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Advancing Microfinance for Post-Disaster Economic Reconstruction (AMPER) Project in Azad Jammu and Kashmir



Baseline Household Survey

Advancing Microfinance for Post-Disaster
Economic Reconstruction (AMPER) Project
in Azad Jammu and Kashmir

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2007

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ABBREVIATIONS

AJK	Azad Jammu and Kashmir
AMPER	Advancing Microfinance for Post -Disaster Economic Reconstruction
BGH	Bagh District
BMR	Bhimber District
ERRA	Earthquake Reconstruction and Rehabilitation Authority
HBL	Habib Bank Limited
HH	Household
<i>Hundi/Hawala</i>	Informal Channel for Receiving Foreign Remittances
KTL	Kotli District
MFIs	Microfinance Institutions
MPR	Mirpur District
MZD	Muzaffarabad District
NBP	National Bank of Pakistan
NESPAK	National Engineering Services Pakistan
NLM	Neelum District
NRSP	National Rural Support Program
NWFP	North-West Frontier Province
PKRs	Pakistani Rupee
PLD	Palandari District
PMN	Pakistan Microfinance Network
PPS	Probability Proportionate to Size
ROSCAs	Rotating Savings and Credit Associations
RWT	Rawalakot District
SBI	ShoreBank International
SPSS	Statistical Package for Social Sciences
USAID	United State Agency for International Development

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Muhammad Shafique Arif

BASELINE HOUSEHOLD SURVEY

Advancing Microfinance for Post-Disaster Economic Reconstruction (AMPER) Project in Azad Jammu and Kashmir

Executive Summary

ShoreBank International Ltd (SBI), together with its local partners, the National Rural Support Programme (NRSP), and the Pakistan Microfinance Network (PMN), are implementing the Advancing Microfinance for Post-disaster Economic Reconstruction (AMPER) Project to increase access to financial services for the poor and very poor in the earthquake-affected regions of Kashmir. The objectives of the AMPER project are to stabilize access to microfinance loans, and develop new financial and non-financial services, targeting the poor and very poor.

To identify the need for microfinance products, a household survey was conducted in all the eight districts of AJK. In total, 1510 households were selected from all eight districts (Muzaffarabad, Neelum, Rawalakot, Bagh, Palandari, Mirpur, Kotli, and Bhimber).

Two-stage cluster sampling was used. In the first stage, clusters were selected, using Probability Proportionate to Size (PPS); then, a fixed number of households was selected randomly (systematic random sampling basis) from a list of households in each selected cluster.

A draft questionnaire was developed and shared with relevant persons at NRSP and ShoreBank International. The questionnaire was modified on the basis of feedback received. It was then translated into the national language, Urdu, to make it easily understandable both for interviewers and respondents and was pre-tested in the earthquake-affected areas.

All interviewers hired were locals from AJK, who formed three teams. Each team consisted of one male and three female interviewers. The teams were sent to the field after one week of training. Survey teams were supervised through out by a female field co-ordinator, who had five years hands-on experience of conducting such surveys. Fieldwork started on 21 March 2007 and was completed on 26 April 2007.

For data entry, PCedit was used as it has strong input controls (range checks, skip and fill rules, and logical rules) and helps to minimize human errors and ensure efficiency and effectiveness in data entry.

Basic Findings

Literacy Rate

For the purposes of this report, a person is defined as literate if he or she has ever attended a formal school for at least one year. According to this definition, the literacy rate in AJK is very high (74 percent). The literacy rate varies across districts, ranging from 64 percent in Neelum to 81 percent in Palandari district.

Gender differences in literacy exist in AJK, being much higher among the male population (86 percent) than the female population (62 percent). Variations have been observed across the districts regarding male as well as female literacy rates. The male literacy rate is the highest in Palandari (94 percent) and the lowest in Mirpur (73 percent); the female literacy rate is the highest in Rawalakot (71 percent) and the lowest (44 percent) in Neelum district.

School enrollment in AJK is very high for each gender group. About 91 percent of male children (6-14 years of age) and 87 percent of female children were reported as currently in school at the time of survey. This reveals no gender gap in school enrollment among children.

Occupation

Less than one-third (32 percent) of the male population (16 to 64 years) has a regular job (in either the public or the private sector); 22 percent have temporary or seasonal jobs as laborers. Only 11 percent of people run their own business (mostly small businesses).

Occupations are mostly similar across districts.

Information about the place of work was required to assess the sources of remittances (domestic as well as foreign) as well as to map credit risk. More than a quarter of the male population works outside their home districts. Those who work within Pakistan are 14 percent of the total population; 13 percent work. The number of people working outside their home-districts varies substantially across districts. This proportion is the highest in Palandari (43 percent), followed by Rawalakot (38 percent); the lowest proportion is in Mirpur (10 percent). Amongst all the districts, the proportion of people working abroad is the highest (27 percent) in Rawalakot, followed by Kotli (22 percent).

Housing

Information was collected on the degree of damage to houses due to the earthquake and the current condition of houses. In AJK, major destruction of houses occurred in four districts, viz., Neelum, Muzaffarabad, Bagh, and Rawalakot, where almost all of houses were either completely or partially destroyed. Among these four districts, Muzaffarabad and Bagh were the worst affected, where respectively 87 and 73 percent of the houses were destroyed.

About 60 percent of households whose houses were damaged still live in temporary shelters (42 percent) and tents (18 percent). The situation in Muzaffarabad and Bagh is worse.

The main sources of funding for reconstruction or repair of houses were government grants (75 percent) and the household's own resources (59 percent). Around 12 percent of households also mentioned taking loans from relatives or friends.

Only 22 percent of households have running water inside the house, while two-thirds of the households in AJK have a toilet facility inside the house. The availability of toilet facilities varies by district (lowest in Muzaffarabad [44 percent] and highest [90 percent] in Bhimber).

Assets

More than half of the households own mobile phones in all the districts except Neelum, where only 10 percent of households have access to mobile phones. Less than one-half of households reported ownership of a television, while 29 percent own refrigerators. Nearly three-quarters of households either do not own any agricultural land or own just a very small piece of land (less than an acre).

Households' monthly income and expenditures

Average monthly household income is Rs. 10,000 and monthly expenditures are Rs. 10,900. This suggests that expenditure is higher than income. The average monthly income is the highest (Rs. 15,000) in Rawalakot, and the lowest (Rs. 7,000) in Neelum district. Per capita monthly income is Rs. 1,429 and expenditure is Rs. 1,595.

Loan History

The main objective of this survey was to identify the demand for microfinance products and services which would further help in designing and implementing innovative financial services for the disaster-affected community of AJK. Therefore, it was important to know the existing practices, behavior, and perception of households relating to credit. Information was obtained about each household's experience of taking a loan.

In AJK, 38 percent of households have experience of ever taking a loan. In most affected districts, it ranges from 39 to 42 percent. The main sources of loans are relatives (52 percent) and banks (30 percent). The main purposes of loan use are housing (especially in most affected districts), marriage (13 percent), business (12 percent) and consumption. Average loan size is Rs. 50,000 which varies by districts (Rs. 37,500 in Palandari to Rs. 70,000 in Mirpur).

Savings

One of the main objectives of delivering microfinance services is to create wealth for the poor and savings (either in liquid or other form), which represent the wealth of the poor. Similarly, savings play a vital role in poverty alleviation. The survey recorded information regarding savings of the target households so that appropriate products and services could be designed and implemented to accumulate savings at the grass-root level. In AJK, 14 percent of the households mentioned that they had savings; this percentage was similar across districts. Average monthly savings amount to Rs. 1,000 (lowest Rs. 750) in Bagh and Palandari; the highest (Rs. 2,000) were in Bhimber. Households keep their saving at committees (34 percent), at home (31 percent), or in banks (26 percent).

Remittances

AMPER believes that facilitating increased access to flexible, affordable remittance services can become a core innovation to expanded microfinance services. About 28 percent of

households in AJK reported receiving remittances. Out of these, almost half receive domestic remittances and the other half receives foreign remittances. The proportion of households receiving remittances varies by district. The proportion of households which receive any type of remittance is the highest in Palandari district (46 percent), followed by Rawalakot (43 percent). Foreign remittances are more common in Rawalakot district and domestic remittances are more common in Palandari. About 22 percent of households in Kotli and 16 percent in Bhimber reported receiving foreign remittances.

Remittance money is mainly used for three major purposes: household consumption, health, and education. Almost every household that gets remittances mentioned that the remittance money is used for the household's consumption and about three-quarters spend it on education and health also. Households who receive foreign remittances spend more on education and health compared to those who receive domestic remittances.

Foreign remittances are mainly received through banks (35 percent), hundi (31 percent) and friend/self (18 percent). Very few mentioned Western Union as a channel for receiving foreign remittances. Domestic remittances are usually received through self/relatives (62 percent) or postal money order. These channels are used because of convenience and delivery on time. The average size of one-time domestic and foreign remittances is Rs. 5,000 and Rs. 15,000 respectively.

Demand for credit

Housing:

Most of the houses in four districts (Neelum, Muzaffarabad, Bagh, and Rawalakot) of AJK were destroyed completely or partially. Therefore, a large majority of households in these four districts want to reconstruct or repair their houses. The need assessed is the highest in Muzaffarabad, where almost all of the households want to construct a new house. Two in every three households in Bagh, 59 percent in Neelum, and every second household in Rawalakot expressed the need to construct a new house. The average amount required for reconstruction is Rs. 250,000.

Consumer durables and livestock credit:

The demand for assets (consumer durables and livestock) exists in districts which were badly affected by earthquake. Among these four districts, the demand is the highest in Muzaffarabad, where 45 percent of the

households want to buy either durables or livestock or both. About 36 percent of households in Muzaffarabad expressed their desire to buy livestock. Every fourth household in Neelum and Bagh districts wants to buy assets.

Business:

The need to expand or start a new business is reported by households from all districts. Demand for business is the highest in Muzaffarabad followed by Bagh and Neelum districts. More than four in every ten households in Muzaffarabad and one in every three households in Bagh, Kotli, and Neelum districts expressed interest in starting a new business or expanding existing business.

Of those who want to expand or start a business, more than half are interested in owning a grocery shop. About 15 and 13 percent of households have expressed their need to do business in livestock and poultry respectively. An almost equal proportion of households from six out of eight districts in AJK reported a demand for grocery shops. Demand for livestock is higher in Muzaffarabad (26 percent) and the demand for poultry farms is higher in Bagh (20 percent). About 12 percent of households from Neelum and Muzaffarabad also want to start a transport business (taxi service, etc.). Unexpectedly, very few households expressed their interest in starting or expanding their business of embroidery/tailoring, agriculture, and handicrafts.

SECTION 1: INTRODUCTION

1.1 The Earthquake

The devastating earthquake that affected Azad Jammu and Kashmir (AJK) and the North-West Frontier Province (NWFP) of Pakistan in October 2005 destroyed or damaged more than 400,000 homes; over 300,000 jobs were lost in an area with total employment of 1.12 million. The average annual per capita income in the earthquake-affected region prior to the disaster was roughly US\$ 123, making the region one of the poorest in Pakistan. Remittances, both domestic and foreign, have typically accounted for more than 50 percent of annual household income in the affected areas. Significant damage has affected the primary employment sectors of agriculture, trade, construction, and transport, reducing household incomes by between 35 to 50 percent.

ShoreBank International Ltd (SBI), together with local partners, the National Rural Support Programme (NRSP), and the Pakistan Microfinance Network (PMN), are implementing the Advancing Microfinance for Post-Disaster Economic Reconstruction (AMPER) Project to increase access to financial services for the poor and very poor in the earthquake-affected regions of Kashmir.

The objectives of the AMPER project are to stabilize access to microfinance loans, and develop new financial and non-financial services, targeting the poor and very poor. AMPER will achieve this goal by implementing the following four key objectives by 2009:

1. Stabilize and rehabilitate:

Sustainable microfinance service is offered to the rural poor in the AJK region through partnerships with the NRSP, the primary microfinance lender in the region prior to the earthquake. Re-establishing this operation as the first and critical step is vital for generating further growth and

innovations under AMPER, and for improving access to microfinance services for 21,000 borrowers.

2. Conduct comprehensive market and needs assessment:

For innovative and alternative microfinance services for the very poor in the earthquake-affected area. Assessment includes an emphasis on quantifying and qualifying the need for, and potential impact of, broader access to remittance inflows, and complementary savings/deposit, insurance, and guarantee-fund mechanisms.

3. Introduce new innovative microfinance:

Service mechanisms designed to increase access of poor clients in a post-disaster setting, based upon identified need. Through broad financial sector network partnerships in the region, AMPER works to increase access to remittance flows, accessible savings, insurance, guarantee funds, and other necessary mechanisms. Through these efforts, over 3,500 households will gain access to new, previously unavailable microfinance services.

4. Capture and disseminate:

Through operational and field research, the lessons from each of the three elements of the project described above, through active involvement in the USAID Practitioner Learning Program, addressing national and international practitioner audiences, and sharing replicable microfinance models for the very poor with donors, practitioners, policy-makers, and researchers worldwide.

