

Assessment of Private Sector Partnerships and the Role of Cash Grants in Emergency Responses

Case Study of Tameer Micro Finance Bank Partnership in Cash Transfer to the Flood 2010 Beneficiaries in Pakistan



care

CARE Canada

Table of Contents

List of Acronyms and Abbreviations	iv
Executive Summary	v
1. Introduction	1
2. Partnership with the private sector	4
2.a. Risks and opportunities associated with the partnership	4
2.b. Limitations and appropriateness with respect to humanitarian principles	8
2.c. Limitations and appropriateness of operating principles	11
3. Relevance and Appropriateness	12
3.a. Appropriateness of intervention to needs of population and context	12
3.b. Appropriateness of intervention in relation to customs, practices, social organization	13
3.c. Access to projects for vulnerable families	16
3.d. Consultation process with beneficiaries on their priorities	17
3.e. Satisfaction of beneficiaries	18
4. Effectiveness and Efficiency	19
4.a. Effectiveness of approach in relation to overall costs of cash delivery	19
4.b. Effectiveness of the delivery mechanism	20
4.c. Flexibility of Tameer Micro Finance Bank	21
4.d. Effectiveness of use of technology	22
4.f. Safety and security aspects of the cash transfer	22
4.g. Timeliness of cash delivery	24
5. Accountability & Transparency	24
5.a. Level of community involvement in the design and follow up	25
5.b. Level of community awareness related to the use of Tameer Micro Finance Bank	25
5.c. Appropriateness of financial accounting protocols	26
5.e. Relevance and efficiency of monitoring system	26
6. Sustainability	28
6.a. Prospects for sustainability over the long term	28
6.b. Possibility to include mechanism in contingency plans for disaster preparedness	29
6.c. Integration of rehabilitation or exit strategy	30
7. Scaling Up	31
7.a. Key factors in scaling up and replicating emergency responses with private sector	31
7.b. Disbursement modalities required for scaling up	32
8. Conclusions and Recommendations	34
Annexes	39
Annex 1: Methodology	40
Annex 2: References	43
Annex 3: List of interviews and Focus Group Discussions conducted	45
Annex 4: SWOT Analysis	46
Annex 5: Agreement CARE - Tameer Micro Finance Bank (example)	50

List of Acronyms and Abbreviations

ALNAP	Active Learning Network for Accountability and Performance
BMZ	German Ministry for Economic Cooperation
CaLP	Cash Learning Partnership
CBHA	Consortium of British Humanitarian Agencies
CBO	Community-based organisation
CDC	Village Development Committees
CFW	Cash for Work
CIDA	Canadian International Development Agency
CIIP	Community Infrastructure Improvement Project
DFID	Department for International Development (UK)
ECHO	European Commission Humanitarian Aid
EMMA	Emergency Market Mapping and Analysis
FGDs	Focus Group Discussions
GB	Great Britain
HPG	Humanitarian Policy Group (ODI)
IPs	Implementing Partners
JCRVIS	Pakistan's Credit Rating Co. Ltd.
KPK	Khyber Pakhtunkhwa
LEGS	Livestock Emergency Guidelines and Standards
LMS	Livelihoods and Market Systems (OFDA)
LNGOs	Local (Pakistan) Non-governmental Organisations
MFIs	Micro Finance Institutions
MIFIRA	Market Information and Food Insecurity Response Analysis
NFI	Non Food Items
NGOs	Non-government Organisations
OCHA	UN Office for the Coordination of Humanitarian Affairs
ODI	Overseas Development Institute
OFDA	Office of US Foreign Disaster Assistance (USAID)
PACRA	Pakistan Credit Rating Agency
PEFSA	Pakistan Emergency Food Security Alliance
SDC	Swiss Agency for Development and Cooperation
SIDA	Swedish International Development Cooperation Agency
Sphere	The Humanitarian Charter and Minimum Standards in Disaster Response
SPO	Strengthening Participatory Organization
TMFB	Tameer Micro Finance Bank
UBL	United Bank Limited Pakistan
UC	Union Council (administrative unit in Pakistan)
UN	United Nations
USAID	US Agency for International Development
VDC	Village Development Committee
VRC	Village Relief Committees
WFP	World Food Programme

Executive Summary

In July 2010, Pakistan was hit by one of the most devastating flood disasters in the country's history. The disaster affected 20 million people and inundated nearly 20 percent of the country. The sheer scale and scope of the disaster severely challenged the capacity of the entire humanitarian community (Government, UN and NGOs), including CARE.

In response to the vast and diverse destruction caused by the floods, both government and humanitarian actors responded by increasingly utilising cash-based transfers to substitute or complement various types of in-kind assistance such as food provision and shelter, and to support livelihood activities of affected populations.

This experience and the expertise applied in the design, implementation and evaluation of cash-based programs in Pakistan has generated valuable knowledge for that can lead to improvements of humanitarian response not only in Pakistan but in other countries affected by disaster.

Furthermore, the humanitarian community progressively recognises that the private sector can uniquely contribute to the overall capacity of the emergency response by applying innovative technologies, practices and perspectives. This has led to the development of new opportunities for cooperation with specialised financial service providers to strengthen aid delivery mechanisms.

As banks look to expand access to remote areas that are otherwise unapproachable through standard financial structures, they have been exploring 'mobile-based' banking and the establishment of a network of disbursement points in remote and rural areas.

One innovative example of cash transfer initiatives established in cooperation with the private sector is CARE's partnership with Tameer Micro Finance Bank (TMFB) in the south-eastern provinces of Punjab and Sindh in Pakistan. Working with TMFB and local partner NGOs to provide cash grants and cash for work, CARE was able to rapidly scale-up operations, exceeding beneficiary targets and expand to services/interventions to other provinces.

With donors becoming more and more receptive to cash-based assistance, the overall success of

the relationship with TMFB has indicated the need to better understand the potential risks and opportunities of working in partnership with the private sector during emergencies, especially when providing financial assistance to those in need.

Key findings of this case study include:

Partnerships with the private sector: The key strength of cooperation between CARE and TMFB is the high level of trust between both organizations. This confidence, combined with compatible resources in their different domains, represents a favourable entry point for a more structured cooperation. The main weakness of this cooperation is the lack of predictability of longer partnership perspectives and learning opportunities due to the lack of a clearly defined framework. Key threats in Pakistan are the distressed political environment, as well as the fact that there are insufficient incentives for the private sector to engage in PPPs – including lack of tax breaks.

Appropriateness and adherence to good practice in cash programming: Monitoring results confirm the appropriateness of CARE's interventions in cooperation with TMFB. Shortcomings in this process include the need for better targeting of the most vulnerable families, especially in CfW activities, and more emphasis is needed on consultations with beneficiaries on their priorities prior to starting interventions. If conditionality for the use of grants is applied, CARE needs to make sure to have the means to monitor the intended use.

Effectiveness and Efficiency of the cooperation with TMFB: The timeliness of assistance was appropriate to the needs at that time. Implementation however was delayed and progress can be made by better preparing cash programming interventions prior to an emergency. The direct transaction costs of mobile banking charged by TMFB are higher than the main mechanism used by NGOs in Pakistan for cash programming (bank cheques). But cost efficiency is not the only consideration when making programming decisions, as mobile banking can be more cost-effective, by better meeting objectives. The main advantage of CARE's cash delivery through mobile service vehicles "at the doorstep" is the high level of

transparency and the reduced risk of corruption and security incidents.

Accountability & Transparency: Maintenance of appropriate financial accounting protocols was facilitated by TMFB's computerized bookkeeping systems. Being monitored by external audit and state bank, the projects benefitted from their rigor in maintaining adequate financial records to a significant extent. Throughout this process, TMFB has responded to challenges on the ground and in meeting the needs of emergency response with commendable flexibility.

Notwithstanding the low profile of TMFB during the cash distributions, discussions with the recipients confirm the awareness of the local communities on the identity and role of TMFB. The provision of secure bank accounts and ATM cards not only provided beneficiaries with means of financial management and transaction, but developed a sense of dignity and social pride.

The design of the monitoring and evaluation system as well as the needed resources put in place by CARE were not always sufficient, in particular as it relates to the usage of funds and the wider impacts of cash transfers, including possible multiplier effects on local economies, impact on household and community dynamics, and concerns about security and gender inequities in decision-making.

Sustainability: Cash-based interventions in cooperation with private sector have the potential for sustainability, particularly when integrated into the longer-term strategy of CARE to empower local communities, specifically women. Notwithstanding this potential, the CARE cash interventions under the flood emergency response in Punjab and Sindh did not always offer sustainability for the targeted population, as they were not always systematically followed-up by complimentary interventions in the early recovery phase.

The cooperation between TMFB and CARE - a pilot project for both agencies - needs to be further developed, formalised and embedded in a clearly defined strategy by CARE, which needs to bridge the gap between emergency response, reconstruction and development. Sustainability of the intervention can be enhanced by follow-up activities by TMFB outside the scope of the cash distribution. It is the intention of TMFB to explore the areas targeted under these projects as potential markets for micro-loans, by opening Points of Sale, branch offices and training

centres. This objective of TMFB adds substantial value to the partnership with CARE – beyond the scope of the relief projects.

In contexts where a cash-based response is likely to be appropriate, it is also useful to have pre-established mechanisms in place as a preparedness strategy. This includes draft agreements with banks and local traders or, at a minimum, to have a plan for establishing the systems and partnerships necessary to implement a cash-based intervention.

Scaling up: Private sector actors can positively contribute to building resilient economies, infrastructure and communities through various means. Efficiencies, access to innovative technology and approaches, and economies of scale are key factors in scaling up tested cooperation with the private sector in emergencies. This applies also the financial sector and its impact on the economic and societal growth through mobile financial services in particular. Access to mobile banking services can contribute to enabling families and business to be better equipped to withstand the challenges imposed by disaster and improve their lives through education, health and entrepreneurship.

This offers opportunities for humanitarian actors to use cash-programming as an entry point in reaching out to the most vulnerable elements of the population and to establish business partnerships with the private sector that enable rapid scale-up of service delivery to large parts of the population that would otherwise be excluded.

Regarding future disbursement mechanisms, no 'one-size-fits-all' approach is possible. Different delivery mechanisms should be considered for reasons of appropriateness to the specific context/geographical area, scale of the intervention, and cost-efficiency/effectiveness. Flexibility is required, especially when scaling up cash programming. Potential changes in business models, cost levels, effectiveness and development of the overall availability of mobile banking services need to be taken into account.

A mobile phone model (and to a lesser extend the use of mobile service vehicles for cash disbursement) represents the most favourable area for potential growth/scale-up, in Pakistan and elsewhere (for example in the drought response in Kenya).

Priority Recommendations of this case study include:

1. Define CARE's strategy, including a clear outline of objectives and plans for private sector engagement in humanitarian programming, formalize the relationship with TMFB and establish a structured process, continuous dialogue, and sharing of ground knowledge.
2. Expand and test the business relationship, using different delivery mechanisms as appropriate (e.g. mobile phone based transactions) in other parts of Pakistan (such as KPK) and build-in learning and review elements into future programming.
3. Engage in advocacy for promoting PPPs at various levels, including at donor level as well as with relevant stakeholders involved in dialogue with the Pakistan government.
4. Ensure better awareness of the target population regarding the scope and objectives of the project and take more advanced steps to avoid indirect influence of local power structures on the beneficiary selection process.
5. Improve assessment methods for the identification of most vulnerable households and ensure that CARE has the means to monitor the intended use of cash when conditionality for the use of grants is applied.
6. Maintain full flexibility in choosing the most appropriate delivery mechanism, taking factors of efficiency and effectiveness into careful account, and assess the costs and benefits of different delivery methods, both to the agency and the recipient.
7. Maintain dialogue with other agencies involved in cash programming and share best practice on cash delivery mechanisms.
8. As part of contingency planning and disaster preparedness, identify potential service providers from the private sector at national, regional and global levels, and explore with them the potential for partnerships in the event of a disaster and subsequent emergency response.
9. Closely coordinate with other partners under the CaLP initiative and advocate jointly with the financial sector to lower the costs for mobile banking services.
10. Ensure transfer of knowledge and best practice to inform other mobile cash programming in countries outside Pakistan (for instance in the drought response in Kenya).

1. Introduction

Background

In July 2010, Pakistan was hit by one of the most devastating flood disasters in the history of the country. The disaster affected 20 million people and inundated nearly 20% of the country. The sheer scale and scope of the disaster severely challenged the capacity of the entire humanitarian community (Government, UN and NGOs), including CARE.

One of CARE's most successful emergency projects including cash transfers is based on its partnership with a private sector microfinance bank called Tameer Micro Finance Bank (TMFB). Working with local NGOs and TMFP to provide cash grants, CARE was able to rapidly scale up and exceed targets in terms of reaching flood affected beneficiaries with cash based interventions. TMFB is majority owned by mobile telecommunications giant, Telenor.

While not without risks and challenges, the overall success of the relationship with TMFB has indicated an organizational need to better understand the potential and opportunities to work in partnership with the private sector during emergencies. As the frequency of mega-disasters increase, donors (as reflected in DFID's recent humanitarian review¹) are also expressing an interest in increasing the role of the private sector in humanitarian interventions to enhance efficiency, promote innovation and bring new processes to operations in order to scale-up and respond faster. At the same time, there has been an increased interest in the role of cash grants in better accessing and assisting those in need as part of the overall humanitarian response².

The Case Study

This case study has been prepared in response to the Call for Consultants by CARE Canada in May 2011. The overall objective was to document and analyze CARE's relationship with TMFB and document lessons learned and good practices for future emergencies, as well as strategies and opportunities for CARE to develop, expand and strengthen this kind of partnership in the future.

A specific focus was given to assess specific internal and external challenges faced on either side of partnership with the private sector, and to identify potential limitations and appropriateness with respect to humanitarian principles and accountability frameworks, as well as the respective partner's way of working and operating principles.

Methodology

The methodology included a desk review of pertinent CARE reports and other literature, structured interviews with: CARE program management, operational staff and technical leads; TMFB management and technical leads; other partners (NGOs, donors, community leaders, etc.), as well as SWOT analysis, telephone interviews, and Focus Group Discussions (FGDs) with female and male beneficiaries.

Report Structure

The report starts by analysing internal and external challenges with regard to cooperation with the private sector, and in particular the cooperation between CARE and TMFB, including the appropriateness with respect to humanitarian principles. Where relevant, detailed recommendations for future programming have been included in the respective sections. The second section of the report covers issues related to the relevance and appropriateness of the cooperation, including findings from the field and stakeholder interviews. The fourth section explores the effectiveness and efficiency of the cash programming by CARE in South Punjab and Sindh, with a particular focus on the experience of cooperating with a private bank in an emergency response operation.

The following sections describe key elements of accountability and transparency as well as the prospects for sustainability of post-emergency cash-programming in general, as well as the particular experience of CARE. Finally, the report gives recommendations for a potential scaling-up of cash programming in Pakistan and elsewhere, with the involvement of TMFB and other possible partners from the private sector. The report ends with a summary of conclusions and recommendations.

¹ DFID (2011), Humanitarian Emergency Response Review, Lord Paddy Ashdown, London

² *ibid.*; UN-OCHA (2011), To Stay and Deliver, Good practice for humanitarians in complex security environments, Policy Development and Studies Branch

Fact Sheet: The Cash-transfer projects of CARE in Pakistan

CARE Pakistan

CARE re-established operations in Pakistan in June 2005, after being out of the country for over 25 years, to work towards achieving sustainable community development and poverty alleviation with specific emphasis on community participation and empowerment; gender; capacity building of local organisations; governance; and advocacy in the provinces of Sindh, Baluchistan and Punjab. CARE has managed a rapidly expanding portfolio of projects, the financial value of which has exceeded USD10 million per year. CARE works through established partners across Pakistan, including those in Punjab and Sindh provinces.

To respond to the flood emergency 2010 in Punjab, six INGOs (Save the Children, Oxfam GB, IRC, CARE, ACTED and ACF) formed the Pakistan Emergency Food Security Alliance (PEFSA) in order to maximize effectiveness in their emergency response. CARE is also part of the DFID-funded CBHA consortium³, implementing relief efforts in South Punjab. CARE's CIDA-funded CIIP project in Punjab started already prior to the floods, focussing exclusively on women, but CARE was able to utilize this project to provide targeted assistance to flood victims as well.

Tameer Micro Finance Bank

Tameer Micro Finance Bank Limited (TMFB), a fast growing microfinance bank licensed by State Bank of Pakistan in August 2005, rated A- and A-2 by JCR-VIS⁴, has a current network of 39 on-line branches, 18 on-line sales & service centers along with 40 community centers across Sindh and Punjab. Additionally, it is the first bank to have a full and final approval to conduct branchless banking business in Pakistan. It has given new complexity to the microfinance sector by introducing innovative technology driven financial services to the under-served population through choice of bank tellers, ATM machines, mobile phones and Point of Sale (POS) terminals. In 2008 Telenor Pakistan acquired 51 percent share in TMFB for a foreign direct investment of US\$ 12.5 million. The increased client base through branchless banking is a key element of the expected profitability of this investment. In the future, the bank envisages establishing itself as one of the leading Microfinance Institutions in the country by expanding its geographic coverage, while gradually enhancing its market share.

As a result of this investment, TMFB and Telenor Pakistan announced the launch of a diverse suite of financial services and products under the 'easypaisa' portfolio, with the aim to provide mobile banking services to the unbanked people of Pakistan, building a diversified revenue base. The first two products to be introduced in the 'easypaisa' portfolio⁵ were Money Transfer and Bill Payment facilities. The third recently announced product is Mobile Accounts. This is a first of its kind product in Pakistan that offers customers the convenience of carrying out transactions through their mobile phones. These provide utility bill payments, other bill payments and cash withdrawal services through 5,500 plus retail outlets across Pakistan⁶.

Telenor Pakistan has become one of the few mobile operators in the world to receive a grant from the Bill and Melinda Gates Foundation's Mobile Money for the Unbanked (MMU) Fund. With the help of the grant, Telenor Pakistan will introduce a savings and insurance product under the umbrella of its 'easypaisa' services that will be tailored to the needs of the financially excluded. MMU grants are awarded to support commercially viable and sustainable mobile-operator-led projects that accelerate the deployment of mobile banking services to the unbanked. This year, only seven mobile operators have been selected from around the world for the grants based on their financial services.

³ The Consortium of British Humanitarian Agencies (CBHA) consists of 15 partner organisations, including CARE. CBHA's objective is to strengthen the coordination and capacity of the NGO sector to deliver appropriate, high quality, and quicker humanitarian assistance to populations affected by disaster. Link: <http://www.thecbha.org>

⁴ JCR-VIS Credit Rating Co. Ltd. is a joint venture by Japan Credit Rating Agency (JCR), Japan's premier rating agency, and Vital Information Services (Pvt.) Limited (VIS), Pakistan's data bank and financial research organization. JCR-VIS is rating the counterpart credit and financial strength of enterprises in Pakistan.

⁵ Easy Paisa is based/modeled on the M Paisa in Kenya where 70 percent of the population is using this system.

