

# **CASH TRANSFER PROGRAM IN BANGLADESH: LOOKING THROUGH THE ELNHA LENS**

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## EXECUTIVE SUMMARY

This study was commissioned by the Empowering Local and National Humanitarian Actors (ELNHA) Project implemented by Oxfam in Bangladesh funded by IKEA Foundation. The study was conducted through extensive literatures review and interviews the various stakeholders in October 2016. The scope of work was primarily focused upon generating benchmark data on infrastructures, regulatory frameworks and human resources on Cash Transfer Programming (CTP) from an ELNHA perspective. The results of this process are described within this report.

The balance between in kind and Cash Transfer modality options used in Bangladesh have changed significantly since cash began to be first used in and around 2010, with fewer and fewer agencies now using in kind approaches beyond the first few weeks of an emergency. However indirect market support modality options have not been reported to have been adopted as yet. CTP in Bangladesh continues to be largely confined to extensive cash for work (CFW) programs (often with a community infrastructure and DRR component) with some limited conditional and unconditional cash grants beginning to be increasingly used largely after the first month from a crisis. It is evident that the lack of available information as to the full range of payment method opportunities and their coverage in specific areas and their relative costs and other advantages and disadvantages is not adequately researched or documented. It remains questionable whether the existing cash in hand transiting to mobile money transfer (MMT) approaches provide the payment methods most appropriate to specific groups or types of beneficiaries or whether there is sufficient flexibility, coverage or capacity and readiness for a major and large scale sudden onset disaster that occur frequently in Bangladesh.

Most agencies continue to use the 'cash in hand' method for delivering cash to beneficiaries in the initial weeks after crisis but since 2014 have begun to transition as quickly as is feasible within the current operating environment to mobile money transfer (MMT) approaches primarily through aiming to issue 100% of beneficiaries with SIM cards. Stakeholders continue to report that cash in hand remains the quickest and most efficient means (in terms of cost, human resources and time) of delivering cash because of delays and other problems associated with registration bureaucracy and regulatory concerns. Advocacy will be the principle means by which such blockages, bureaucracy and delays can be minimized.

# GLOSSARY AND ACRONYMS

AAB	ActionAid Bangladesh
ACF	Action Contre la Faim
CA	Christian Aid
Cash Agent	An employee of financial service provider, who redeems mobile money for cash
CFW	Cash for Work; Payment provided as a wage for work, usually in public or community work program
CTP	Cash Transfer Program; The provision of money to beneficiaries (individuals or households) which can be either as emergency relief intended to meet their basic needs for food and non-food items or services, or to buy assets essential for the recovery of livelihoods
CSR	Corporate Social Responsibility
CU	Concern Universal
CWW	Concern Worldwide
CWG	Cash Working Group
DAM	Dhaka Ahsania Mission
DBBL	Dutch Bangla Bank Limited
DCA	Danish Church Aid
DeSHARI	Developing and Strengthening Humanitarian Assistance and Risk Reduction Initiatives
DWA	Department of Women Affairs
ELNHA	Empowering Local and National Humanitarian Actors Project (Funded by IKEA Foundation and Implemented by Oxfam)
FS	Food Security
FSP	Financial Service Provider
GKS	Gono Kalyan Sangstha
GUK	Gana Unnayan Kendra
IFRC	International Federation of Red Cross and Red Crescent Societies
IK	In kind
IR	Islamic Relief
JNA	Joint Needs Assessment
KII	Key Informant Interview
KYC	Know Your Customer; a legal customer due diligence process which requires the provision of identification information on the senders and receivers of cash transfers
LNGO	Local Non-Government Organization
LNHA	Local National Humanitarian Actors
MA	Muslim Aid
MFS	Mobile Financial Service Provider
MJSKS	Mahideb Jubo Somaj Kallayan Somity
MNO	Mobile Network Operator; A service provider that offers mobile network, coverage and payment transactions
Mobile Money	Digital currency which is stored in an electronic wallet on a mobile phone
MMS	Manab Mukti Sangstha
MMT	Mobile Money Transfer
Mobile Wallet	An electronic wallet accessible on a mobile subscribed to a mobile money service
NARRI	National Alliance for Risk Reduction and Response Initiatives
NID	National Identity Card/document
NDP	National Development Program
PDM	Post Distribution Monitoring
PM	Payment Method
SI	Solidarites International
SIM	Subscriber Identification Module; a circuit is embedded on a small card, commonly called a SIM card. An integral circuit that securely stores data to identify and authenticate subscribers on mobile telephony devices
SKS	Samaj Kalyan Sangstha
SOP	Standard Operating Procedure
TDH	Terres Des Hommes
UCG	Unconditional Cash Grant
UNO	Upazila Nirbahi Officer (The chief executive of an upazila / sub-district)

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# 1. INTRODUCTION

Oxfam is implementing a multi-country humanitarian capacity building project titled as “Empowering Local and National Humanitarian Actors (ELNHA)” in Bangladesh. This project is designed to use a variety of approaches that will enable local and national humanitarian actors (LNHAs) to take the lead role in humanitarian response and recovery in the future. Such actions include capacity building, creation of platforms/networks that will champion the LNHA’s agenda, influencing approaches and enabling efficient CTP (Cash Transfer Programming).

The ELNHA project aims to create an enabling environment for LNHA’s to lead and implement efficient and effective CTP and cash based interventions for providing humanitarian assistances to crisis affected people. It therefore, calls for a need to properly understand the policies and practices relevant to ELNHA’s, availability of the different actors including ELNHA’s and their capability to deliver effective CTP taking into account their strengths, weaknesses, opportunities and risk factors within the institutions and environment. The new situation analysis will need to be guided to a large extent by Oxfam’s recent CTP study reports, research and data sets. This situation analysis will mainly need the additional information to develop the fresh perspective of current CTP situation focusing on local actors.

The information from this analysis will be used to design strategies, measures or investment to build capacities and structures to improve CTP in Bangladesh. These findings will also improve the knowledge on the various cash transfer modalities that are currently being used in the targeted project areas, relevant actors and government perceptions and ideas about them. These views will inform the development of strategy to further strengthen the existing cash transfer modalities in relation to different sectors, and also to build the capacity of the local actors to implement the CTP in the ELNHA project areas.

This report is based on learning from previous studies led by Oxfam in Bangladesh (for Cash Working Group), Learning exercises, case studies and end line report of various CTP based projects, other documents (CWG meeting minutes, case studies, presentations by different financial service providers) along with primarily collected data from Financial service provider, cluster/CWG members, local NGO representatives as well as beneficiaries to cater the needs of ELNHA Project in understanding the existing situation of regulatory framework, infrastructures and human resources in terms of CTP.

## 1.1. PURPOSE

The main purpose of this study is to make a comprehensive situational analysis of the LNHA in terms of human capacity, regulatory frameworks and infrastructures for CTP in the humanitarian context of Bangladesh and provide recommendations for suitable CTP modalities to be used by the LNHA’s in Bangladesh during humanitarian crisis.

## 1.2. OBJECTIVE

- To generate cash transfer bench-mark data for the ELNHA project based on the Early Outcome 03 of the ELNHA project’s Theory of Change (TOC) (“LNHA’s have infrastructure, regulatory frameworks and human capital in support of cash transfer programming”) which can then contribute to its Intermediate Outcome 01 (“By the end of 2018, LNHA have capacity to design, deliver and lead in humanitarian preparedness and response in Bangladesh”). This will include an assessment of LNHA’s strengths and gaps in organizational capacity (strategies, frameworks, etc in place) and in their human capacity to implement CTP
- To assess the relevant actors’ (including financial institutions, Mobile Financial Service Providers-MFS, Government agencies , money transfer agents, commodity suppliers and local and national NGOs, along with other relevant private sector actors) experiences and capabilities of managing CTP in humanitarian crisis.
- Mapping the presence of financial service providers in the project locations

- SWOT analysis of the actors including feasibility, capacity and technical aspect of the various existing cash transfer mechanisms
- To identify the different cash transfer modalities along with their efficiency and effectiveness including innovativeness, gendered needs, beneficiaries' perspectives, risk and risk mitigation measures
- To recommend the most appropriate cash transfer modalities in the ELNHA project areas.

## 1.3. SCOPE

This assessment is focused on institutions within the ELNHA working areas to cover and understand the following:

- Experience and expertise of the LNHA's involved in CTP, clearly defining the strengths and gaps in capacity, as relevant
- Existing Cash transfer mechanisms and their challenges, opportunities, efficiency and effectiveness
- CTP coordination mechanism, challenges, gaps and effectiveness
- Existing rules and regulatory frameworks regarding CTP
- Identify beneficiaries' perceptions on of various methods of CTP
- Recommendations to improve CTP in future.