5. Advise and implement:

A strategy for the transformation of a stand-alone microfinance banking unit which grows out of the original NRSP microfinance operation in AJK and across Pakistan. Many of the approaches and innovations proven under the AMPER project in the AJK will be adapted and rolled-out across

NRSP's 500 national rural microfinance branches and outlets, which will become the core infrastructure for the proposed Microfinance Bank.

1.2 Objectives of the Survey

The main objective of the survey was to identify the need for microfinance products.

1.3 Methodology

a) Sample design

For this survey, households were the target population. In total, 1510 households were selected from all eight districts (Muzaffarabad, Neelum, Rawalakot, Bagh, Palandari, Mirpur, Kotli, and Bhimber).

Due to non-availability of a household-list at district level, a two-stage cluster sampling was applied. (A ward in an urban area or a village in a rural area is defined as a cluster). At the first stage, clusters were selected using Probability Proportionate to Size (PPS); next, a fixed number of households were selected randomly (systematic random sampling basis) from a list of households in each selected cluster.

A list of clusters (villages, mauzas for rural areas, and wards for urban areas) from all districts was available at the NRSP regional office. This list was based on the Population Census 1998, except for Muzaffarabad and Neelum districts, where it was updated after the earthquake by NESPAK (a national construction organization) and was available at their regional office.

The list of clusters for Muzaffarabad and Neelum districts were sorted union-council-wise, whereas for the other districts, clusters were sorted alphabetically for each tehsil of the district.

Each district was divided into two strata: urban and rural. From each district, 12 clusters were selected and a sample was allocated to each stratum, proportionate to size. The distribution of clusters is presented in table 1.1.

As stated earlier, selection of villages from each stratum was made by using probability proportionate to size (PPS). By this technique, larger clusters have a higher probability of selection and vice versa. After the selection of clusters, a list of households in each selected cluster was prepared with the help of some key informants in that cluster. Later, 20 households were selected from the list through systematic random sampling.

Replacement procedures:

Replacement occurred at two levels: cluster level and household level.

↳ Cluster level

A sampled cluster was replaced if it was unapproachable, untraceable, demolished, or if the majority of households had migrated after the earthquake, or if it was considered risky for the team members in terms of accessibility or breadth.

↳ Household level

A sampled household was replaced if it was locked during the team's visit to the community, had shifted to some other place, or due to non-availability of a knowledgeable household member at the time of the interview. However, households who refused to give information were not replaced, as they refused despite all efforts made to convince them.

Table 1.1: Sample coverage by district

	District	Number of households sampled	Complete interviews	Response rate
1	Neelum	239	239	100
2	Muzaffarabad	239	238	99.6
3	Bagh	222	220	99.1
4	Rawalakot	208	206	99
5	Palandari	157	151	96.2
6	Kotli	167	158	94.6
7	Mirpur	145	101	69.7
8	Bhimber	133	92	69.2
	Total	1,510	1405	93

b) Questionnaire development

A detailed questionnaire was developed through a review of the existing literature, interviews, and focus group discussions. The initial draft was then shared with the other stakeholders and partners: NRSP and other SBI staff working in the WHAM project being funded by USAID for comments and improvements. The final draft questionnaire, as modified, was sent to SBI, Washington, and some partners: Save the Children (SC) and Opportunity International Bank of Malawi (OIBM) in the USAID sponsored-learning network. Based on their feedback and comments, the questionnaire was then translated into Urdu and pre-tested in the field. On the basis of pre-test results, the questionnaire was finalized.

All interviewers hired were local from AJK. They were trained in Muzaffarabad and sent to the field for conducting the survey. In the original proposal, it had been planned to conduct a

survey of around 800 households in four districts. However, the AMPER team soon found out from NRSP staff and people in the excluded districts that there was a need to increase the survey size and include the remaining four districts. Accordingly, the survey is being conducted in 1,516 households, covering all the eight districts of AJK.

c) Hiring and training of interviewers

All interviewers hired were AJK locals. The minimum qualification for the interviewers was graduation, with some experience of data collection. Each team consisted of one male and three female interviewers. A one-week comprehensive classroom-cum-field training was conducted by the Research Manager of AMPER for the team in Muzaffarabad. The participants were introduced to SBI, the donor agency, and partner organizations, and the objectives of the survey were clarified. Moreover, logistical arrangements and survey schedules were discussed and agreed with the team. During the training, each question in the questionnaire was explained through practical demonstration and exercises. This helped interviewers to learn the objectives of each question, how to ask the respondents the questions, and how to record their responses.

Survey teams were supervised throughout by a female field co-ordinator, who had 5 years of hands-on experience of conducting such surveys. The core responsibility of the field co-ordinator was to ensure high quality of survey data by carrying out spot checks and visiting some of the surveyed households for validation checks. Besides this, she was also responsible for managing work plans, co-ordinating logistical arrangements, motivating team members, and compiling target daily output (number of questionnaires per member to be completed in a day).

d) Data collection

A team would complete data collection in one cluster in a single day. Fieldwork in each district was completed in four to five days, depending upon the density of population in the district and proximity between the houses.

Keeping in view the difficulties of the area, the time frame, the efficient utilization of resources, and the effective supervision of the survey, it was planned that all three teams would be deployed in one district to complete survey work within the agreed time period, and would then move to the next district, and so on. Another advantage of this plan was that teams were closely supervised by

the field co-ordinator as well as by AMPER staff, which helped in gathering high-quality data. This also facilitated getting a complete set of questionnaires from each district in a week's time and enabled the staff to start parallel data entry into the MIS.

e) Survey Time

The survey was started on 21 March 2007 and completed on 26 April 2007.

f) Data Entry

Data entry was started a week after the start of fieldwork and completed one week after its completion. PCEdit computer program was used for data entry. PCEdit has strong input controls (range checks, skip and fill rules, and logical rules) and helps to minimize human errors and ensure efficiency and effectiveness in data entry.

g) Data Analysis

After completion of data entry, the data was transferred to SPSS software for analysis and information generation.

1.4 Data limitation

Heavy rains throughout the survey period made some of the areas (clusters) unapproachable due to massive land-slides in all parts of AJK.

Unapproachable areas were excluded from the sampling-frame on the basis of prior information and replaced by approachable clusters, to ensure fair representation of the sample.

Since the survey was conducted in the earthquake-affected areas, collecting information about household expenditure, income, and assets was, to some extent affected by the bias of respondents: respondents tend to exaggerate their household expenditures and under-report their household's income and assets.

Problems at Mirpur: Lack of response rate was greater not only at the household level but also at the community level. The main reason for refusals reported by the field team was that these communities and households were very rich and consequently uncooperative.

We also had to face the dropout of interviewers. Three out of the twelve team members left during the survey to take up permanent jobs with other organizations. This slowed down our fieldwork to some extent.

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Section 2: Population Characteristics

This section presents data on the background characteristics of the population of AJK. It presents data on age, education, dependency ratio, and occupation of household members.

2.1 Age

Percent distribution of population by age group is presented in Table 2.1 below. About 37 percent of AJK's population comprises of children (below 15 years of age). This proportion is the highest (46 percent) in Neelum district and the lowest (31 percent) in Rawalakot. This suggests that about

half of the population in Neelum district is very young and indicates a high fertility rate in the area.

A population between 15 to 64 years of age is considered a productive population in the context of Pakistan. Findings from this survey show that around 60 percent of the population in all districts, except Neelum district, falls in this age group. The proportion of productive population is the highest (66 percent) in Rawalakot district and the lowest (50 percent) in Neelum district.

Table 2.1: Percent distribution of surveyed population by age and district

Age group	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
< 5	15.1	11.1	9.7	9.5	11.1	11	12.9	11.1	11.5
5 – 9	16.9	12.3	10.8	9.4	12.5	12	11.8	13.2	12.5
10 – 14	14.1	12.5	13.7	11.9	11.9	12.4	13.7	11.5	12.8
15 – 19	12.1	12.6	12.8	13.1	11.1	12.7	13.1	10.5	12.4
20 – 24	7.4	11.5	11.3	12.3	11.7	11.8	9.4	10.2	10.7
25 – 29	6.3	7.8	9.4	9.7	8.3	8.6	6.1	8	8.1
30 – 34	5.9	6.5	5.5	6	6.3	5.5	5	6.9	6
35 – 39	4.9	4.8	5.5	6.3	7.4	5.5	5.8	6.6	5.7
40 – 44	4.3	4.7	4	5.3	4.6	4.6	4.6	4.3	4.5
45 – 49	2.6	3.8	4.6	3.3	3.8	3.3	4.7	3.9	3.6
50 – 54	2.4	2.8	3.8	3.7	2.8	4	2.8	2.9	3.2
55 – 59	1.8	2.2	1.8	2.3	2	2.1	2.4	2.2	2.1
60 – 64	2.1	2.9	2.3	3.4	2.5	3	2.4	3.5	2.7
65 +	4	4.7	4.8	3.7	4	3.2	5.2	5.2	4.3
Total	100	100	100	100	100	100	100	100	100
N	1895	1699	1534	1453	1140	1263	635	714	10333

2.2 Education

Literacy Rate

For the purpose of this report, a person is defined as literate¹ if he or she has ever attended a formal

school for at least one year. According to this definition, the literacy rate in AJK is very high. Data presented in table 2.2 demonstrates that three in every four persons (10 years and older) are literate. The literacy rate varies across the districts. It is the highest (more than 80 percent)

¹At the national level, a person is defined as literate if s/he can read and understand a simple letter in any language.

in Palandari and Rawalakot, and lowest in Neelum district.

The literacy rate shows a reverse relationship with age, i.e., the literacy rate declines as the age of

the person increases. More than 92 percent of the population in the youngest age group (10 -14 years) has ever been to school; this percentage gradually starts declining as the age rises (see table 2.2).

Table 2.2: Percent of population (10 years or older) who have ever been to school by age and district

Age group	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
10 – 14	82.5	94.3	95.7	97.1	97.8	91.1	96.6	91.5	92.4
15 – 19	77.4	93.5	96.4	92.7	97.6	90.7	84.3	94.7	90.4
20 – 24	74.7	92.8	90.2	93.3	96.2	87.2	76.7	90.4	88.9
25 – 29	60.5	87.1	92.4	93.6	86.2	83.5	69.2	93	84.3
30 – 34	60.7	75.5	89.3	87.4	90.3	72.5	71.9	81.6	78
35 – 39	53.3	63	68.2	79.1	69	61.4	70.3	68.1	66.3
40 – 44	44.4	55	59.7	61	71.2	53.4	34.5	48.4	54.7
45 – 49	36	32.8	45.7	58.3	60.5	40.5	40	39.3	44
50 – 54	45.7	44.7	47.5	55.6	50	41.2	44.4	61.9	48.2
55 – 59	38.2	31.6	48.1	55.9	39.1	40.7	20	56.3	41.6
60 – 64	32.5	28.6	34.3	30	42.9	36.8	6.7	40	32.5
65 +	31.6	28.8	31.5	27.8	39.1	24.4	12.1	13.5	27.7
Overall	63.6	74.1	78.6	80.2	81.2	72.7	65.7	73.9	74.1
N	1288	1302	1219	1179	867	971	478	541	7845

Figure 2.1: Percent of male and female population who have ever been to school

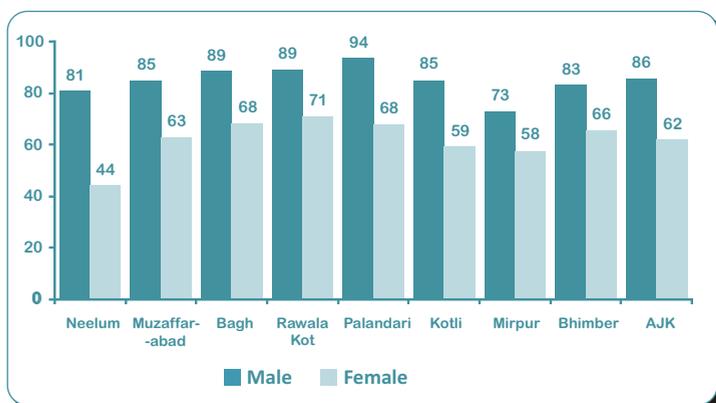
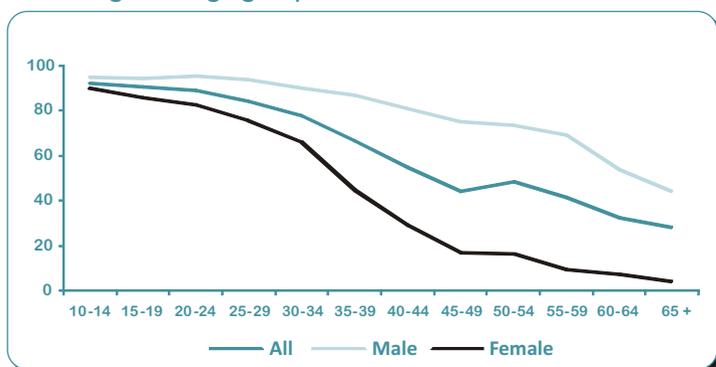


Figure 2.2: Percent of male and female population among each age group who have ever been to school



Literacy Rate by Gender

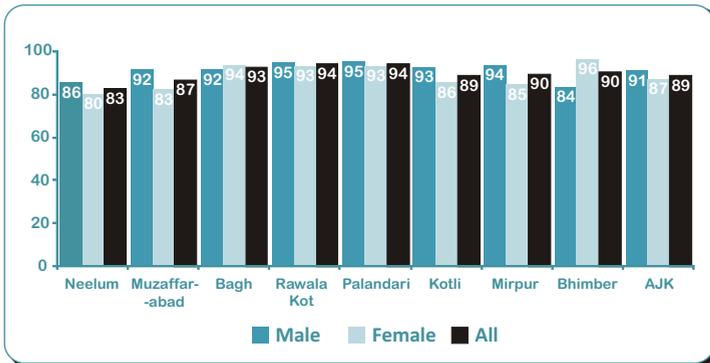
Gender differences in the literacy rate do exist in AJK. Figure 2.1 shows that the literacy rate is much higher in the male population than in the female population: 86 and 62 percent respectively. Variations have been observed across the districts, in both the male and the female literacy rate.