⁶ Rashid R. (2011), Overview of Microfinance Sector in Pakistan Through a Gender Lens, for CIDA Pakistan Program, Islamabad

The Cash-for-Work approach:

Objective:	To provide employment and income to fulfil basic food and non-food needs for their family
Main method of cash delivery:	Cash Transfers will be made through ATM cards and mobile banking system on a bi-weekly basis, to be paid at specific disbursement points on specific days.
Conditionality:	The beneficiaries work on selected infrastructure schemes to get the cash
Logistics of payments:	Mobile service vehicles and bank accounts for recipients
Roles and responsibilities of partners:	Implementing Partners (IPs): The IPs are tasked to conduct assessments, select appropriate beneficiaries based on set criteria, and identify community infrastructure sub-projects. The IP forms CfW working groups with dedicated team leaders. In line with the work plan, IPs submit weekly and monthly updates, detailing progress towards objectives. CARE, in addition to technical staff hired to work alongside the partner staff, monitor project activities and ensure the technical quality of the interventions. Tameer Micro Finance Bank (TMFB): TMFB is responsible for opening accounts for beneficiaries selected as Team Leaders, transfer salaries at the UC level as per agreed schedule through mobile service vehicles and provide full documentation to CARE in support of the disbursements.

The Conditional Cash-Grant approach:

Objective:	Flood affected HH received one time cash grants (of PKR 25,500) to revive and restore their livelihoods
Main method of cash delivery:	Disbursal of Cash grants by TMFB at UC level through Mobile Service Vehicles
Conditionality:	Submission of business plan and approval through review committee
Logistics of payments:	Mobile service Vehicles
Roles and responsibilities of partners:	IPs: Area assessment, beneficiary registration, collect business plan, participate in finalizing business plan, monitor progress and submit periodic progress report. TMFB: Transfer Cash Grants at the UC level as per agreed schedule through mobile service vehicles and provide full documentation to CARE in support of the disbursements.

South Punjab Projects:

Project 1:	PEFSA
Donor:	ECHO
Value:	2,509,632 Euro
Duration:	September 2010 – February 2011
Objectives:	Emergency food security and livelihood support to flood affected populations in Pakistan
Target Group:	Flood affected rural communities in Muzaffargarh and Rajanpur districts
Outputs:	5,400 HHs received 3 months short-term employment and income 3,832 HHs received conditional cash grants for revitalization of their business
Project 2:	CBHA
Donor:	DFID
Value:	4,961,850 USD
Duration:	December 2010 – November 2011 (extended)
Objectives:	To assist in restoring sustainable livelihoods and supporting economic

Target Group:	revitalisation for targeted flood affected communities.
Outputs:	Flood affected rural communities in Muzaffagarh and Rajanpur districts 16,000 HHs have access to immediate income and means for sustainable return. 3,000 HHs households have increased access to means to preserve existing agricultural assets and resume farming activities 4,000 flood-affected men & women resume/start-up non-farm micro and small businesses

Project 3:	CIIP
Donor:	Canadian International Development Agency (CIDA)
Value:	15, 090,361 CAD
Duration:	May 2010 to April 2015
Objectives:	Improved socio-economic status of rural disadvantaged women in selected districts of Pakistan's Punjab and Sindh Provinces.
Target Group:	Rural destitute women, who are widowed, divorced, separated or married with sick husband.
Outputs:	Employment creation for approximately 3,000 rural destitute women Engagement of local women in maintenance of rural earthen roads (up to 15,000 km) and community infrastructure to improve access of rural communities to essential goods and services Provision of life skills training to the participating rural destitute women, and Strengthening capacity of government institutions at the local and district levels by sensitizing them on gender and development issues to enable them to support these women in maintenance work as well as in entrepreneurship activities.

Sindh Project:

Project 1:	BMZ-II
Donor:	German Ministry for Economic Cooperation (BMZ)
Value:	741,000 USD
Duration:	September 2010 – April 2011 (completed)
Objectives:	Agricultural support through distribution of cash through a banking partner for an average of one acre each family "Cash for Work" (CfW) programme for cleaning drains in rural and agricultural rain damaged/flooded areas, cleaning of village infrastructure
Target Group:	Flood affected rural communities in Ghotki district
Outputs:	1,849 acre land rehabilitated to sustain economy in the agriculture sector of two UCs 4,123 HHs were reached (2,274 for CFW and 2,274 for Cash Grants) – 28,000 persons 183 public infrastructure schemes rehabilitated, 56 houses repaired

2. Partnership with the private sector

2.a. Risks and opportunities associated with the partnership

The private sector is playing an increasingly important role in post-disaster relief and recovery. Encouraged by positive experience in the response to large-scale humanitarian disasters over the past decade, the humanitarian world generally welcomes this increasing involvement.

As reflected in DFID's recent humanitarian review⁷, it is understood that the private sector can add to the overall capacity of the humanitarian sector by bringing extra resources and skills where they have an advantage.

Secondly, the private sector is likely to bring innovation, new technologies, practices and perspectives to the humanitarian community, which can lead to improvements and processes to scale faster.

To maximize the positive contribution of the private sector in humanitarian relief the private sector's engagement must feature some key characteristics⁸ In order to ensure greater understanding and possibilities for learning and collaboration a two-way, open and honest dialogue needs to be established between the private sector and the NGO community.

Both sectors should aim to establish partnerships and engagement prior to an emergency, based on a common interest in meeting a particular goal. It is also necessarily to consider an exit strategy of the relationship, as this will impact on the sustainability of any projects, skills, and markets that the partnership has had an impact on.

Potential for cooperation with the financial sector

At the same time, there is a growing recognition among the NGO community and public donors that cash transfers are an instrument that can be used – when appropriate – to meet project objectives more effectively than traditional in-kind assistance⁹.

This development is opening up new possibilities for cooperation with specialised financial service providers. They have better access to new technologies are often better prepared to provide innovative ways to deliver financial services, including to people earlier seen as too poor or too remote to benefit from formal financial intermediation.

In several countries, including Pakistan, commercial banks and micro finance institutions (MFIs) started to reach out to new clients by operating access points in places like retail shops or pharmacists.

Nowadays, partners have to justify in our programming why they are not using cash, especially in the food sector, and if markets working. This is our primary form of intervention.

(ECHO Team Pakistan)

Relief agencies work with this new banking infrastructure to deliver cash transfers in many settings, including opening bank accounts for beneficiaries, distribution of cheques to be cashed at branches, ATM cards (such as a debit card or prepaid card) or through mobile phone based transaction services.

This experience gives beneficiaries 'banking literacy' and is a possible entry-point into other financial services. By making the choice to work through a specific delivery agent, agencies need to understand the motivations of these service providers and ensure that providers understand their objectives and activities. Private sector agents may want to increase their client base or operating area, enhance their reputation or fulfil a social mission.

CARE Pakistan and Tameer Micro Finance Bank

In the response to the floods in Pakistan 2010, one of CARE's most successful emergency projects including cash transfers is based on its cooperation with Tameer Micro Finance Bank (TMFB).

Working TMFB and local partner NGOs to provide cash grants, CARE was able to rapidly scale up and exceed targets in terms of reaching flood affected beneficiaries with cash based interventions. With the recent cash-based CARE projects in South Punjab and Sindh, more than 40,000 households or

⁷ DFID (2011), Humanitarian Emergency Response Review, Lord Paddy Ashdown, London

⁸ OXFAM Int. (2007) Policy Compendium Note on the Private Sector and Humanitarian Relief, Oxford

⁹ Harvey, P. et al. (2011), Good Practice Review, Cash transfer programming in emergencies, Humanitarian Practice Network at ODI, London

over 270,000 beneficiaries have been reached and assisted. CARE is now exploring the idea of scaling up the assistance in these two provinces and expanding to others, including KPK, in cooperation with TMFB. CARE is also exploring similar partnerships in other operations.

While not without risk and challenges, the overall success of the relationship with MMFB has indicated an organizational need to better understand the potential and opportunities to work in partnership with the private sector during emergencies, especially when providing financial assistance to those in need.

SWOT Analysis of cooperation between CARE and TMFB

The below analysis is summarizing the output of three workshops carried out under this study with staff from CARE and TMFB between 04 and 06 July 2011. The objective was to assess “specific internal and external challenges faced on either side of the partnership CARE - TMFB, and propose recommendations for addressing challenges and improving partnerships with the private sector in emergency responses” (see also SWOT analysis summary in annex 4).

Strengths of the cooperation:

Both CARE and TMFB identified the high level of trust between both organizations as their main strength. Both agencies have understood each other’s respective domains. Fortuitously, the cooperation between CARE and TMFB was already established prior to the floods 2010, in order to implement the Canadian CIDA funded CIIP project. This accelerated mobilisation time and helped to create a foundation for other cash programming directly related to the flood response (Sindh, KPK). It is understood by both partners that the established collaboration represents a favourable entry point for a more structured cooperation - or even partnership in the future.

In its self-assessment, CARE believes to have the resources (human resources, transparent and efficient accounting systems, and sufficient back-up from the lead partner, i.e. CARE USA and CARE Canada) in place to fulfil their responsibilities and accept the related risks, i.e. to use its network of implementing partners, good contacts with the communities as well local government, and access to donors’ funds to scale up the its programming and cooperation with TMFB.

TMFB brings a lot into this endeavour as well, based on their institutional vision to “...emerge as a global benchmark for innovative and commercially viable microfinance solutions to the un-banked for their socio-economic empowerment” which represents a strategic objective that is in line with most NGOs’ humanitarian mandate. TMFB believes that it is this character as a Micro Finance Provider with a clearly defined social responsibility, rather than being a commercial bank, that qualifies them for a longer-term cooperation with humanitarian actors such as CARE. Through their unique (in Pakistan) resource pool for mobile banking services, their solid financial backing (through the majority shareholder Telenor), and their willingness to take the risk to explore new markets, it is unlikely to find a partner in Pakistan that is better prepared to offer the set of services CARE is looking for. TMFB’s expected commercial rewards from this cooperation are defined: to increase their client base and operating area, enhance their reputation, and offer their core services (loans and deposit accounts).

Weaknesses of cooperation:

It is debatable whether the cooperation between CARE and TMFB can (already) be described as a “partnership” in the sense of both agencies forming a public private partnership (PPP)¹⁰. PPPs usually span a spectrum of models that progressively engage the expertise or capital of the private sector. At one end, there is straight contracting out as an alternative to traditionally delivered public services (such as cash delivery). At the other end, there are arrangements that are publicly administered but within a clearly defined framework that allows for private finance, design, building, operation and possibly temporary ownership of an asset. This is evidently not the case with CARE and TMFB.

While the potential to develop into such partnership in the true sense of the term might be there (more on that below), the current situation is better described as a business relationship between CARE and a private, specialised service

¹⁰ The definition embraced by The Canadian Council for Public-Private Partnerships is as follows: “A cooperative venture between the public and private sectors, built on the expertise of each partner, that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards.”

(<http://www.pppcouncil.ca/resources/about-ppp/definitions.html>)

provider, in charge of a delivery mechanism for cash transfers. In the absence of a clearly defined strategy, no cost-benefit analysis has been carried out by either partner.

At present, CARE Pakistan has no strategy in place that includes a component of private sector engagement, nor has CARE Pakistan explored the strategic use of cash transfers outside the current set of projects that are either completed or in the process of completion. The lack of knowledge regarding private enterprise engagement/PPPs does not allow the country office to maximize the use of opportunities that might be presenting themselves. Secondly, and especially in disaster preparedness, emergency response and early recovery activities (where cash interventions might be most appropriate), CARE often continues to be driven by donor-interest rather than by demand, which is resulting in short-term contracts, insufficient human resources and no appropriate financial planning horizon. This makes it difficult to engage in longer-term partnerships with the private sector.

TMFB has so far only been engaged with CARE in carrying out the cash distribution and related administrative activities. The bank was not part of any other processes, including identification and documentation of beneficiaries or other part of the project cycles. Their ability to mobilise sufficient resources for providing adequate mobile banking services has been challenged by the large caseloads. And mobile banking services are merely a delivery mechanism, with their core business being micro loans and deposits. At the onset of the cooperation, TMFB had insufficient understanding of the non-profit sector, but limited ground knowledge about the new target areas in Southern Punjab and Sindh.

Opportunities for scaling up:

During the workshops conducted for this study, both CARE and TMFB expressed their interest in expanding their cooperation to new target areas. Scaling up of cash programming and coverage of underserved areas of Pakistan through the formal financial intermediation sector are both in the interest of the donors' community as well as government policy. Likewise, civil society actors are willing to cooperate with the private sector in exploring new avenues for assistance. It is a common goal of all stakeholders to empower disadvantaged communities and to increase their participation in economic development. A three-pillar model is envisaged: international relief

organisations with access to external public funding such as CARE can act as a catalyst for assistance provided by local civil society actors (field knowledge) and the private sector (innovation, efficiency and effectiveness).

CARE wants to explore the possibility of capitalizing on innovation and new technologies through private sector engagement by scaling up cash programming based on branchless banking in other areas of Pakistan. Cooperation with TMFB, confirmed by the positive experience from the floods response, would allow CARE to better manage risks, reduce the administrative burden of such operations in a very cost efficient manner. In pursuing this, CARE can also capitalize on their high level of acceptance by both the local communities in its target areas, as well as support from the donor community, which is actively encouraging private sector engagement. This includes an expansion of the cooperation with private sector in other areas as well¹¹.

There are insufficient tax incentives in Pakistan for the private sector to be more engaged in PPPs and to fulfill their social responsibility. In my view, PPPs are the only sustainable way to go forward.
If we see in 2 years from now that TMFB was able to extend their systems to rural areas targeted under the CARE programme, we definitely have a win-win situation for everybody.

(Canadian High Commission)

Likewise, TMFB sees unique opportunities for developing the partnership with CARE and other international relief agencies. The low penetration of large parts of Pakistan through the formal financial intermediation sector offers prospects for profitability for any agency that is willing to take the risk of expanding their service delivery infrastructure to new areas. The government of Pakistan is supporting this process of making financial services accessible to un-banked/under-banked parts of the population, and access to public funding is favourable door opener for the private sector. By scaling up the cooperation with CARE and adding other clients from the NGO community, TMFB would be able to accelerate

¹¹ Private sector cooperation in emergency response can encompass different areas, including the transfer of technical expertise in construction projects, social housing (for example through loans), and other areas.

their return on investment. Finally, deposits gained by beneficiaries i.e. banking clients through relief projects would mitigate the bank's risk in giving out loans.

Threats to scaling up:

A number of threats are challenging public-private partnerships in Pakistan in general, and the cooperation between CARE and TMFB in particular. As the recent escalation of atrocities in Karachi as well as the chronic conflict in the north-western part of the country indicate, Pakistan's political environment is distressed. But as experience shows, this always has the potential for rapid escalation, and it is weakening the government as well as the economy in the country. So far, the Pakistan government has done little to prevent an exit of a growing number of industries from the country that are shifting their production to other parts of Asia, first and foremost to Bangladesh. There are also insufficient incentives for the private sector to engage in PPPs – lack of tax breaks included. Furthermore, corruption remains a large obstacle to achieving much needed progress¹².

CARE's programming is challenged by an uncertain forecast on available donor funds, which makes their engagement in longer-term partnerships difficult. On the other hand, CARE's long-term goal¹³ is to support an enabling environment with a specific focus on marginalized women by supporting social mobilization, strengthening local capacity and creating strategic partnerships. This target is contested by an inadequate education system, especially for women, resulting in lack of training and insufficient awareness on business opportunities in target areas. Cash programming can only be one part of a multi-sectoral approach that is needed to overcome the obstacles for rural development in Pakistan.

The unclear planning horizons and investment risks are also signifying a key threat for TMFB when engaging in a longer-term cooperation with CARE or other humanitarian players. Carrying the main part of risk for the physical cash delivery in the field, TMFB is exposed to lack of security and other external hazards. Maintenance of adequate data

integrity in the cooperation with partners is another sensitive subject for TMFB (monitored by external audit and state bank). Finally, there is no one-size-fits-all distribution mechanism. Detailed knowledge about the environment in specific target areas is key for determining the right methods and security measures.

¹² According to the Corruption Perception Index of Transparency International, Pakistan ranks on the 143rd place of 178 countries in the world, sharing this low rank with Mauretania and Cameroon. Source: Transparency International (2010), Corruption Perception Index, Berlin

¹³ CARE (2010), Pakistan Flood Emergency Response Strategy, Revised December 2010, Islamabad, Pakistan

Interim Recommendations:

Taking above factors into account, the participants of the workshops conducted under this study suggest a number of interim recommendations on how address challenges and improving the conditions for cooperation between CARE and the private sector.

- *Clearly define each partner's strategy, including a clear outline of their objectives and plans for private sector engagement (PSE) in humanitarian programming.*
- *Formalize the relationship between CARE and TMFB and to establish a structured process, which includes continuous dialogue and sharing of ground knowledge.*
- *Engage in advocacy for promoting PPPs at various levels, including at donor level (P-shift), as well as with relevant stakeholders involved in dialogue with the Pakistan government on favourable micro-finance regulatory frameworks and tax incentives for PPPs.*
- *More specifically, CARE is recommended to raise the awareness of its staff on PSE on business linkages along value chains, including financial service providers, and to develop and integrate both a cash-programming, as well as a PSE strategy into their long-range strategic planning process (LRSP). The business relationship with TMFB and Telenor needs to be expanded and tested, using different delivery mechanisms as appropriate (e.g. Easypaisa) in other parts of Pakistan (such as KPK). On ground level, more needs to be done by CARE to develop the capacities of implementing partners and beneficiary communities, including disaster preparedness and training to village development/relief committees (VDC/VRCs) for preparing baseline data to allow for a more rapid response.*
- *TMFB is recommended to develop an expansion strategy for opening service centres in those areas that were accessed through public sector core funding, and to link cash-based programming with rural micro-finance. Further, it is recommended to develop educational centres in target areas in order to provide scaled training on micro-finance to potential clients and partners.*

2.b. Limitations and appropriateness with respect to humanitarian principles

As indicated earlier, and in order to ensure that communities affected by humanitarian crises benefit from humanitarian interventions to a maximum extent, partnerships between humanitarian actors and private sector companies could be developed, with the shared goal of alleviation of human suffering and provision of quality assistance to those most in need.

In the context of such partnerships, the World Economic Forum and the United Nations Office for the Coordination of Humanitarian Affairs (UN-OCHA) recommended in 2007¹⁴ that humanitarian

actors and private sector would work best together by ensuring that their collaborative efforts adhere to the principles for humanitarian action.

Albeit that these principles were designed to guide the private sector and the humanitarian community on a global scale, they offer a good basis to assess the level of compliance with humanitarian principles and codes of conduct for cooperation between CARE and TMFB in Pakistan (not conclusive). Source of information utilised are the focus group discussions carried out between 06 and 08 July 2011.