## 1.4. METHODOLOGY

The data collection, analysis and recommendations presented in this report followed a twofold approach:

- The study primarily aimed to source available data from secondary sources of like Oxfam study reports, situation analysis, research and relevant documents on CTP and incorporating the relevant findings and recommendations into this situational analysis report to avoid duplication of efforts and resources.
- As major portion of the previous studies on CTP in Bangladesh focused solely on the donor and INGO perspectives, this study with due consideration to gather a fresh perspective from that of LNHA's a number of KIIs were conducted with LNGOs (DAM from the central earthquake zone, POPI from northeast flood zone, SKS from northwest flood zone, and Jago Nari from southern cyclone zone), FSPs (BKash, and DBBL) as well as CWG members (from Oxfam) to contribute to fill up the existing knowledge gap.
- The beneficiary feedback has been accumulated from various previous response project's evaluation reports to supplement additional insights regarding the comparison between different CTP modalities and methods.

## 2. FINDINGS

### 2.1. REGIONAL HAZARD CONTEXT

Although Bangladesh has a flat topography and there is high similarity in geography and climate, although in reality the hazards and their intensity varies greatly. So, the regional perspective has been divided into three sub-themes as per geographic and hazard coherence. There is good mobile network coverage at the district sub-district (upazila) and union levels other than very few instances at chars, isolated islands and some rural areas. There is also some presence of Mobile Financial Service Providers (MFS) agents in the village level with liquidity capacity is 20,000 to 200,000 BDT which is not enough for large scale cash programming. There is no bank presence at Union level but it has presence at District and sub-districts level. Postal service has good presence and coverage at union level and they recently introduced SMART card payment system.

#### 2.1.1. Northern and Haor Floods Zones

Floods are regular phenomena in Bangladesh during monsoon. Every year from mid June to October Bangladesh is generally experience with floods. Flash floods caused by overflowing of hilly rivers in north eastern (haor) and northwestern Bangladesh due to heavy rains (in April-May and September-November). Floods are caused by major rivers usually in the monsoon due to gradual rise of water level (during June-September), drainage congestion and heavy rains. In such cases level of flood water generally increases slowly but the rise creates floods in Kurigram, Gaibandha, Nilphamari, Lalmonirhat, Rangpur, Bogra, Rajshahi, Pabna, Sirajgonj, Faridpur, Kushtia, Dhaka, Mymensingh, Kishoreganj, Sylhet, Sunamganj, Jamalpur, Tangail, and Comilla areas. Also due to intensive rains in upstream in Khasia-Jaintia, Garo and Tripura Hill Tracts regions in border areas outside Bangladesh there is sudden upsurge of water in rivers and rivulets resulting in sudden increase of water level inundating river banks. In some areas intensive rainfall locally causes flash floods especially in the haor areas. It can result in the loss of crops of thousands of hectares of agricultural land and scores of villages, and displace thousands of people from their homes. During severe flooding, they are the poorest and most vulnerable who suffer most because their houses are often in more exposed locations.

#### 2.1.2. Southern Cyclone Zones

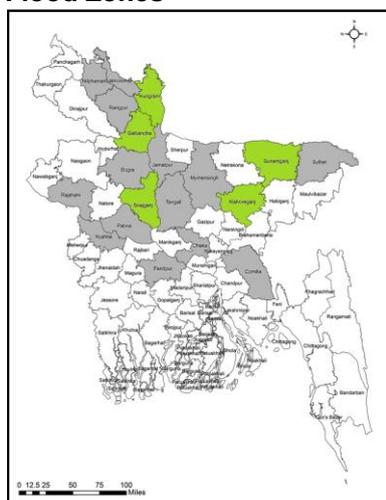
Tropical cyclones from the Bay of Bengal accompanied by storm surges are one of the major disasters in Bangladesh. As per the National Plan for Disaster Management the reason for casualties is due to the fact that cyclones are always associated with storm surges resulting in extensive damage to houses and high loss of life to humans and livestock in coastal communities. These storms generally form in the months just before and after the monsoon and intensify as they move north over the warm waters of the Bay of Bengal. The storm surges are higher in Bangladesh than in neighboring countries because the Bay of Bengal narrows towards the north, where Bangladesh is located. In recent years, general cyclonic activity in the Bay of Bengal has become more frequent, causing rougher seas that can make it difficult for fishermen and small craft to put to sea. The coastal districts of Barisal, Patuakhali, Borguna, Pirojpur, Jhalkathi, Bhola, Bagerhat, Khulna, Satkhira, Shariatpur, Noakhali, Chittagong and Cox's Bazar and their offshore islands and chars receives the major destructions by the Cyclones.

#### 2.1.3. Central and Eastern Earthquake Zones

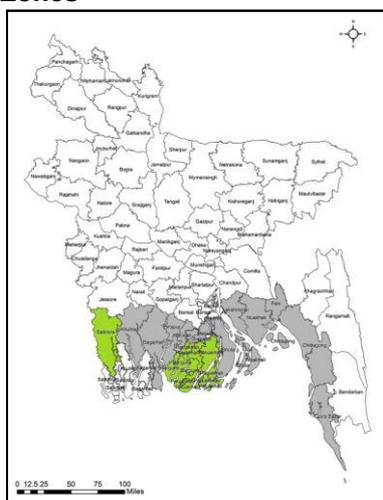
Bangladesh and the northeastern Indian states have long been one of the seismically active regions of the world, and have experienced numerous large earthquakes during the past 200 years. The record of approximately 150 years shows that Bangladesh and the surrounding regions experienced seven major earthquakes (with  $M_b = 7$ ). In the recent past, a number of tremors of moderate to severe intensity had already taken place in and around Bangladesh. Major active fault zones of the country have been delineated through geological trenching and dating methods. Bangladesh has

been classified into three seismic zones with zone-3 (Sylhet Region), Zone-2 (Chittagong Tracts and Dhaka region) the most and zone-1 the least vulnerable to seismic risks.<sup>1</sup>

**Figure 1. Northwest and Haor Flood Zones**



**Figure 2. Southern Cyclone Zones**



**Figure 3. Central and Eastern Earthquake Zones**



## 2.2. MODALITY AND METHOD

More than 24 million EURO had been distributed to the disaster affected people through Cash programming since 2011 to 2016 through INGOs from ECHO and DFID supports mostly in food security and livelihood sector. About 95% of that fund has been implemented by LNGOs through funding from INGOs, while rest 05% fund was implemented directly by INGOs. Although level of funding in Bangladesh not currently considered sufficient (non emergency and not life threatening) to cover much other than FS and some minimal livelihood, recovery or resilience. Aid is reported to be reaching only 20% of affected in a country where more than 30% is poor.

**Table 1. Estimated Cash Programming in Cyclone, Northwest and Haor Flood Zone (2011-16)**

Zone	Name of Crisis	Year	HHs covered	EURO (Million)
<b>Cyclone</b>	Cyclone AILA Recovery FAST project	2011	42,250	10
	Cyclone AILA Recovery Faster Project	2012	6,500	1
	TS Mahasen Response 2013	2013	19500	2.5
	Cyclone Komen Response	2015	32,000	3
	Cyclone Roanu Response	2016	4,500	2
	Water Logging 2011	2011	14,000	1.5
<b>Flood</b>	NW flood Response 2012	2012	10,630	1.5
	NW flood Response 2014	2014	28,300	1.3
	NW flood Recovery 2015	2015	14,833	1.1
	NW Emergency Flood Response	2016	6,870	0.5
<b>Total</b>			<b>179,383</b>	<b>24.4</b>

There is considerable confusion and regular misuse of CTP key terminologies at all levels in Bangladesh, from cash trainees, to higher management, cash implementers and occasionally with donor representatives and regional specialists. 'Direct cash' is frequently used in place of 'cash in envelopes' or 'cash in hand' when direct cash actually means the opposite of 'indirect cash to support

<sup>1</sup> Ministry of Disaster Management & Relief (2010). National Plan for Disaster Management, Government of Bangladesh, Dhaka.

market actors' and can refer to cash being transferred by any payment method. Transfer modality is variously used to refer to CTP (and not in kind) or instead of a 'payment method'. On many occasions, cash for work is defined as an 'unconditional grant' because the beneficiary could choose to purchase what they liked with the cash that was earned. Such lack of terminological accuracy leads to lack of clarity and difficulties interpreting approaches and potentially cause quite a lot of misreporting (Truelove, 2015).<sup>2</sup>

## 2.2.1. Modality

There are three types of modalities in cash transfer programming like cash grant (conditional and unconditional), cash for work (CFW) and voucher (in kind and cash voucher). The growing use of UCGs is largely through the two consortia like NAARI and DeSHARI (see introduction) and though it is unconditional, the rates are set to cover basic food security and other basic needs of the affected households. There is also a small but growing use of cash for some limited livelihood recovery activities. But a very small number of agencies have deliberate policies to always use their own funding for cash transfer programs unless there is an adequate justification to do otherwise (e.g. Oxfam), and though the major donors in Bangladesh are ECHO, DFID (DFID being the largest bilateral donor to Bangladesh) and USAID who each have very 'pro-cash' stance. But there is currently a strong debate and disagreement about the use of 'cash for training' between donors and agencies. With donors arguing that using cash to encourage attendance at trainings will result in the need for payments to be made to attend trainings in future. This is a strong and valid sustainability argument.