The proportion of the male population of those who have ever been to school is the highest in Palandari (94 percent), followed by Rawalakot district (89 percent), and the lowest in Mirpur (73 percent).

The female literacy rate is the highest in Rawalakot (71 percent), and the lowest (44 percent) in Neelum district.

Figure 2.2 presents data on the literacy rate for each gender by age group. Data suggest that there is a huge gender gap in the literacy rate in older age groups (50 years and older). However, this gap begins to decrease as age decreases and almost vanishes among the youngest age group (10-14 years). In other words, it indicates that school enrollment increased dramatically for female children born after 1965 and kept increasing afterwards. Currently, almost all of the male and female population between 10 - 14 years of age is reported as literate.

Figure 2.3: School enrollment rate for children between 6-14 years of age



School Enrollment

Information regarding school enrollment was collected on the current status of school-going age (6-14 years) children. School enrollment in all districts of AJK is very high. The responses presented in figure 2.3 suggest that school enrollment in AJK is nearly the same for both genders. About 91 percent of male children (6-14 years of age) and 87 percent of female children were reported as currently in school at the time of the survey. Though there seems to be no gender gap in school enrollment, some variations have been noticed across districts. For example, school enrollment is as high as 94 percent in Rawalakot and Palandari on the one hand, while it is 83 percent in Neelum district.

Table 2.3: Percent of population (between 16-64 years) by occupation and gender by district

Occupation	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
Male									
Regular Job	32	33.7	33.3	34.5	36.2	25.4	22	35.2	32.4
Temporary job	23.6	18.8	15.9	19.3	21.2	24.5	46.3	20.4	21.9
Business	10	10.1	14.1	8.8	9.1	15.6	9.6	12.8	11.2
Unemployed	15.4	16.2	14.8	20.1	13.8	13.5	11.9	16.3	15.6
Student	14.7	18	18.5	15.2	17.1	13.8	9	10.2	15.4
Others	4.3	3.2	3.4	2.1	2.6	7.2	1.2	5.1	3.5
Total	100								
Female									
Regular job	4.3	7.9	4.3	5.2	2.9	0.6	1.8	4.3	4.3
Student	8.1	15.3	17.9	17.8	15.6	10.5	10	9.4	13.7
Housekeeping	85	73.8	73	73.4	78	86.1	85.3	80.2	78.5
Others	2.6	3	4.8	3.6	3.5	2.8	2.9	6.1	3.5
Total	100								

2.3 Occupation

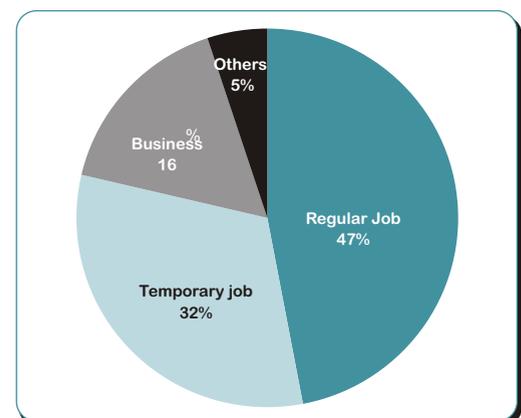
Information was collected for each household member, aged between 16 to 64 years, about his/her occupation/profession; the information is presented in table 2.3. Survey findings suggest that 32 percent of the male population (16-64 years) has a regular job (either in the public sector [15%] or in the private sector [17%]); 22 percent do temporary or seasonal jobs as laborers. Only 11 percent run their own business (mostly small businesses). Occupations are mostly similar across districts, except temporary jobs, which are more prevalent in Mirpur district.

As expected, the majority (79 percent) of the female population takes care of household's chores. This percentage is similar across the districts, except in Muzaffarabad, where more women are involved in a regular job.

Figure 2.4 presents data on the distribution of the

working population by type of profession. It shows that less than one-half of have a regular job and an additional one-third are engaged in

Figure 2.4: Percent distribution of working population by type of profession



temporary jobs, such as daily wage laborers. One out of every six working persons is engaged in his own business, typically a grocery shop, or similar low-investment businesses.

Place of work

It was important for the team to gain knowledge about the workplace of those who were involved in income-generating activities. This information was required to assess the sources of remittances (domestic as well as foreign), as well as to map credit risk. Figure 2.5 presents data on the percentage of the male population (16-64 years) who work outside their home districts. The figure suggests that more than one-quarter of the male population works outside their home district.

The proportion of those who work outside their home districts varies substantially across districts. The proportion of the male population working outside their district is the highest in Palandari (42 percent), followed by Rawalakot (38 percent), and the lowest is in Mirpur district (10 percent). The proportion of those working abroad is the

highest (27 percent) in Rawalakot, followed by Kotli (22 percent) (see figure 2.5).

Age-dependency Ratio

The dependency ratio is the ratio of the economically dependent part of the population to the productive part. The economically dependent part is recognized to be children who are too young to work, and individuals who are too old; i.e., generally, individuals under the age of 15 and over the age of 65. The productive part makes up the gap in between (ages 15 - 64).

Age-dependency ratio: $[\text{No. of persons below 15} + \text{No. of person 65+}] \div [\text{No. of persons between 15-64 years}]$

The age-dependency ratio is often used as an indicator of the economic burden the productive portion of a population carry even though some persons defined as “dependents” are producers, while some persons in the “productive” age groups are economically dependent.

In AJK, the age-dependency ratio is 0.7. This suggests that on average, less than one economically non-productive person is dependent on one person in the productive age group. The age-dependency ratio is the highest in Neelum (1.0) and the lowest in Rawalakot (0.5) (see figure 2.6).

Figure 2.5: Percent of male population (16-64 years) working outside their home districts

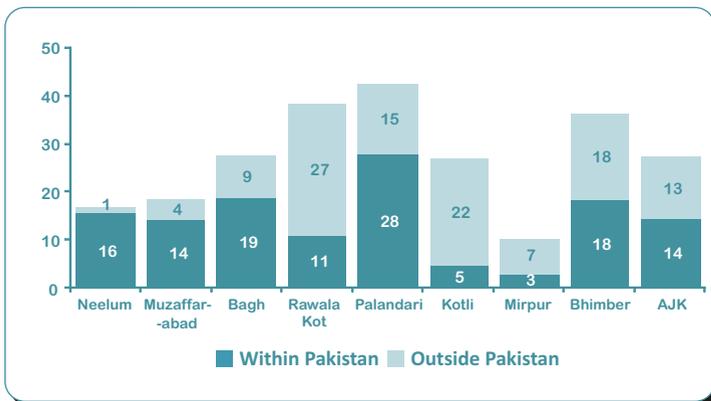
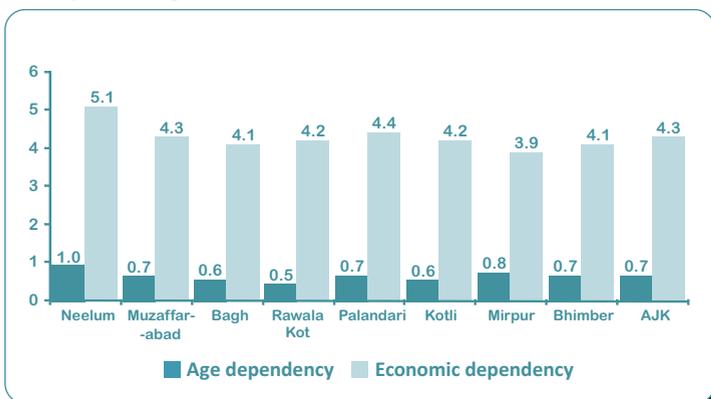


Figure 2.6: Age-dependency ratio and Economic dependency ratio



Economic-Dependency Ratio

The economic-dependency ratio provides information on the number of non-earners per earner. In simple words, it tells us how many persons, on average, are being fed or economically supported by other bread-earners. Data presented in figure 2.6 shows that economic-dependency in AJK is 4.3. That indicates that, on average, one bread-earner is feeding more than four persons in the house. This ratio is the highest (5.1) in Neelum district and the lowest in Mirpur district (3.9).

BASELINE HOUSEHOLD SURVEY

Advancing Microfinance for Post-Disaster Economic Reconstruction (AMPER) Project in Azad Jammu and Kashmir

Section 3: Household Characteristics

In this section, the socio-economic characteristics of households are presented, which help in assessing the living conditions of the target population after the earthquake and to develop appropriate financial products and services.

3.1 Housing

Information was collected on the degree of damage to houses due to the earthquake and on the current condition of houses. In AJK, major

Table 3.1: Percent distribution of households by degree of damage and type of residence by district

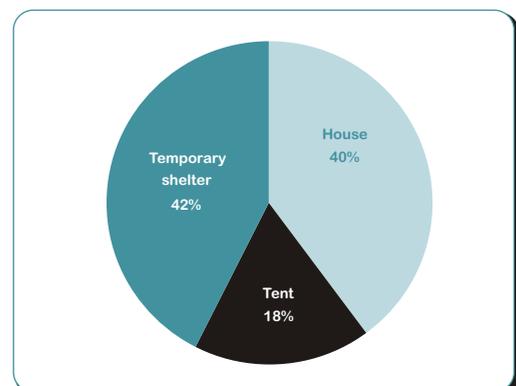
	NLM	MZD	BGH	RWT	PLD	CTL	MPR	BMR	AJK
Degree of damage									
Completely destroyed	43.2	86.9	72.7	47.6	9	1.9	0	1.1	41.7
Partially damaged	53.1	12.2	24.1	43.2	40.6	9.5	9.3	3.3	27.7
No damage	3.7	0.8	3.2	9.2	50.3	88.6	90.7	95.7	30.7
Total	100								
N	239	238	220	206	151	158	101	92	1405
Type of current residence									
House	75.5	30.8	60	79.1	99.4	100	100	100	74.5
Tent	5.8	20.3	13.6	5.8	0	0	0	0	7.4
Temporary shelter	18.7	48.9	26.4	15	0.6	0	0	0	18
Total	100	100	100	100	100	0	0	0	100
N	239	238	220	206	151	158	101	92	1405

destruction of houses occurred in four districts: Neelum, Muzaffarabad, Bagh, and Rawalakot where almost all of houses were destroyed either completely or partially. Among these four districts, Muzaffarabad and Bagh were the most affected, where respectively 87 and 73 percent of the houses were destroyed.

At the time of the survey, a large majority of households in Neelum and Rawalakot had either repaired or reconstructed their houses. However, the situation in Muzaffarabad and Bagh is still shocking. In Muzaffarabad, less than one-third of affected households only could manage to repair or reconstruct their houses. Close to half of the households are still living in temporary shelters, and one-fifth lives in tents in Muzaffarabad (Table 3.1). The situation in Bagh district is also serious, where 40 percent of households were living in temporary shelters (26 percent) and tents (14 percent) at the time of the survey.

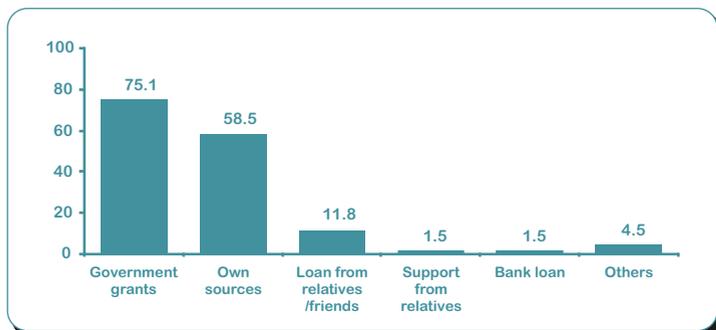
Figure 3.1 shows percent distribution, by current status of the house, of those households whose houses were completely destroyed during the

Figure 3.1 Percent distribution of households where houses were completely damaged by type of current residence



earthquake. It seems that only 40 percent of destroyed houses have been reconstructed. About 42 percent are still living temporary shelters and another 18 percent in tents.