¹⁴ UN-OCHA (2007), Guiding Principles for Public-Private Collaboration for Humanitarian Action, Prepared by the World Economic Forum and the United Nations Office for the Coordination of Humanitarian Affairs, Geneva 2007

Principles for humanitarian Action:		Cooperation CARE – TMFB in Pakistan:	
Principle:	Description:	Level of Compliance ¹⁵	Notes:
1. Leveraging of Core Competencies:	Humanitarian action benefit from access to the expertise, resources, and global, regional, and local networks of the private sector	★★★	The cash-disbursement through mobile banking services notably contributed to the achievement of the objectives of the flood response.
2. Needs-Driven:	Ensure that their collaborative efforts are aimed at meeting identified needs and respect the culture, customs, and structures of affected communities without undermining local economies or coping strategies	★★★	The collaborative efforts met the needs of the target population and respected cultural norms, customs and structures. Local economies and coping strategies were not undermined.
3. Standards and Codes of Conduct:	Ensure that collaborative efforts adhere to hum. standards and codes of conduct. Private sector employees should be pre-trained in these principles as well as their partnership policies and procedures	★	Humanitarian standards and codes of conduct were adhered to. No training on principles and CARE's policies and procedures has been carried out for TMFB employees.
4. Relationships with Governments:	Engage national and local authorities as much as possible. Private sector partners should ensure that they respect the policies and operational independence of humanitarian actors	★★	Policies and operational independence of CARE has been respected. National and local authorities engaged only to minimum extend.
5. Building Local Capacity:	Build local skills and resources. Though this may not be possible in all contexts, both parties should work together to always ensure that their efforts do not undermine local capacity	★★	Limited build-up of local skills (except CIIP project) due to the fact that no training component was foreseen in the other projects. Local capacities were fully respected.
6. Donation Cost Coverage:	Ensure that all in-kind donations are needs driven and that additional cost is not necessitated from in-kind donations over local purchase alternatives.	NA	No in kind donations included under the projects.
7. Distinction between humanitarian and commercial activities:	Establish a clear separation between their divisions managing PPPs for humanitarian action and those responsible for procurement. Collaborative efforts to alleviate human suffering should not be used for commercial gain.	★★	Only partly applicable. Minimum direct commercial gain through TMFB.
8. Public Relations:	Ensure that PR activities accurately reflect their collaborative efforts and respect affected communities	★★★	Limited PR activities carried out by CARE. PR activities carried out by TMFB reflect accurately the collaborative effort.
9. Reporting, Monitoring and Evaluation:	Ensure that both partners report publicly on their collaborative efforts using clear reporting policies. Work together with local communities to monitor and evaluate the impact of their efforts on affected populations, using defined M&E procedures with the aim of being as systematic and impartial as possible to generate lessons to improve future engagement	★	Both partners followed internal reporting policies and emphasised their collaborative efforts. Limited monitoring and evaluation carried out by CARE, insufficient documentation of lessons learned to improve future engagement.
10. Predictability:	Develop partnerships that are predictable in nature. To this end, long-term partnerships should ideally be developed in which risk, needs, and support are identified in advance, and all related relationships and processes are defined in advance. Such long-term partnerships will allow both parties to continually learn and improve the impact of their relationships on communities affected by humanitarian crisis.	★	To date, no formalisation of longer term cooperation or partnership between CARE and TMFB.

Table 1: Principles of humanitarian action in cooperation with private sector (UN-OCHA)

¹⁵ Ranking: ★★★: Full compliance; ★★: Compliance; ★: Compliance in part (indicative only)

Summarising the table above, the core competencies of CARE’s strategy in complying with humanitarian principles are the leveraging of core competencies and the needs-driven approach. CARE can substantially benefit from access to the expertise and resources of TMFB, as well as its global partner (Telenor) and its local networks. The collaborative efforts are aimed to meeting identified needs and respecting the culture,

In order to gauge the level of compliance with general accountability requirements of CARE and TMFB, (abbreviated) recommendations from related policy note from Oxfam International¹⁷ can be utilised, which recommends several processes both for its own engagement with the private sector and for other NGOs in the humanitarian sector as a whole:

Accountability Recommendations:	Cooperation CARE – TMFB in Pakistan:
Undertake ethical screening of private sector companies that support the NGO’s humanitarian relief work or that are sub-contracted by the NGO to deliver aspects of humanitarian relief work.	Ethical screening process as per CARE standard procedure has been carried out.
The NGO actor and the private sector partner aim to establish long-term partnerships prior to their involvement in any emergency. This will enable greater trust between the actors and greater awareness of the skills and competences that each could bring to the partnership.	The aim to establish a long-term partnership between CARE and TMFB has been communicated, but not sufficiently formalized (no overall agreement in place).
Continual trialing of practical collaborations and pilot initiatives can build trust and mutual understanding, against a backdrop of continuing dialogue, to establish common vision and clarity on distinctive roles. Such pilots and collaborations should wherever possible have built-in learning and review elements.	The four projects carried out in partnership between CARE and TMFB represent valuable pilot initiatives that are building trust and mutual understanding. Both parties maintain dialogues to further define their common vision and clarity on their distinctive roles. No formal, built-in learning and review process has been agreed upon.

Table 2: Accountability recommendations for private sector cooperation (OXFAM)

customs, and structures of affected communities without undermining local economies or coping strategies. The key weaknesses relate to the M&E capacity of CARE, as well as the lack of predictability of longer-term partnership perspectives and learning opportunities due to the lack of formalized cooperation between CARE and TMFB with the view to forming a true partnership.

Accountability

As with any other form of assistance, cash transfer activities should follow basic principles of accountability, participation, dignity and transparency, as expressed in key documents, such as Sphere, the Red Cross and NGO Code of Conduct and the HAP standards. Processes should be in place to ensure that disaster-affected people can actively participate in the assessment, design, monitoring and evaluation of the programme¹⁶.

In summary, it can be concluded that the project complies with humanitarian principles and accountability frameworks, but some limitations are observed.

Recommendations for future action include:

- *Private sector employees should be pre-trained in humanitarian principles as well as their partnership policies and procedures*
- *Engage national and local authorities to a greater extent*
- *Carry out more structured monitoring and evaluation, improve documentation of lessons learned to improve future engagement*
- *Formalise longer-term cooperation or partnership between CARE and TMFB*
- *Build-in learning and review elements into future programming*

¹⁶ HAP International, (2008) The Guide to the HAP Standard, Humanitarian Accountability and Quality Management, London; Sphere Project (2011), Humanitarian Charter and Minimum Standards in Disaster Response, revised edition

¹⁷ OXFAM Int. (2007), Policy Compendium Note on the Private Sector and Humanitarian Relief, Oxford

2.c. Limitations and appropriateness of operating principles

Pakistan has a growing and strong civil society, which CARE is committed to working with in all its programs. In-line with its overall strategy in Pakistan¹⁸, CARE's form of civil society partnership is based on active engagement with its partners. CARE works with local partners closely through sub-granting.

CARE staff provides technical support to partners and monitors their activities to ensure compliance to quality and accountability standards. Based on its past five years experience, CARE Pakistan is confident that these local partners will continue to play a major role and add value in scaling up emergency response as required.

In South Punjab, partner organisations involved in the cash programming include: SPO, AWAZ, and Caritas. These partners were primarily selected on the basis of their outreach in the affected areas and their expertise and past experience with CARE. In Sindh, CARE's identified a new partner (VDO) in the district of Ghotki, for the implementation of cash-transfer activities.

Supported by its head office in Karachi, TMFB coordinated its participation in this project through its regional office in Lahore, Punjab. In addition to that, TMFB draw on 19 branches in Punjab and 6 braches in Sindh and a number of Mobile Service Vehicles (MSVs). All offices and MSVs are linked online through internet/GPRS based technology.

No noteworthy limitations in the appropriateness with respect to partner's way of working and operating principles were observed during the implementation of the project. The cooperation between CARE, Implementing Partners and TMFB was functioning well.

Logistics of payments

The bank has been fully accountable for cash transferred to the delivery sites up until the cash has left the mobile bank and cash handed over to the recipient. For CfW, each CFW team of around 20 persons elected one or two team leaders to pick up the cash for each of their groups. For livelihoods cash grants, a one off cash payment was carried out to each individual, staggered over the period of project. The IP's ensured that all payment sites are accessible for a heavy mobile back truck and located at secure places (in front of government buildings, police stations, etc.) and made sure that all recipients are on time to collect the money.

Limitations observed during the process were mainly caused by the shortage of time and the scale of the response. The available fleet of MSVs were sometimes insufficient to disburse large cash-amounts in different locations. Delays during distribution at one disbursement point in the morning (due to late arrival of recipients and bad road conditions) caused increasing delay in distributions at other locations on that day. In general, however, the process can be described as sufficient and effective, with no significant problems encountered.

Recommendations for future programming include:

- *Better preparedness can shorten mobilisation time and increase the time frame available for cash distributions*
- *Enhanced knowledge of the target area (access roads, etc.) will also contribute to improved distribution cycles in the future.*

¹⁸ CARE (2010), Pakistan Flood Emergency Response Strategy, Revised December 2010, Islamabad, Pakistan

3. Relevance and Appropriateness

3.a. Appropriateness of intervention to needs of population and context

Awareness of how cash transfers can be used and their impact has grown rapidly over the past six years. Cash transfers are generally considered¹⁹ as appropriate in contexts where the markets are functioning but failing to meet peoples' needs because people lack the income to purchase available goods (demand failure).

In 2007, Harvey²⁰ published an overview of cash-transfers and concluded that in situations where markets are functioning, "it is possible to target and distribute cash safely, and people spend money sensibly on basic essentials and on rebuilding livelihoods. Cash transfers can provide a stimulus to local economies, and in some contexts can be more cost-effective than commodity-based alternatives."

After a natural disaster, however, cash-based programming may be difficult in early stages due to displacement, disrupted markets, and damage to infrastructure, and may be more feasible during recovery phase. But while some environments are more conducive than others, there is no apparent reason why cash cannot be used in an emergency response, too²¹.

In general, and according to the PEFSA report²² which is also covering CARE's project under this ECHO-funded alliance programme, the response from both recipients and non-recipients was overwhelmingly positive about the appropriateness of cash-based intervention in the flood response in Pakistan.

EMMA market analysis recommends unconditional/conditional cash transfers and cash for work

The functioning of markets and their level of activity is one of the key factors in shaping decision-making for cash transfer programming²³.

One key aspect of the programme was therefore the critical need to determine if a) goods and services that people need are available locally, if b) markets are able to respond to an increased demand for commodities, and c) to establish the most appropriate type of humanitarian response.

In response to this requirement, the PEFSA alliance carried out an Emergency Market Mapping and Analysis (EMMA²⁴) between 07 and 28 September 2011. The EMMA report identified cash transfers "as being a crucial element (...) in order to bring income into HHs and to support and restore the rural economy to normal seasonal patterns."²⁵

The EMMA report stipulates that, amongst other activities, Unconditional/ Conditional Cash Transfers would allow purchasing for immediate needs until other assistance is available. They would support the market chain, help to strengthen/protect other affected livelihood assets

*We invested the grants a bit for business, a bit for repair of our homes, and for our daily needs. Most people who received these grants bought some livestock; the rest was used for other needs. Everybody did that.
Male beneficiary in UC Alipur, Punjab)*

The trend is clear: People in Pakistan do not want charity. They do not want handouts, they want to work and be proud of what they are doing. If we don't listen to that, we will create a dependency mind-set.

(Canadian High Commission)

¹⁹ FAO (2011), The use of cash transfers in livestock emergencies and their incorporation into Livestock Emergency Guidelines and Standards (LEGS), Animal Production and Health Working Paper. No. 1. Rome

²⁰ Harvey, P (2007), Cash-based responses in emergencies, HPG Report 24. London: Overseas Development Institute

²¹ Harvey, P. et al. (2011), Good Practice Review, Cash transfer programming in emergencies, Humanitarian Practice Network at ODI, London

²² DG ECHO (2011a), Pakistan Emergency Food Security Alliance (PEFSA), Final Evaluation Report, APEX Consulting Pakistan (ACP) for Save the Children, Islamabad, Pakistan

²³ WFP (2011) Planning and Implementing Cash Transfers in Emergencies. Practical insights from Pakistan. World Food Programme, Rome

²⁴ see: www.emma-toolkit.info

²⁵ DG ECHO (2010) Emergency Market Mapping & Analysis Pakistan Flood Response, 7-28 September 2010, Islamabad, Pakistan

within targeted households, and prevent migration of landless labourers.

Another intervention recommended by the EMMA was Cash for Work (CfW). This intervention would create the opportunity to work on necessary projects such as land levelling, canal/irrigation repair, debris clearing, shelter, and would help the flood-affected population to restore normal seasonal activity, for the benefit of the entire community. Systematic CfW activities would also provide an opportunity for local partnerships and capacity building and directly support the market chain for labour²⁶.

Both interventions were forming the core activities for CARE under the cash programming during the flood response in South Punjab and Sindh. CARE decided against implementation of unconditional cash grants under the ECHO/PEFSA project (while other PEFSA partners did carry out unconditional transfers to highly vulnerable households).

The funding limit for unconditional cash grants under the ECHO contract was only 100,000 USD in total per agency – a relatively minor amount when compared against the needs. Regarding the size of the transfers, it was decided that a fixed amount be given to every household irrespective of family size or situation. This seems pragmatic given the burden that would be required to tailor the package to individual needs and the difficulties that different packages may cause within the community.

CARE project documentation indicates that the size of the CfW activities was based on standard wage levels in the affected communities. CfW workers wages were set at PKR 350 per day (300 PKR in Sindh), and considering the role and responsibilities of team leaders their wages were fixed at PKR 500 per day.

The size of the conditional cash grants was agreed upon at 25,000 PKR with other humanitarian actors on the ground²⁷. According to best practice reviews by the NGO community, this amount is sufficient to obtain needed resources for the cultivation of two acres of land).

Focus group discussions carried out under this study (see also below) confirmed overall the appropriateness of these payment levels.

Recommendations for future programming include:

- *Always carry out adequate market analysis prior to the implementation of cash-programming*
- *Consider need-based approach as per the specific local context, rather than fixed amounts wherever possible.*
- *Ensure availability of tools for all CfW projects (negative experience in Sindh), consider pre-positioning of tools*

²⁶ Ibid.

²⁷ CARE (2011), ECHO Single Form: Emergency food security and livelihood support to flood affected populations in Pakistan (draft final report status) (internal)

3.b. Appropriateness of intervention in relation to customs, practices, social organization

Targeting of beneficiaries

Targeting of the neediest population is one of the most difficult tasks in any humanitarian project. The diversity within any society means that the impact of a disaster will vary from household to household and individual to individual. Despite these concerns a review of case studies has concluded that “targeting cash is not significantly more difficult than targeting in-kind assistance”²⁸

The targeting process should be determined by the objectives of the programme, not the means through which the project is implemented (e.g. cash transfers). It should also take into account availability of data, resources and capacity, within the agency and its partners.

For their flood-response activities in Pakistan, CARE has chosen a mix of geographic and community-based targeting, which focussed on identifying specific areas that have been particularly affected by a disaster or where needs are greatest.

Taking local circumstances into account, community-based targeting included different forms of cooperation with elected village committees. The main risk of such a community-based approaches, however, is generally that powerful elites in local communities may dominate targeting decisions, raising risks of corruption, preferential treatment and the exclusion of the most vulnerable²⁹.

Overall, the focus group and stakeholder responses to questions about the fairness and accuracy of targeting paint a clear picture that the targeting process was generally considered fair, and that the correct people were targeted. However, no particular vulnerable households were identified to receive specific range of assistance (see also below).

The targeting process could be made more effective by following the following steps:

- Ensure better awareness of the target population regarding the scope and objectives of the project
- Take more advanced steps in avoiding indirect

influence of power structures on the beneficiary selection process by either a) carrying out the assessment directly (and not through Implementing Partners), or b) using a different agency for the assessment and for the implementation (firewall)

- If that is not possible, carry out more systematic and dedicated verification exercises

Gender factors

Gender is highly sensitive to socio-cultural norms, attitudes and practices that vary from one society to another, and even between communities within the same society. During times of crisis, gender relations must be situated within their broader, long-term societal context.

One of the general concerns raised in recent studies about cash transfer projects has been their potential to negatively influence gender relations within recipient households. Other studies have noted positive benefits in increasing women’s influence in household decision-making over finances³⁰.

A concerted effort was made by the three flood response projects in South Punjab to target women and men. The CIDA-funded CIIP project is an exception, as it only targets women³¹.

You should provide opportunities for us women to use our own skills. We want to be engaged, but we prefer to work next to our houses, and do things we know best.

(Female beneficiary in UC Jatoi, Punjab)

At first, it was difficult to engage women in cash-work. We met with communities, social organisers, and hand many meetings with male and female beneficiaries. But when they saw the progress, the smooth implementation, combined with the fact that there was no supervision by male staff, all women agreed.

(CARITAS Pakistan, Implementing Partner in Punjab)

²⁸ Harvey, P. (2007), Cash-based responses in emergencies. HPG Report 24. London: Overseas Development Institute

²⁹ Harvey, P. et al. (2011), Good Practice Review, Cash transfer programming in emergencies, Humanitarian Practice Network at ODI, London

³⁰ Ibid.

³¹ Note: As this CIDA-funded project started before the floods, the main focus on gender issues is given here to the

Overall, about 40% of the registered recipients of the cash-assistance in Punjab were women. In focus group discussions both men and women lauded this approach. In Sindh, only 54 women out of 2,257 beneficiaries were included under the CfW. As the infrastructure schemes mainly included repair of irrigation systems, the male population in the villages rejected the idea of women forming work teams. The women included under this project worked only on the repair of retaining walls and bridges within the villages.

Learning from best practice from the CIIP project (only women targeted, engaged in road repairs) and other agencies involved in cash-programming (for example OXFAM), more efforts should be undertaken in order to better include women in CfW activities. Beneficiaries also demanded this during community discussions. Women as well as people with disabilities, elderly etc. can support the work teams by delivering water, handing tools, cooking etc.

Another problem raised in the two female focus group discussions in Punjab as well as by TMFB, related to the identification of women during the verification process. Women wearing a veil needed to uncover their face for positive identification prior to receiving cash at the MSVs. While this was not a big issue for many, it was an issue for some.

CARE reports that in one village, the team leader of a female working group had to be changed twice, as the previous team leaders did not accept the requirement for showing their faces for identification during the cash disbursement. A key challenge was due to the fact that TMFB did not have any female staff available during the distribution, which could handle the female clients.

Recommendations to ensure that gender is better taken into account in future programming include:

- Increase engagement of women in CfW through other tasks, i.e. delivering water, cooking, mud block making (for their own HHs) etc.
- Engage female staff at TMFB mobile service vehicles
- Share best practice on female engagement in CfW in Pakistan with CaLP network partners

It is fascinating to see when women get cash in their hands. Many are not used to cash at all. With the cash under the CIIP project, women are able to plan their household. Through a very safe and transparent mechanism.

(Canadian High Commission on the CIIP project)

projects that are directly and exclusively related to the flood response.

3.c. Access to projects for vulnerable families

Like any other form of distribution, cash transfer projects must also take account of the needs of vulnerable groups (*including single female headed households, disabled and elderly, etc.*). Through its geographic targeting method, and in cooperation with its implementing partners, CARE selected most affected communities that have been physically accessible at that time. Feedback received during this study by three donors (CIDA, DFID, ECHO) confirmed the appropriateness of this approach. The approach allowed CARE to target most vulnerable communities. The social fabrics in these villages are rather homogeneous. Most families within the villages (*gaun*) and surrounding hamlets (*paind*) are sharing the same lifestyle and access to resources is relatively similar.

The individual selection criteria took standard vulnerability factors into account. No specific assistance, however, was provided to most vulnerable households (for example unconditional cash grants). Families that were identified as unable to participate under the CfW activities were included by CARE, to the extent possible, in the Conditional Cash Grant component under the PEFSA and CBHA projects.