### a. Cash for Work

However, it is clear that CFW continues to be overwhelmingly used. One agency staff member estimated 90-95% of their CTP is CFW though it is often linked to disaster risk reduction (DRR) and other community improvement schemes. Some stakeholders would argue that as such this is more developmental assistance rather than humanitarian aid as such. Government uses CFW extensively paying locally set rates but what stakeholders consider that being very low rates that on some occasions are considered to be at the verge of exploitative (150-200 BDT) and which may not even compensate for the nutrition used in the heavy work tasks involved. Agencies report that they have assessed the situation and would prefer to set locally appropriate CFW rates in the region to be 200-250 BDT. This has reportedly created problems at local level in discussions with government authorities and local leaders.



In summary then, overall CTP use has remained fairly uniform and is largely through CFW with those identified as 'unsuited to the heavy work of the CFW programs being allocated UCG (reportedly with 7-10% of beneficiaries getting these UCGs for the most vulnerable). CFW is still largely cash for DRR and infrastructure repair and could gain from being designed more appropriately to the needs of the less physically able vulnerable groups for which it is principally intended. More innovative work options can be identified which help define specific less labor intensive roles for the elderly or to provide child care to facilitate women's involvement as well as designed more innovatively such as through home based income generation opportunities leading into livelihood and enterprise development schemes.

### b. Cash Grant

The cash grant is both conditional and unconditional depending on the objectives of the cash transfer. The growing use of UCGs is largely through the two consortia groups of NAARI and DeSHARI (see introduction) and though it is unconditional, the rates are set to cover basic food security needs only. However, it is clear that CFW continues to be overwhelmingly used. Often first installments are through 'cash in hand' then subsequent installments are through MMT or bank transfers. On

<sup>2</sup> Truelove, S (2015). What Next for Cash Transfer in Bangladesh. Oxfam, Dhaka.

occasions it has been reported that sometimes when larger amounts are being given a small installment is given first as a kind of trial of the cash delivery system (e.g. the BDRCS 3,000 BDT, followed by amounts from 300 BDT to 15,000 BDT for food security, livelihoods recovery and other sector programs), which is then checked or monitored for safe receipt. In general however, installments are used when amounts are large and there are concerns regarding the security of larger amounts or to assure standards or quality of use targets are met (e.g. most commonly in shelter for stages of construction). Those practitioners familiar with cash installment use do not seem to have considered the potential implications of installments in terms of ability to buy larger amounts, maximize economies of scale at purchase and potentially forcing beneficiaries to use credit or purchase smaller less economic, amounts etc.

There is a wide ranging lack of understanding of what multipurpose cash Transfers are (MPCT), readiness for MPCT and what its potential implications are for Bangladesh. The standard package for MPCT is yet not determined and agreed by the stakeholders including the government. CWG is working on it to determine the cash package. The MPCT is basically unconditional or unrestricted. The amounts given in Bangladesh are usually too small to be used for other sector basic needs than food security and these limits cross sector impacts. Agencies were not able to provide information across agencies on spending decisions by beneficiaries and whether they are consistently using grants intended principally for food security for other sector needs in preference.

### **c. In Kind Grant**

Delay in emergency declaration and JNA initiation contributes to the remaining strong preferences for in kind (IK) distributions. One of the contributory reasons for this widespread IK and immediate small cash in hand distribution is the continued perceived slow triggering and undertaking of the necessary assessments, slow authorizations for cash implementation and amounts of bureaucracy and regulation around mobile money transfers. Stakeholders indicate that this continued use of in kind is caused by a variety of factors: "Donor mandates; earmarking of funds for certain sectors, (e.g. livestock); and the fear that if given cash the beneficiary may not use cash for the intended purpose (e.g. livestock); for logistic, administrative ease for agencies (such as buying large quantities of IK s from one supplier rather than to go to small local traders in the community".

## **2.2.2. Method**

The balance between in kind and cash transfer modality options used in Bangladesh have changed significantly since cash began to be first used in and around 2010, with fewer and fewer agencies now using in kind approaches beyond the first few weeks of an emergency. However indirect market support modality options have not been reported to have been adopted until the ongoing intervention by Oxfam - Promoting market-based responses to emergencies through WASH market mapping and analysis funded by USAID/OFDA. CTP in Bangladesh continues to be largely confined to extensive cash for work (CFW) programs (often with a community infrastructure and DRR component) and distribution of cash grant both conditional and unconditional. Most agencies continue to use the 'cash in hand' method for delivering cash to beneficiaries in the initial weeks after crisis but since 2014 have begun to transition as quickly as is feasible within the current operating environment to mobile money transfer (MMT) approaches primarily through aiming to issue 100% of beneficiaries with SIM cards. Stakeholders continue to report that cash in hand remains the quickest and most efficient means (in terms of cost, human resources and time) of delivering cash because of delays and other problems associated with registration bureaucracy and regulatory concerns.

It is evident that the lack of available information as to the full range of payment method opportunities and their coverage in specific areas and their relative costs and other advantages and disadvantages is not adequately researched or documented. It remains questionable whether the existing cash in hand transiting to mobile money transfer (MMT) approaches provides the payment methods most appropriate to specific groups or types of beneficiaries or whether there is sufficient flexibility, coverage or capacity and readiness for a major and large scale sudden onset disaster as they occur frequently in Bangladesh (Truelove, 2015).

### **a. Hand Cash Delivery**

Cash in envelope/hand (regularly referred to as 'direct' or 'hard' cash') is used widely. Donors report that roughly a quarter to a third is delivered through hand cash delivery with about 70% of the remaining non cash in hand being through MMT, though donors were not collating this information

systematically. Cash in hand or cash in envelopes remains widely considered as quicker and requires less staff and other resources and time, and so continues to be the first PM used by government and almost all agencies. Cash in hand continues to be used by some agencies throughout the emergency and recovery continuum despite other PMs being available to them in the areas that they operate.

### Advantages

- Fast and real time – instant delivery of cash due to HHs (cash beneficiaries got their money within weeks or less);
- Low or no transport costs for the beneficiaries to receive cash depending on the cash distribution points;
- Traditionally acceptable to all and can often bypass the organizational / administrative hassles;
- No additional cost required to collect payment on the part of the beneficiaries;
- Huge amount of cash can be distributed through multiple distribution points / booth;
- Flexible and convenient – can be carried to individual HHs/delivered at the door steps and thereby allows more time to do household chores);
- Empowerment – offers a space to work with community local structures such as the distribution committee (shared responsibility);

### Challenges

- Not secure – highly risky to carry cash without escort;
- Likelihood of corruption/misappropriation – handling huge amount of cash by the NGO staffs and local leadership may lead to corruption/misappropriation;
- Theft / robbery – cash usually paid in bulk and the beneficiaries can be prone to theft/robbery
- Local muscle men/political supporter/community leaders often create pressure to the beneficiaries to give them money
- Women receive money and often hand that over to their male counterparts e.g. husband or male member of the family. In case of bank transfer or MMT some amount may remain in the name of women beneficiaries.

### Recommendations

- Direct cash distribution is a feasible option. However, the pertinent risk factors (robbery / theft / corruption / bribery etc.) should be adequately addressed. In some project areas, even the beneficiaries were not informed of the cash distribution till the very last minutes. Such measures could help to some extent.
- Fast and easy approach; however, requires detailed planning as the approach may be thwarted by issues like liquidity and a bank's ability to carry out 'bulky cash withdrawals'
- Most suited for emergencies; however, may not be the most fitting for medium to long term projects;
- Focus on female beneficiaries should be an in-built component in CTP-based initiatives as it empowers women and improves their dignity.