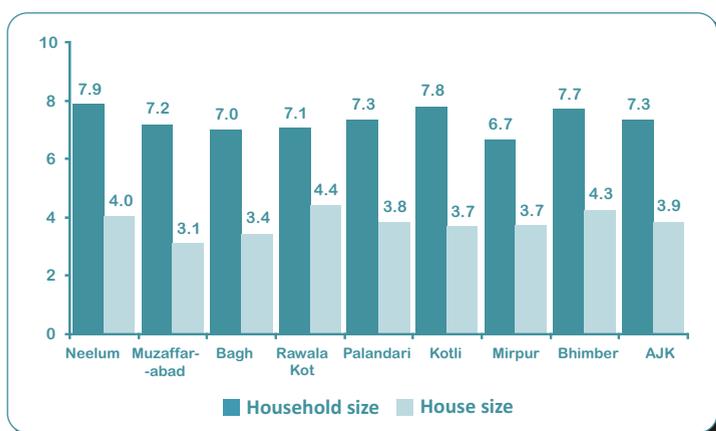
Figure 3.2: Source of funding to construct or repair damaged house



Households were asked about the funding sources used to construct a new house or repair a house. The main sources of funding for reconstruction or repair of the houses were government grants (75 percent) and the household's own resources (59 percent); around 12 percent households also mentioned taking loans from relatives or friends (Figure 3.2).

Figure 3.3 provides information on household size and house size. Household size is defined as average number of household members and house size means average number of rooms per house. This figure shows that, on average, more than seven persons live in a house and there are about four rooms per house. Neelum and Kotli districts have a larger household size compared to other districts in AJK; Rawalakot has the largest house size (4.4 rooms).

Figure 3.3: Household size and house size for each district



3.2 Source of Drinking Water

The main sources of drinking water used by households are: stream/spring (44 percent), tap water outside the house (25 percent), and tap water inside the house (22 percent). The source of drinking water varies across districts. The majority of households in five out of eight districts (Neelum, Muzaffarabad, Bagh, Palandari, and Kotli) get drinking water from streams/springs. However, the majority of households in Rawalakot, Mirpur, and Bhimber use tap water (inside or outside the house) for drinking purposes (Table 3.2).

Table 3.2: Percent distribution of households by source of drinking water by district

Source	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
Stream/spring	54.4	52.1	48.2	37.9	51.6	47.8	18.6	1.1	43.6
Tap water outside	19.5	22.0	29.5	38.3	12.9	23.6	26.8	32.6	25.4
Tap water inside	24.5	16.5	18.6	20.9	15.5	21.0	29.9	39.1	21.7
Well	0.0	7.2	1.8	2.4	12.3	2.5	20.6	7.6	5.4
Hand-pump	1.2	2.1	0.9	0.5	7.7	5.1	4.1	17.4	3.6
Others	0.4	0.0	0.9	0.0	0.0	0.0	0.0	2.2	0.4
Total	100.0	100.0	100.0	100.0	100.0	0.0	0.0	0.0	100.0
N	239	238	220	206	151	158	101	92	1405

3.3 Toilet Facility

About two-thirds of the households have a toilet facility inside their houses; one-third does not. The lack of toilet facilities is more prevalent in districts which have been most affected by the earthquake. For example, 54 percent of

households in Muzaffarabad and 36 percent in Bagh do not have any toilet at home (Table 3.3). One of the main reasons for non-availability of toilet facilities in the house is that some of the households in Muzaffarabad and Bagh are currently living in tents and temporary shelters.

Table 3.3: Percent distribution of households by source of drinking water and type of toilet facility by district

Type of Toilet	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
Flush	68.8	43.7	59.0	65.8	67.7	73.3	82.5	90.2	65.4
No toilet	29.0	53.8	35.5	32.9	27.7	26.1	14.4	9.8	32.0
Other	2.2	2.5	5.5	1.3	4.6	0.6	3.1	0.0	2.6
Total	100.0	100.0	100.0	100.0	100.0	0.0	0.0	0.0	100.0
N	239	238	220	206	151	158	101	92	1405

3.4 Consumer Durables

Table 3.4 presents data on ownership of some selected consumer durables. Durables include phones (mobile, fixed), electronic goods (television, fridge), furniture (beds, sofa sets, dining table), and vehicles (motorcycle, car).

One of the interesting findings is that about half of the households in AJK have at least one mobile phone connections. Except in Neelum district, ownership of mobile phones is more than 50 percent. Availability of either type of phone connections (mobile or fixed) is reported by 57 percent of the households in AJK: 43 percent have one of these two types, and 14 percent have both.

Less than half of the households possess a television set and 39 percent own refrigerators. Ownership of television sets and refrigerators varies by district. Television ownership is the highest in Mirpur (74 percent), followed by Bhimber (66 percent), and is the lowest in Neelum (22 percent).

In AJK, around six percent of households own a car and a similar percentage reported owning a motorcycle. Ownership of cars and motorcycles does vary across districts. More households from Mirpur and Bhimber own cars, compared to households in other districts (Table 3.4).

Table 3.4: Percent of households owning consumer durables

Consumer durables	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
Mobile phone	10	58.5	63.2	54.6	51	51.6	69.1	51.1	49
Fixed phone	14.1	16.1	28.2	31.6	20.5	17.2	29.9	26.1	22.2
TV	21.6	50.4	40	49.8	58.3	55.4	74.2	66.3	47.9
Fridge	2.1	27.1	25.9	29.1	19.2	40.1	59.8	68.5	28.7
Beds	55.6	37.4	49.1	63.1	72.2	51.3	53.6	68.5	54.8
Sofa set	17.4	27.1	30.9	42.7	45.7	37.8	46.4	57.6	35.1
Dining table	4.1	11.4	6.8	16.4	8.6	7	8.2	17.4	9.6
Sewing machine	36.5	37.7	33.2	49.5	51.7	49	55.7	70.7	44.9
Motorcycle	3.7	5.5	5.9	3.4	3.3	8.3	14.4	14.1	6.4
Car	4.6	3	8.6	4.4	5.3	4.5	4.1	12	5.6
Total	100	100	100	100	100	0	0	0	100
N	239	238	220	206	151	158	101	92	1405

3.5 Livestock

Information was collected on number of livestock (goat/sheep, buffalo, cow/ox, and chicken) a household has at the time of survey. Data presented in table 3.5 shows that in AJK, more than two-thirds of households have chicken, 45 percent has goat/sheep, 36 percent has buffalo and 22 percent owns cows. Some variations in ownership of livestock exist across districts. For example, more households own goats/sheep in Bhimber and Kotli districts, ownership of buffaloes is higher in Palandari and Kotli, while

households in Neelum district mostly owned cows.

On an average, a household owned four chickens, more than two goats/sheep, a cow, and more than one buffalo (Table 3.5).

3.6 Agricultural Land

Data on agricultural landholding size is presented in table 3.6. It shows that more than two-thirds of households in AJK reported ownership of agricultural land. 40 percent of households own

Table 3.5: Percent of households who own livestock

	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
Livestock (%)									
Chicken	66	62.1	65.3	78.3	78.8	70.7	53.6	59.3	67.6
Goat/sheep	52.7	45.1	37.9	29	43	64.3	32	66.3	45.3
Buffalo	2.9	36.9	36.2	43	53	56.7	22.7	51.1	35.8
Cow	63.1	33.1	10.9	8.2	3.3	6.4	9.3	20.7	22.3
Total	100								
N	239	238	220	206	151	158	101	92	1405
Average # of animals per household									
Chicken	3.42	3.66	4.15	4.51	4.47	4.1	3.83	4.13	4.01
Goat/sheep	2.77	3.5	2.08	2.08	2.09	3.48	2.39	2.31	2.72
Buffalo	1.29	1.32	1.29	1.61	1.38	1.46	1.95	1.79	1.47
Cow	2.27	1.9	1.75	1.29	1.2	1.5	1.89	2.58	2.08
Total	100								
N	239	238	220	206	151	158	101	92	1405

less than one acre and another 18 percent has one to two acres of agricultural land. This suggests

that landholding size in AJK is very small and mainly in the form of terraces.

Table 3.6: Percent distribution of households by agricultural landholding size

Landholding size (acres)	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
No land	28.2	23	35	28.5	35.5	25	71.9	30.3	32
< one acre	54.4	36.6	43.6	42.5	34.2	42.3	14.6	31.5	40.2
1.0 – 2.0	13.7	23	15.5	18.4	20.6	22.4	5.2	27	18.2
2.1 – 4.0	2.5	10.2	5	7.2	6.5	9	2.1	7.9	6.4
4.1 - 6.0	0.4	2.6	0.5	0.5	0.6	1.3	0	1.1	0.9
> 6 acres	0.8	4.7	0.5	2.9	2.6	0	6.3	2.2	2.3
Total	100								
N	239	238	220	206	151	158	101	92	1405

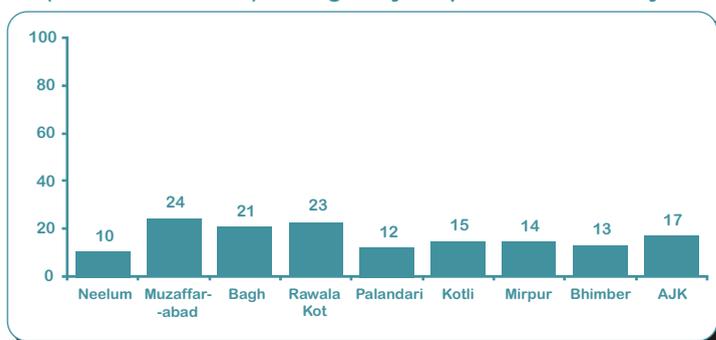
Assets purchased during last year

Information was also obtained from each household about assets (consumer durables and livestock) bought during the last one year prior to the survey. Figure 3.4 shows that 17 percent of households from AJK reported buying at least one asset during the previous year. Purchase of assets is higher mostly in the badly affected districts of

AJK, except in Neelum. One-fifth to one-quarter of households in Muzaffarabad, Bagh, and Rawalakot reported purchase of assets.

The items bought were mainly furniture, electronic goods (television, refrigerators), and cell phones (table 3.7). Furniture and electronics were bought because these were destroyed due to the earthquake; however, cell phones were bought because they became available after the earthquake.

Figure 3.4: Percent of households who bought any asset (durable/livestock) during the year prior to the survey



3.7 Wealth Index

Information on the monthly income of households was collected during the survey, but it seems a bit unreliable. It is always difficult to obtain correct information on household income in a household survey, but it was especially difficult in the earthquake-affected areas. To get a true picture about the socio-economic status of a household, an advanced statistical technique (factor analysis) is used. This technique takes into account all the variables/indicators and comes up

Table 3.7: Type of assets (durables and livestock) bought during last one year prior to survey

Assets	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
Television	25	29.1	26.1	16.7	21.1	13	7.1	41.7	22.8
Fridge	12.5	18.2	23.9	18.8	5.3	26.1	28.6	33.3	19.9
Mobile phone	8.3	16.4	17.4	18.8	47.4	17.4	42.9	33.3	21.1
Sewing machine / Washing machine	20.8	16.4	4.3	4.2	0	0	21.4	8.3	9.1
Furniture	33.3	29.1	39.1	45.8	47.4	4.3	14.3	16.7	32.4
Livestock	16.7	18.2	10.9	14.6	5.3	39.1	0	8.3	15.4
Others	20.8	9.1	21.7	12.5	0	8.7	7.1	33.3	13.7
N	24	55	46	48	19	23	14	12	241

with a reduced number of factors for analysis. By using factor analysis with the principle component feature, an index is calculated and presented in table 3.8. The extracted component is then divided into five quintiles: very poor, poor, average, middle, and upper middle. The variables included to generate the wealth index are ownership of: a) a television set; b) a car; c) a motorcycle; d) a refrigerator; e) a mobile phone; f) a sewing machine; g) a sofa set; h) a dining table; and i) beds.

The survey showed that very poor people live Muzaffarabad and Bagh districts and households in the upper middle class are more numerous in Mirpur and Bhimber districts.

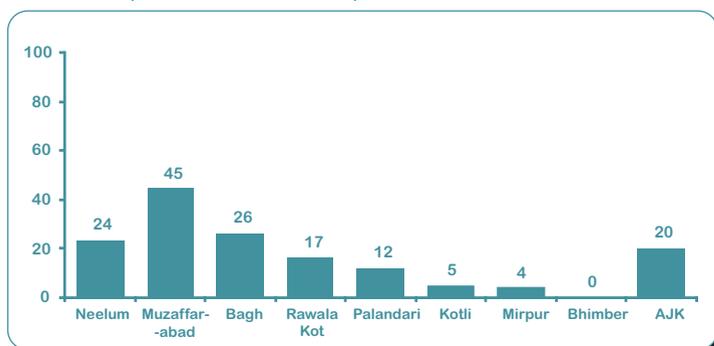
3.8 Demand for Assets

In response to the question whether households wanted to buy assets (consumer durables or livestock), every fifth household in AJK responded in the affirmative. The demand for the purchase of assets is the highest in Muzaffarabad district, followed by Bagh and Neelum district (figure 3.5).

Of those who intend to buy assets, the majority wants to buy furniture (36 percent) and buffaloes (38 percent). One-quarter of households would also like to purchase a refrigerator (Table 3.9). One has to be cautious while comparing data across districts, because of the small number of cases available for some of districts (Palandari, Mirpur).