The exclusion of unconditional cash grants for most vulnerable households in the targeted communities is partly a function of the project design (not foreseen under CBHA, BMZ II, and CIIP), partly a voluntary decision by CARE³².

This decision can be considered as somewhat problematic for the following reasons:

- The PEFSA evaluation suggested that unconditional cash grants (as provided by other PEFSA partners) were particularly helpful for women/women-headed households. In the opinion of ECHO, CARE would have been advised to make use of this facility in their project.
- The fact that families which did not qualify for inclusion under the CfW components received Conditional Cash Grants resulted regularly in the alternate use of funds, when compared to the project objective (business investment).

On the other hand, the feedback received from beneficiaries during focus group discussions

³² CARE indicated that the ECHO funding limit for unconditional cash grants was too low (100,000 USD) and that the distribution of unconditional cash grants would increase the risk of corruption.

indicate that by far, people were much happier with the CfW project than with the cash grants. As mentioned above, people who cannot work can still support the work teams by handing tools and water, or cooking.

In the course of the projects implemented by CARE, no person was excluded from receiving assistance because they had no national ID card (CNIC, or the older NIC). Due to the flexibility of TMFB, statements by village elders were accepted as proof of identity. This was particularly often the case in Sindh, where a large number of people lost their ID cards during the floods, or never had any.

In the BMZ II project in Ghotki, no tools were provided to the CfW teams. Extremely vulnerable persons, who had no access to tools, were reportedly excluded from the work teams.

We have seen the places. And we can confirm that the UCs selected were the most devastated areas. Especially along the beds of river Indus. We did not disburse any cash in any non-affected area.

(Tameer Bank)

Unfortunately we were not able to reach everyone. We did what was possible with the resources and in the time we had.

(CARITAS Pakistan, Implementing Partner in Punjab)

Recommendations for future programming include:

- *Improve assessment methods for the identification of most vulnerable households*
- *Consider a full set of cash-based interventions for future programming, including unconditional cash grants for most vulnerable households*
- *Include vulnerable households into CfW projects through supporting activities (water delivery, cooking, handing tools, etc.)*
- *Always provide tools to allow vulnerable persons to benefit from CfW projects (negative experience in Sindh, where no tools were offered)*

3.d. Consultation process with beneficiaries on their priorities

The PEFSA Evaluation ³³ reports that during assessments carried out by each alliance partner (including CARE) prior to program start, communities were consulted about their outstanding needs. But the active participation of the community in modality design, implementation, supervision and subsequent monitoring was rather low.

This finding need to be viewed in the perspective that even in regular development programs, community participation is a lengthy process and requires time and patience.

Community involvement becomes even more difficult in an emergency situation given the short time, physical distribution of the community and psychological trauma of the emergency, which focuses attention on immediate survival.

CARE was able to draw on the experience and knowledge of local NGOs.

During discussions with CARE staff, one problem raised regarding conditional cash grants for business purposes. During the ECHO-funded PEFSA project, no training or consultation on business needs was provided, or suggestions made on alternative ways of investment. Consequently, recipients used the money mostly for buying livestock (and needed to wait 4-6 month to achieve economic impact) or consumption.

Recommendations for future programming include:

- *During the implementation of the action, further beneficiary involvement will be integral*
- *Women representatives need to be consulted more regularly as this is considered crucial to ensure that the right activities are chosen in support of recovery*
- *Always provide training/advice for conditional cash grants*

When I spoke to the beneficiaries directly, and I did this a lot, they were all very happy. They receive their payment on time, regularly, and in full. They were used to wait for their salaries from agricultural work sometimes for 3 months before; some even got only paid in rice.

(Canadian High Commission on the CIIP project)

³³ ECHO (2011a), Pakistan Emergency Food Security Alliance (PEFSA), Final Evaluation Report, APEX Consulting Pakistan (ACP) for Save the Children, Islamabad, Pakistan

3.e. Satisfaction of beneficiaries

The PEFSA evaluation states that “the vast majority of surveyed participants responded that food assistance extended through PEFSA Alliance Partners (including CARE) was adequate to meet their consumption needs”³⁴. About 64% of households admitted that they were asked about their needs prior to the provision of assistance. Stated needs of 86% of these were met through PEFSA interventions. The Evaluation concludes: “Had there been no other forms of assistance and had PEFSA interventions also not been instituted, the majority (90%) of community members would have been forced to sell assets or take a loan to meet their food and other essential requirements”³⁵.

During community discussions, all respondents confirmed their satisfaction with the CfW projects implemented by CARE. The salary levels were appropriate, the payment regular and fast.

Complaints regarding CfW included:

- Vulnerable persons with no tools were unable to benefit from the CfW project in Ghotki, Sindh (as no tools were delivered for this project).
- Some needed infrastructure works could not be included in the project design as material (concrete) or machinery (river embankments) would have been needed.

The level of satisfaction with conditional cash grants was high, but generally lower when compared to CfW. The conditionality of the cash grants was perceived as too restrictive. But ultimately, CARE had no possibility to enforce the use of cash for the intended purposes. Consequently, a substantial part of the use of the cash grant was used for other purposes than intended, i.e. purchase of clothing, food items, repayment of loans, etc.

As far as the satisfaction with the modality of payment is concerned, CARE concludes its Final Report of the ECHO-funded PEFSA intervention: “This modality of payment through Mobile Van Banking Service was very much appreciated by the community as it ensured leak-proof and transparency of payments. The beneficiaries felt

their status was enhanced by having an ATM operated bank account”³⁶.

This positive finding was confirmed during the community discussions.

Complaints regarding payment modalities included:

- Quality of the currency: Occasional complaints were recorded that the physical quality of the bank notes was often poor. During one Focus Group Discussion, respondents said that vendors in the markets refused their bank notes.
- Size of bank notes: Recipients complained that they occasionally had difficulties to pay for household items with large 1,000 PKR notes.
- Delays in arrival of MSVs, especially during distributions later in the day (delays during earlier distributions and road access problems accumulated).

The target beneficiaries were expecting immediate assistance like they have received from other organisations. But when we introduced the concept to them, they liked it. We told them we want them to become independent, and they understood that.

*CARITAS Pakistan,
Implementing Partner
in Punjab)*

Recommendations for future programming include:

- Always make sure CfW beneficiaries have access to tools
- Consider delivering basic construction materials as required for needed, more complex infrastructure schemes (concrete, bricks, access to mechanised devices)
- Offer unconditional cash grants for most vulnerable HHs
- Explore possibilities to get better quality currency in smaller bank notes (where possible)

³⁴ Ibid.

³⁵ Ibid.

³⁶ CARE (2011), ECHO Single Form: Emergency food security and livelihood support to flood affected populations in Pakistan (draft final report status) (embargoed)

4. Effectiveness and Efficiency

4.a. Effectiveness of approach in relation to overall costs of cash delivery

The cost of cash transfers compared to other forms of assistance is clearly a crucial question in deciding the appropriate type of response. If cash is a more efficient or cost-effective way of helping people, then more people can potentially be supported than with an in-kind alternative³⁷.

A multitude of studies looking into effectiveness and efficiency of cash programming versus in-kind assistance are available (see annex 2 for references). In the context of this study, the cost-benefit and advantages/disadvantages of different cash delivery mechanisms shall be looked at.

Wherever possible agencies should benchmark costs against previous cash projects in that context or in similar contexts. Harvey (2011) lists a couple of examples from South Sudan, Kenya, Pakistan, and Bangladesh. The costs range between 4% (WV in Lesotho) and 11% (remittance companies in Somalia) of the amounts transferred. Other agencies calculate with a fixed amount per transaction. Not included in this are costs for financial management, security, etc. Therefore, it is extremely difficult to do a cost comparison of different cash delivery mechanisms. In general, and regardless of the delivery method, it is more difficult and expensive to get cash to people in insecure and remote environments.

The main mechanism used in Pakistan for cash programming is the use of bank cheques (to be cashed in by the beneficiaries at a local branch of a specific bank). Oxfam International has substantial experience using this mechanism for cash-transfers in Pakistan for many years. According to Oxfam Pakistan, the transaction costs for bank cheques is 0.2% (again, excluding costs for training, administration, printing of cheques, etc.).

This percentage is considerably lower than the cost level of mobile banking charged by TMFB (2.25% plus tax, i.e. 2.5% in total). Still at the lower end when compared to international experiences as per above, the cost level for mobile banking services charged by TMFB is too high for some relief agencies operating larger scale cash programming in Pakistan.

When looking at the cost-efficiency of different options for cash programming, however, it is important to keep in mind that efficiency is not the only consideration when making programming decisions. One type of programming (such as mobile banking) might be less cost-efficient (in that it costs more than a similar intervention) but more cost-effective (in that it is better at meeting project objectives than the cheaper intervention)³⁸.

Some organisations approach us that they don't need to open accounts for beneficiaries. That giving out physical cash is the actual need. We look at this on case-to-case basis. We still believe that the modality used in the cooperation with CARE has been the most appropriate one.
(Tameer Bank)

Recommendations for future programming include:

- *In choosing a delivery method, CARE needs to assess the costs and benefits of different options, both to the agency and the recipient. Provider charges, staff time, transport, security and communication costs all need to be taken into account. The main costs to be considered for beneficiaries are transport, travel and waiting times.*
- *Maintain dialogue with other agencies involved in cash programming and sharing best practice on cash delivery mechanisms and try to negotiate more cost-efficient arrangements with potential service providers.*

³⁷ Harvey, P. et al. (2011), Good Practice Review, Cash transfer programming in emergencies, Humanitarian Practice Network at ODI, London

³⁸ Ibid.

4.b. Effectiveness of the delivery mechanism

There is not “one-size-fits-all” approach possible for choosing the most effective cash delivery mechanisms. Different agencies prefer different delivery mechanisms for reasons of appropriateness to the specific context, scale of

the intervention, and cost-efficiency/effectiveness. Below table summarises the most commonly used cash delivery mechanism for humanitarian programming:

Cash delivery option	Advantages	Possible disadvantages	Factors to consider in Pakistan (flood response 2010)
Direct cash/voucher delivery (cash in envelopes)	<ul style="list-style-type: none"> - Speed, simplicity and cost flexible if recipients move location 	<ul style="list-style-type: none"> - Security and corruption risks - Labour intensive, especially in terms of staff time - For recipients a lack of flexibility in when they receive cash and possible long waiting times 	Security issues and high risk of corruption. People often do not have personal documents/photographs, so observer verification during distribution is necessary. Transport and logistics
Delivery using bank accounts	<ul style="list-style-type: none"> - Reduced workload for agency staff - Corruption and security risks reduced if institutions have strong control systems - Flexibility and convenience for recipients (can choose when to withdraw cash and avoid queues) - Access to financial system for previously unbanked recipients 	<ul style="list-style-type: none"> - Time needed to negotiate roles, contractual terms and establish systems - Reluctance to set up accounts for small amounts of money - Bank charges may be expensive - Recipients may be unfamiliar with financial institutions/have some fears in dealing with them - Possible exclusion of people without necessary documentation and children 	Proximity of recipients to banks. Resource requirements for verification of all phases of fund transfer Need for recipients to have ID documents
Without accounts using cheques	<ul style="list-style-type: none"> - As above and can avoid delays that can be caused by having to verify transfers 	<ul style="list-style-type: none"> - As bank accounts are not opened, recipients do not gain access to the banking system 	Security issues and high risk of corruption Proximity of recipients to banks. Transport, travel and waiting times for recipients. Lower cost level (high cost efficiency)
Mobile Service Provider (such as TMFB)	<ul style="list-style-type: none"> - Sub-contracted parties accept some responsibility for loss - Security risks for agency reduced - As with banks, Less labour intensive than other mechanisms - Flexibility and access – systems may be near to where recipients live, flexibility in receiving cash - Recipients without bank accounts can benefit (CfW) - Unlike smart cards, ATM cards can only be used to withdraw cash in an ATM vehicle 	<ul style="list-style-type: none"> - Credibility could be at risk if the transfer company cannot provide the money to the agreed time schedule - Only appropriate where/when there is vehicular access - Can be time consuming if recipients are widely scattered 	Security issues: MSVs are not able to access all target areas Time consuming registration process Higher cost level (lower cost efficiency)
Delivery via pre-paid cards or mobiles (such as Easypaisa)	<ul style="list-style-type: none"> - As with banks, possible reduced corruption and security risks, reduced workload for agency staff, greater flexibility in where cash can be collected from (eg. Mobile Points of Sale, local traders) - A mobile phone (individual or communal) can be provided at low cost to those who don't already have them 	<ul style="list-style-type: none"> - Systems may take time and be complex to establish - Risks of agents or branches running out of money - Costs and risks of new technology such as smart cards - Recipients may be unfamiliar with new systems - Form of identity required to use payment instrument depends on local regulations and may exclude some people 	Network of Points of Sales limited in target areas Low penetration of mobile telephones Security risk at sale points. Lack of availability of cash for larger scale interventions

Table 3: Advantages and disadvantages of different cash delivery options (adapted from International Red Cross and Red Crescent Movement 2007, Harvey 2008, Harvey et al, 2010)

Taking into account the existing capacities/constraints of both CARE as well as their local Implementing Partners and the specific context in the flood-affected areas in Pakistan into careful account, CARE's decision to operate with a mobile service provider can be considered as appropriate. Advantages were utilised, possible disadvantages mitigated.

The main advantage of this delivery method is the high level of transparency and the reduced risk of corruption and security incidents. This has been confirmed by all sources contacted in the course of this study, including CARE staff, implementing partners, donors, beneficiaries (male and female) and other stakeholders.

Secondly, the cooperation with TMFB linked unbanked people, for the first time for many of them, with a financial service provider. This contact creates scope for both beneficiaries to benefit from access to financial services (including micro loans, etc.) in the future.

The fact that beneficiaries received cash "at their doorsteps" has to be seen in the local context and might not be the main advantage of this delivery mechanism: Beneficiaries, many of them being extremely poor and living in remote areas, did not need to borrow/invest money for travelling to static bank branches. This is clearly a benefit that should not be underestimated. However, in most instances cash recipients needed to travel to the markets (where bank branches are located) anyhow in order to buy food, clothes or even livestock and agricultural supplies.

Nonetheless, the delivery mechanism proved to be very effective, but not essentially very cost

efficient. Using bank cheques instead of mobile banking services might be the most cost-efficient way of providing cash assistance to larger target groups in Pakistan. Secondly, in some areas of Pakistan where agencies such as CARE are implementing

cash-programming the security situation does not allow a service provider to operate mobile service vehicles, for instance in upper Swat valley (mobile phone technology could represent an alternative mechanism in this environment).

Working with Tameer Bank was very cost effective. By matter of comparison, we currently work with another NGO on CfW and we need to work with cheques. I signed 200 checks today. This is a painful process. Other organisations don't want to work with commercial banks.

(SPO, Implementing Partner in Punjab)

Recommendations for future programming include:

- *Maintain full flexibility in choosing the most appropriate delivery mechanism taking factors of (cost) efficiency and effectiveness into careful account.*
- *Further mitigate disadvantages of the delivery mechanism chosen. This includes preparedness for using a specific mechanism (database design, training of staff, etc.)*

4.c. Flexibility of Tameer Micro Finance Bank

According to all sources that experienced TMFB's operations on the ground contacted during this study, the bank has responded to challenges on the ground and in meeting the needs of emergency response with commendable flexibility. Especially in the province of Sindh, a number of beneficiaries did not have a national identity card (CNIC) or even the earlier form of identification (NIC). TMFB accepted witnessed statements by community elders as proof of identity and issued unique identification numbers to those recipients.

Experience showed that only in few instances beneficiaries did not show up at the communicated distribution point and time. TMFB

responded in a flexible fashion by offering these beneficiaries to receive their cash at a following distribution or at a different site. In the view of CARE and its implementing partners, the flexibility displayed by TMFB was one of the main added values of working together with a dedicated partner and service provider.

Flexibility is key. Otherwise banking becomes a very conventional process everywhere. Our approach was developed to deliver micro finance assistance. If we come across a challenge, we solve it.

(Tameer Bank)

4.d. Effectiveness of use of technology

The availability of a fleet of armoured, mobile service vehicles (MSVs) has been a key factor in choosing TMFB as the service provider for CARE's cash programming. All vehicles were connected via GPRS with the central IT network of TMFB. Prior to the disbursement of cash, TMFB staff assessed all areas and tracked the mobile phone coverage. Each vehicle was equipped with a number of different GSM cards of the different mobile phone providers to maximise the connectivity and possibility for real-time telecommunication.

The availability of such technology is unique to the private sector. The use of this technology contributed most significantly to the success of this delivery mechanism, by providing the highest level of data security, accuracy and transparency. Technology is not foolproof, however. In few instances and in extremely remote areas in Southern Punjab, no mobile network was available. In these instances, TMFB staff continued with the distribution and recorded the transactions offline.

The MSVs are not equipped with satellite data link systems, which can be considered a weakness of their systems. The impact of this issue has been minimal, though.

Secondly, a rather simple technological problem occurred during cash distribution. The high

illiteracy rate in Punjab and Sindh resulted in difficulties for cash recipients to count the bank note received at the MSVs. This caused quite some delays, as the recipients were advised to count the bank notes before leaving the service point. A simple cash counting machine could help speeding up the distribution.

Not utilised under the projects discussed here, but planned for future use in cooperation between CARE and TMFB and therefore worthwhile mentioning, is the mobile phone based "easypaisa" branchless banking system. This innovative system is again a good example for the advantage humanitarian agencies can gain when cooperating with specialised service providers from the private sector. This technical cooperation could also be an important model for other humanitarian response, if and where the technology is commonly available (for example for the Kenya drought response plan).

Who would have imagined in 1995 that you could send money with a mobile? We need to use new technologies as soon as they are available. The 70ies and 80ies charity is over.

(ECHO Team Pakistan)

4.f. Safety and security aspects of the cash transfer

All projects bringing resources to communities are exposed to corruption, and cash is no exception. Cash is sometimes seen as more difficult to deliver than in-kind assistance because it is more attractive and therefore more likely to create security risks³⁹. On the other hand, many corruption risks faced by in-kind transfers occur during procurement, storage and transport.⁴⁰ Risks during cash transfers can be minimised by selecting an indirect method of delivery⁴¹, such as the process chosen by CARE in cooperation with

TMFB to outsource the risk away from their staff.

Beneficiary selection

While the cooperation with TMFB and the selected delivery mechanism increased safety and security of the cash transfer substantially, corruption risks remained at the registration and targeting stage.

Targeting can create incentives for local committees and powerful elites (formal or informal) to manipulate beneficiary lists by demanding bribes or by adding/duplicating names on registration lists⁴². It is therefore important to have clear and sufficient accountability safeguards in place to control this aspect of cash programming and to minimise these risks.

