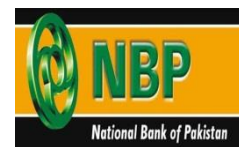


FATA Temporary Displaced Persons Emergency Recovery Project

PAYMENT GUIDELINES



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I. INTRODUCTION

These Payment guidelines, supplementing the Operational Manual, Agency Agreement and Implementation Agreement for the FATA Temporary Displaced Persons Emergency Recovery Project (TDP ERP), present guide to stakeholders on the design parameters and payment processes of the TDP ERP Project aiming to support the return process of Temporary Displaced Persons affected due to Military operation in FATA through distribution of following cash grants:

- i. Livelihood Support Grant
- ii. Child Wellness Grant

(Early Recovery Grant appearing in FA is being paid separately by FDMA through a separate initiative)

II. OBJECTIVES OF THE PAYMENTS GUIDELINES

Specific objectives of the payment guidelines are to:

- Guide concerned stakeholders of the TDP ERP Project on their key functions, roles and responsibilities to ensure an effective payment system;
- Provide a detailed understanding of the payment cycle and its parameters; and
- Describe the protocol for payment process preparation, delivery and reconciliation of payments.

III. HOW TO USE THE PAYMENT GUIDELINES

The Payment Guidelines are divided into three sections:

- **Section 1**: Describes the roles and responsibilities of the key stakeholders involved in the payment process.
- **Section 2**: Summarizes the payment design parameters.
- **Section 3**: Presents a comprehensive explanation of the payment cycle.

SECTION 1: STAKEHOLDERS AND THEIR ROLES

Main stakeholders of the TDP ERP Project Payment Process are as follows:

A. Donors/ Financing Agencies

- International Development Association–IDA (World Bank)

B. Federal Stakeholders:

- Economic Affairs Division (EAD)
- National Database and Registration Authority (NADRA)

C. FATA Secretariat:

- FATA Disaster Management Authority (FDMA)
- Department of Health (DoH)

D. Payment Service Providers (PSP)

- Partner Commercial Bank(s)

E. Receivers

A. INTERNATIONAL DEVELOPMENT ASSOCIATION

The International Development Association will provide funds to EAD equivalent to 53.40 million SDRs (Special Drawing Rights) as mentioned in the financing agreement, whereby, the EAD would be the apex body for the management of project funds. The funds would be credited to EAD's and NADRA's Assignment Accounts with the National Bank of Pakistan through State Bank of Pakistan in Pak Rupees (PKR) on presentation of withdrawal cheques to donors (in US \$) by EAD and NADRA. Conversion rate from SDR to US\$ and US\$ to PK Rupee shall be applicable on the date of fund transfer.

B. ECONOMIC AFFAIRS DIVISION (EAD/ EAD-PMU)

- Ensure adherence to the Payment Guidelines by all stakeholders
- Coordinate with International Development Association and other donors, Ministry of Finance (MoF) for arrangement of funds for TDP ERP Project
- Manage the funds flow from International Development Association through timely submission of withdrawal application.
- Reconcile PSP's electronic shared data with NADRA's biometrically verified records and reimburse the paid amount to PSP after three (3) working days of payments to beneficiaries.
- Each disbursement period will be assigned consecutive numbering starting from D01, D02, D03 and so on.
- Educate the beneficiaries with respect to the matters of TDP ERP.
- Manage the Designated Accounts; and
- Ensure reconciliation of TDP ERP funds.

C. NADRA

NADRA being implementing agency of TDP-ERP will be responsible for the smooth and efficient implementation of the project in accordance with the approved procedures; coordinating the field activities and operational parameters with the Partner Banks and other stakeholders.

The roles and responsibilities of NADRA shall include:

- Ensure adherence to the Payment Guidelines;
- Regarding component 3 of the Financing Agreement (i.e. Technical Assistance), NADRA shall open separate designated account and all disbursement from this account will be governed under World Bank's Payment Guidelines.
- NADRA shall share quarterly IFRs along with budget variance reports or any other report as and when required by EAD.