Table 3.8: Distribution of households by wealth index and district

Wealth index	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
Very poor	2.9	24.8	23.7	12.7	6	11	12.9	3.4	13.3
Poor	34.5	28.6	29.2	21	21.2	27.7	23.8	19.1	26.7
Average	29	18.8	14.6	21	21.2	21.3	13.9	12.4	20
Middle	22.3	12	18.3	19	31.8	20	20.8	21.3	20
Upper middle	11.3	15.8	14.2	26.3	19.9	20	28.7	43.7	20
Total	100	100	100	100	100	100	100	100	100
N	239	238	220	206	151	158	101	92	1405

Figure 3.5: Percent of households who want to buy assets (durables/ livestock)


3.9 Monthly Household Income and Expenditure

Collecting data on a household's income and expenditure has always been a difficult task; it is a psychological issue, particularly in areas which are affected by natural disasters. Despite the fact that the interviewers were trained thoroughly on how to ask questions and how to probe matters, the information collected on household income is still under-reported, while expenditures are exaggerated, especially in Muzaffarabad (the most affected district). However, data presented in the following section does give some idea about household expenditure and income.

Table 3.9: Type of assets households want to buy

ASSETS	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
Television	22.8	12.4	12.1	14.3	10.5	12.5	25	-	14.7
Fridge	19.3	21.9	20.7	37.1	42.1	37.5	0	-	24.5
Mobile phone	1.8	0	0	0	1	0	0	-	0.7
Sewing/washing machine	10.5	7.6	10.3	17.1	15.8	0	0	-	10.1
Furniture	31.6	33.3	62.1	22.9	15.8	25	25	-	35.7
Cow/ Ox	40.4	17.1	6.9	8.6	0	25	25	-	17.8
Buffalo	17.5	47.6	43.1	40	36.8	12.5	50	-	38.1
Goat/sheep	7	6.7	10.3	8.6	0	25	25	-	8
Others	3.5	6.7	5.2	2.9	5.3	0	0	-	4.9
N	57	105	58	35	19	8	4	-	286

Figure 3.6 presents data on an average household's monthly income and expenditure. On average, a household in AJK earns PKRs. 10,000 and spends PKRs. 10,900. The gap between average household monthly income and expenditure is Rs. 900; i.e., households spend PKRs. 900 more than they earn (1US\$=PKRs. 60).

Figure 3.6: Average monthly household income and expenditure (PKRs in 000)

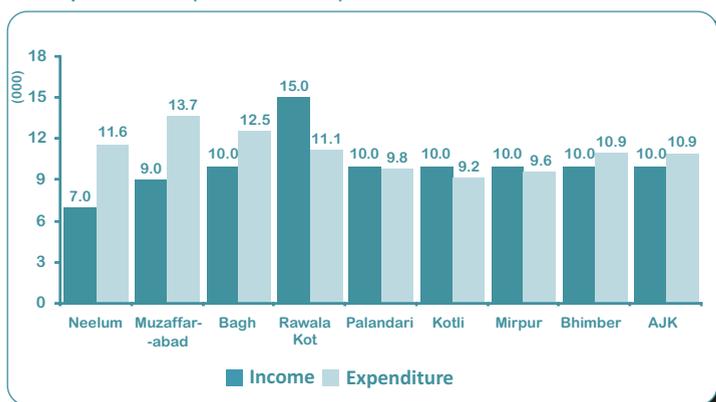


Figure 3.7: Average monthly household income and expenditure per capita (PKRs)



Household monthly income in five out of eight districts is the same (PKRs. 10,000), which is equal to the overall average for AJK. Data presented in figure 3.6 show that average monthly income of households in Rawalakot is the highest (PKRs. 15,000) and is the lowest in Neelum district (PKRs. 7,000). This signifies that households in Rawalakot earn 50 percent more and in Neelum 30 percent less than the overall average.

The difference between household income and expenditure is higher in the worst affected districts compared to other districts of AJK. Households in Neelum, Muzaffarabad, and Bagh districts are spending more than they earn; on the other hand, households in Rawalakot earn more than their expenditure. For example, households in Muzaffarabad are expending over 50 percent of their average monthly income; similarly, households in Neelum district are spending 66 percent more than they earn.

Per capita monthly income (PCI) in Pakistan is Rs. 4,625². Figure 3.7 presents data on per capita monthly income and expenditure. Per capita monthly income in AJK is Rs. 1,429 and per capita expenditure is Rs. 1,595. PCI in the region is three times less than Pakistan's PCI, which indicates that households in AJK are much poorer.

Per capita monthly income is the highest in Rawalakot district (Rs. 2,000) and the lowest in Neelum district (Rs. 1,000). Monthly expenditure per capita is the highest in Muzaffarabad district (Rs. 2,011) and the lowest in Palandari district (Rs. 1,279).

Sources of Household Income

The main source of income for a large majority of households in AJK is employment in government or private services. Around three in every four households in AJK earn their living through this

² Per capita Income for Pakistan is US\$ 925 (Economic Survey of Pakistan, 2006-07).

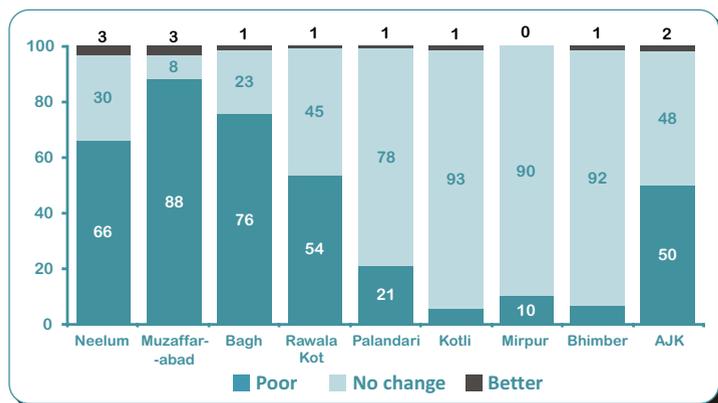
Table 3.10: Sources of household income

ASSETS	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
Employment	82.3	83	75.9	69.4	71.4	61.8	76.5	71.7	74.9
Business	17.7	22.2	20.8	22.8	19.5	32.5	23.5	28.3	22.7
Foreign remittance	1.3	3.5	5.1	20.9	18.2	26.1	14.3	25	12.3
Grants	5.1	1.7	7.4	5.8	7.1	4.5	13.3	12	6.2
Agriculture	2.1	4.3	1.4	1.5	0	1.3	6.1	8.7	2.7
Livestock	0.4	4.3	1.4	1.5	1.9	0	4.1	7.6	2.2
Handicrafts	0.4	1.7	0.5	1.9	1.9	0.6	5.1	7.6	1.9
Others	10.5	5.7	9.7	6.3	18.8	6.4	7.1	21.7	9.9
N	237	231	216	206	151	157	98	92	1388

employment. Business is a source of income for 23 percent of the households, and 12 percent reported foreign remittances as their source of income (Table 3.10).

Employment as source of household income is higher in Muzaffarabad and Neelum while business contributes more in Kotli district. The percent of households who receive foreign remittances is the highest in Kotli, followed by Bhimber and Rawalakot.

Figure 3.9: Percent distribution of households by perception about change in economic status after earthquake by district



3.10 Change in Socio-Economic Status due to the Earthquake

Respondents were asked: “How do you rate your households' socio-economic status at the time survey compared to your status before the earthquake?” One-half of the respondents in the region mentioned that their socio-economic status had deteriorated and two percent said it had improved, while the rest showed no change. The socio-economic status of households deteriorated the most in the four districts that were worst affected by the disaster. Eighty-eight percent of households in Muzaffarabad reported that their household's economic status had worsened, as everything they owned (house, business, household good, and assets, etc) had been destroyed. Similarly, three-quarters of households in Bagh and two-thirds in Neelum district reported deterioration in the household's situation (figure 3.8)

Section 4: Loan History

The main objective of this survey has been to identify the demand for microfinance products and services which would further help in designing and implementing innovative financial services for the disaster-affected community of AJK. Therefore, it was important to know the existing practices, behavior, and perceptions of households related to credit. Information was obtained about each household's experience of taking a loan.

Figure 4.1: Percent of households that have ever taken a loan from any source

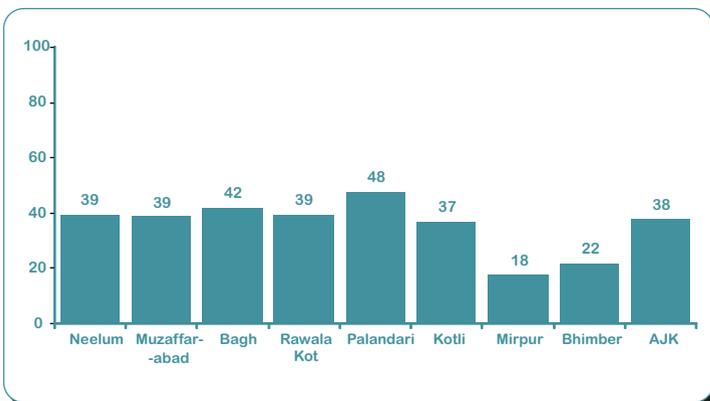
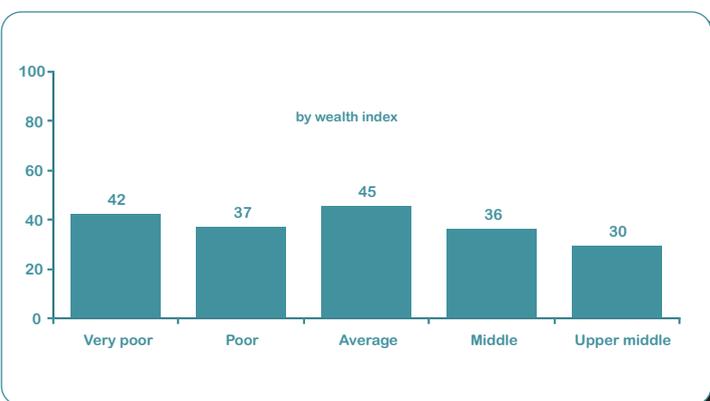


Figure 4.2: Percent of households that have ever taken a loan from any source



4.1 Existing Credit Practices

In AJK, 38 percent of households have, at some time or other, taken a loan. The proportion of households who reported taking a loan is the highest in Palandari (48 percent) and the lowest in Mirpur (18 percent) among all the districts in AJK. In the most affected district, the percentage of households who have ever taken a loan ranges from 39 to 42 percent (Figure 4.1).

The percentage of households that have ever taken a loan in each wealth category is presented in figure 4.2. It shows that households with low socio-economic status are slightly more likely to take loans than households in the upper middle class.

4.2 Sources of Loans

The majority (52 percent) of those households who had ever taken a loan, took it from informal source like relatives, friends, etc. However, more than one-third of households who had ever taken a loan, took one from the formal sector (mainly from banks). Sources of loans vary by districts. Banks are the most common source of loans for households in Muzaffarabad; taking loans from relatives is more commonly the practice in Rawalakot, Palandari, Kotli, and Bhimber districts.

Data presented in table 4.2 show that different institutions are serving households of different socio-economic background. For example, loans from friends and relatives are mostly taken by poor and average class households. Employers' loans go to average and middle class households. Banks cater to all households, except the very poor. NRSP's loans go to middle and upper middle class households.

Table 4.1: Percent distribution of households who have ever taken a loan by source

Source of loan	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
NRSP	1.1	0	9.8	2.4	10.8	8.6	0	0	4.7
Bank	40	62.6	27.2	20.7	12.2	8.6	0	25	29.5
Friend	9.5	4.4	6.5	6.1	8.1	17.2	29.4	10	8.9
Relative	47.4	25.3	53.3	64.6	66.2	60.3	47.1	65	52
Employer	0	3.3	1.1	4.9	1.4	1.7	11.8	0	2.3
Others	5.3	9.9	3.3	2.4	4.1	5.2	11.8	5	5.3
N	95	91	92	82	74	58	17	20	529

Table 4.2: Percent distribution of households who have ever taken a loan by source by wealth index

Source of loan	Very poor	Poor	Average	Middle	Upper middle	Total
NRSP	16	16	20	24	24	100
Bank	16.4	19.7	21.1	21.7	21.1	100
Friend	10	30	30	17.5	12.5	100
Relative	13.1	32.5	23.9	17.2	13.4	100
Employer	22.2	11.1	33.3	22.2	11.1	100
Others	27.6	13.8	34.5	20.7	3.4	100

4.3 Purpose of Loan

The majority (41 percent) of the households in AJK mentioned that they took loans for construction of a house. About 11 to 13 percent of households mentioned that loans were taken for business, the marriage of children, and household consumption (Table 4.3).

The purpose of taking a loan varies by district. Housing loans were more common in the four most affected districts. For example, 54 percent of households in Neelum district and 47 percent in Muzaffarabad district took loans for housing. Marriage loans were higher in less affected districts (Palandari, Kotli, Mirpur, and Bhimber).