In South Punjab, CARE and its Implementing Partners the lists were prepared, based on initial house-by-house assessments, through the

³⁹ Harvey, P. et al. (2011) Good Practice Review, Cash transfer programming in emergencies, Humanitarian Practice Network at ODI, London

⁴⁰ P. Ewins et al., Mapping the Risks of Corruption in Humanitarian Action, A Report for Transparency International and the U4 Anti-Corruption Resource Centre by the Overseas Development Institute (London: ODI, 2006)

⁴¹ Danish Refugee Council (2008), Study of the ECHO Cash Transfer Pilot Project (no place)

⁴² Harvey, P. et al. (2011)

Implementing Partners. After the assessments a review committee comprising of representatives from CARE, Implementing Partner and village committee met and finally approved beneficiaries. During this process, the village committee representative rejected various candidates on the lists. The main reason given was that the beneficiary already has received financial assistance through the Pakistan government (Watan Card) – which was initially an exclusion criterion for CARE⁴³. This approval process and this particular selection criterion opened up possibilities for corruption.

According to CARE, the beneficiary selection was done 80-90% appropriately. This (unverified) achievement might be acceptable for emergency response projects, but certainly leaves room for improvement.

In Sindh (Ghotki district) CARE's implementing partner (VDO) established new village relief committees for this project. The VRCs were collecting registration data, which was then verified by VDO, CARE Sindh, including random sample checks, before forwarding to CARE HQ and TMFB for further processing. VDO and CARE dropped about 15% of suggested beneficiaries off the list in the final selection.

Another experience from these projects is that it is of great importance to inform the target population clearly about the scope, objectives and methodology of the intervention in order to reduce the likelihood for abuse and corruption. Feedback from the focus group discussion indicates that this has not always been the case for the projects in Southern Punjab.

Cash distribution

Regarding security challenges during distribution, a balance needed to be found between the need for openness (so that recipients and others involved in the distribution can make the necessary preparations) and discretion about the time and location of distributions.

In order to reduce security risks and to avoid recipients queuing up for hours, CARE kept the

⁴³ CARE initially planned to exclude Watan Card recipients from access to cash assistance, in order to avoid overlapping and to extend services to people who did not receive any financial support. When CARE and its implementing partners started implementation, both realized that this exclusion criterion was not possible. About 90% of the flood affected households have received these cards, one per family.

number of people collecting money to a minimum.

This means that the mobile bank did not have to be at the same location for too long attracting unwanted attention. Few people knowing the site and time also helped to reduce the risk of information being transmitted into the

Cash disbursement at a bank is a difficult process. You have long queues, and the longer the way home is, the more likely it is that an incident can happen.

(SPO, Implementing Partner in Punjab)

wider community and therefore reduce risk of opportunist criminal elements.

It might be harder to stop organised criminal elements from targeting the bank. TMFB minimised this risk by carrying out detailed security assessments in the target areas prior to disbursement, and had internal security staff accompanying the armoured bank vehicles. As a result, not one single incident was reported during the distribution.

Travelling with cash

The security risk for recipients travelling with cash outside their communities was minimised by the selected distribution mechanism to the extent possible. Beneficiaries from more remote hamlets still had to travel back home with the cash received. No incidents were reported to CARE or its Implementing Partners. During the focus group discussions conducted under this study, beneficiaries confirmed that the process was sufficiently secure.

Recommendations for future programming include:

- Mapping of key risks in the approaches, including beneficiary selection processes
- Improve formats and guidelines for monitoring of beneficiary selection
- Improve complaint registration and response
- Always confirm whether committees are founded with the participation and consensus of communities
- Improve partnership management and monitoring and evaluation procedures

4.g. Timeliness of cash delivery

In theory, cash programmes should be implemented more quickly than in-kind assistance, as there is no need to purchase and transport goods. In practice, however, cash transfers have often taken longer to establish than in-kind programmes, in part, at least, because cash transfers are still a relatively new modality for many agencies; systems have not been established and cash transfers have not been integrated into preparedness and contingency planning processes.

In the Pakistan Flood Response, many aid agencies have struggled to provide timely cash payments because the arrangements and systems for delivering cash to people have been set up only after the floods have occurred. The PEFSA report recommends: “it would clearly be preferable to explore different options for cash delivery as part of disaster preparedness and contingency planning. It might be possible to establish delivery arrangements with potential providers prior to a disaster”⁴⁴.

The timeliness of response can be gauged against the following two benchmarks: a) time after initial onset of flood (since July 28th, 2010) taken to start their registration and implementation processes, and b) time taken between inception of the relief

project to initiate registration and implementation.

Taking the PEFSA project as an example, the number of days taken by CARE since the onset of the floods to start registration is 76 days. This is considered by ECHO very long given the urgent dynamics of the humanitarian situation.

Similarly, CARE took 42 days to start registration processes since its inception⁴⁵.

This delay occurred despite the fact that an agreement in principle has been in place with TMFB regarding their service delivery through mobile banking.

When the flood came we moved away from the village. When we came back, everything was destroyed. There was no source of income left. The project helped us a lot and fulfilled our needs at that time.

(Male beneficiary in UC Alipur, Punjab)

This was the best time to provide this type of assistance to us. We were hopeless. The first money came 20 days after we were selected to be part of this project.

(Male beneficiary in UC Jatoj, Punjab)

Recommendations for future programming include:

- *Explore different options for cash delivery as part of emergency preparedness planning process and contingency planning. It might be possible to establish delivery arrangements with potential providers prior to a disaster*
- *Provide training to Implementing Partners on cash distribution prior to an emergency*
- *Establish/maintain dialogue with existing village relief/development committees*
- *Accelerate internal (CARE) processing of payments and contracts*

⁴⁴ DG ECHO (2011a), Pakistan Emergency Food Security Alliance (PEFSA), Final Evaluation Report, APEX Consulting Pakistan (ACP) for Save the Children, Islamabad, Pakistan

⁴⁵ Ibid.

5. Accountability & Transparency

5.a. Level of community involvement in the design and follow up

To ensure the accountability and transparency in the process of cash disbursement, the following steps were taken by CARE:

- Village Development Committee (VDC) were established at union council level to act as the representatives of the CFW teams and community members and to facilitate CFW teams on any day-to-day issues.
- Signing of MOU between the Cash for Work team leaders and IPs.
- A complaint mechanism was established to enable CFW teams and community members to lodge complaint with CARE and IPs.
- Guidelines were developed to implement Livelihood Cash Grant (LCG) activities and templates were developed to support cash grant beneficiaries developing business plans.
- Household assessment forms were developed and vulnerability-based categories were defined to prioritize the beneficiaries.
- Community members were requested to help in identifying the most vulnerable households.
- Assessments of beneficiaries were done using the prescribed format. Afterwards verification of assessment was done by the M&E team and the assessment forms were reviewed by a

committee comprised of community member, IP and CARE colleagues. Beneficiaries were identified and registered after review.

As described in section 4.f. above (see also recommendations there), and as verified through the focus group discussions conducted under this study, the target communities were not always sufficiently informed about the scope, objectives and methodologies of the projects. This reduced their ability to involve themselves in the design and follow up of the project and opened up possibilities for underperformance and possible manipulation.

It has to be noted, however, that involvement of communities in project design is even difficult enough in development project, and the possibilities to do so in emergency response are limited.

Regarding follow-up, little has been done by CARE in the locations where the ECHO/PEFSA (Punjab) and BMZ II projects (Sindh) were implemented. The CBHA and CIIP projects are still ongoing. This issue will be discussed in more detail under section 6 below.

5.b. Level of community awareness related to the use of Tameer Micro Finance Bank

In Pakistan, 85% of the adult population is unbanked⁴⁶. They do not have access to basic financial services, such as bank accounts, bill payment, credit or savings and insurance products. This leaves them to alternative, often illegal, means of managing their money⁴⁷. In the rural areas of Punjab in Sindh, this percentage is even higher. It comes to no surprise therefore that for most beneficiaries included under CARE's cash projects, it was the first time ever to get in touch with a bank.

TMFB kept a low profile during the cash distributions. Their profile (and complaint mechanism) was imprinted on all bank application sheets used during beneficiary selection. Other

than that, TMFB did not use any logo or other branding elements during the fieldwork. This policy was motivated by safety and security considerations and matches the visibility policy of CARE in Pakistan.

It was a good practice. Nobody here in the village had any bank experience before, we are too poor. It worked well.

(Male beneficiary in UC Alipur, Punjab)

Notwithstanding the low profile, discussions with the recipients confirm the awareness of the local communities on the identity and role of TMFB. The provision of secure bank account's and ATM cards not only provided beneficiaries with means of financial management and transaction, but developed a sense of dignity and social pride.

⁴⁶ State Bank of Pakistan estimate, World Bank financial inclusion survey estimates 14.3% banked in 2009

⁴⁷ TELENOR (2011), Shaping our financial future, Socio-economic impact of mobile financial services

The cooperation between CARE and Implementing Partners with a specialised service provider was appreciated by all parties, including beneficiaries, community leaders, partner NGOs or local government officials.

Their discrete and professional approach during the cash distributions contributed to the overall success of the projects.

5.c. Appropriateness of financial accounting protocols

Upon completion of the registration process, TMFB opened bank accounts for designated CfW Team Leaders and cash-grant beneficiaries. Upon written instructions by CARE, TMFB transferred the money to their accounts and carried out the disbursements based on an agreed distribution schedule. Further, both TMFB as well as CARE offered a complaint mechanism during cash distribution to avoid mishandling of money. The entire process was fully documented.

Maintenance of appropriate financial accounting protocols was facilitated by TMFB's computerized book keeping systems. Being monitored by external audit and state bank, data integrity is of utmost importance for TMFB. The projects benefitted from their rigor in maintaining adequate financial records to a significant extent. It is difficult to imagine a better, more transparent system than the one that was used by CARE and TMFB for documenting the financial processes under these projects.

While it is beyond the scope of this study - and based on the documentation that was made

available by CARE - to evaluate the financial records of both CARE and TMFB, it can be stated that the financial accounting systems in place have been one of the major strengths of this cooperation.

One issue raised during discussion with the Canadian High Commission was the "Refund of absenteeism" regulation. The issue has been recognised by CARE and is currently under review. It relates to the practice to pay work teams in full, regarding possible reduction in working days (due to absence, etc.). So far, the Team leader is responsible for informing CARE about extra amounts paid (to be deducted from next instalment). This is a problematic practice, particularly if not tackled, as beneficiaries could understand this as an indicator that CARE does not have enough checks and balances in place. This issue has not been communicated to TMFB and requires follow up from CARE.

5.e. Relevance and efficiency of monitoring system

The fundamentals of monitoring and evaluation are no different for cash transfers than for any other project, and generic guidance applies. Some issues are, however, unique to cash transfers. One of the central features of cash is its flexibility, and the fact that people may choose to spend it on a wide range of things. When engaging in monitoring and evaluation, this means that agencies need to know not just whether people received the cash, but what they did with the money and how the cash received affected household budgets and decision-making. Monitoring and evaluation may also examine the wider intended and unintended impacts of cash transfers, such as inflation and possible multiplier effects on local economies, and should consider how cash transfers impact on household and community dynamics, including concerns about anti-social use, security and gender inequities in decision-making.

In this context, CARE was able to benefit from their engagement in the PEFSa alliance and CBHA consortium by sharing best practice and experiences during the implementation of these projects. In addition, learning from cash-based

Many used conditional cash grants for health services or to repay loans. But we have many successful case studies. 60 to 70 per cent of beneficiaries used the money as planned.

(CARITAS Pakistan, Implementing Partner in Punjab)

responses including Pakistan is promoted through events organised by CaLP⁴⁸, and by an active web-based discussion group, the CaLP D-Group, where practitioners post documents, training and event

⁴⁸ <http://www.cashlearning.org/>

announcements and questions. To date, CARE is not a member of the CaLP, though.

Monitoring of the cash disbursement

As outlined in section 5.d. above, regular and systematic monitoring of the cash disbursement process has been carried out, including regular field monitoring by IPs and CARE.

Tools developed for the monitoring and reporting of the cash disbursement included:

- Daily attendance sheet of the CFW worker
- Payment summary sheet containing amount to be paid to each team depending on the number of days each beneficiary worked
- Funds transfer request format based upon the payment summary sheet
- Guidelines on absenteeism and managing makeshift CFW workers
- Forms to receive the acknowledgement of the payment from individual CFW workers through thumb impression or signature

Monitoring use of funds

In monitoring and evaluating the impact of cash transfers, the most obvious question is what people spent the money on. This is always a challenge, as the cash provided by aid agencies is unlikely to be people's only source of income. Determining what recipients did with the particular amount of cash provided by CARE is difficult because the money may have simply gone into the household's overall pot.

While the overall approach of offering both CfW as well as conditional cash grants, mainly focused on agriculture input, seems appropriate, it can be stated that the monitoring of use of funds and compliance to the conditionality of the cash grants was generally deficient. CARE did not carry out any sufficient or systematic post-distribution monitoring of the cash-based PEFSAs and CBHA projects⁴⁹, and the level of documentation of the monitoring that was carried out is rather scarce as CARE directed most of their attention to monitoring and evaluating the disbursement process only.

From discussions with the communities during this study it came across that CfW income was generally used as planned for consumption and stocking of basic food supplies. The conditional cash grants however seemed to be utilized across the board for

other purposes as well. Based on approximations (in the absence of relevant post-monitoring data), the Implementing Partners in Punjab estimate that about 70% of the cash grants were utilised as intended for investment in agricultural resources, first and foremost in livestock.

During the focus group discussions in two locations, both male and female respondents confirmed that virtually all recipients utilised these funds as well for buying food, repaying loans, etc.

While this decision seems appropriate to the context and even in line with the overall project objectives (enhanced food security), it is questionable why conditionality for the use of grants is applied, if the agency does not have the means to monitor the intended use.

The outcome of the BMZ II project in Sindh is different from the PEFSAs/CBHA interventions, as the purpose of the conditional cash grants was input for local farmers in restoring their livelihoods, mainly through the purchase of seeds and fertilizer. The monitoring in Sindh seems more appropriate than the one in Punjab, and confirms in general the appropriate use of these grants.

Recommendations for future programming include:

- *Increase resources for adequate M&E*
- *Ensure appropriate post-distribution monitoring of the use of cash grants*
- *Consider cooperation with TMFB (or other service provider) in teaming up M&E capacities*
- *Develop, collate and save templates, procedures and internal policies to form part of a 'recovery kit' adapted to future operations*
- *Carry out lessons learnt workshops to review the cash programming activities and develop a more efficient working model for the future.*
- *Triangulate different methods, talking to non-recipients as well as beneficiaries and other key informants (teachers, traders, local health professionals) and using monitors who are independent from those responsible for implementation and who have a good understanding of the local political economy.*
- *Monitor and measure the multiplier effect from an injection of cash – the impact of cash on the wider local economy through people spending money on local goods and services, potentially benefiting people who did not directly receive cash grants, such as local traders.*
- *Become an active member of the CaLP.*

⁴⁹ The monitoring of the CIIP project is excluded from this analysis, as this project is not exclusively related to the emergency response.

6. Sustainability

6.a. Prospects for sustainability over the long term

While this study cannot offer a comprehensive analysis of the CIDA-funded CIIP programme, it can be stated that the prospects of the sustainability of the cash-based interventions under this initiative seem promising, particularly as this project is part of a longer-term strategy by CARE to empower local communities and specifically women in South Punjab. This is not necessarily the case for the interventions carried out by CARE that are directly related to the flood emergency response.

CARE is part of the follow up project (PEFSA II) implemented by ECHO, but not in the same districts that were covered under the first phase and has currently planned no follow up interventions for the beneficiary communities of the BMZ-II project in Sindh.

However, CARE has made some efforts to enhance the sustainability of their emergency response in Punjab. Under the Canadian CIDA -funded CIIP project, CARE will carry out activities in about 20 out of the 32 Union Councils where emergency activities were carried out. Furthermore, CARE also submitted a proposal for addressing sexual and reproductive health needs (2.3 m USD, waiting for final approval) for the same target areas.

According to CARE, the CIIP activities will ensure continuity of assistance for most vulnerable beneficiaries.

The infrastructure repairs carried out under the emergency response projects were selected because of their labour-intensive character, in line with the project design and objective (food security). The roads, irrigation channels and retaining walls reconstructed under the CfW components of the CARE initiative are still operational. But the sustainability of these schemes is exposed by the fact that no sustainable construction material such as concrete was provided to make these structures more durable. As a matter of fact, it can be forecast that many of the makeshift roads repaired under these projects might be damaged again during the upcoming monsoon season. According to CARE, regular maintenance of community infrastructure in 20 Union Councils will be carried out under the CIIP project.

The impact of the cash-grants in rain-affected district of Ghotki, Sindh is somewhat higher. Most recipients of the cash-grants utilised the funds to

cultivate their lands and plant vegetables and sugar cane. While the fund provided per family (about 20,000 PKR) have been insufficient to plant (expensive) sugar cane for two acres of land (as anticipated), farmers were able to borrow additional funds or sell assets. They will be able to benefit from three harvests on their fields, while the entire community benefits from repaired irrigation channels and other infrastructure schemes.

We used part of the money to purchase fertilizer for the fields, fuel for the tube wells, or to repay loans. This has a long impact for our lives. Also, the infrastructure that was repaired is still intact.

(Male beneficiary in UC Alipur, Punjab)

Community mobilisation, which is a requirement, is already a sustainable outcome in itself.

(Save the Children on the sustainability of cash programming)

Sustainability of cooperation CARE - TMFB

The cooperation between TMFB and CARE was a pilot project for both agencies. As outlined above, the cooperation was successful and has the potential for further development. The collaboration needs to be further developed, formalised and embedded in a clearly defined strategy by CARE, which needs to bridge the gap between emergency response, reconstruction and development. Sustainability of the intervention can be enhanced by follow-up activities by TMFB outside the scope of the cash distribution. It is intended by TMFB to continue exploring the areas targeted under these projects as markets for their financial products (micro loans, debit accounts) by opening Points of Sale, branch offices and training centres. This objective of TMFB adds substantial value to the partnership with CARE – beyond the scope of the relief projects.

Recommendations for future programming include:

- Always synchronise CARE's relief operations with longer-term, strategic assistance for target groups covered
- Develop and formalise partnership with TMFB with a shared vision of providing sustainable assistance to communities most affected and vulnerable communities
- Link CARE's long range strategic goal with micro finance support and market linkages (value chain programming)
- Pre-position tools for CfW projects (difficulty to procure these items in a timely fashion delayed in the projects studied)

6.b. Possibility to include mechanism in contingency plans for disaster preparedness

As DFID acknowledged in its response to the HERR⁵⁰, national and local private sector companies, which are able to support entrepreneurial and market solutions, will increase in resilience and improve disaster response. Additionally, DFID encourages the use of cash based responses more routinely in the humanitarian response as a way of empowering those affected and stimulating local enterprise, and recommends ensuring that resilience strategies consider the role of the private sector⁵¹.

Contingency planning involves developing strategies and procedures in anticipation of humanitarian crises. Disaster preparedness is broader, and includes stocking up on key relief commodities, creating standby capacities and training staff⁵². In contexts where a cash-based response is likely to be appropriate, it is also useful to have pre-established mechanisms in place. This includes draft agreements with banks and local traders, or at a minimum to have a plan for establishing the systems and partnerships necessary to implement a cash-based intervention.

Based on the previous, positive experience in cooperating with TMFB, CARE is encouraged to continue dialogue with TMFB and other partners, including other micro finance providers, commercial banks, mobile phone companies (including Telenor), cash-carrying companies,

insurance companies and other possible partners before the next crisis hits. The objective of these preparations is to agree in principle what they can and cannot handle, and what the rough scale of costs would be.