#### **b. Bank Transfers**

Some agencies (including DWA, CWW, IFRC and BDRCS) use bank transfers and bank cheques. There is also some evidence that a very small number of agencies (e.g. World vision) have made cash payments to 100% of beneficiaries to the saving groups' bank accounts in areas where World Vision has development programs on community savings schemes.

### Advantages

- Safe and secure and offers minimum risks at delivery;
- Offers savings options as the money is kept in individual bank accounts;
- Contributes to empowerment, well-being, dignity, mobility and confidence building of beneficiaries, especially women;
- Offers flexible withdrawal system based on individual requirements;
- Reliable, transparent, and can bypass influential local elites and other middle-men; thus protecting beneficiaries from possible exploitation.

## Challenges

- Takes 2-3 weeks to open bank accounts;
- Beneficiaries need NGO support to open bank accounts. For instance, in Uttar (north) and Dakkhin (south) Bedkashi, Islamic Relief had to provide technical support to open 6265 bank accounts for beneficiaries with Sonali Bank, Koyra branch that took two weeks time. Most beneficiaries required assistance from NGO staff to open accounts, fill up withdrawal slips and complete other banking formalities;
- NGOs have to deploy staff members to assist the beneficiaries that hampers the project achievements
- Lack of accessibility: distant/difficult bank location and unavailability of banks in many rural areas;
- Single distribution point (i.e. branch office) – the worst instance being 2 months to access cash;
- Travel to banks time-consuming and risky and also unavailability of transport – for instance beneficiaries had to travel 17 km by boat (only available mode of transport) to reach the Sonali Bank at Koyra to deal with cash distribution;
- The beneficiaries are at risk while traveling to their home after withdrawing the money from the bank
- Additional travel and accounts maintenance cost (e.g. service charges) need to be paid from the project-cash received;
- Working people may lose 'one working day' only to deal with the banks, which could at times be difficult for them. Moreover, they are to bear additional travel and incidental costs; Also as most of the account holders are women often there is difficulty as they have other family priorities and these are extra workloads for them;
- Difficult to travel for carrying and lactating women, older people and people with disability;
- Liquidity crisis i.e. Banks often fail to provide cash to large number of beneficiaries; Sonali Bank, Koyra Branch had to fetch additional reserve from Khulna which is 110 km away and takes about 5-6 hours to reach there;
- Inability to disburse huge amount of cash on a given day: In one area regardless of the bank manager being highly cooperative proposed to pay only 50 to 100 beneficiaries a day due to lack of enough people at the bank;
- Bank officials in some areas appeared to be not so client-friendly that delayed/thwarted the project activity; Some bank officials also tend to demand bribe (unofficial 'service charges' as they would call it) from beneficiaries/NGOs;
- Short-lived bank accounts (account likely to close with no regular deposits) whereas the banks expect the beneficiaries would sustain their account with deposits from other sources as well; So, short time project seemed not feasible for bank transfer in certain areas;

## Recommendations

- Feasible to distribute cash (under CTP) through banks in Bangladesh. However, the banks should be approached as early as during the project design phase. Bangladesh Bank should be consulted as well for necessary support;
- Banks are profit-making entities and NGOs are charity; therefore a common understanding is imperative;
- Effective coordination among the implementing agency, beneficiary, local govt. and respective bank is essential to bring about success;
- Distribution through banks is secure. However, it is ideal for medium for long term CTP projects, not emergencies;
- Mobile banking could be an alternative. However, the possibilities and tariffs need to be explored;

### **c. Mobile Money Transfer**

In general, agencies that do move on from cash in envelopes, almost all transition to mobile money transfers through distribution of SIM cards through four main providers (DBBL, bKash, IFIC, Postal service). DBBL and bKash has already the capacity to manage multiple contracts as well as manage up to 2 million GBP. There appears to be a difference in opinion and a degree of lack of evidence of whether the MMT option has the potential to be used in all areas, with some reporting that coverage is 'everywhere' and others reporting that there remain pockets in most areas where coverage is not

good enough and certain more remote areas where there is no coverage. There is also a difference in opinion as to whether these MMT options are robust and quickly repaired for re-use after certain emergencies (such as the more commonly occurring cyclones, floods and water logging). Opening bank accounts and registering SIMS is reported to take between ten days to three weeks and both require a high resolution good quality photo and national identity cards/documents (NIC/Ds) that are often lost. This combined with the time taken to complete KYC forms to register SIMS means these payment methods are staff resource heavy and cause delays (further detail contained in section of delays above). There is some lack of clarity over whether a revenue payment stamp of BDT10 is really required for humanitarian CTP purposes.

### Advantages

- Fast and discreet
- PIN security connected to individual SIM
- Relatively low set-up costs and low hardware requirements
- In most cases, a full set of transactional options are available (person-to-person transfer, bill payment, etc)
- Cash transferring to the community by MMT has wonderful success as it allowed freedom of choice of the beneficiaries and ensures transparency and accountability of the project. Although it was challenging to orient the illiterate community on it but using flyers and orientation sessions made the process smooth and successful. Cash support from the project enabled them to buy food; livelihood input e.g. agriculture, poultry and livestock; while some portion was kept as savings and invested in children education along with health as well as ensuring food security
- Project women get connected to IT and banking system by MMT that ensure a mobile bank account of each women. The cash controlling power can contribute much to raise their voice in their domestic life. This effort can build consensus among the concerned people regarding the need of women empowerment.
- MFS providers are keen to increase coordination and learning sharing process with the humanitarian agencies

### Challenges

- National ID is required, although introduced for quite some long time the usage has not been popularized especially at the rural level
- Network issues may cause delays
- Limited by agent coverage and cash flow
- Beneficiaries may be charged commission for transactions and withdrawals
- Sufficient presence of cash collection/transaction point and adequate levels of liquidity
- The process of registration for Mobile Money Transfer was a bit lengthy process and without prior preparedness MMT is challenging at extreme remote and short term projects
- SIM card lost and bKash account PIN number blocking at beneficiary level, Network problem / limited service coverage, lack of IT knowledge among project staffs and beneficiaries, lack of customer service at local level (there is customer service / hotline at country level but not its not TOLL free hotline)
- Master roll or getting acknowledgments from recipients was challenging and seemed unusual in MMT (Mobile Money Transfer) process
- MMT service charge is higher for hardcore poor and need to be revised during the humanitarian works

### Recommendations

- Establishing acceptable transaction limits and further expansion of network for establishing acceptable maximum travel distance to cash collection point
- Willingness to sign CWG member agency's code of conduct including data protection and willingness to expand their service to CSR
- Monitoring system of MMT from the agencies and companies need to be strengthened
- Educating the beneficiaries on Mobile Money Transfer to reduce the risks of misappropriation of cash during cash withdrawals

- A comparative study need to be dome on ‘MMT based cash transfer and Direct cash Transfer’ to see the cost effectiveness and efficiency of two approach to identify effective payment method at different scenarios
- MFS providers need to work more closely with telecom companies to improve the system
- Mobile Financial Service providers need to shoulder the beneficiaries account related problem and resolve accordingly

In the following sections each of these service providers have been analyzed in terms of their capacity

**i. DBBL:**

DBBL Mobile Banking has an extensive agent footprint in each Upazila under 64 districts through the partnerships with different industry stakeholders including government and private entities. Gradually the agent points are increasing to provide the banking services to the door steps of the people. Any DBBL mobile account holder can get mobile financial services from those agents at their convenient and an affordable cost. DBBL Mobile Banking started its journey on 31st March, 2011 targeting delivery of financial services at affordable costs to sections of disadvantaged and low income segments of the society. The key features are:



- Cash-in / Cash-out charge from Branch: Tk. 10 for any transaction
- Cash-out Charge From Agent: 0.9% of total Deposit / Withdrawal amount (e.g. Taka 9/- Per 1,000/-)

**Table 2. DBBL SoPs**

Particulars	Transactional Limit
Cash-out frequency per day	Max 3 times per day
Cash-in/cash-out amount per transaction	Tk.25,000/-
Cash-in/cash-out amount per day	Tk.25,000/-
Cash-in/cash-out amount per month	Tk.150,000/-

**ii. BKash:**

BKash Limited, a subsidiary company of BRAC Bank Limited started in July 21, 2011 as a joint venture between BRAC Bank Limited, Bangladesh and Money in Motion LLC, USA, and in April 2013 International Finance Corporation (IFC), a member of the World Bank Group also became an equity partner of the company. bKash is now the leading mobile financial service provider in the country. It has long working experience with different Local NGO and INGOs both Cyclone and Flood prone areas in Bangladesh. They have huge number agents in the rural areas even in the village and isolated river islands. Oxfam Bangladesh is able to disburse any payment to their employees and beneficiaries / agents all over Bangladesh.