Table 4.3: Percent distribution of households who have ever taken a loan by purpose of loan

Purpose of loan	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
Business	11.6	16.5	13	7.4	8.1	13.8	12.5	5	11.6
Housing	53.7	47.3	46.7	39.5	31.1	29.3	18.8	15	40.8
Livestock	0	11	4.3	3.7	4.1	5.2	0	5	4.6
Marriage	3.2	7.7	10.9	6.2	21.6	20.7	37.5	35	12.5
Consumption	16.8	3.3	13	11.1	10.8	20.7	0	0	11.4
Health	4.2	2.2	5.4	9.9	12.2	5.2	12.5	5	6.5
Going abroad	2.1	1.1	3.3	11.1	8.1	5.2	0	0	4.6
Others	8.4	11	3.3	11.1	4.1	0	18.8	35	8.2
N	95	91	92	81	74	58	16	20	527

Figure 4.2: Average loan size (PKRs) last taken

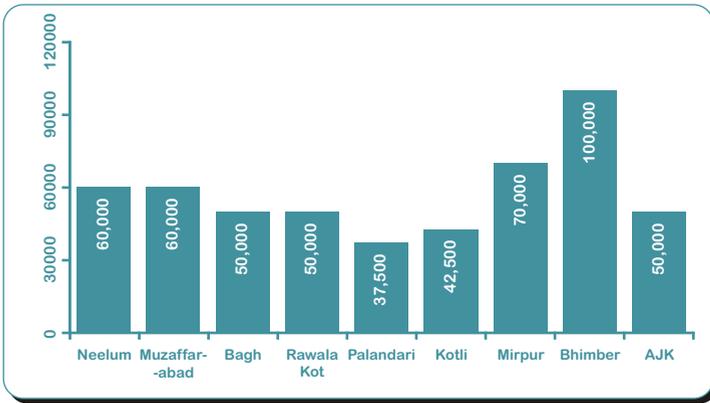


Figure 4.3: Average loan size (PKRs) last taken by source

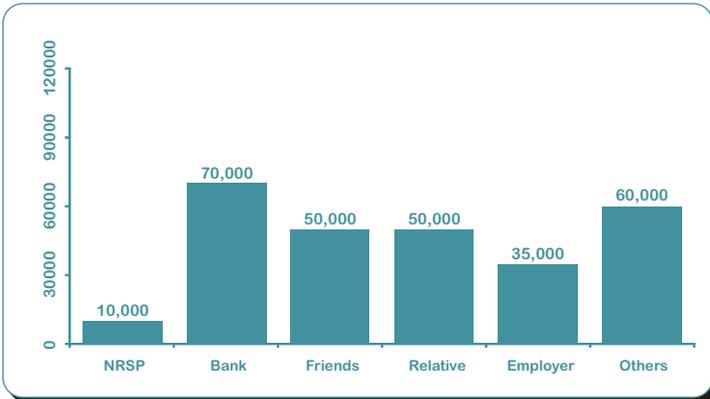
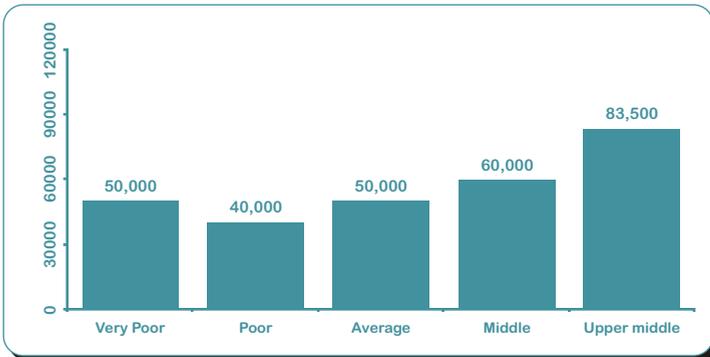


Figure 4.4: Average loan size (PKRs) taken by wealth index



4.4 Loan Size

The average size of loans taken from any source is PKRs. 50,000. Loan size differs by district. Loan size is the largest in Bhimber district and the smallest in Palandari. However, average the loan size in most affected districts ranges from Rs. 50,000 to Rs. 60,000 (Figure 4.2).

Loan size also varies by source. The average size of a loan taken from a bank is Rs. 70,000, which is the largest among all sources. On the other hand, NRSP provides Rs. 10,000, which is the smallest loan size. This means banks are providing loan which seven times more than NRSP loans. Similarly, loans taken from friends or relatives are Rs. 50,000 (Figure 4.3) five times higher than loans taken from NRSP.

Table 4.4: Percent distribution of households who have ever taken a loan by number of years ago last loan was taken

Period	NLM	MZD	BGH	RWT	PLD	KTL	MPR	BMR	AJK
Within a year	50	23.2	31.5	43.8	47.3	56.9	28.6	10.5	39.8
2 – 3	40.4	48.8	47.8	28.8	35.1	29.3	14.3	10.5	37.4
4 – 5	2.1	15.9	5.4	15	9.5	5.2	7.1	15.8	9
> 5 year	7.4	12.2	15.2	12.5	8.1	8.6	50	63.2	13.8
Average	1.5	3	2	2	2	1	6	12	2
N	94	82	92	80	74	58	14	19	513

Poor households tend to take smaller loans than households from the upper middle class. Figure 4.4 shows loan size by wealth index.

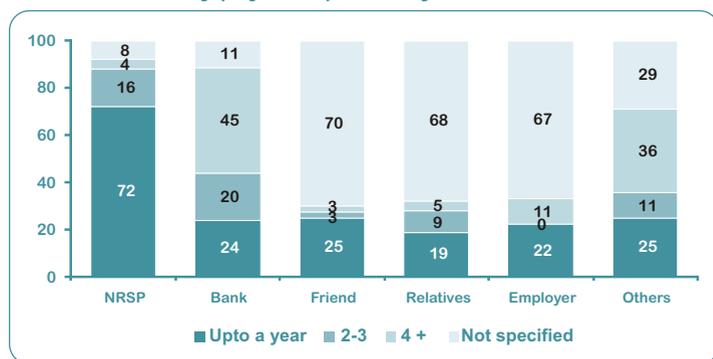
Those households who have ever taken a loan were asked how long ago had they taken their last loan. Data presented in table 4.4 suggest that 40 percent of borrower households had taken their last loan within the last one year and another 37 percent has taken one within two to three years ago.

Figure 4.5 presents another characteristic, i.e., the payback period of existing borrowing practices. The figure shows that formal sector loans specify a time for repayment of loans; however, loans

taken from the informal sector, such as friends and relatives are not time-bound.

Even within formal sector loans, the payback period varies. NRSP provides short-term loans and banks provide longer tenure loans. The payback period for loans taken from NRSP is one year as mentioned by 72 percent of NRSP borrowers, whereas only one-quarter of those borrowing from banks mention one year as the payback period. The majority of bank clients demand loans which have a payback period of more than four years.

Figure 4.5: Percent distribution of borrowing households by payback period by source



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Section 5: Savings

One of the main objectives of delivering microfinance services is to create wealth for the poor and savings (either in liquid or other form) which represent the wealth of the poor. Moreover, saving plays a vital role in poverty alleviation. Poor households accumulate savings over a period of time; they are used in emergencies, for consumption purposes, or for acquiring assets. The survey captured information regarding savings of the target households so that appropriate products and services could be

designed and implemented to accumulate savings at the grass-roots level.

5.1 Prevalence of Savings

In AJK, 14 percent of households mentioned that they have savings. The proportion of households who save and want to promote savings are almost similar (range between 14 to 17 percent) in all districts, except two Neelum and Kotli districts, where households that save are less than 11 percent (Figure 5.1).

Data presented in figure 5.2 shows that the percentage of households that save increases as the socio-economic status of the household increases. Seven percent of very poor and poor households reported savings, which increases for subsequent groups, reaching 21 percent for the upper middle class group.

Figure 5.1: Percent of households that have savings by district

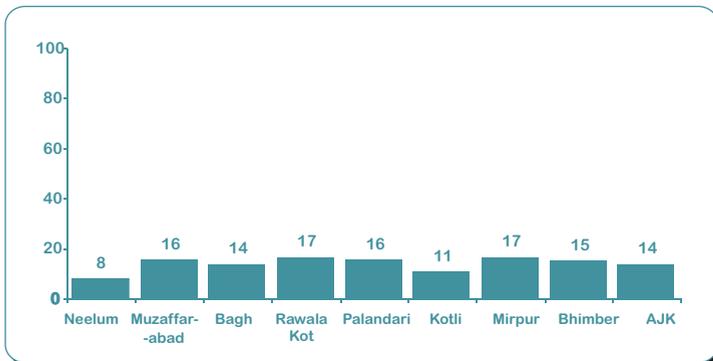
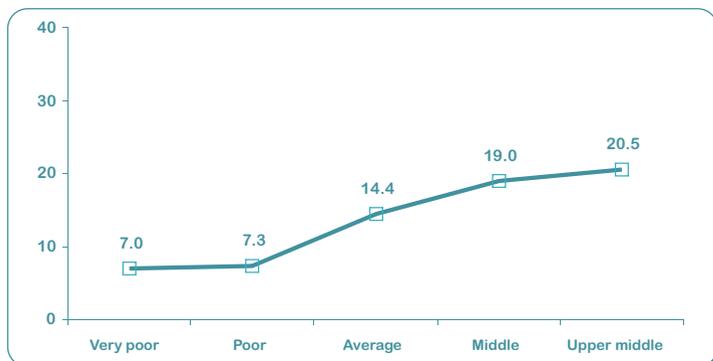


Figure 5.2: Percent of households with savings by wealth index

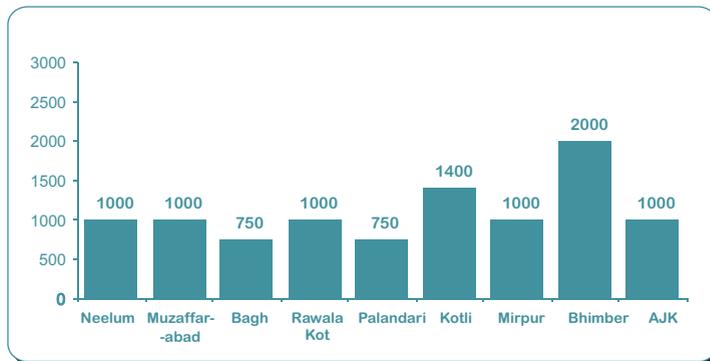


5.2 Savings Size

Figure 5.3 shows the average amount a household saves on a monthly basis. In AJK, this figure is Rs. 1,000. Savings amounts do vary by districts. The average amount a household saves

in a month is the same (Rs. 1,000) in four districts (Neelum, Muzaffarabad, Rawalakot, and Mirpur); however, monthly savings of a household are double (Rs 2,000) in Bhimber district. Households in Bagh and Palandari save less.

Figure 5.3: Average amount of monthly savings by district



5.3 Where Savings are Kept

People in AJK usually keep their savings in three places: in committees, at home, and in banks. An almost equal proportion of households keep their money with committees (ROSCAS) (34 percent) and at home (31 percent); the rest save in banks (figure 5.4).

The average amount of monthly savings usually deposited in banks is Rs. 2000, which is the highest amount kept anywhere (Figure 5.5). The average amount kept at home is about Rs. 1000 and in committees is Rs. 500.

Figure 5.5: Average amount of monthly savings by where savings are kept

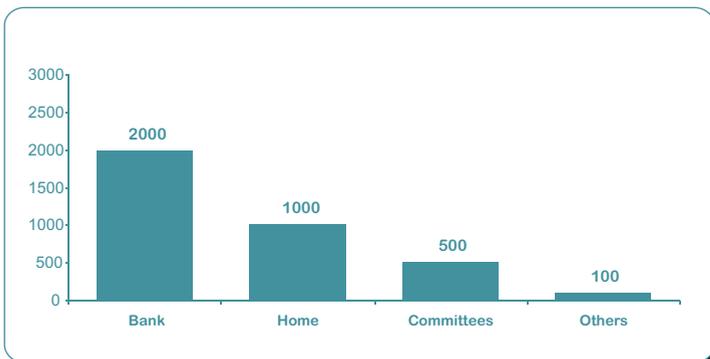
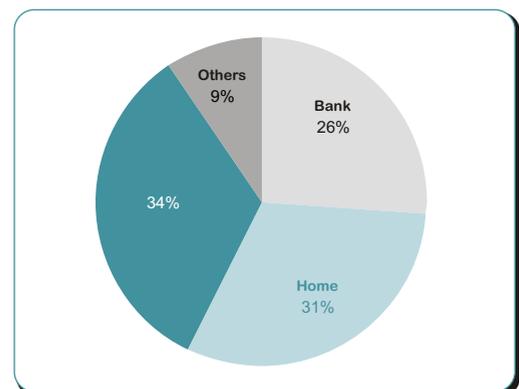


Figure 5.4: Percent distribution of those households who save money by where savings are kept



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Section 6: Remittances

AMPER believes that facilitating increased access to flexible, affordable remittance services can become a core innovation for expanding microfinance services, including: incorporation of historic remittance flows into cash-flow analysis for micro-lending; extending networks for remittance distribution to remote and inaccessible communities by linking existing remittance channels with the NRSP's capability of reaching vulnerable rural communities; developing savings/deposit products to provide a secure

repository for accumulation of remittance income; using remittance deposits as guarantees for increased microfinance loans; and, possibly, the development of a guarantee fund.

6.1 Prevalence of Remittances

Households were asked about the domestic and foreign remittances they receive. Data on the percentage of households receiving remittances are presented in figure 6.1 and show that about 28 percent of households in AJK reported receiving remittances. Out of these 28 percent, almost half receive domestic remittances, while the other half receives foreign remittances.