- Establish real-time integration with bank server to send electronic intimation of biometrically verified cases.

D. PAYMENT SERVICE PROVIDERS

The main duties of the Payment Service Provider are:

- Coordinate with EAD and NADRA to seek assistance for establishment of counters for PSPs.
- Providing the bank personnel to be stationed at the One Stop Shops (OSS) in order to:
 - issue Generic ATM cards to beneficiaries,
 - Handle cases of lost/damaged cards, and
 - Provide assistance in using the Point of Sale (PoS)/ATM machines
- The PSP shall at all times maintain sufficient cash balance at the OSS for payment to beneficiaries at the start of each disbursement period.
- The PSP shall make upfront payments to beneficiaries from bank's personnel account;
- After disbursement of payment to beneficiary, PSP shall share list of actual payments on daily basis with EAD PMU for reimbursement electronically (through web service);
- The PSP shall share system generated electronic file of funds transferred to beneficiaries with EAD PMU on daily basis for reimbursement. The report will be reconciled with list of verified records provided by NADRA and in case of any discrepancy, nominated person by PSP shall be available for immediate reconciliation. The report shall contain following fields along with any other information required by EAD PMU.
 - Name of the beneficiary
 - CNIC number
 - Account number and account title of the credited account
 - Amount credited
 - Date and Time of account credit
 - Amount withdrawn at the PSP payment counter
 - Location of withdrawal
- Any beneficiary verified by NADRA and having lost her / his ATM card will be issued a new ATM / debit card at OSS, without any charges by the PSP.
- Any beneficiary verified by NADRA and having forgotten his/her PIN will be assisted by the PSP officer at the cash counter by calling up the helpline of the PSP and resolving the beneficiary's issue immediately so that he/she does not have to make a return visit to withdraw cash.
- The PSP will provide a system-generated electronic file to PMU EAD on daily basis that shall include the following details of the beneficiaries whose accounts would have been credited: name of the beneficiary, CNIC number, account title, account number, value date of the account credit, the amount credited and cash withdrawn by the beneficiary.
- Establish real-time integration with NADRA server to receive electronic intimation of biometrically verified cases
- Opening the Level 0 accounts of beneficiaries;

- Transferring the benefit amount to the respective accounts, after receiving electronic intimation from NADRA;
- Automatically trigger the 2nd, 3rd, and 4th LSG payment to beneficiary account on agreed 30 day period
- The three CWG Payments to the beneficiary account shall only be transferred after receipt of electronic intimation from NADRA for each payment.
- Handling of the payment related grievances and its service delivery, which could also include among others, ‘loss of card’, ‘damaged card’, ‘corruptive behavior by bank staff’ etc;
- Establishing PoS/ATM machines at the OSSs for convenient withdrawal of cash by beneficiaries;
- Providing reconciliation reports and payment reports to NADRA and EAD; and
- Establishment of dedicated 24/7 online help desk facility
- Ensure transparency at all levels
- Provide skilled staff at OSS
- Impart trainings to bank staff for better understanding of the project
- Provision of ATM worthy notes
- Open Level 0 Account of all expired CNICs, after biometric verification from NADRA

Partner Bank Focal Person for EAD/NADRA

The Partner Banks will also assign a focal person for EAD PMU/NADRA, who will have the following responsibilities:

- a) Participate in coordination level operational meetings at Federal, Provincial and Agency level and make sure the processes established in these guidelines are fully complied with;
- b) Inform EAD PMU in case any operational problem arises, causing payments to be delayed for reasons beyond their control;
- c) Coordinate the process of resolution of grievances against the partner banks and make sure they are resolved within the suggested timelines; and
- d) Manage any other activities related to the smooth functioning of the payment process.

i. Partner Banks’ Staff at the OSS

The bank personnel will have the following roles and responsibilities:

- a) Upon successful biometric verification, issue the Pre numbered debit card to the new beneficiary after tagging it with beneficiary CNIC number in bank’s database;
- b) Activate the Debit card;
- c) Facilitate beneficiaries in resolution of bank related grievances e.g. lost Card (re-issuance) / Personal Identification Number (PIN).
- d) Guide the beneficiaries to obtain a new PIN if required at the OSS;
- e) Provide guidance to use the card for withdrawing money from Automated Teller Machines (ATMs)

E. RECEIVER

- Collect the debit card from the bank personnel at the OSS, if already not possessing one;
- Receive payments;
- Use cash according to his/her own personal priorities.

SECTION 2: DESIGN PARAMETERS

A. PAYMENT PARAMETERS

The payment parameters of the TDP ERP Project are summarized in the table below:

i. Livelihood Support Grant (LSG)

Payment Parameter	Description
Receiver	<p>Primary Payment Receiver: The beneficiary in case of Livelihood Support Grant (LSG).</p> <p>If, however, the primary payment receiver has either died or is unable to visit the OSS due to any circumstances (like in prison, hospital, abroad etc), all such cases will be registered at the Grievance Counters established in the OSS by NADRA as appeal, which shall be forwarded electronically to the FDMA for resolution. FDMA shall assess the circumstances and if reason of absence are justified, decision for Next of Kin (NOK) shall be made by FDMA and will be shared with NADRA. In case of verified appeal, NADRA shall remove the record of primary beneficiary and include the appellant CNIC in beneficiary list.</p>
Frequency of Payments	Payments will be made in four tranches, each of PKR.4,000. First at the time of registration at OSS, next three with gap of one month each to previous payment.
Amount	TDP ERP Project receivers will be given a total LSG amount of PKR.16,000.
Delivery Mechanism	Once the card is activated, the Receiver would be able to withdraw cash either through ATMs of Link 1, established at the OSS by the Partner Banks.

ii. Child Wellness Grant (CWG)

Payment Parameter	Description
Receiver	<p>Primary Payment Receiver: The Head of Family (HoF) in case of Child Wellness Grant (CWG) having</p> <ul style="list-style-type: none"> a) Child of age with less than 24 months at the time of registration. b) Temporary and permanent residential address of the affected area, irrespective his name is appearing in FDMA list or not. <p>If, however, the HoF has either died or is unable to visit the OSS due to circumstances mentioned in LSG details, the child’s mother should be treated as primary beneficiary, if she is a CNIC holder.</p>
Condition	<p>Child’s mother has to attend health session carried by DoH at the OSS to receive each tranche.</p>
Frequency of Payments	<p>Payments will be made in three equal tranches, each of PKR. 2,500 starting from the first session attended. The second payment will be made two months after the first session and the third payment will be made after the 09 months of the first session. Electronic intimation for each payment will be sent to PSP by NADRA upon confirmation of attendance of each session by DoH FATA duly verified through biometrics of concerned DoH FATA staff.</p>
Amount	<p>CWG receivers will be given a total benefit amount of PKR. 7,500.</p>
Delivery Mechanism	<p>Once the card is activated, the Receiver would be able to withdraw cash either through ATMs of Link 1, established at the OSS by the Partner Bank(s).</p>

SECTION 3: PAYMENT CYCLE TO BENEFICIARIES

A. FUNDS TRANSFER TO THE PSP

Payment Service Provider (PSP) will make upfront payments from their personal account to beneficiaries and share the details of each payments with EAD PMU on daily basis. EAD PMU will reconcile received data of payments with NADRA's biometrically verified records and reimburse the amount to PSP from their Assignment Account after three (3) working days of payment. For such services EAD PMU will pay as services charges equal to 0.36% of the amount disbursed to program beneficiaries on monthly basis.