The key features are as followed:

- The disbursement charge will be 0.00 % (Zero) of the total amount disbursed as bKash service fee.
- Standard Cash out fees (1.85%) will be applicable here.
- Cash in Charge Free
- Balance Check Free
- Account Maintaining Charge Zero.

- Minimum balance amount needed for each account is 0 (Zero).
- Registration lead time: 4 Days
- Customer service mechanism: Key Account Manager, Regional Team, and Customer Service.
- Complain handling mechanism: Special Team will be working for this Project. (both centrally and locally).

### iii. **IFIC Bank:**

IFIC Bank Limited launched mobile financial services under the brand name of IFIC Mobile Bank to provide a secured and easy access to the banking channel to the unbanked people. IFIC Mobile Banking is a service that enables customers to access their accounts from their mobile phone and avail different banking services 24/7 instantly. The key features are as followed:

- Disbursement Processing Fee
- Cash out fees 1.4% of the total amount from any agent of IFIC Bank Ltd.
- Has presence at Upazilla level but very minimum presence in Union level

### iv. **Post Office:**

Bangladesh Post Office is an attached Department presided over by the Director General under the Ministry of Posts, Telecommunications and ICT. Bangladesh Post Office has started functioning from 20th December, 1971 after the emergence of Bangladesh as a sovereign country. It is responsible for running postal services within the country and also with other countries of the world. Bangladesh has become a member of the UPU (Universal Postal Union) since 7th February, 1973. Electronic Money Transfer Service (EMTS) through SMART Card established in 2010. It has Postal Cash Card for beneficiary payment that allows payment transfer directly to the beneficiary's online card account. Payment is made by swiping cards. Each card holder has a PIN or His/her biometric information can be used to operate the account. The payment system can be monitored centrally. Beneficiaries can withdraw the money as soon as the money is transferred to his account from nearest Post office or payment can be made at his home i.e. payment can be made at their home like money order. Once the cheque has been cleared and master list has been submitted to BPO it will take at least 6 working days before the card can reach the beneficiaries. That is including card production (up to 5000 cards). The World Bank has piloted this in their project and has started the rollout for 600,000 beneficiaries. The payment of this project will start in the next year. The key features are as followed.

- 110 TK (one time per card cost)
- 1% of the total amount and TK 5.00 in every transaction
- The system is electronic; BPO can provide and customize the report that the agency wants to receive from them. They also be provided an access to it so that they can view transactions anytime at their convenience and if needed.



The following table provides a comparative overview of the availability of agents i.e. coverage for bKash and DBBL in the ELNHA working areas (IFIC Bank doesn't operate below upazila level so has not been included in this comparison and due to unavailability of information).

**Table 3. Comparative Agent network coverage of MMT agencies (DBBL and bKash)**

Row Labels	bKash	DBBL
<b>Barguna</b>	213	236
<b>Dhaka</b>	1021	1102
<b>Gaibandha</b>	435	129
<b>Kishoregonj</b>	634	276
<b>Kurigram</b>	52	No Information
<b>Patuakhali</b>	261	15
<b>Satkhira</b>	206	11
<b>Sirajganj</b>	181	4
<b>Sunamganj</b>	251	127
<b>Total</b>	3254	1900

The following table provides an example of comparison among the money transfer agencies collected from the two most flood vulnerable upazilas of Sundorganj from Gaibandha and Rajibpur from Kurigram district. The example shows that the MMT service providers have varying levels of comparative service coverage and cost efficiency.

**Table 4. Comparison between the services offered by various MMT agencies**

Name of the Service Provider	Service Charge (At Agent)	Registration Lead Time	Previous Experience	Village Level delivery
<b>bKash</b>	1.25%	4 Days	Yes	Available
<b>Dutch Bangla Bank</b>	0.90%	07 Days	Yes	Available but lower than bKash
<b>IFIC</b>	1.40%	3 Days	No	Not available

#### a. Voucher

There are two types of vouchers, the Cash and Commodity Vouchers. Very few agencies use cash or commodity vouchers, though WFP are reported to do so on occasion and Oxfam currently is piloting it to respond in the flood affected areas in the north through E-voucher for WASH.

An example of the type of payment method options analysis that can be used (and improved) is given below from the 'Northern Bangladesh Floods Recovery Assessment 2012' (a joint needs assessment led by the IFRC/BDRCS and Oxfam, save the children, Christian Aid and Muslim Aid).

**Figure 4. Payment Method Options Analysis for Northern Floods Region**

Available Financial Service Providers	Registration or account Requirements needed	Opening A/C Charge (BDT)	Extra Charge / Commission Needed	Maximum Amount Transfer per day (BDT)	C= Cost F= Feasibility Fam= BF familiarity A= Availability locally (H= High M= Medium L= Low)	Secured	Remarks
<b>Banks (e.g. Sonali Bank)</b>	YES Photo Voter ID / Birth Certificate	10 to 500	No	Unlimited	C = Low F = Medium Fam = Medium A = High	Yes	Sonali Bank has easy access for farmer, a/c for them only BDT 10.
<b>Mobile (e.g. bKash, DBBL)</b>	YES Photo Voter ID / Birth Certificate Mobile / SIM Card	50 to 100	Yes (e.g. 1% for sending, 2% for receiving)	25000 BDT	C = Medium F = Medium Fam = Medium A = High	Yes	BFs familiar. Concerns that not enough cash
<b>Mobile (through Post Office)</b>	YES Mobile / SIM Card registration	0	Yes	Limited	C = Medium F = Low Fam = Low A = Low	Yes	
<b>Micro Finance Institution (e.g. Brac, Grameen)</b>	YES Photo Voter ID / Birth Certificate	100 to 500	No	Limited	C = Low F = High Fam = Medium A = High	Yes	Very well known and many offices. Also IGA projects and savings & loans potential
<b>Money Transfer Company (e.g. Western Union, Money gram)</b>	Yes Photo Voter ID / Birth Certificate	0	Yes (up to 20%)	Unlimited	C = High F = Low Fam = Medium A = Medium	Yes	Costly
<b>Traders</b>	ID	0	Yes	Limited	C = Low F = Low Fam = Medium A = High	Less	Time consuming for negotiations. Not familiar
<b>Cash in hand / envelopes</b>	ID	0	No	Unlimited	C = Medium F = High Fam = High A = High	Less	BFs and agencies familiar with

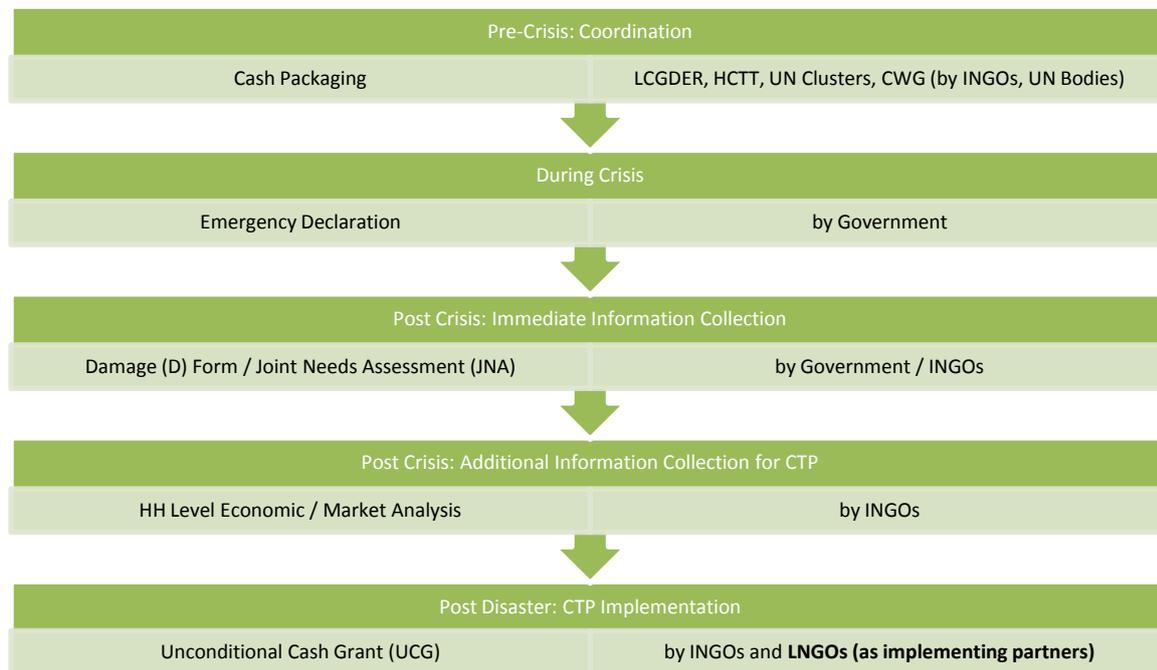
## 2.3. REGULATORY FRAMEWORK

The operating environment within which cash transfer programs function involves both the operating environment within agencies themselves as well as the wider regulatory and policy environment that is provided by government as presented in the following section in brief.