The proportion of households receiving remittances varies by district. The proportion of households which receive any type of remittances is the highest in Palandari district (46 percent), closely followed by Rawalakot (43 percent). Foreign remittances are more common in Rawalakot district and domestic remittances are more common in Palandari. About 22 percent of households in Kotli and 16 percent in Bhimber reported receiving foreign remittances.

Figure 6.1: Percent distribution of households by source of remittances

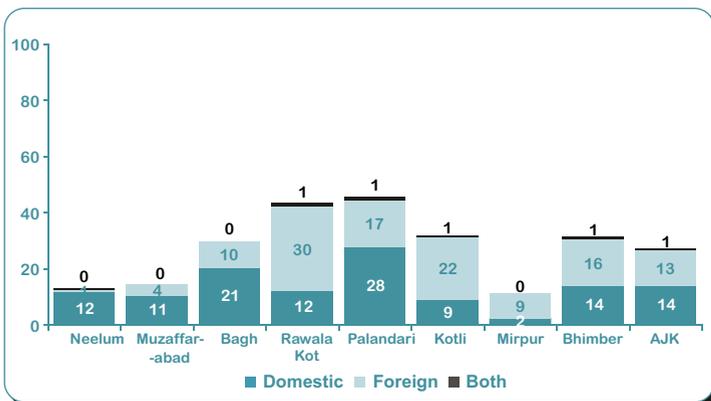
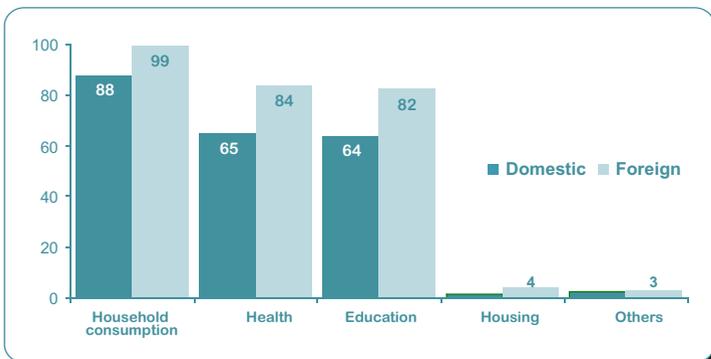


Figure 6.2: Use of remittances by type of remittances



6.2 Use of Remittances

Remittance money is mainly used for three major purposes: household consumption, health, and education. Almost every household who gets remittances mentioned that the remittance money is used for the household's consumption and about three-quarters spend it on education and health (Table 6.1).

Figure 6.2 presents data on the use of remittance money by type of remittance. It reveals that households who receive foreign remittances spend more on education compared to those household who receive domestic remittances. For

example, more than 82 percent of households who receive foreign remittances, while two-thirds who receive domestic remittances reported spending on education and health.

6.3 Channels for receiving remittances

Households who receive remittances were asked about the source/channel through which they received remittances. The majority (41 percent) of the households receives remittances through informal channels (self/relatives/friends). Among the formal channels, postal money order is used by 22 percent and transfer through bank by 19

percent. Fifteen percent of the households receive remittances through the hundi/hawala system.

The channels through which money is transferred depends on the type of remittances (domestic or foreign). Figure 6.2 show that households receive domestic remittances mainly through relatives/friends/self (62 percent); postal money orders account for 33 percent; foreign remittances are mainly received through banks (35 percent), or through hundi (31 percent); and self/relatives (18 percent). Very few mentioned the use of Western Union or postal money order for foreign remittances.

Figure 6.3: Channels through which households receive remittances by type of remittance

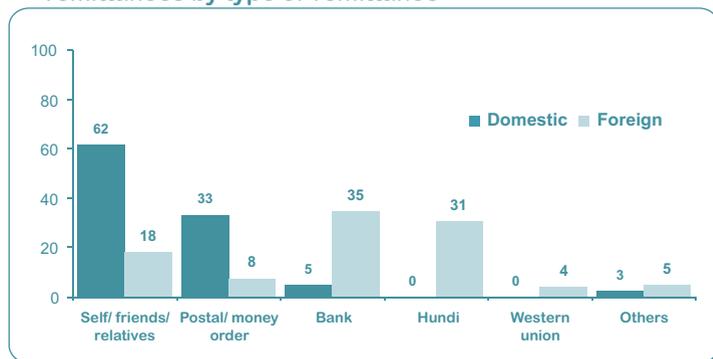


Table 6.1: Use of remittance money

Use	NLM	MZD	BGH	RWT	PLD	CTL	MPR	BMR	AJK
Household consumption	96.9	100	98.5	98.9	98.6	100	100	97.3	98.7
Health	46.9	70.6	72.7	75.6	74.6	84	84.6	78.4	73.8
Education	65.6	55.9	74.2	75.6	70.4	80	76.9	78.4	72.8
Investment in housing	0	5.9	1.5	4.4	1.4	4	0	2.7	2.8
Others	0	5.9	4.5	4.4	0	0	0	2.7	2.5
N	32	34	66	90	71	50	13	37	393

Table 6.2: Sources through which households receive remittances

Channel	NLM	MZD	BGH	RWT	PLD	CTL	MPR	BMR	AJK
Self/friend/relatives	59.4	58.8	43.9	35.6	42.3	22	15.4	43.2	40.5
Postal money order	46.9	11.8	25.8	11.1	21.1	26	15.4	27	21.9
Bank transfer	3.1	14.7	18.2	28.9	22.5	16	23.1	10.8	19.1
Hundi	3.1	2.9	9.1	21.1	11.3	20	46.2	18.9	14.8
Western Union	0	8.8	0	4.4	0	2	0	0	2
Others	3.1	5.9	3	0	2.8	14	0	0	3.6
N	32	34	66	90	71	50	13	37	393

6.4 Reasons for using a particular channel

Respondents who reported receiving remittances were also asked about their reasons for using particular channels. The most common reason was convenience (33 percent); the second most common reason was the sender's preference (28 percent). For channels used for foreign remittances, the common reasons are "quick service" (31 percent), sender's preference (30 percent), and convenience (22 percent). About 16 percent of those households who receive foreign remittances said that they used particular

channels because they were secure.

The preference for the hundi system or Western Union was because delivery is quick and timely. Banks are used because they are secure (table 6.3).

The average amount per domestic remittances in AJK is Rs. 5,000 and the average amount per foreign remittances is Rs. 15,000. The size of domestic remittances does not vary much across district as it ranges from Rs. 4,000 in Rawalakot to Rs. 6,500 in Kotli. However, the size of foreign remittances varies a lot among districts: the amount varies from Rs. 12,000 in Bagh to Rs. 30,000 in Neelum (Figure 6.5).

Table 6.3: Reasons for choosing a particular channel of remittance

Reasons	Self/ friends	Money order	Bank	Hundi	Western Union	Others	Overall
Sender's preference	26.5	36	29.3	27.6	12.5	14.3	28.6
Convenience	25.2	39.5	29.3	17.2	12.5	21.4	27.6
On time	21.2	11.6	8	55.2	50	42.9	23
Security	15.2	9.3	30.7	0	12.5	0	14
Low cost	0.7	1.2	2.7	1.7	12.5	7.1	1.8
Others	12.6	3.5	1.3	0	0	14.3	6.4
N	151	86	75	58	8	14	392

Figure 6.4: Reasons for preferring a particular channel for receiving remittances

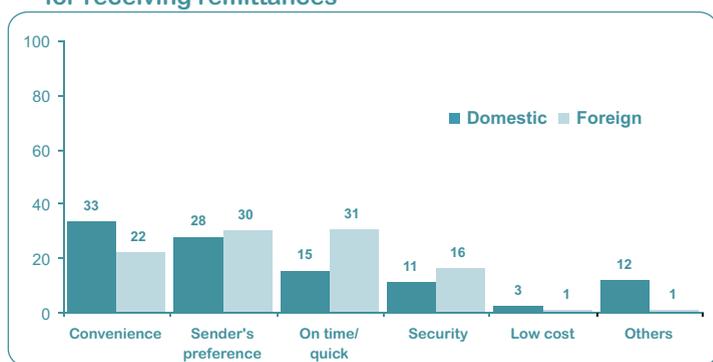


Figure 6.5: Average amount of remittances received per time by type of remittances



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Section 7: Demand For Credit

This section discusses the demand and potential opportunities for giving loans. It maps the market demand and the plans to meet the region's needs. From the detailed analysis of survey data, we have extracted the following possible innovative options for designing and implementing loans.

7.1 Housing Reconstruction Finance

The need for reconstruction financing is immense and widespread across the region because the vast majority of residential houses have either been badly damaged or completely destroyed. Households have consumed all their accumulated savings in responding to the disaster and addressing emergency needs; they now have no liquidity for reconstruction.

Most of the houses in four districts (Neelum, Muzaffarabad, Bagh, and Rawalakot) of AJK were destroyed, partially or completely. Therefore, a large majority of households in these four districts want to reconstruct or repair their houses. The need assessed is the highest in Muzaffarabad, where almost all of the households want to construct a new house. Two in every three households in Bagh, 59 percent in Neelum, and every second household in Rawalakot expressed the need for constructing a new house (Figure 7.1).

Figure 7.2 presents data on the average amount of financial resources required to construct a house; this ranges between Rs. 200,000 to Rs. 300,000 across districts. It will cost about Rs. 200,000 in Neelum and Muzaffarabad districts and increases to Rs. 300,000 in Rawalakot and Palandari.

In response to a question about funding sources for construction of a house, three-quarters of households in AJK mentioned government's financial grants as a possible funding source. Fifty-eight percent of households would like to use their own resources (future savings, etc.) for construction of their new house (Table 7.1). More than a quarter (27 percent) of households expressed their desire to avail of a bank loan.

Figure 7.1: Percentage of households who want to construct or repair a house

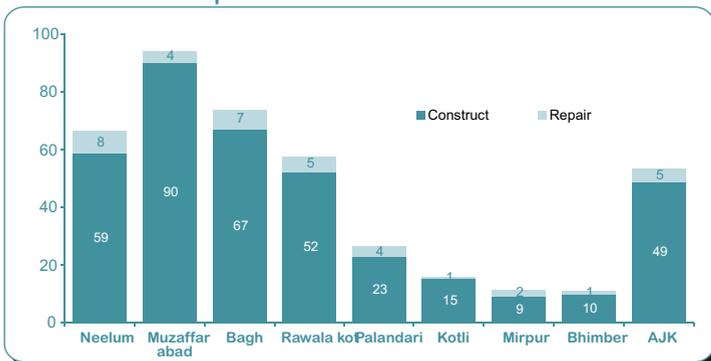


Figure 7.2: Average amount required to construct or repair a house

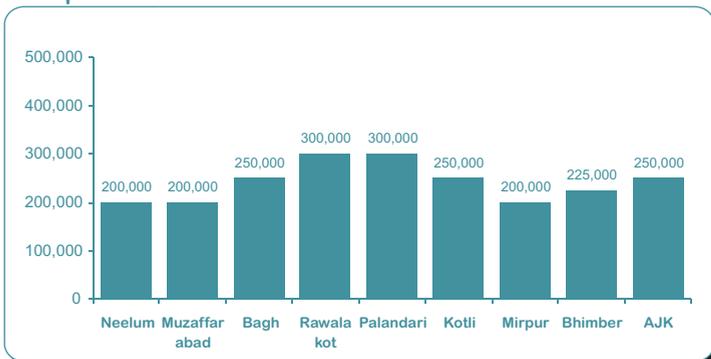


Table 7.1: Potential funding sources for construction or repair of house

Funding source	NLM	MZD	BGH	RWT	PLD	CTL	MPR	BMR	AJK
Financial aid from Government	73.8	86.4	81.6	82.5	14.6	12	0	0	73.2
Own resources	52.5	55.2	59.5	69.2	41.5	84	45.5	80	58.2
Loan from bank	30	24.9	19.6	24.2	58.5	20	54.5	30	26.9
Loan from relatives	13.1	5.9	15.3	16.7	39	32	18.2	10	14.1
Support from relatives	2.5	0.5	4.3	1.7	2.4	8	9.1	0	2.4
Others	6.3	5	9.2	5	2.4	8	9.1	10	6.3
N	160	221	163	120	41	25	11	10	751

Potential sources of funding vary across districts. More than 82 percent of households in Muzaffarabad, Bagh, and Rawalakot, and 74 percent in Neelum district are looking for government grants for house construction.

In the most affected and needy districts, 20 to 30 percent of households expressed their need for a loan.

7.2 Demand for consumer durables and livestock

The demand for purchase of assets (consumer durables and livestock) exists in every district which was badly affected by the earthquake. Among these four districts, the demand is the highest in Muzaffarabad, where 45 percent of household want to buy either durables or livestock or both. About 36 percent of households in Muzaffarabad expressed their desire to buy livestock. Every fourth household in Neelum and Bagh districts wants to buy assets (Figure 7.3).