B. GENERATION AND SHARING OF ACTIVATION CODE BY NADRA

Upon successful biometric verification for a particular beneficiary, the PSP and NADRA shall electronically exchange data through web service for opening of Level 0 Account that shall include receiving confirmation of Biometric verification code from NADRA by the PSP. Once account is opened, PSP shall communicate the account details to NADRA through the web service and NADRA shall return the payment information including beneficiary CNIC number, Payment amount, tranche number etc.

NADRA shall develop separate web service for LSG and CWG.

C. GRANTS TRANSFER MECHANISIM AT OSS

i. Livelihood Support Grant (LSG)

For Livelihood support Grant (LSG) of Rs 16,000 in total, there will be four payment cycles as the benefit amount is being released in four tranches of PKR. 4,000 each.

The LSG payment Cycle will include the following steps:

a) First Instalment

- A. Beneficiary bio-metric verification by NADRA at the Biometric Verification Counter of OSS;
- B. NADRA shall match the CNIC of the beneficiary with list provided by FDMA.
- C. If the CNIC number of the beneficiary is found in FDAMA's list, NADRA representative shall share the data of the beneficiary electronically with PSP server in real time and beneficiary will be guided to PSP counter.
- D. In case CNIC number of the beneficiary is not matched with the FDMA's list, beneficiary will be guided to grievance counter.

- E. Beneficiary referred to PSP counter will provide their basic data required by PSP for opening of Level 0 account of the beneficiary.
- F. Representative of PSP after due verification shall immediately open Level 0 account of the beneficiary and credit Rs. 4,000 as first instalment in his Level 0 account.
- G. On daily basis, PSP will share details of payments with EAD PMU for reimbursement.
- H. EAD PMU will reconcile payment details with NADRA's biometrically verified records and reimburse amount after three (3) working days of payments.
- I. The date of transfer of funds to the beneficiary account will be treated as Primary date
- J. At the same time, after crediting the amount to Level 0 account, representative of PSP shall issue generic debit cards (one time) to the beneficiary after linking it with beneficiary CNIC in PSP database and will provide assistance to activate the debit card;
- K. After activation of the debit card, PSP representative shall provide assistance to the beneficiary to operate ATM installed at the OSS;
- L. Cash withdrawal by Receivers; and
- M. Disbursement Reconciliation.

b) Second Instalment

- A. Second Instalment will become due automatically without any further verification in next month on the same date on which first instalment was made.
- B. PSP will make upfront payment for second instalment as well and share details of payments with EAD PMU for reimbursement.
- C. EAD PMU will reconcile the payments with NADRA's biometrically verified records and reimburse amount to PSP after three (3) working days.
- D. Beneficiary can withdraw funds from any Link 1 ATM in Pakistan or from ATM installed at the OSS.

c) Third and Fourth Instalment

- A. Third and fourth Instalments will become due automatically without any further verification in next month on the same date on which second and third instalments respectively were made.
- B. PSP will make upfront payments for third and fourth instalments as well and share details of payments with EAD PMU for reimbursement.
- C. EAD PMU will reconcile the payments with NADRA's biometrically verified records and reimburse amount to PSP after three (3) working days.
- D. Beneficiary can withdraw funds from any Link 1 ATM in Pakistan or from ATM installed at the OSS.

ii. Child Wellness Grant (CWG)

For Child Wellness Grant (CWG) of Rs 7,500 in total, there will be three payment cycles as the benefit amount is being released in three tranches of PKR. 2,500 each.

The CWG payment Cycle will include the following steps:

a) First Instalment

- A. After fulfilling the criteria for CWG as explained in Operational Manual and getting the CCT registration certificate, beneficiary will attend the health session.
- B. After attending the health session, payment to beneficiaries will be triggered electronically to the PSP server amounting to Rs. 2,500, soon after the biometric authentication by DoH trainer in NADRA software.
- C. PSP shall transfer Rs 2,500 to the TDP's Level 0 account opened already for LSG in real time.
- D. In case of Non TDP, representative of PSP after due verification shall immediately open Level 0 account of the beneficiary and credit Rs. 2,500 as first instalment in his account.
- E. On daily basis, PSP will share details of payments with EAD PMU for reimbursement.
- F. EAD PMU will reconcile payment details with NADRA's biometrically verified records and reimburse amount after three (3) working days of payments.
- G. The date of transfer of funds to the beneficiary account will be treated as Primary date for CWG to each beneficiary.
- H. At the same time, after crediting the amount to account, representative of PSP shall issue generic debit cards (one time) to the beneficiary and will provide assistance to activate the debit card;
- I. After activation of the debit card, PSP representative shall provide assistance to the beneficiary to operate ATM installed at the OSS;
- J. Cash withdrawal by Receivers; and
- K. Disbursement Reconciliation.

b) Second Instalment

- A. After expiry of two months of the primary date for CWG, beneficiary will become eligible for second instalment.
- B. Beneficiary eligible for second instalment will visit the OSS to attend session arranged by DoH.
- C. After attending session, beneficiary will proceed to NADR's counter at the OSS for bio metric verification.
- D. After bio metric verification, payment of Rs. 2,500 will be triggered to PSP server by NADRA electronically.

- E. PSP shall transfer Rs. 2,500 to the account already opened for the beneficiary in real time.
- F. PSP will make upfront payment for second instalment as well and share details of payments with EAD PMU for reimbursement.
- G. EAD PMU will reconcile payments with NADRA's biometrically verified records and reimburse amount to PSP after three (3) working days.
- H. Cash withdrawal by Receivers; and
- I. Disbursement Reconciliation.

c) Third Instalment

- A. After expiry of nine months of the primary date for CWG, beneficiary will become eligible for third instalment.
- B. Beneficiary eligible for third instalment will visit the OSS to attend session arranged by DoH.
- C. After attending session, beneficiary will proceed to NADR's counter at the OSS for biometric verification.
- D. After authentication by DoH staff through his/her biometric endorsement, payment of Rs. 2,500 will be triggered to PSP server by NADRA electronically.
- E. PSP shall transfer Rs. 2,500 to the account already opened for the beneficiary in real time.
- F. PSP will make upfront payment for second instalment as well and share details of payments with EAD PMU for reimbursement.
- G. EAD PMU will reconcile payments with NADRA's biometrically verified records and reimburse amount to PSP after three (3) working days.
- H. Cash withdrawal by Receivers; and
- I. Disbursement Reconciliation.

D. CASE MANAGEMENT

For details on grievances related to payments, see 'Grievance Redressal and Case Management' guidelines. A toll-free TDP ERP project helpline operated by NADRA will be available to address any case management issues.

E. DISBURSEMENT RECONCILIATION

The purpose of the payment reconciliation process is to return the unused funds and to verify the amount of money that was paid to receivers but was not withdrawn. Payment reconciliation reports will be exchanged between the Partner Bank(s) and NADRA servers through a secured link. Each such report will be shared with EAD PMU by the PSP.

Partner Bank(s) will provide reconciliation reports to EAD PMU on daily basis. These reports will include the beneficiary's name, CNIC, the dates when money was transferred to the respective accounts, the amount transferred to each account and the amount withdrawn from the

accounts. For cases where the payment was not credited to the beneficiary's account, a complaint will be lodged by the beneficiary at NADRA GR counter which needs to be responded by the PSP within the timeline stipulated in *Grievance redressal and Case Management guidelines*.

ACRONYMS

CNIC	Computerized National Identity Card
DA	Designated Account
DB	Disbursement period
DoH	Department of Health
FA	Financing Agreement
FDMA	Federal Disaster Management Authority
HoF	Head of Family
IDA	International Development Association
MoF	Ministry of Finance
NADRA	National Database and Registration Authority
OSS	One Stop Shop
PIN	Personal Identification Number
PKR	Pakistan Rupees
PMO	Program Management Office
PoS	Point of Sale
PSP	Payment Service Provider
WB	World Bank