- Central bank regulation took three or four years to be achieved and the go ahead for licenses for mobile money transfers also took one to two years which significantly delayed take up of CTP and MMT. Agencies have been trying to reduce further causes for delays over the last 3 years but facing continued problems. The bureaucracy and regulatory requirements for mobile companies are the principal cause of delays and discouragement for the increased and earlier switch to MMT. The need for national identity documents (NID) which are frequently lost in the crisis and take considerable time to replace also further delays. Delays have also been caused by problems with the digital quality/resolution of photos for identity documents.
- The need for 'KYC form' completion for SIM and mobile registration is both staff and the time intensive, for processing and acceptance can often delay cash delivery by 45 days or more. KYC form registration is currently paper based and undertaken by agency staff not MMT companies or banks. Although the CWG has undertaken a great deal of advocacy with banks and mobile providers, gains have not so far accrued. Financial providers report that they are currently investigating biometric methods of registration, but none interviewed were investigating the option of automating the collation of registration information from its current paper based system.
- Permission and authorization issues are further hampering a speedy transition to CTP and can on occasions limit modality choices, increase the use of conditions, restrictions and installments and limit payment method choices in certain regions and for some marginal groups such as: The Rohingya who are not registered and his limits mobile ownership and access to various payment methods. However restriction on modalities used is reported by stakeholders to be principally due to authorization issues; In the Chittagong Hill Tracts it is considered to be more remote, that affects access to markets and payment method services along with low network coverage and access to mobile phones and accounts.
- Stakeholders report that some delays are caused, in the case of some agencies where there is a lack of agency CTP familiarity, experience and even some of the more experienced CTP agencies do not have clear existing systems and procedures for the administration, finance and logistical arrangements for cash. A small number of agencies (Oxfam, ACF, Save the Children International and IFRC) are known to have either recently or are in the process of defining Standard operational procedures for CTP (SOPs) in Bangladesh. Low levels of experience of CTP by staff and limited access to capacity building opportunities causes difficulties and delays also.
- Assessments take time and can add to delays. JNAs in particular cause delays in proceeding to program design and then implementation due to a number of reasons. Initially the assessments went ahead without the need for any approval or government permissions. It is unclear why this situation changed however it is now required that JNAs are only allowed to go ahead when a national emergency is declared. There are political reasons why the government is reluctant to declare emergencies that are now restricting the ease and speed of JNAs triggering.
- UN agencies are more bound by government rules, and thus can have a tendency to over regulate CTP applying more conditions, restrictions and installments. NGOs have fewer problems in this regard, though delays do occur when seeking approvals and permissions and there remains some continued pressure to stick to modalities with conditions and familiar payment methods.

## 2.4. COORDINATION

**Figure 5. Existing Humanitarian Architecture**



A lot has been achieved by the CWG, but there is still more potential for information sharing and sharing of common tasks (e.g. coordination, setting standards, joint monitoring tools and joint evaluations etc.). Also, CWG is largely a Dhaka based coordination structure that has not as yet been able to decentralize or benefit from the inclusion of local and regional level CTP expertise especially from LNGOs.

There is a lack of clarity over the positioning of CWG within the cluster system and humanitarian aid architecture with some reporting of duplication of effort between clusters and the CWG and some communication difficulties and attendance issues. As there are relatively weak clusters at present (with only FS as fully active) there tends to be a loss of momentum between responses. Because of this it was considered by the workshops that it would be best for the CWG to remain separate and remain floating alongside strategies to improve its linkages with the clusters and communication and representation.

Findings from many of the clusters as well as the CWG are rarely circulated or their key decisions to the HCTT. This is combined with limited leadership from the government or UN agencies or to some degree from INGOs who had designated focal points for each cluster. This is also because there is no OCHA currently in Bangladesh whose job it would have been to drive the clusters to meet and report back and coordinate and to some extent the INGOs too have failed to step in. Currently this role is informally undertaken by the Office of the UN Resident Coordinator. At other times the coordination role has been through the HCTT (Humanitarian Coordination Task Team), which continues to function still but is reported to have suffered a loss of momentum recently.

## 2.5. RELEVANT ACTORS

### 2.5.1. LNGOs

There are a large number of Local Organizations present at these Districts and they usually have strong presence in their working areas. They have also legal permit by government to work at these location. Few of these Local NGOs has cash programming experience e.g. in Gaibandha GUK and SKS Foundation, in Shirajgonj GKS, NDP and MMS, in Kurigram Zibika, MJSKS, Solidarity, etc have some sort of cash programming experience of 2 to 3 emergency response & Recovery projects of flood response with the close support of INGOs. In terms of policy, infrastructure and Human resource for cash programming is not well established. These LNGOs don't have linkage with the national level coordination bodies that's why they are deprived to participate in designing need assessment, Humanitarian response Plan, any decision making policy papers drafting, negotiating, etc.

During the study it was observed that the LNGOs were familiar with a variety of the CTP methods and modalities (both conditional, unconditional) along with in kind modalities. But there are concerns regarding their knowledge on CTP terminologies, designing and implementation. There were reports of external evaluation only in a few occasions where the donors (e.g. CARE, UNDP) had provisions to do so, due to the high cost. The advantages of CTP were realized as enabling purchasing power, time efficient, convenient for beneficiaries, economic and women empowerment, market re-functioning, risk reduction and the shortcomings were identified as misuse of money, chances of fraud, technological and documentation limitations, unfamiliarity to the community, lack of adequately trained staffs, poor mobile network coverage etc. The most familiar methods were the following.

- Unconditional Cash Grant: mostly through MMT (e.g. DBBL, BKash), and some through banks (e.g. Sonali Bank, Agrani Bank)
- Conditional Cash Grant: mostly through Cash for Work, Cash vouchers

Almost all the organizations had some staffs that have experience in CTP implementation only, although the number or level of perceived skills varied greatly. For example a LNGO mentioned the availability of 5-50 staffs notable of which is the presence of master trainers, and senior staffs. LNGOs most of these staffs were trained by various international organizations on various occasions. But high staff drop out along with those knowledgeable on CTP was identified as a concerning issue. The LNGOs were found to be operating in multiple districts and project office at many of the working areas.

In order to design CTP Market assessment are sometimes utilized. In order to coordinate with the government, the LNGOs stated of involving the UNO and other local government officials in project activities and attendance of senior staffs at the Monthly NGO Coordination Meeting. The LNGOs also reported of involvement of male, female, children, disabled, elderly and all types of socially excluded people during designing and implementing (usually through a Project Implementation Committee) of CTP. Usually the selected beneficiary list is again checked with local government representatives. This participation was also reported to be thoroughly documented. Complain boxes at the centers were mentioned as a common tool for accountability and feedback mechanism. Only Jago Nari reported of having a specific CTP related policy.

Generally the cash is transferred to the beneficiaries in forms of (2 installments), first as hand cash and the second installment through MMT if feasible (Truelove, 2015). During this time the PDM is conducted generally.