None of these steps means that agencies should automatically choose to implement cash transfers in the event of a crisis, or a specific delivery mechanism (such as Mobile Service Vehicles or mobile telephone transactions) – keeping in mind that flexibility is required and that no “only right” solution exists. But if they choose to do select a specific service and a specific service provider, arrangements are in place to ensure that cash reaches beneficiaries as promptly as possible, with the minimum of delay.

On a broader scale, and in association with relevant national and UN agencies (UNDP), efforts can be made to develop and establish improved techno-legal procedures for disaster-resilient infrastructure.

At UC level, CARE and its implementing partners are already involved in selected areas to provide disaster risk reduction training to of community based organizations, focusing on livelihoods. This

If you want permanent improvement here, we need to rehabilitate the embankments next to river. Floods are our routine, but now the river is much closer. This is now more dangerous than ever before. The same funds you gave us could have been used to build strong embankments. Then we would not need any relief.

(Male beneficiary in UC Jatoi, Punjab)

⁵⁰ DFID (2011), Humanitarian Emergency Response Review: UK Government Response, London

⁵¹ Ibid.

⁵² Choularton, R. (2005), Contingency Planning and Humanitarian Action: A Review of Practice, ODI, London

approach has the potential to be enhanced by providing more emphasis on the identification of most vulnerable areas/people in the village in case of a disaster, identification of weak points in river

embankments and repair those through CFW activities and providing plantation support.

Recommendations for future programming include:

- Expand cooperation with TMFB and other private sector partners prior to a disaster
- Establish cost levels and agree in principle on cooperation in times of an emergency
- Cooperate with relevant national and UN agencies to advocate for techno-legal procedures for disaster-resilient infrastructure (especially for the repair of river embankments)
- Build on existing DRR activities on UC level and identify most vulnerable areas/communities, provide resilient infrastructure through CFW

6.c. Integration of rehabilitation or exit strategy

Making the transition between emergency response, recovery and the longer term is difficult and systematic cash-based assistance may be a way of making this link. Emergency responses such as the one after the devastating floods in Pakistan in 2010 taking place in protracted, chronic crises. Floods are affecting the target areas virtually every year, and with increased intensity. Consequently, the question is whether the conduit chosen by CARE is the right way to respond to something that is recurrent?

CfW interventions to meet humanitarian needs are – by definition - short-term in character and are not designed to create employment opportunities over the medium and long term. Project closure should therefore be planned for from the outset, with communities and workers informed of the timeline of the project.

The literature on this subject⁵³ recommends agencies to consider phasing out their projects by reducing the number of work days per week so that income flows do not end abruptly, providing a cushion for households to explore other work opportunities.

Such a phasing out has not been realised in any of CARE's CfW activities under the PEFSA, CBHA and BMZ-II projects.

Project closure also involves handing over any infrastructure to those taking responsibility for the management and maintenance of the assets created, especially if the responsibility is left to communities rather than the government.

The assistance was helpful. But we have many needs; people in this village are very poor. We urgently need health assistance. The money we received was not enough to fulfil our basic needs. We need help with the reconstruction of our homes. We need support for the education of our children.

*Female beneficiary in UC
Jatoi, Punjab*

It is generally recommended to create a sense of ownership within the assisted community, through community participation in the selection, planning and implementation process, and by making provision for maintenance. In the communities reached by the CARE interventions, committees have been formed/supported, but no maintenance funds have been established, and no arrangements for regular financial contributions have been made.

⁵³ Harvey, P. et al. (2011) Good Practice Review, Cash transfer programming in emergencies, Humanitarian Practice Network at ODI, London

Recommendations for future programming include:

- Consider phasing out CfW projects by reducing the number of work days per week so that income flows do not end abruptly
- Establish maintenance funds for infrastructure assets created under the CfW project components, and make arrangements for regular financial contributions

7. Scaling Up

7.a. Key factors in scaling up and replicating emergency responses with private sector

As outlined in section 6.b. above, private sector actors can deeply contribute to building resilient economies, infrastructure and communities. Some industry sectors have taken the lead in exploring this potential. Many companies in the logistics industry, for example, have identified a match between their competencies and those of humanitarian aid agencies specializing in emergency relief. TNT's partnership with the United Nations World Food Programme (WFP) is only one example⁵⁴.

These companies view humanitarian organizations not only as openings for philanthropy, but as opportunities for learning and business development: acquiring new knowledge, finding solutions to critical problems, and perhaps identifying new market opportunities. Efficiencies, access to innovative technology and approaches, and economies of scale are key factors in scaling up tested cooperation with the private sector in emergencies.

It may be easier for companies in the logistics industry to envisage these opportunities since logistics clearly plays a substantial role in delivering aid in the aftermath of a major disaster. Nevertheless, other industry sectors are also increasingly interested in expanded engagement with humanitarian organizations and providing more than cash in the wake of a disaster⁵⁵. Especially the financial sector offers a number of

unique opportunities for scaling up cooperation between private sector and humanitarian actors. According to a recent publication by Telenor, majority shareholder of

TMFB, mobile financial services in particular will have a significant impact on the economic and societal growth. "By bringing banking services and financial products to people who are entirely unbanked at present, they now have the chance to strengthen their development and prosper".⁵⁶

Through inclusive economic growth and reduced inequality, stimulated by mobile financial services, families and business can be better equipped to withstand the unexpected and improve their lives through education, health and entrepreneurship.

This vision is in line with Pakistan's Five-Year Plan (2010-15) and the country's Vision 2030. It is also in accord with CARE's strategic goal of empowering local communities in Pakistan, especially for women: Closer cooperation with the micro finance industry could help CARE also to contribute to improved access to healthcare through simpler payments and health insurance, increased opportunities for women to access banking and control allocation of funds within their households.

"Growth comes from truly understanding the needs of people, to drive relevant change"

(Telenor)

⁵⁴ Van Wassenhove Luk, et al. (2008) Corporate Responses to Humanitarian Disasters. The Mutual Benefits of Private-Humanitarian Cooperation, The Conference Board, Inc., Research Report R-1415-08-WG

⁵⁵ Ibid.

⁵⁶ TELENOR (2011), Shaping our financial future, Socio-economic impact of mobile financial services

Apart from cooperation in the logistics and financial sectors, other areas for partnerships with the private sector include⁵⁷:

- provision of trained engineers, architects and building artisans
- engineering and construction
- medical service delivery
- insurance services
- vehicle fleet management
- camp services
- catering
- waste management
- procurement
- power generation
- preparedness training and drills
- hazard and risk assessments

7.b. Disbursement modalities required for scaling up

It has been stated in this study that there is not “one-size-fits all” approach possible for choosing the most effective cash delivery mechanism. Different agencies in Pakistan prefer different delivery mechanisms for reasons of appropriateness to the specific context/geographical area, scale of the intervention, and cost-efficiency/effectiveness. Flexibility is required, especially when scaling up cash programming. Potential changes in business models, cost levels, effectiveness and overall availability of mobile banks need to be taken into account.

Business model

TMFB has a head start in the provision of mobile banking through mobile service vehicles (MSVs) and other forms of branchless banking in Pakistan. During discussions with TMFB, the management expressed their belief that TMFB will remain an industry leader in this particular field at least for the next couple of years.

The business model used by CARE and TMFB for the projects studied was based on this technology. The projects studied here have been a pilot initiative both for CARE as well as for TMFB. Relevant lessons

⁵⁷ A detailed review of cooperation in these areas is beyond the scope of this case study. For further information and resources, please consult: Van Wassenhove Luk, et al. (2008) Corporate Responses to Humanitarian Disasters. The Mutual Benefits of Private-Humanitarian Cooperation, The Conference Board, Inc., Research Report R-1415-08-WG

were learned, and the model has the potential for scaling up. Presently, CARE is continuing implementation of this model under the CIIP project and CBHA project (phasing out), and is preparing new projects in cooperation with TMFB in other parts of rural Sindh.

The business model however, also has its shortcomings, as discussed in section 4.b. above. Using MSVs is only appropriate in situations where security situation is appropriate and where vehicular access exists. Secondly, the use of mobile vehicles is costly (see also below) and sometimes more time consuming than other forms of mobile banking.

Mobile phone banking and even “traditional” ways of providing cheques can be more appropriate delivery mechanisms, taking specific context of target areas into account.

A standing partnership with a multiple service provider such as TMFB can help CARE to put different mechanisms in place that can be activated and tested, if where and when the situation demands. In KPK, for example, TMFB cannot operate MSVs due to the volatile security situation in the area. However, CARE and TMFB will now test the use of the “easypaisa” mobile phone transfer mechanism in these areas.

Recommendations for future programming:

- *Such a mobile phone based business model might also be a favourable option in other countries (for instance in response to the drought in Kenya through the M-PESA mobile service) with a suitable humanitarian and technological context (i.e. affected population is equally remote and spread out, beneficiaries have access to mobile phone coverage).*

Costs

At 2.25% of the transaction value, plus 0.25% government taxes (2.5% total), the delivery through mobile service vehicles is relatively costly, when compared to delivery via cheques (0.2%) or mobile phone transactions (between 1% and 2%, depending on size of transaction. CARE’s average in KPK will be about 1.2%). This has to be seen in the overall context, however. For example, WFP’s CfW

programme in cooperation with commercial banks in Pakistan costs 4% of the transaction value⁵⁸.

OXFAM, which is the lead agency for cash programming under the CaLP in Pakistan, recommends its partners to approach the financial sector jointly to advocate for lower costs – based on a higher degree of economies of scale.

In the intervening time, partners such as TMFB will continue to offer its services to CARE and other partners in the humanitarian community. And it can be forecast, that the cost level can be reduced once the initial investment in the mobile infrastructure has paid off.

If and when the envisaged 1% maximum cost per transaction, as requested by OXFAM, can be achieved is another, open question. On the other hand, it has been stated that cost-efficiency is not everything. A more expensive service can be more cost-effective than a cheaper solution when taking the benefits of transparency and security into careful account.

In the field of branchless banking via mobile phones, where a higher competition is taking place in Pakistan⁵⁹ it can also be expected that the cost level will be reduced over the coming years.

Finally, with more branches opening for commercial as well as micro finance banks, a “return” to bank cheques, smart cards or ATM cards are also offering new possibilities to manage cost efficiency and improve effectiveness in humanitarian cash-programming.

Effectiveness and overall availability of mobile banks

In Pakistan, 85% of the adult population is unbanked⁶⁰. When comparing the numbers of bank accounts (25 million) with the number of mobile subscribers (102 million), a window of opportunity for the unbanked population of the country, mostly living in rural and remote areas, can be identified. This window can be used through mobile banking services. The telecommunication market in Pakistan is highly competitive and a number of mobile commerce services are offered by mobile operators as well as financial institutes.

⁵⁸ WFP (2011) Planning and Implementing Cash Transfers in Emergencies. Practical insights from Pakistan. World Food Programme, Rome

⁵⁹ In Pakistan mobile banking is introduced in many various forms like Tameer Bank’s easypaisa, UBL’s OMNI, MCB Mobile, KASB Mobile and HBL-Ufone.

⁶⁰ State Bank of Pakistan estimate, World Bank financial inclusion survey estimates 14.3% banked in 2009

These services allow mobile subscribers to deposit and withdraw cash, make utility bill payments, send or receive money, purchase mobile card vouchers, make post-paid mobile bill payment.

Telenor and TMFB’s “easy paisa” and UBL’s “Omni” are currently market leaders of local mobile commerce solution introduced in the country. The success of these services can be judged by the fact that by December 2010, Telenor’s Easy Paisa service has hosted 9.9 million transactions with a total worth of PKR 19 billion passed through the system.

As tested now by CARE in KPK, these mobile phone-based systems also offer new and innovative channels for disbursing money in cash-programming. Especially in this sector, it can be forecast that the competition will grow hand in hand the available network of branches and Points of Sale where people can pick up cash, making this mechanism more attractive and robust in the future.

As mentioned above, this mobile phone model (and to a lesser extend the use of mobile service vehicles for cash disbursement) represents the most favourable area for potential growth/scale-up – in Pakistan and elsewhere, if the conditions are adequate.

Recommendations for programming include:

- *Remain flexible in the use of different cash-disbursement mechanisms, depending on the specific context of the target areas, including mobile service vehicles, bank cheques, ATM/smart cards, or mobile-phone based systems*
- *Establish a standing partnership agreement with a multiple service provider such as TMFB to test and quickly activate different mechanisms, if where and when the situation demands*
- *Closely coordinate with other partners under the CaLP agency and advocate jointly with the financial sector jointly to lower costs for mobile banking services*
- *Continue testing of new, innovative forms of cash transfer (mobile banking) and share experience with other partners under the CaLP*
- *Explore possibilities to link grants to access of micro credits*
- *Ensure transfer of knowledge and best practice to inform other mobile cash programming in countries outside Pakistan (for instance Kenya)*

8. Conclusions

Partnerships with the private sector:

- The private sector can add to the overall capacity of the emergency response by bringing innovative technologies and practices and perspectives to the humanitarian community. Both sectors should aim to establish partnerships prior to an emergency, based on a common interest in meeting a particular goal. It is also necessary to consider an exit strategy, as this will impact on the sustainability of any projects, skills, and markets that the partnership has an impact on.
- There is a growing recognition among the NGO community and public donors that cash transfers are an instrument that can be used to meet project objectives more effectively than traditional in-kind assistance. This is opening up new possibilities for cooperation with specialised financial service providers. They have better access to new technologies are often better prepared to provide innovative ways to deliver financial services, including to people earlier seen as too poor or too remote to benefit from formal financial intermediation.
- In the response to the floods in Pakistan 2010, one of CARE's most successful emergency projects including cash transfers is based on its cooperation with Tameer Micro Finance Bank (TMFB). Working TMFB and local partner NGOs to provide cash grants, CARE was able to rapidly scale up and exceed targets in terms of reaching flood affected beneficiaries with cash based interventions. The projects in South Punjab and Sindh reached more than 40,000 households and over 270,000 persons benefited from the assistance. CARE is planning to scale up this cooperative approach and to expand to other provinces.
- The overall success of the relationship with TMFB has indicated the need to better understand the potential risks and opportunities of working in partnership with the private sector during emergencies, especially when providing financial assistance to those in need.
- The key strength of this cooperation between CARE and TMFB is the high level of trust between both organizations. This confidence, combined with compatible resources in their

different domains, represent a favourable entry point for a more structured cooperation.

- The main weakness of the cooperation in its current form is the lack of predictability of longer partnership perspectives and learning opportunities due to the lack of formalising the cooperation in the true sense of forming a partnership. A clearly defined framework that allows for private finance, design, building, operation and possibly temporary ownership of assets is lacking.
- Scaling up cash programming and coverage of underserved areas of Pakistan through formal financial intermediation are both in the interest of the donors' community as well as government policy. This represents a major opportunity for extended cooperation between CARE and the private sector.
- Key threats for this process are the distressed political environment in Pakistan, as well as the fact that there are insufficient incentives for the private sector to engage in PPPs – lack of tax breaks included. Furthermore, chronic corruption remains a large obstacle in Pakistan.

Appropriateness of cash-based approach and adherence to good practice in cash programming:

- Cash transfers are generally considered as appropriate in contexts where the markets are functioning but failing to meet peoples' needs due to lack the income to purchase available goods. Market assessments in Pakistan confirmed the functioning of markets. Subsequently, recipients, donors, humanitarian agencies and government have confirmed the appropriateness of cash-based interventions. Conditional and unconditional cash grants supported the market chain, helped to strengthen livelihood assets, and prevented migration of landless labourers. Cash-for-work (CfW) interventions provided recipients necessary income to ensure their food security and created the opportunity to work on essential projects such as irrigation repair, debris clearing, and shelter, for the benefit of the entire community.
- Monitoring results and discussion with beneficiary communities confirm the appropriateness of CARE's interventions in cooperation with TMFB as well. Shortcomings in

this process include the need for better targeting of most vulnerable families, especially for CfW activities, and more emphasis is needed on consultations with beneficiaries on their priorities prior to starting interventions.

- The high level of satisfaction of beneficiaries was confirmed by community discussions and stakeholder consultations. The projects studied are generally considered as adequate to meet the needs of the targeted communities. For CfW interventions, salary levels were appropriate, the payment regular and fast.
- The level of satisfaction with conditional cash grants was high, but generally lower when compared to CfW. The conditionality of the cash grants was perceived as too restrictive. And ultimately, CARE had no ability to enforce the use of cash for the intended purposes. Consequently, a substantial part of the use of the cash grant was used for other purposes than intended.
- If conditionality for the use of grants is applied, CARE needs to make sure to have the means to monitor the intended use.
- CARE should consider phasing out their CfW projects by reducing the number of work days per week so that income flows do not end abruptly, providing a cushion for households to explore other work opportunities.

Effectiveness and Efficiency of the cooperation with Tameer Micro Finance Bank:

- The timeliness of assistance was appropriate to the needs at that time. Implementation however was delayed and progress can be made by better preparing cash programming interventions prior to an emergency.
- The main mechanism used in Pakistan for cash programming is the use of bank cheques, to be cashed at a local bank. The direct transaction costs are low at about 0.2% (OXFAM). The cost level of mobile banking charged by TMFB (2.25% plus tax, i.e. 2.5% in total) is higher, and too high for some relief agencies operating larger-scale cash programming in Pakistan. But when looking at the cost-efficiency of different options, it is important to keep in mind that cost efficiency is not the only consideration when making programming decisions. One type of programming (such as mobile banking) might be less cost-efficient but more cost-effective (in that it is better at meeting project objectives

than the cheaper intervention.

- Overall the delivery mechanism chosen by CARE and TMFB, cash delivery through mobile service vehicles “at the doorstep” can be assessed as very cost-effective. The main advantage of this delivery method is the high level of transparency and the reduced risk of corruption and security incidents. This has been confirmed by all sources contacted in the course of this study.
- The availability of technology such as MSVs linked with central database management is unique to the private sector and contributed most significantly to the success of this delivery mechanism, by providing a high level of data security, accuracy and transparency.

Accountability & Transparency:

- Maintenance of appropriate financial accounting protocols was facilitated by TMFB’s computerized book keeping systems. Being monitored by external audit and state bank, data integrity is of utmost importance for TMFB. The projects benefitted from their rigor in maintaining adequate financial records to a significant extent. It is difficult to imagine a better, more transparent system than the one that was used by CARE and TMFB for documenting the financial processes under these projects.
- Throughout this process, TMFB has responded to challenges on the ground and in meeting the needs of emergency response with commendable flexibility. In the view of CARE and its implementing partners, the flexibility displayed by TMFB was the main added value of working together with a dedicated partner and service provider.
- TMFB kept a low profile during the cash distributions. Their profile (and complaint mechanism) was imprinted on all bank application sheets used during beneficiary selection. Other than that, TMFB did not use any logo or other branding elements during the fieldwork. This policy was motivated by safety and security considerations and matches the visibility policy of CARE in Pakistan.
- Notwithstanding the low profile, discussions with the recipients confirm the awareness of the local communities on the identity and role of TMFB. The provision of secure bank accounts and ATM cards not only provided beneficiaries with means of financial management and

transaction, but developed a sense of dignity and social pride (the importance of this should not be underestimated).

