we have to respond on multiple fronts. With over a 110 health facilities completely destroyed and 342 damaged, we have to plan overnight for the tidal wave of disease that could overtake our homeless and our undernourished people.

Health Coordination Hubs have been set up in five cities, and a Disease Early Warning System is serviced by a total of 479 fixed health centers and 544 mobile outreach camps in the affected areas. In addition 33,222 Lady Health Workers are engaged in flood relief activities in 57 districts of the country.

The challenge of ensuring that we don't lose an entire generation to ignorance and poverty is compounded by the loss of almost 11,000 public schools. We will have to pro-actively ensure that our budget priorities don't take money away from these vital social

sectors, and that we enhance our capacity to use the resources effectively. Tending to these human tragedies is enough of a test for any country. Yet, initial estimates reveal that 1.91 million houses have been damaged and that a crop area of 1.38 million acres has been washed away. The ILO has assessed that 5.3 million jobs have been wiped out. The damage to these livelihoods, at the bottom of the economic pyramid could result in extreme food insecurity. To save large parts of the agricultural sector from complete devastation the Government is considering free supply of seed and fertilizer to farmers with a landholding of 25 acres or less.

These are real and present dangers we have to budget for. Yet the flood has destroyed over 1000 bridges and 4000 km of road. The energy sector is equally impacted, with WAPDA and PEPCO losses exceeding 13 billion rupees. Federal roads worth Rs.6 billion and Railway losses worth Rs.2.9 billion are being reported.

The damages to livelihoods will cause incalculable loss. I am sure you have all discussed the capital losses and come up with serious recommendations on managing inflation, compensating for lost exports and our growing debt burden.

Confronted with such grave challenges, we have responded as swiftly as possible, and mobilized every resource at our disposal. It will take Pakistan many years to recoup these losses, but we are firm on our resolve to lead from the front.

The government has already disbursed Emergency Relief Assistance worth Rs.2102 million. The Benazir Income Support Programme, Pakistan, Bait-ul-Mal, and other agencies have also been providing relief and assistance to affectees round the clock. In response to this tragedy, as just initial relief, we have already started distributing the first installment of Rs.20,000 to every family through NADRA's *Watan* Cards. This assistance net, which will cover emergency sustenance to around 2 million families, will be completed within 40-45 days. An amount of Rs.40 billion is earmarked for this purpose out of which 50 percent will be contributed by the Federal Government. The BISP is also planning to pay Rs.12,000 per beneficiary in addition to the above.

I have heard fears expressed about the economic situation. Shortfalls are to be expected, but apart from tightening our belt, we will have to reprioritize the budget, freeze expenditure to last year's level, cut non-development expenditures, widen the tax base and impose strict austerity in government departments.

I also realize that natural disasters have been wreaking havoc too often in Pakistan, including climate change in the Himalayan belt. Therefore, it is for us to focus more resources on rapid response mechanisms as well as a policy mandate for NDMA to operate as an anchor for all relief, rehabilitation and reconstruction efforts.

I take this opportunity to appreciate the NDMA's outreach and initiative in reaching people, engaging the international community, the UN agencies and relief organizations. I also thank the numerous civil society organizations, youth groups and spontaneous volunteers who came forward in Pakistan's time of crisis to lend a helping hand.

The international community has pledged \$1.4 billion so far, with the UN appealing for 2 billion dollars. Significant amongst the donors are the US, UK, China, Saudi Arabia, Turkey,

If there are any misgivings about the governance of disaster, I urge all and anyone to assist us developing better oversight mechanisms. As a democratic government, we are committed to constructive engagement with the policy community, and we expect our friends to assist us in building back better.

Iran, Germany, UAE, EU, Australia, Canada, India, Norway and Sweden. Besides the various UN Agencies, the World Bank, OIC, IRC and Asian Development Bank are providing exemplary services, in both cash and kind. The IMF has agreed to provide US \$450 million as budgetary support to the Government. The World Bank has agreed to fast track its share of US \$1 billion on already committed projects. Similarly, Asian Development Bank has also agreed to fast track its share of US \$2 billion loan. With this amount of aid coming in, and far more expected, we have set up independent oversight mechanisms to cascade down from the federal and provincial levels where aid is being utilized. The National Oversight Disaster Management Council shall monitor funds on standard policy guidelines developed by NDMA and other stakeholders.

If there are any misgivings about the governance of disaster, I urge all and anyone to assist us developing better oversight mechanisms.

I look to the group of people assembled here today, to point us in the right direction. As a democratic government, we are committed to constructive engagement with the policy community, and we expect our friends to assist us in building back better. I am hopeful that organizations like the Jinnah Institute will remain vigilant in identifying gaps in our planning and outreach, and also assisting us in forming policies that are responsive and inclusive.

It should not take a crisis like this to bring us together as a nation. Quaid e Azam, Mohammad Ali Jinnah had a dream to unite us as a progressive state. It is now our task to fulfil this vision and to build on the sacrifices of our great leader, Shaheed Mohatarma Benazir Bhutto.

In the face of so much adversity, one really has two choices. Either we let events overtake us, or we use the challenge to unite and create opportunities. Pakistan needs that moment of opportunity, and I intend to use this crisis, this tragedy to rebuild a better Pakistan, to re-build hope and integrity when people are looking to us for leadership. Pakistan may be facing its worst crisis today, but I assure you we will not fail Pakistan.



Report Editor: **Erum Haider**
Project Manager: **Sehar Tariq**
Research Asst: **Hisham Mohmand, Jahandad Khan, Huma Imtiaz**

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