Among the key challenges regarding CTP the following were mentioned

- Technological limitation, weak data management or IT systems
- Lack of sufficient skilled / trained person and high staff dropout
- Lack of own fund to design and develop CTP
- Often bank accounts/SIMs are unavailable and the registration process is lengthy (e.g. MMT)
- Shortage of time

Among the key recommendation the following were made:

- Conducting pilot study in case of innovations like E-voucher / cash
- Developing centrally managed database system along with documentation
- Anchoring CTP on easy and available technology, local context and familiarity
- Enabling more effective cluster coordination
- Advocacy and raising awareness regarding CTP
- Reduce complications and delay in registration process through biometric systems and registering the SIMs against the organizations for MMT

## **2.5.2. Financial Service Providers**

In general the two of the largest service providers BKash (only MMT) and DBBL (MMT service provider as well as bank) felt that they don't face any barrier in expanding their distribution network. They also claimed the presence of their distribution channel members at a 10-30 minute walking distance (e.g. BKas has 16000 active agents) which puts their service at a comparatively advantageous position than any other financial service provider in terms of CTP. They are also a regular participant of CWG meetings. So their service can be availed immediately in cases where there is a pre-developed beneficiary list. But most of their resources and systems are highly Dhaka based. The overall documentations can be improved further although they also have a 24/7 call center. To ensure more effective implementation of CTP the following recommendations were made.

- Better understanding, time and coordination especially with the LNGOs
- Training and deployment of more staffs in hazard prone areas or at least create provisions for recruiting short-term staffs
- Capacity building of LNGOs in CTP
- Improve database and documentation systems

## **2.5.3. Local Government**

There are a number of civil society organizations and the District Disaster Management Committee (DDMC) is active but the Union and Upazila Disaster management Committee (UDMC) is not fully functioning. Government has sufficient human resources at all level. The government also has their safety net program at these ELNHA working Districts. A monthly NGO coordination mechanism is active to get the progress update under the control of Deputy Commissioner. In the ELNHA Project location there is presence of CPP (Cyclone Preparedness Program) in the coastal areas which have a large number of volunteer who are responsible to work with District to Ward level. Due to inadequate resource it is not working properly or effectively though it has a good structure.

## **2.5.4. INGOs**

There are a number of INGOs working at these ELNHA working District but very few INGOs have their own office at these district. Most of the INGO (98%) offices are situated at Dhaka, and their response interventions are implemented through local NGOs. The INGOs e.g. CARE, CA, Oxfam, MA, ACF, IR, CWW, DCA, Save the children, Plan, AAB, CU, SI, TDH, etc who are working at these location have good experience in cash programming.

## **2.5.5. Cash Working Group**

The cash working group of Bangladesh led by Oxfam is a highly valued coordination body and is seen as the principal coordinating body involved in promoting best practice and strengthening the cash transfer program (CTP) capacity in Bangladesh. The Cash Working Group (CWG) of Bangladesh was established in March 2014 and it has been funded (Euro 240.500) through ECHO since June 2014 to December 2015. And through this funding has benefited from the provision of cash technical advice and facilitation from a technical coordinator hosted by Oxfam in Bangladesh. It currently consists of more than 31 member organizations who meet on an ad hoc basis in Dhaka. Two consortia of INGOs are key member organizations of the working group like NAARI and DESHARI.

It was found that Oxfam usually conducts market assessments but it's not yet a widely used practice for CTP. Cost efficiency assessments are made during PDM. But, LNGO involvement in designing the CTPs is yet to be very low. There were a number of shortcomings of the existing CTP approach e.g. security, cash misuse, corruption, monitoring, time, cost, intra household conflict regarding cash utilization. Among the recommendations the following were made to improve the overall CTP in Bangladesh.

- MMT/ banking but should have easier access
- Capacity building of the LNGO staffs
- Raising community awareness
- Capacity building of the MFSP
- Identify/explore the most efficient CTP method for various scenarios

## 2.6. BENEFICIARY PERSPECTIVE

A beneficiary from REFILL project by Oxfam once commented that, *“Cash support helped them to restart livelihood, keep some savings, invest in children’s education, poultry and livestock as well as ensure food security, repaying previous loan and invest in health with the cash support from CFW and livelihood grant.”* During this study the interviewed beneficiaries identified that Hand delivery, Mobile money transfer, Banking, Commodity voucher etc. could be the convenient CTP method. They perceived cash to less secure if not preserved in mobile bank account. They also mentioned that they have the necessary documents for MMT/Banking registration like NID, Photos etc. safely preserved at their homes. The spending decisions are usually made jointly by the husband and wife. Also they believed that local markets are functional during and after cyclone and flood although usually the prices of essentials become higher than normal time in the initial stages.

## 3. KEY RECOMMENDATIONS

- Develop concrete terminology to overcome confusion and misuse of CTP key terminologies
- Create awareness on indirect cash support among market actors and its potential benefits and complementarities for fast response
- JNAs should have provisions for collecting additional information for CTP programs to reduce misuse of time and resource
- Advocacy with the government and relevant actors (e.g. MFS and telecom service providers) to reduce complications and time requirements for humanitarian response
- Get in negotiations with the government and other relevant stakeholders to determine the CFW daily wage rates that can ensure minimal nutritional requirements and the livelihood recovery as well.
- Encourage and provide technical support to all organizations working on CTP to develop SoPs
- Existing humanitarian architecture is highly centralized among INGOs. Coordination within the Local actors needs to be improved for designing, planning and implementing better Humanitarian response
- A District level coordination platform can be helpful to strengthen the coordination among Local NGOs
- Intra and inter agency policies can be reviewed or adopted for better cash programming
- Ensure LNGO participation in national level coordination platform e.g. Government, UN clusters and Cash Working Group and Need Assessment Working Group to improve their capacity for planning, designing and implementing quality cash based programming
- More investment and intensive trial based research needs to be done to identify the effective and most efficient form of technology transfer and strengthen preparedness for disaster response (e.g. pre-listing, preparedness and response planning, MFS providers pre-designing the MMT approach for post-disaster situation
- Mobile Financial Service providers should to shoulder the beneficiaries account related problem and resolve accordingly
- NGOs need to influence and engage private sectors to join in the Humanitarian Diplomacy.

# ANNEXURE

## ANNEX 1. TERMS OF REFERENCE

### Introduction

Oxfam is implementing a multi-country humanitarian capacity building project titled as “Empowering Local and National Humanitarian Actors (ELNHA)” in Bangladesh. This project is designed to use a variety of approaches that will enable local and national humanitarian actors (LNHAs) to take the lead role in humanitarian response and recovery in the future. Such actions include capacity building, creation of platforms/networks that will champion the LNHA agenda, influencing approaches and enabling efficient CTP (Cash Transfer Programming).

By now, CTP in Bangladesh has been a prominent part of the humanitarian response to the recurrent disasters faced by the country. In the recent past, humanitarian agencies, mainly large INGOs have been increasingly incorporating cash transfers within their disaster response to deliver multi-sector objectives, and respond to different types of emergencies. With the aim of making CTP more effective and efficient, Oxfam as a lead of the Cash Working Group (CWG) in Bangladesh has recently conducted a series of studies and research on CTP. The study findings have been useful to set a baseline scenario of CTP in Bangladesh but all these studies somehow lack the fresh perspective and focus on local actors.

The ELNHA project aims to create an enabling environment for LNHA to lead and implement efficient and effective CTP/cash based interventions for providing humanitarian assistance to crisis affected people. It therefore, calls for a need to properly understand the policies and practices relevant to LNHA, availability of the different actors including LNHA and their capability to deliver effective CTP taking into account their strengths, weaknesses, opportunities and risk factors within the institutions and environment. The new situation analysis will need to be guided to a large extent by Oxfam’s recent CTP study reports, research and data sets. This situation analysis will mainly need the additional information to develop the fresh perspective of current CTP situation focusing on local actors.

The information from this analysis will be used to design strategies, measures or investment to build capacities and structures to improve CTP in Bangladesh. These findings will also improve the knowledge on the various cash transfer modalities that are currently being used in the targeted project areas, relevant actors and government perceptions and ideas about them. These views will inform the development of strategy to further strengthen existing cash transfer modalities in relation to different sectors, and also to build the capacity of the local actors in CTP delivery in the ELNHA project areas.

### Purpose

The main purpose of this study is to make a comprehensive situational analysis of the LNHA in terms of human capacity, regulatory framework and infrastructures for CTP in the humanitarian context of Bangladesh and provide recommendations for suitable CTP modalities to be used by the LNHA in Bangladesh during humanitarian crisis.