- The cooperation between CARE and Implementing Partners with a specialised service provider was appreciated by all parties, including beneficiaries, community leaders, partner NGOs or local government officials.
- The “indirect method of delivery” reduced safety and security risks during the distribution, but some corruption risks remained at the registration and targeting stage.
- The target communities were not always sufficiently informed about the scope, objectives and methodologies of the projects. This reduced their ability to involve themselves in the design and follow up of the project and opened up possibilities for underperformance and possible manipulation. It has to be noted, however, that involvement of communities in project design is even difficult enough in development project, and the possibilities to do so in emergency response are limited.
- The monitoring and evaluation system and especially those needed resources put in place by CARE are not always sufficient, in particular as it relates to the usage of funds and the wider impacts of cash transfers, including possible multiplier effects on local economies, impact on household and community dynamics, and concerns about security and gender inequities in decision-making.

Sustainability:

- Cash-based interventions in cooperation with private sector have a good potential for sustainability, particularly when integrated into the longer-term strategy by CARE to empower local communities and specifically women.
- Notwithstanding this potential, the CARE cash interventions under the flood emergency response in Punjab and Sindh offer not always sustainability for the targeted population, as they were not always and systematically followed-up by interventions in the early recovery phase.
- The roads, irrigation channels and retaining walls reconstructed under the CfW components of the CARE initiative are still operational. But the sustainability of these schemes is exposed by the fact that no sustainable construction material such as concrete was provided to

make these structures more durable.

- The cooperation between TMFB and CARE - a pilot project for both agencies - needs to be further developed, formalised and embedded in a clearly defined strategy by CARE, which needs to bridge the gap between emergency response, reconstruction and development.
- Sustainability of the intervention can be enhanced by follow-up activities by TMFB outside the scope of the cash distribution. It is intended by TMFB to explore the areas targeted under these projects as markets for micro loans, by opening Points of Sale, branch offices and training centres. This objective of TMFB adds substantial value to the partnership with CARE – beyond the scope of the relief projects.
- The private sector can also increase resilience and improve disaster response. In contexts where a cash-based response is likely to be appropriate, it is also useful to have pre-established mechanisms in place. This includes draft agreements with banks and local traders or at a minimum to have a plan for establishing the systems and partnerships necessary to implement a cash-based intervention.

Scaling up:

- Private sector actors can deeply contribute to building resilient economies, infrastructure and communities through various means. Efficiencies, access to innovative technology and approaches, and economies of scale are key factors in scaling up tested cooperation with the private sector in emergencies.
- This applies maybe particularly for the financial sector and its impact on the economic and societal growth through mobile financial services in particular. Access to mobile banking services can contribute to enabling families and business to be better equipped to withstand the unexpected and improve their lives through education, health and entrepreneurship.
- This offers opportunities for humanitarian actors to use cash-programming as an entry point in reaching out to most vulnerable parts of the population and to establish business partnerships with the private sector to scale up their service delivery to large parts of the population that would be otherwise excluded from this development chance.
- This vision is in line with Pakistan’s Five-Year Plan (2010-15) and the country’s Vision 2030. It

is also in accord with CARE’s strategic goal of empowering local communities in Pakistan, especially for women: Closer cooperation with the micro finance industry will help CARE also to contribute to improved access to healthcare through simpler payments and health insurance, increased opportunities for women to access banking and control allocation of funds within their households.

- Regarding future disbursement mechanisms, no “one-size-fits-all” approach is possible. Different delivery mechanisms should be considered for reasons of appropriateness to

the specific context/geographical area, scale of the intervention, and cost-efficiency/effectiveness. Flexibility is required, especially when scaling up cash programming. Potential changes in business models, cost levels; effectiveness and development of the overall availability of mobile banking services need to be taken into account.

- A mobile phone model (and to a lesser extend the use of mobile service vehicles for cash disbursement) represents the most favourable area for potential growth/scale-up – in Pakistan and elsewhere (for example in Kenya).

Priority Recommendations:

Area	Priority Recommendations
Partnerships with the private sector	<ul style="list-style-type: none"> - Define CARE’s strategy, including a clear outline of objectives and plans for private sector engagement (PSE) in humanitarian programming - Consider adding an annex to the partnership paper on public private partnership and to include this in CARE’s work plans - Develop and integrate both a cash-programming as well as a PSE strategy into their long-range strategic planning process (LRSP) - Formalize the relationship between CARE and TMFB and establish a structured process, continuous dialogue, and sharing of ground knowledge - Expanded and test business relationship with TMFB and Telenor, using different delivery mechanisms as appropriate (e.g. easypaisa) in other parts of Pakistan (such as KPK) - Build-in learning and review elements into future programming - Engage in advocacy for promoting PPPs at various levels, including at donor level (P-shift) as well as with relevant stakeholders involved in dialogue with the Pakistan government - Private sector employees should be pre-trained in humanitarian principles as well as their partnership policies and procedures - Engage national and local authorities to a greater extent - Raise awareness of CARE staff on business linkages along value chains, including financial service providers
Appropriateness of cash-based approach and adherence to good practice in cash programming	<ul style="list-style-type: none"> - Ensure better awareness of the target population regarding the scope and objectives of the project - Take more advanced steps to avoid indirect influence of power structures on the beneficiary selection process - Improve assessment methods for the identification of most vulnerable households - Increase engagement of women and vulnerable persons in CfW through alternative tasks - Always provide training/advice for conditional cash grants - Consider delivering basic construction materials as required for needed, more complex infrastructure schemes - Ensure female staff are available at TMFB mobile service vehicles - When conditionality for the use of grants is applied, make sure that CARE has the means to monitor the intended use
Effectiveness	<ul style="list-style-type: none"> - Assess the costs and benefits of different delivery methods, both to the agency and

<p>and Efficiency of the cooperation with Tameer Micro Finance Bank</p>	<p>the recipient</p> <ul style="list-style-type: none"> - Maintain full flexibility in choosing the most appropriate delivery mechanism, taking factors of efficiency and effectiveness into careful account - Maintain dialogue with other agencies involved in cash programming and share best practice on cash delivery mechanisms - Try to negotiate more cost-efficient arrangements with potential service providers - Map key risks in the approaches, including beneficiary selection processes - Improve formats and guidelines for monitoring of beneficiary selection - Improve complaint registration and response mechanism - Improve partnership management on provincial office level - Provide training to Implementing Partners on cash distribution prior to an emergency
<p>Accountability & Transparency</p>	<ul style="list-style-type: none"> - Increase resources for adequate monitoring and evaluation - Ensure appropriate post-monitoring of the use of cash grants - Consider cooperation with TMFB (or other service provider) in teaming up M&E activities - Develop, collate and save templates, procedures and internal policies to form part of a 'recovery kit' adapted to future operations - Carry out lessons learnt workshops to review the cash programming activities and develop a more efficient working model for the future - Become an active member of the CaLP
<p>Sustainability</p>	<ul style="list-style-type: none"> - Better synchronise CARE's relief operations with longer-term, strategic assistance for target groups covered - Link CARE's long range strategic goal with micro-finance support and market linkages (value chain programming) - As part of contingency planning and disaster preparedness, identify potential service provider from the private sector at national, regional and global levels, and explore with them the potential for partnerships in the event of a disaster and subsequent emergency response - Establish cost levels and agree in principle on cooperation in times of an emergency - Cooperate with relevant national and UN agencies to advocate for techno-legal procedures for disaster-resilient infrastructure - Build on existing DRR activities on UC level and identify most vulnerable areas/communities, provide resilient infrastructure through CfW - Consider phasing out CfW projects by reducing the number of work days per week so that income flows do not end abruptly - Establish a maintenance funds for infrastructure assets created under the CfW project components, and make arrangements for regular financial contributions
<p>Scaling up</p>	<ul style="list-style-type: none"> - Ensure transfer of knowledge and best practice to inform other mobile cash programming in countries outside Pakistan (for instance Kenya). - Remain flexible in the use of different cash-disbursement mechanisms, depending on the specific context of the target areas, including mobile service vehicles, bank cheques, ATM/smart cards, or mobile-phone based systems - Establish a standing partnership agreement with a multiple service provider such as TMFB to test and quickly activate different mechanisms, if where and when the situation demands - Closely coordinate with other partners under the CaLP agency and advocate jointly with the financial sector jointly to lower costs for mobile banking services - Continue testing of new, innovative forms of cash transfer (mobile banking) and share experience with other partners under the CaLP - Explore possibilities to link grants to access of micro credits

Annexes

Annex 1: Methodology

The study was carried out between 30 June and 19 July 2011 on behalf of CARE Canada. The overall objective of this case study was to document and analyze CARE's relationship with Tameer Bank and document lessons learned and good practices for future emergencies, as well as strategies and opportunities for CARE to develop, expand and strengthen this kind of partnership in the future.

The key research questions for this review included:

Partnership with the private sector	<ul style="list-style-type: none"> - Assess internal and external challenges faced on either side of the partnerships, and propose recommendations for reducing/addressing challenges and improving partnerships with the private sector. - Identify strengths, weakness, opportunities, risks associated with private sector partnerships in emergency responses. - Identify potential limitations and appropriateness with respect to humanitarian principles and accountability frameworks, as well as the respective partner's operating principles.
Scaling Up	<ul style="list-style-type: none"> - Identify key factors in scaling up and replicating emergency responses with private sector include an analysis of efficiencies, incentives and comparative advantages. - What disbursement modalities would be required for scaling up? - Would there be a potential change in the business model, prices, effectiveness and overall availability of mobile banks?
Sustainability	<ul style="list-style-type: none"> - What are the prospects for sustainability over the long term of the program as a whole and of components of the program? - Is there a possibility to include such a mechanism in contingency plans for disaster preparedness? - Did a rehabilitation or exit strategy exist in any form? Was this utilized and adhered to? How is it integrated into the program?
Relevance and Appropriateness	<ul style="list-style-type: none"> - Was intervention appropriate to needs of population and context (consideration should be given to in-kind versus cash versus vouchers modalities, conditionality, permitted use of cash (restriction or not), value of grant, cash delivery mechanism, and, security and control mechanisms)? - Was the intervention appropriate in relation to customs, practices, social organization? Did the overall approach take gender factors into consideration? Who were the principle beneficiaries? To what extent were women able to access cash grants? If so, what were the implications for gender relations at home and in the community? - Were vulnerable families able to access this program (i.e. minorities, single female headed households, etc.)? Were individuals without I.D. cards able to access cash grants? - To what extent was there a consultation process with beneficiaries on their priorities? - What were the perceptions of the Tameer Bank by beneficiaries and non-beneficiary populations; What was the degree of satisfaction of beneficiaries? - To what extent was this project accessible to beneficiaries in remote areas? Was it more accessible or less than other types of interventions?
Effectiveness and Efficiency	<ul style="list-style-type: none"> - How effective was the approach when examined in relation to overall costs of cash delivery and cost of sensitization and training (consideration should be given to comparison with potential alternatives)? - Did the delivery mechanism function effectively? Was the partnership with Tameer Bank a key component of this effectiveness? - How flexible was Tameer Bank in responding to challenges on the ground and in meeting the needs of emergency response? - To what extent was technology used to effectively implement this initiative? - How could the project be further simplified in the future? - What were the safety and security aspects of the cash transfer?

	- To what extent was cash delivery timely?
Accountability & Transparency	<ul style="list-style-type: none"> - What was the level of community involvement in the design and follow up? - To what extent were communities informed of information related to the use of Tameer Bank? Were staff members of the Tameer Bank or CARE available to respond to questions from stakeholders? - To what extent did Tameer Bank and CARE follow appropriate financial accounting protocols? - How relevant and efficient was the monitoring system?

The methodology included the following:

Terms of Reference	Realization
Review existing information/documentation on the Tameer Bank and the flood response.	Literature review conducted to establish context and to define approach and questions for field research and to inform the recommendations.
Develop relevant tools for the case study, including a questionnaire for Tameer Bank staff, beneficiaries, communities, partners, etc.	Seven different questionnaires for semi-structured interviews with CARE staff, external stakeholders, Tameer Bank, donors, implementing partners, and focus group discussions developed.
Undertake phone interviews with relevant CARE personnel implicated and interested in the initiative.	Two phone interviews conducted with CARE Sindh staff (including one former project manager).
Undertake site visits and conduct interviews/discussions with beneficiaries, community leaders, the community at large, government officials and local partners.	Two male and two female focus group discussions conducted in two different field locations in Punjab (125 beneficiaries). Semi-structured interviews with 22 key informants conducted in both the field research locations, including CARE and Tameer Bank employees, other government officials, donor agency officials.
Analyze and synthesize information	First version of the report drafted, including conclusions and recommendations and lessons learned specific to this approach.
Discuss preliminary findings of the evaluation with staff at the field, capital level & HQ	Discussions held with CARE Pakistan staff. Draft shared with HQ for initial review.
Prepare a final report	Final report completed, including incorporation of feedback from CARE Pakistan/HQ, including an executive summary, a list of key lessons learned, and prioritized recommendations. Recommendations focus on good practices for emergency response and how to move forward with respect to private sector partnerships in emergencies in the future.

Work Plan & Timetable:

Activities	Working Days	
	Work plan	Realization
Briefings, review of documents and preparation	3	1
Travel to the mission (Pakistan)	2	1
Briefing Mission, collection of secondary information and review, preparation for field, including interviews with staff at the Islamabad level	3	5
Travel from Islamabad to South Punjab and Sindh	2	1
Field visit	4	4
Meeting with others actors in the Field	1	1
Travel back from base to Islamabad	1	1
Meeting with other actors in Islamabad	1	2

Data Analysis and preparation of the draft report	4	4
Debriefing in country on the basis of the draft report	1	1
Travel home	2	1
Finalisation of the draft report and submission	2	3
Debriefing HQ on base of the draft report	0.5	0.5
Inclusion of Mission and HQ feedback (feedback within 5 working days)	1	1
Finalization of the report on the basis of Field & HQ comments	2	3
TOTAL	29.5	29.5

Limitations:

The study is not an evaluation of the projects investigated and excludes assessment of organisational effectiveness and efficiency. It needs to be read and understood in conjunction with other relevant documentation, including external evaluation reports, CARE documentation and others.

The CIDA-funded CIIP is reflected in this study only insofar as it relates to experiences with Cash-for-Work practices, as CIIP is not an emergency response project (started prior to the floods).

Findings on CARE-internal considerations are based only on the literature and documents that were made available for this study, and the narrative feedback received by key respondents. The study does not claim to give an comprehensive overview on the operational and administrative processes and outputs.

Due to time constraints during the mission to Pakistan, no field trip to Sindh could be conducted. This shortcoming was compensated for to an extent by conducting telephone interviews and literature review.

Other factors in this research that may limit or influence the findings include possible bias during the focus group discussions conducted. It was explained that this process was not tied to aid or any other benefits. However, research surveys often have the effect of raising expectations. Secondly, the pre-existing relationships between some of the Implementing Partners and respondents may have influenced the answers that respondents provided.

Consultant Profile

Wolfgang Gressmann⁶¹ is an independent consultant specialised in humanitarian project management and research. For CARE International, he gained experience and knowledge on CARE program implementation and its integrated approach during emergency response missions in Georgia, Zimbabwe, Kenya, Yemen, the Balkans, and Pakistan. Over the past years, he has published a series of studies, including for CARE, on humanitarian management, food security, migration management, financial intermediation, and poverty reduction. Wolfgang Gressmann holds a master degree in social sciences from the University of Hamburg, Germany. He is member of the RED roster of CARE International and the Assessment Capacities Project (ACAPS), a dedicated project to improving the assessment of needs in complex emergencies, sudden onset disasters and protracted crises.

⁶¹ For more information, please visit: www.wolfganggressmann.com

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Annex 3: List of Interviews and Focus Group Discussions

List of stakeholder interviews:

Date of visit	Organisation/Institution	Location	Number and type of staff interviewed
04/07/2011	CARE Pakistan	Headquarter Islamabad	1 (Livelihood Expert)
05/07/2011	Tameer Micro Finance Bank	Regional Office, Lahore	3 (Regional Management)
06/07/2011	CARE Pakistan	Punjab Office, Multan	4 (Prog. Management)
06/07/2011	CARITAS (Implementing Partner)	Punjab Office, Multan	2 (Prog. Management)
06/07/2011	CARE Pakistan	Sindh Office (via phone)	1 (Former Project Manager)
07/07/2011	Save the Children	Field Office Muzaffragahr	3 (District Management)
08/07/2011	SPO (Implementing Partner)	Field Office Muzaffragahr	2 (Prog. Management)
11/07/2011	Canadian High Commission	Islamabad, Development Section	1 (First Secretary Development)
12/07/2011	DFID	Headquarter Islamabad	2 (Prog. Management, Hum. Advisor)
12/07/2011	ECHO	Headquarter Islamabad	1 (Head of Office)
15/07/2011	CARE Pakistan	Sindh Office (via phone)	1 (Livelihood Expert)
18/07/2011	CARE Pakistan	Headquarter Islamabad	1 (CIIP Chief of Party)
Total staff interviewed:			22

List of SWOT Analyses:

Date of visit	Organisation/Institution	Location	Number of staff interviewed
04/07/2011	CARE Pakistan	Headquarter Islamabad	6 (CO, Prog. Management)
05/07/2011	Tameer Micro Finance Bank	Regional Office, Lahore	3 (Regional Management)
05/07/2011	CARE Pakistan	Punjab Office, Multan	4 (Prog. Management)
Total staff interviewed:			13

List of Focus Group Discussions:

Date of visit	Province	Union Council	Number of respondents	
			Male	Female
07/07/2011	Punjab	Jatoi (Muzaffragahr)	24	--
07/07/2011	Punjab	Jatoi (Muzaffragahr)	--	56
08/07/2011	Punjab	Alipur (Muzaffragahr)	21	--
08/07/2011	Punjab	Alipur (Muzaffragahr)	--	24
Total FGD Participants – 125 Beneficiaries			45	80

Note: All interviews are fully documented and available upon request.