### Specific Objectives

- To generate cash transfer bench-mark data for the ELNHA project based on the Early Outcome 03 of the ELNHA project’s Theory of Change (TOC) (“LNHA have infrastructure, regulatory frameworks and human capital in support of cash transfer programming”) which can then contribute to its Intermediate Outcome 01 (“By the end of 2018, LNHA have capacity to design, deliver and lead in humanitarian preparedness and response in Bangladesh”). This will include an assessment of LNHA strengths and gaps in organizational capacity (strategies, frameworks, etc in place) and in their human capacity to implement CTP

- To assess the relevant actors' (including financial institutions, Mobile Financial Service Providers-MFS, Govt. agencies , money transfer agents, commodity suppliers and local and national NGOs, along with other relevant private sector actors) experiences and capabilities of managing CTP in humanitarian crisis.
- Mapping the presence of financial service providers in the project locations
- SWOT analysis of the actors including feasibility, capacity and technical aspect of the various existing cash transfer mechanisms
- To identify the different cash transfer modalities along with their efficiency and effectiveness including innovativeness, gendered needs, beneficiaries' perspectives, risk and risk mitigation measures
- To recommend the most appropriate cash transfer modalities in the ELNHA project areas.

## Scope

This assessment is focused on institutions within the ELNHA working areas to cover and understand the following:

- Experience and expertise of the LNHA's involved in CTP, clearly defining the strengths and gaps in capacity, as relevant
- Existing Cash transfer mechanisms and their challenges, opportunities, efficiency and effectiveness
- CTP coordination mechanism, challenges, gaps and effectiveness
- Existing rules and regulatory frameworks regarding CTP
- Identify beneficiaries' perceptions on of various methods of CTP
- Recommendations to improve CTP in future.

## Methodologies

- Review of the recent Oxfam study reports, situation analysis, research and relevant documents on CTP and incorporating the relevant findings and recommendations into a new situation analysis report
- Review the available Government policies on CTP at the national and local levels
- Consultative meetings and Key Informants Interview (KII) with relevant stakeholders like the ELNHA partners and other NGOs, donors, CWG members, Govt. (e.g. postal services, banks) and private sector actors
- Analysis of data/information.

## Time Frame

This exercise will take fifteen (15) working days effective from 18th September 2016 to 6th October 2016 including data collection, analyzing and report generation. Final report submission is expected by 15 October 2016.

## Deliverables

- Submission of draft report by 06 October '16
- Presentation of the key findings with appropriate recommendations by 5th October 2016 to ELNHA Bangladesh team.
- Submission of final report accommodating the feedback and comments by mid October '16

## Relevant Skills and Experience

This assignment will be led by Oxfam in Bangladesh Emergency Food Security and Vulnerable Livelihoods Coordinator as this position holder is primarily leading and is responsible for CTP of Oxfam in Bangladesh and he also has 30%(funding) involvement in this project. He will be supported by and work in close cooperation with ELNHA's Senior Program Officer - Cash Transfer and Senior MEAL Officer.

## ANNEX 2. QUESTIONNAIRE GUIDE

### Local & National NGO

Name of the Respondent:	Designation:
Affiliated Organization:	Mobile:
Email:	District:
Upazila:	Union:
Village:	Respondent's Signature:
Name & Designation of Interviewer:	Date of Interview:
What are the various CTP modalities ( e.g. CFW, Cash voucher, cash grant,) that you are familiar with and practice?	
What are the comparative advantages and disadvantages between various CTP modalities in terms of efficiency, effectiveness, innovativeness and associated risk (also from a gender perspective)?	
Have the CTP that you implemented undergone an external evaluation?	
Have any of your staff members received any formal CTP training? If so, how many and from whom?	
What is your organization's way of working with the government infrastructure	
How often do you participate in NGO coordination meeting and who is attending the meeting from your organization?	
What is the geographical coverage of your organization?	
Do you have capacity to rapidly scale up or expand into the targeted project area in time of crisis?	
Do you have physical office, presence and contact address at the different field locations?	
What mechanism do you have to inform, active grassroots participation, feedback information systems and documentation, technical knowledge and geographical presence?	
What are FSPs in the ELNHA working areas relevant to CTP?	

Do the FSPs have coverage in the targeted communities in the working areas (union or village level)?	
What are the policies and strategies that your organization has related to CTP?	
What is your HR capacity (e.g. program, finance, logistics, M&E etc.) related to CTP?	
What are the strengths and limitation that you have related to CTP?	
What is the general methodology that you follow for assessing, designing (including gender needs, accountability, market information collection etc.), and implementing CTP?	
What (i.e. disaster, year, donor, fund, location, modality, sector etc.) are the last CTPs that that you have implemented in the last 5 years?	
What challenges did you face with CTP?	
How did you overcome those challenges (i.e. learning/best practice, ask for documents if available)?	
How did you coordinate with government institutions, donors/INGOs, and stakeholders & NGOs?	
What are the recommendations to improve CTP capacity in your organization?	
What are the recommendations to improve CTP approach in the country?	

## Financial Institution/private sector

Name of the Respondent:	Designation:
Affiliated Organization:	Mobile:
Email:	District:
Upazila:	Union:
Village:	Respondent's Signature:
Name & Designation of Interviewer:	Date of Interview:
What are the existing national regulatory frameworks (e.g. SIM, Credit Limit, Distribution Channel Network etc.) for CTP?	
What are the existing infrastructures related to	

CTP?	
Do you have any distribution channel for CTP (Voucher) programming	
Do you have any experience?	
What types of risk do you think to do this?	
What could be the way forward?	
Do you have established distribution channel network in the ELNHA working areas?	
How close the distribution channel to the community (Union or village levels)?	
Maximum capacity liquidity of your institution and level of presence	
What are the other FSPs in the ELNHA working areas relevant to CTP?	
Maximum capacity liquidity of your institution and level of presence	
Is there any Safety and consumer protection mechanism (e.g. Insurance coverage)	
What types of telecommunication technology and networks are available	
Present registration process	
What types of Reporting system do you have	
What are the registration requirements (KYC-know your customer)	
What are your procedures pertaining to participants data protection? How is data collected, stored, saved and shared?	
What is the liability policy between agent and clients?	
What are the policies and strategies that you have relevant to CTP?	
How many agents/outlets or branches do you have in the areas?	
What are the comparative strengths and gaps that you have relevant to CTP?	
What challenges did you face with CTP?	
How did you overcome those challenges (i.e.	

learning, ask for documents if available)?	
How did you coordinate with government institutions, donors/INGOs, and stakeholders & NGOs?	
What are the recommendations to improve CTP capacity in your organization?	
What are the recommendations to improve CTP approach in country?	

## Cash Working Group/cluster

Name of the Respondent:	Designation:
Affiliated Organization:	Mobile:
Email:	District:
Upazila:	Union:
Village:	Respondent's Signature:
Name & Designation of Interviewer:	Date of Interview:
Which organization, agents and government entity operate and are involved in CTP in the country (CWG)	
What are the examples of cash and vouchers transfer related risks?	
What are the causes of risks?	
What effects does it have?	
What are some of the mitigating actions for each risk measures?	
Has a cost efficiency comparison been made - cash/ in kind?	
Have LNHA's been consulted adequately through response analysis and the transfer modality selection process?	
Was there a market analysis used for CTP designing	
What recommendations do you have to improve cash transfer program	
Do you familiar with voucher programming/ cash voucher	
Do you think it could be appropriate or better than	

direct cash?	
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## Beneficiary

Name of the Respondent:	Designation:
Affiliated Organization:	Mobile:
Email:	District:
Upazila:	Union:
Village:	Respondent's Signature:
Name & Designation of Interviewer:	Date of Interview:
Has she/he ever received Cash from any organization? If so, from whom?	
Which CTP modalities do you believe to be the most convenient one (also from a gender perspective)? e.g. Hand delivery, Mobile money transfer, Banking, Commodity voucher etc.	
Which support did you prefer in-kind/ cash?	
Who generally make decision on cash expenditures?	
Is Cash secure than in kind	
Do you have the necessary documents for MMT/Banking registration like NID, Photos etc. (even in a displaced situation)	
Is it easily accessible to men and women?	
Does the market generally functional during / after flood/ cyclone/etc	
What are the recommendations to improve CTP approach in the country?	

# ANNEX 3. LIST OF RESPONDENTS

## **LNGO Representatives**

- Md. Shuruj Ali Sarker, SKS (Northern Flood Zone)
- Mujbur Rahman, Director - Program, POPI (Haor Flood Zone)
- Jahangir Alam, Team Leader – DRR & Climate Change, DAM (Earthquake Zone)
- Hosne Ara Hashi, Chief Executive Director, Jago Nari (Cyclone Zone)
- Shahidul Islam, Director-Program, NSS (Cyclone Zone)

## **FSP Representatives**

- Md. Somel Reza Khan, Key Account Manager, bKash
- Zahid Monsur, Vice President, DBBL

## **CWG Representative**

- Murshida Akhter, Humanitarian Program Manager, Oxfam