Annex 4: SWOT Analysis

Case Study CARE – TMFB 2011		SWOT Analysis (Consolidated ⁶²)	
<p>Subject of Analysis: Assess specific internal and external challenges faced on either side of the partnership CARE - TMFB, and propose recommendations for reducing/ addressing challenges and improving partnerships with the private sector in emergency responses</p>			
		Strengths	Weaknesses
Partnership		<ul style="list-style-type: none"> - Level of TRUST of both partners - Both agencies have understood their domains - Cooperation established prior to floods 2010, facilitated mobilization - Entry point for partnership, broadening horizon for CIP as well as TMFB - Counterbalance: TMFB is a bridge between IPs and CARE in service delivery - No communication gaps - System organised, structured 	<ul style="list-style-type: none"> - Currently “partnership” is more/merely a “business relationship” - Cash distribution is only a “distribution mechanism” – not partnership in a PPP sense - Lack of strategic vision for partnership - Strategic Agreement/MoU missing on broader level - No cost-benefit analysis conducted by either side
	CIP	<ul style="list-style-type: none"> - No additional contract needed for scaling up (flexibility of CARE USA) - Skilled staff, willing to engage - International organization with access to donor funds - Access to remote areas (through IPs) - Transparent and effective accounting systems - Commitment for partnerships, alliances and consortium approaches - Willingness to utilize learning from lessons and make it applicable in other areas (Punjab -> Sindh -> KPK) - Local contacts with grass root and Gov. sector - Level of trust with community - Quality of beneficiary selection 	<ul style="list-style-type: none"> - Lack of sustainable, strategic programming based on ER (no follow up) - Inconsistent strategy for disaster prone areas (no sufficient DRR) - Lack of CARE presence (working only through IPs) - Lack of knowledge regarding private enterprise engagement/PPPs does not allow to maximize the opportunities - Donor-driven process: time-frame too short, lack of resources - Lack of coordination with other stakeholders - Time consuming process to make CI partners understand the concept - Transfer of funds to partner negatively affects CIP balance sheet, compromises capacity to get cash from CI - Capacity constraints of local partners - Final selection of beneficiaries - No financial planning security (further volume) - Lack of documenting lessons learned - Lack of coordination and efficiency between HQ/field offices, - In the initial phase lack of understanding of the processes (data filling, knowledge of beneficiaries)

⁶² Consolidated summary of three SWOT workshops with Tameer Micro Finance Bank and CARE staff between 06 and 08 July 2011

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">TMFB</p>	<ul style="list-style-type: none"> - Institutional vision to <i>"...emerge as a global benchmark for innovative and commercially viable microfinance solutions to the un-banked for their socio-economic empowerment"</i> (shared objective) - TMFB = Micro-Finance bank. Understanding of the beneficiaries is vital for success - Ability to provide cash management services at peoples' doorstep in far off areas according to clients requirement - Efficient technology available - Internal capacity - Audited by the Bank of Pakistan, following regulations - Computerized auditing by TB - Beneficiaries are getting high interest (CIIP) in Pakistan. Creating business opportunities for women - Risk-taking approach: Open branches in areas where commercial banks don't, commercial banks follow (spearheading formal financial intermediation sector) - Core banking: Loan for life, work, business, and emergency supports business development and social change - "We mean business and discourage corruption" 	<ul style="list-style-type: none"> - TB not part of beneficiaries targeting and selection (as part of the process) - Capacity to process large caseloads - Only financial service provider in Pakistan available offering sufficient mobile banking services - Mobile cash disbursement is not a core activity - Initial lack of ground knowledge in new areas - Lack of understanding of the non-profit sector - Lack of confidence in this model in the beginning (Are beneficiaries coming? What will happen?)
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	Opportunities	Threats
Partnership	<ul style="list-style-type: none"> - Value Added for all partners - Possibility for scaling up - In line with GoP mandate to expand penetration in formal financial sector - Donor requirements generally favorable - Civil Society (incl. IPs) wants to cooperate with private sector - Same/similar client groups - Potential to leverage aid - Three pillars model: Donor, CIP (catalyst), IP (field knowledge), private sector (efficiency and effectiveness) - Development impact through introducing access to banking and technology 	<ul style="list-style-type: none"> - Model dependent on (missing) planning security - Political environment is disturbed. Impact is relatively limited, but will remain as a threat - Economy is going down - Government structure not helpful to develop sector, including lack of PPP incentives (tax breaks) - Donor requirements not always accommodating PPP - Prevention not always “profitable”/”effective” in the eyes of donor - Risk of conflict of interest private/non-profit (vulnerable beneficiaries vs economically potent clients) - Lack of incentives: Some programming not profitable/interesting enough to be linked to PPPs - No adequate open platform in Pakistan for sharing new ideas, strategies from the field - No “one-fits-all solution” in diverse environments - Multi-sectoral approach needed
CIP	<ul style="list-style-type: none"> - Possibility to capitalize on innovation capacity, new technologies through private sector engagement - Reduced paperwork for CARE, lower management burden - Physical risks downloaded to TMFB - Cost effectiveness, (interest from TMFB, costs can balance to zero) - CIP well accepted by the beneficiaries - Opportunity for exploring new areas/markets (such as KPK) - Donor relationship: possibility to leverage more funding, comparative advantage to access donor funding in a changed environment (PSE), i.e. housing loans, social housing, etc. - Limited own visibility by TMFB - Potential to leverage aid money to 5-6 times private sector 	<ul style="list-style-type: none"> - Unclear capital risks - You cannot reach everybody (possible risk) - Education system insufficient, high impact - Vicious circle (people need to earn money, not get training) - Lack of awareness on business opportunities in target areas - TB is the only bank in Pakistan with set of services (risk of monopoly) difficulty to replicate

TMFB	<ul style="list-style-type: none"> - Potential profitability/return on investment through extended co-operation - Good visibility vis-à-vis other NGOs/GOs - Focus on informal sector neglected so far by banking system/comparative advantage for risk-taking agency - Access to public funding is door opener for private sector - new avenue opened up to penetrate new markets in short time (for core business = loans and deposits) - Guidelines/regulations of State Bank of Pakistan support inclusion of the population in the formal financial intermediation sector - Making financial services accessible to un-banked/under-banked (especially women) - TRUST: Computerized systems more satisfactory, increases trust - Deposits gained (CIIP) mitigate bank's risk for loans 	<ul style="list-style-type: none"> - Data integrity is the most sensitive subject (monitored by external audit and state bank) - TB takes this risk in cooperating with CARE - Unclear capital risks when planning cooperation with CARE - Arrangement of physical cash in remote areas - Security/ external hazards - Time Management - GPRS coverage is an issue in some areas, MSVs can't be a stand alone method - World economic market trends' affect on Pakistan - State bank might change (favorable) MFI regulations - Arrangement of physical cash in remote areas - Security and external hazards - Time Management
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Annex 5: Agreement CARE - Tameer Micro Finance Bank (example)

This Agreement is made this ___ day of _____ October 2010

Between

Tameer Micro Finance Bank Limited, a banking company incorporated and duly established under the laws of Pakistan and having its registered office at 15-A, Block 7/8, KCHS Union, Karachi, 75350 (hereinafter called "Tameer", which expression shall include its successors in interest and assigns) of the ONE PART

and

CARE International ----- incorporated and duly established under the laws of the ----- and having its registered branch office in Pakistan at 40 Margalla Road, F -8/3, Islamabad, (hereinafter referred to as "CARE", which expression shall include its successors and assigns) of the OTHER PART.

WHEREAS Tameer and CARE have agreed to establish the banking relationship to support CARE's humanitarian and social projects / programs in the specified areas of Pakistan through the delivery of the financial services.

NOW IT IS HEREBY AGREED BETWEEN THE PARTIES as follows:-

1. **Terms / Abbreviations used in the Agreement**

The terms and abbreviations other than the general English language used in this Agreement are mutually agreed and listed in the Exhibit A as attached with this Agreement. Any variation in meaning and understanding of the terms or addition of the fresh terms / abbreviations as required to meet the changing situation can always be resolved through mutual consultation and agreement, the Exhibit amended or added accordingly with the signatures of both the parties.

2. **Arrangements / Conditions of the Banking Relationship**

Tameer will provide banking relationship to CARE in accordance with the prudential regulations of the SBP and other laws / regulations as applicable from time to time, Tameer will open the following types of accounts in Pak Rupee to be operated by CARE or its authorized officials / nominees:-

- a. Saving / term deposit account.
- b. Current account as the Master Operating account for transaction into Project accounts.
- c. Current accounts for respective projects or specific event or activity.
- d. Any other account /s to meet the fresh situations as mutually agreed between the two parties.
- e. CARE will provide all information, documents, resolutions, etc as per the regulations for opening and maintenance of each type of the account/s.
- f. CARE will nominate / authorize officials to operate each type of accounts and will provide their approved signatures with their daily, weekly and monthly authorized limits of approvals in terms of Rupees volumes or the number of transactions as deemed appropriate by CARE.

3. **Responsibilities of CARE**

- a. The geographic areas / locations for RR projects will be selected by CARE in coordination with the partner organizations and will be intimated to Tameer with specific nature of financial services required to support these projects. Tameer's formal acceptance will be required to finalize the project for implementation. .

- b. With in the selected areas / locations CARE will assign the partner organization with responsibility for identifying the HBs and will prepare the data of each HB covering the minimum information as agreed between Tameer and CARE.
- c. CARE will review the data so prepared and after verification will hand over the same to Tameer as **trusted data base** for all further references. CARE will have the onus for its accuracy and authenticity.
- d. CNIC will form the basis for identity of each HB. In case it is not available, CARE will authorize Tameer to issue Unique Identity Number (UIN) for HBs in the trusted data for account opening and subsequent handling.
- e. Tameer will provide the account opening forms with other supporting documents to the concerned partner organization for completion by each HB. Each form will be filled legibly, with each form; HB's photograph, thumb impression and specimen signature / thumb impression will be recorded. The completed forms will be handed over to Tameer for account opening. Any variation in information will be matched with the trusted database and in case of discrepancy the trusted database will take precedence. If still the doubt persists the forms will be returned to the partner organization and the account will not be opened. Seven working days will always be provided for account opening after the receipt of the HBs forms at Tameer's office.
- f. HBs data verification and their registration process will be the core responsibility of CARE in coordination with the partner organization.
- g. In case of women, where there are reservations for giving / taking the photograph, CARE will authorize Tameer to accept such HB against thumb impression with the guarantee of the male family member or the official of the partner organization whose CNIC and photograph is available.
- h. All issues / problems of the HB pertaining to data and related implications will be handled by CARE directly or in coordination with the partner organization.
- i. Provision of all funds for the RR projects will be the responsibility of CARE in accordance with the agreed timetable of disbursements and other financial payouts.
- j. CARE will publish the finalized timetable for scheduled disbursements / payout to the HBs in coordination with the partner organization at least seven clear days before the due date.
- k. The responsible officials of CARE will meet on regular basis in accordance with the agreed time table and take joint decisions to improve the delivery process, keep it transparent and build HB's confidence and satisfaction in the whole operating process.
- l. Distribution of ATM cards and its PIN mailer to the respective HBs will be the responsibility of partner organization including HB's education on its usage.
- m. Any ATM card which is lost / mutilated by HB will be reported by CARE to Tameer for cancellation. Tameer will cancel the card and arrange replacement if asked by CARE.

3. **Responsibilities of Tameer**

- a. Tameer will manage and advise on all aspects of the relationship with CARE covering all types of accounts maintained by CARE with Tameer .
- b. Tameer will open individual accounts for all HBs including provision of ATM card based on the trusted data provided by CARE. Where CNICs are not available Tameer will issue the UIN for such HBs and will provide all the services as for the CNIC holders. These accounts will be governed by the existing banking procedures in addition to any instructions / advice given by CARE.
- c. Tameer is responsible to credit HBs individual account through an automated process and will ensure the ceiling as specified for each type of the HB.
- d. Tameer will ensure that each HB gets the right service for cash disbursement through ATM cards from his / her account at the One-link ATMs, through POS machine at Tameer's distribution points of branches, SSCs, CCs , booths and MSV / C. In case of failure or difficulty at any point Tameer will advise alternative means.

- e. Tameer will plan to establish booths at all locations where the service commitment for CARE projects exceeds six months and the number of prospective HBs are more than 600.
- f. In low density areas or those locations not having One-link ATMs or other Tameer distribution points, Tameer will arrange the required services through the MSVs and MSCs.
- g. Tameer will adhere and comply with the time program of services as agreed with CARE.
- h. Risk and fiduciary integrity will be the responsibility of Tameer.
- i. Tameer will generate fortnightly MIS and ensure monthly reconciliation of all the funds disbursed by Tameer on behalf of CARE.
- j. CARE will provide the debit instruction to Tameer Treasury for debiting project account and credit HBs' individual account, subsequent to debit authority Tameer Treasury will provide the due MIS on the subject. Tameer Treasury will ensure that the limit for each account does not exceed the payment due for that transaction.

4. **Risk and Security**

The delivery of financial services by Tameer for CARE's projects has inherent risk of fraud and embezzlement by the HBs, officials of partner organization and Tameer's staff. There is also risk of physical security including threat of theft, snatching of cash at gun point and dacoit action during the delivery of financial services at Tameer's distribution points including MSVs / MSCs in the field / traveling. Later the HBs can be subjected to similar threats once they leave such points after collection of the disbursed cash. These issues of risk and security are resolved as under with clear demarcation of responsibilities:-

- a. CARE will be responsible for the accuracy and reliability of the trusted data base pertaining to the HBs and respective partner organizations.. Any fraud and embezzlement having its origin / reasons in the trusted data base and its related / implied outflow will be investigated and settled by CARE. The specified amount / loss will be absorbed by CARE.
- b. Any fraud and embezzlement committed during the delivery of financial services which has its origin / reasons in the financial process or the concerned staff of Tameer, it will be investigated and settled by Tameer. The specified amount / loss will be made good by Tameer against the concerned account /s with information to CARE.
- c. The misuse of ATM card and its PIN by HB for illegal and unauthorized transaction will be investigated by partner organization in coordination with Tameer and CARE will take final decision for allocation of the concerned amount / loss to the concerned HB or the partner organization and will indemnify Tameer against such transactions.
- d. Tameer will take necessary measures to provide all possible security with in the given cost / means at the point of delivery of financial services. Any loss to the HB at the given point due to theft, cash snatching or dacoit action at gun point will be made good by Tameer for the concerned HB. Tameer will have no responsibility once the HBs leave the distribution point and is subjected to such threats outside the limits of the distribution points or enroute to their homes / business locations..

5. **Cost of Tameer's Financial Services in Support of CARE**

Cost of Tameer's financial services in support of CARE will cover the basic cost of each transaction and all related overheads like cash movement, insurance, risk & security, maintenance of the equipment including its wear and tear, management, monitoring, etc and above all the mobilization cost to develop reach and subsequent maintenance at all locations of RR projects. At this stage it is difficult to work out the exact schedule for each transaction. Hence, a cumulative charge will be levied on the total amount disbursed during the fortnight at the rate of 2.25 % with the following conditions:-

- a. This charge is levied on experimental basis in the absence of specific cost amounts and trends. It will remain applicable for first six months from the date of signing this agreement. However, the period may be reduced in view of the practical / ground realities subject to agreement by both parties.

- b. The charge will be reviewed and adjusted after the agreed period and aligned with comprehensive expense components, as presently it does not include the capital cost of the equipment, vehicles and stores involved which are being diverted from existing tasks during the experimental period.
- c. For delivery of services in the field through MSV / MSC, a minimum number of volume transaction has to be undertaken to retain the cost viability of each trip, failing which the disbursement program will have to be readjusted / combined to achieve the desired volume of transaction per trip. In case it is not possible then the fixed basic cost of each trip will be charged irrespective of the volume, which will be over and above the cumulative charge. Following will be the guiding matrix:-
 - 1) MSV. Minimum disbursement volume per trip Rs 1.5 million or more, otherwise a fixed charge of Rs 15000 per trip irrespective of the volume delivered.
 - 2) MSC. Minimum disbursement volume per trip Rs 0.5 million or more, otherwise a fixed charge of Rs 6500 per trip irrespective of the volume delivered.
- d. Tameer will raise the bill to CARE on the 1st and 15th of the every month and will charge the amount by the 5th and 20th of every month.
- e. In case the ATM card is lost or needs replacement it will be an additional cost than the cumulative charge and would cost Rs 150 per replacement.

6. **Monitoring and Management of Project**

For the experimental period Tameer and CARE will manage these project through the existing management, which shall meet at least once a month to review progress and settle impending issues. On completion of the experimental period Tameer and CARE will appoint dedicated project officers / Manager who will take full time ownership for continuous monitoring and whole time management.

7. **Termination and Consequences of Termination**

Without prejudice to any other right or remedy, either Party may terminate this Agreement with 30 days notice in writing to the Other Party. If any Party is in breach of this Agreement then a 30 days notice will be given to resolve the breach / issue. If the breach is remedied within 30 days or earlier the Agreement will remain in force with no consequences. In case it is not remedied / resolved the notice can be extended by either Party by another 30 days. If after 60 days no remedy / resolution is achieved the Agreement will stand terminated, with discharge / settlement of impending responsibilities / liabilities on both Parties..

Notice of termination, shall be served / delivered by Tameer or SCARE by registered mail, private courier or facsimile transmission (with true copy to follow); properly addressed to the party concerned.

8. **Miscellaneous**

That this Agreement shall be governed by the Laws of Pakistan.

That this Agreement shall come into effect from the date first mentioned in this Agreement and will remain valid for one year. The Agreement can always be extended with the existing terms / conditions or addition / deletion as agreed between two parties. An extension memorandum jointly signed by both parties with any fresh condition / clauses or deletion by specific language will constitute extension for the period as specified in the memorandum will form integral part of this Agreement..

That this Agreement shall be binding on the successors-in-interest and assigns of both the parties hereto.

Both parties undertake that they shall at all times remain in compliance with all (i) the Prudential Regulations issued by the State Bank of Pakistan (ii) Foreign Exchange Regulations as prescribed by the State Bank of Pakistan; and (iii) all laws, regulations and directives of the Securities and Exchange Commission of Pakistan.

Both parties hereby indemnify and hold each other and their respective officers, directors, employees and representatives harmless from and against any loss, damage, liability, payment and obligations which may arise in pursuance of mutual responsibilities.

Neither party shall not be liable for any loss or damage incurred by the other as a result of its failure to fulfill its obligations under this Agreement, resulting from the occurrence of any event or circumstance, or

combination of events or circumstances, that is beyond the reasonable control of that party, and that materially and adversely impacts the performance of its obligations in respect of this agreement; provided however, that such material and adverse effect could not have been prevented, overcome or remedied in whole or in part by that party through the exercise of diligence and reasonable care; it being understood and agreed that reasonable care includes acts or activities which are reasonable in light of likelihood of such event, the probable effect of such event (if it should occur) and the likely efficacy of the protection measures (Force Majeure). The party affected by any Force Majeure event shall forthwith notify the other party, and shall use reasonable endeavors to avoid or minimize the effect on the services and the fulfillment thereof. If for reasons of Force Majeure provision the continuation of any of the services under this Agreement becomes impracticable, Tameer and CARE may agree to extend the duration of this Agreement for the period the Force Majeure events persist. For the duration of such period temporary or alternate modes for the transmittal of data and of transfer of funds would be mutually agreed to between the parties. Force Majeure includes but is not limited to acts of God, war, riots, hostilities, revolutions, civil commotions, strikes, epidemics, accidents, fire, floods, earthquakes, explosions, blockades, and any other cause not within the reasonable control of either party. Any party seeking to rely on any Force Majeure event shall promptly notify the other party of such Force Majeure event within two working days of first occurrence specifying the nature of the Force Majeure event and the manner in which performance is affected.

The Parties to this Agreement will at all times keep confidential information acquired in consequence of this Agreement, except for information which they may be entitled or bound to disclose under compulsion of law or where requested by regulatory agencies or to their professional advisers where reasonably necessary for the performance of their professional services.

Neither Party shall, without the other Party's prior written approval, incur any liability on behalf of such other Party nor make any representation other than those defined in the Agreement nor give any warranty on behalf of such other Party.

This document represents the entire Agreement between Tameer and CARE relating to the subject matter hereof and supersedes all prior communications relating thereto, oral or written. The parties shall have the right to modify/amend/add/delete/the provisions of this Agreement, mutually written consent and such changes, as and when introduced in writing shall form an integral part of this Agreement.

For and behalf of
Tameer Micro Finance Bank Limited

For and on behalf of
CARE International, Pakistan

Name:

Designation:

Name:

Designation:

Witnesses:

Witnesses:

1. _____

1. _____