Figure 7.3: Percent of households that expressed interest in buying assets durables and livestock

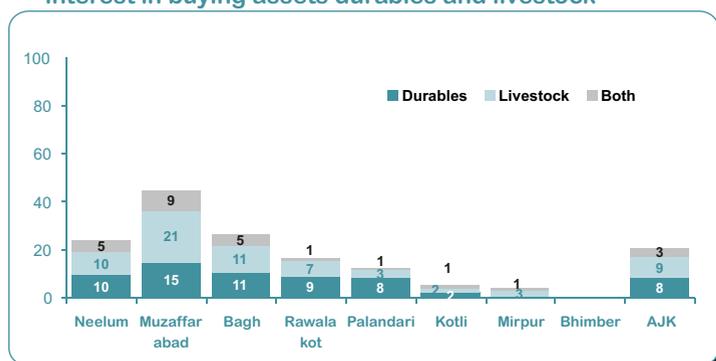
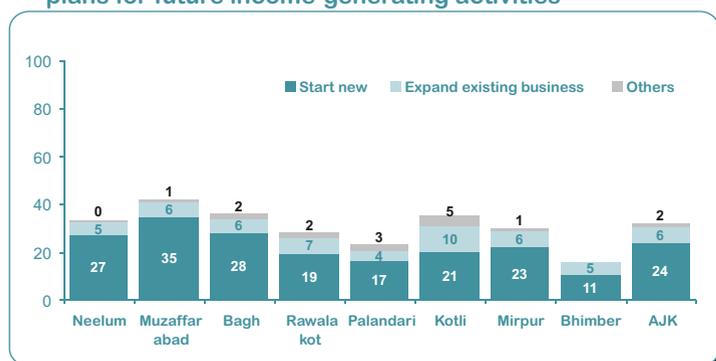


Figure 7.4: Percent of households that expressed their plans for future income-generating activities



7.3 Demand for starting a new business or expanding an existing one

Figure 7.4 presents data on household plans to expand existing business or starting a new business to enhance household earnings. The demand for expanding or starting a new business is reported by households from all districts. Demand for business is the highest in Muzaffarabad, followed by Bagh and Neelum districts. More than four in every ten households in Muzaffarabad and one in every three households in Bagh, Kotli, and Neelum districts expressed their interest in starting a new business or expanding an existing one.

The type of businesses that households want to start or expand are presented in table 7.2. Of those who want to expand or start a business, more than half are interested in a grocery shop. About 15 and 13 percent of households respectively have expressed their desire to do business in livestock and poultry.

An almost equal proportion of households from six out of eight districts in AJK reported a demand

Table 7.2: Type of income generating activities households would like to undertake in future

Business	NLM	MZD	BGH	RWT	PLD	CTL	MPR	BMR	AJK
Shop	60.3	49	53.2	50.8	45.7	49.1	55.2	20	51.1
Livestock	10	26.3	10.1	11.1	17.9	0	12.5	41.7	14.8
Poultry farm	10.3	12.3	20.3	1.7	14.3	18.2	10.3	13.3	12.7
Transport	11.5	12.2	1.3	8.5	2.9	5.5	6.9	6.7	7.6
Embroidery/ sewing	2.9	4.2	2.9	11.1	0	0	0	0	3.4
Agriculture	0	3.2	2.9	0	14.3	2.4	0	0	2.6
Handicrafts	0	3.1	0	0	0	0	0	6.7	0.9
Others	5.1	3.1	7.6	10.2	5.7	5.5	3.4	0	5.6
N	78	98	79	59	35	55	29	15	448

Table 7.4: Sources of funding for future income-generating activities

Funding Source	NLM	MZD	BGH	RWT	PLD	CTL	MPR	BMR	AJK
Loan from bank	75.9	70.4	63.6	74.1	71.4	76.4	93.1	93.3	73.8
Loan from MFI	32.9	7.1	33.8	44.8	34.3	78.2	48.3	0	34.5
Looking for funds	17.7	14.3	33.8	41.4	22.9	18.2	13.8	13.3	22.9
Loan from relatives	6.3	11.2	7.8	10.3	17.1	21.8	3.4	6.7	10.8
Own resources /savings	6.3	14.3	9.1	13.8	11.4	1.8	6.9	13.3	9.6
Committee	1.3	4.1	2.6	0	0	0	3.4	0	1.8
Others	8.9	1	5.2	0	8.6	1.8	0	0	3.6
N	79	98	77	58	35	55	29	15	446

for owning a shop. Demand for livestock is higher in Muzaffarabad (26 percent) and the demand for poultry farms is higher in Bagh (20 percent). About 12 percent of households from Neelum and Muzaffarabad also want to start transport businesses (taxi service, etc.)

Unexpectedly, very few households expressed their interest in starting or expanding the business of embroidery/tailoring, agriculture, and handicrafts.

On average, Rs. 150,000 is required to start a new business. This amount varies from district to district. Households in Muzaffarabad and

Palandari district need Rs. 100,000 (on average), which is the lowest. The figure is Rs. 200,000 in Neelum and Kotli, the highest among all the districts (Figure 7.5).

Households who expressed a desire to start or expand business were asked: "From where will you get resources for the business?" The responses to this question are presented in table 7.3. Data show that there is a great demand for loans to start or expand businesses. Almost all of the households who would like to start or expand business are interested in getting loans. For example, 74 percent of households are looking to get loans from banks (mostly commercial banks), while 36 percent mentioned micro-finance institutions (MFIs), which include NRSP, Khushali Bank, etc., as potential sources for loans. An additional 23 percent of households mentioned that they were looking for funds but were not sure from which source they could finance their business.

Figure 7.5: Average amount (Rs) required to start a new business or expand an existing one

Section 8: Conclusion And Discussion

The devastating earthquake of 8 October 2005 destroyed or damaged homes, offices, and businesses. The household survey was conducted in all districts of AJK. Findings suggest that four districts (Neelum, Muzaffarabad, Bagh, and Rawalakot) were worst affected. Among these districts, destruction was much higher in Muzaffarabad and Bagh districts.

Findings of the survey suggest that districts in AJK vary in socio-demographic characteristics. Households in Neelum district, where the terrain is very difficult, are poorer, less educated, and have higher fertility rates than other districts in AJK. On the other hand, households in Rawalakot, Mirpur, and Bhimber are more prosperous, with literacy almost universal and higher remittance inflow.

Houses were severely damaged and people are desperate to reconstruct their homes but need the financial resources to do so. This finding indicates that the prospective of developing housing finance exists in the region.

Most of the assets (consumer durables) were completely destroyed and people need them and have expressed the need to re-acquire these assets. However, they do not have the resources to buy them. Households, especially in Muzaffarabad district, expressed an interest in purchasing livestock, thus suggesting that there is a possibility of developing a service for providing fixed assets and livestock.

A large majority (74 percent) either does not own agricultural land or own a small piece (less than an acre). This excludes the possibility of developing micro-credit products for agriculture, though cash crop loans can be provided.

The literacy rate is very high in almost all the districts and among both genders. School enrollment is almost universal in all the districts except Neelum. Most of the rural communities

are accessible by road in all districts except Neelum. The high literacy rate and access to rural communities indicates a potential for mobile banking.

Availability of mobile phones is high (more than 50 percent) in all the districts in AJK, except Neelum. This suggests a possibility of launching mobile phone banking services, including remittances.

Households in AJK do not save much; or perhaps savings are underreported. Since most of the households keep their savings either at home (31 percent) or in committees (34 percent), a product can be designed to use these saving in a productive way through the existing NRSP network, with committee-based loans being used for productive purposes.

About 27 percent of the households receive remittances (14 percent domestic and 13 percent foreign). In two districts, i.e, Rawalakot and Palandari, 38 and 43 percent of households respectively reported receiving remittances (domestic or foreign). These two districts can be considered for micro-finance products related to remittance.

BASELINE HOUSEHOLD SURVEY

Advancing Microfinance for Post-Disaster
Economic Reconstruction (AMPER) Project
in Azad Jammu and Kashmir

HOUSEHOLD INFORMATION

SECTION 1: HOUSEHOLD IDENTIFICATION			
Q101 Community Organization:	_____	_____	_____
Q102 Village Name:	_____	_____	_____
Q103 Union Council:	_____	_____	_____
Q104 District's Name:	1. Muzaffarabad 5. Mirpur	2. Bagh 6. Kotli	3. Rawalakot 7. Palandari 4. Neelum 8. Bhimber
Household Address :	_____ _____		
Q105 Name of head of household:	_____	_____	line# from roster
Q106 Respondent's Name:	_____	_____	line# from roster
Q107 Date of Interview:	_____		
Q108 Name of interviewer:	_____		
Result Codes:	1. Fully interviewed 3. No Adult / No Household Member at home 7. Other (Specify)	2. Partially interviewed 4. Refused to be interviewed	

Checked by: _____

Coded by: _____

Entered by: _____

Please provide the following information on each member of this household currently living here.								
Q109	Total members in this household:							
Q110		Q111	Q112	Q113	Q114	Q115	Q116	Q117
Line#	Name of household member	Sex	Age	Education	Marital Status	Occupation/ Profession	Place of Work	Skills/ Trade
		1. Male 2. Female	In years	Years of Schooling	1. Married 2. Single 3. Divorced/ Widowed	1. Farmer 2. Seasonal worker 3. Student 4. Shepherd 5. Private job 6. Government job 7. Housekeeping 8. Handicrafts 9. Self-employed 10. Un-employed 77. Others (specify)	1. Within District 2. Other District in AJK 3. District in Pak 4. Abroad	
01								
02								
03								
04								
05								
06								
07								
08								
09								
10								
11								

Please attach additional sheet if household members are more than 11.

<p>Q118</p>	<p>Was your house damaged due to the earthquake?</p>	<p>Yes, completely destroyed.....1 Yes, partially destroyed.....2 No.....7</p>
<p>Q119</p>	<p>What sort of residence do you have now?</p>	<p>House.....1 Temporary shelter.....(Go to Q124).....2 Tent.....(Go to Q124).....3</p>
<p>Q120</p>	<p>Material used for roof</p>	<p>Iron sheets and wood.....1 Concrete.....2 Wood.....3 Wood and mud.....4 Others (specify).....7</p>
<p>Q121</p>	<p>Material used for walls</p>	<p>Bricks (stone) and cement.....1 Bricks/stone and mud.....2 Mud.....3 Others (Specify).....7</p>
<p>Q122</p>	<p>(If the house is constructed or repaired then ask:) How was it financed?</p>	<p>Own resources..... 1 Bank loan.....2 Loan from relatives..... 3 Support from relatives.....4 Financial aid from government.....5 No repair/construction.....6 Others (specify).....7</p>
<p>Q123</p>	<p>Total number of rooms?</p>	<p>— —</p>
<p>Q124</p>	<p>How many rooms did your house have before the earthquake?</p>	<p>— —</p>
<p>Q125</p>	<p>How many household members were there before the earthquake?</p>	<p>— —</p>
<p>Q126</p>	<p>Do you want to construct a new house or expand existing house?</p>	<p>Yes: will construct a new house.....1 Yes: will expand existing house.....2 No.....(Go to Q133).....3</p>
<p>Q127</p>	<p>How many new rooms do you want to construct?</p>	<p>— —</p>
<p>Q128</p>	<p>Would you follow ERRA design?</p>	<p>Yes..... (Go to Q130)..... 1 No.....2</p>
<p>Q129</p>	<p>Why will you not use ERRA design?</p>	<p>Not safe/durable.....1 Expensive.....2 Difficult to build.....3 Do not like ERRA design.....4 Others..... 7</p>

Q130	Which design will you use for construction of your house?	Dhagi.....1 RCC.....2 Traditional.....3 Others (please specify).....7		
Q131	How much will it cost?	Rs. _ _ _ _ _ _ _ _		
Q132	How will you meet the construction cost?	Own resources.....1 Bank loan.....2 Loan from relatives.....3 Support from relatives.....4 Financial aid from government.....5 Others (specify).....7		
Q133	Main source of drinking water	Tap water inside the house.....1 Tap water outside the house.....2 Well.....3 Handpump.....4 Stream/spring.....5 Others.....7		
Q134	What sort of toilet do you use?	Flush connected to sewerage.....1 Flush connected to tank.....2 Flush connected to open drain.....3 A pit latrine.....4 Raised latrine (Khuddi).....5 No toilet/open field.....6 Others (specify).....7		
Q135	HOUSEHOLD ASSETS	_ _		
a	TV	Number	Estimated Cost	
b	Car			
c	Motorcycle			
d	Fridge			
e	Mobile (cell) Phone			
f	Fixed Telephone			
g	Sewing Machine			
h	Sofa Set			
i	Dining Table			
j	Bed with Mattress			
k	Jewelery			
Q136	LIVESTOCK	No	Est. Cost	Prior to earthquake (#)
	Cows			
	Buffaloes			
	Goats/sheep			
	Donkey			
	Poultry/chicken			

Q137	Do you or your household own agricultural land?	Yes.....1 No.....(Go to Q140).....2									
Q138	If yes, how many kanals do you own?	__ __ __ kanals									
Q139	What crop(s) do you grow?	Wheat.....1 Maize.....2 Rice.....3 Vegetables.....4 Others (Specify).....7									
Q140	Have you bought any assets this year?	Yes.....1 No.....(Go to Q142).....2									
Q141	Please name those which are bought this year.										
Q142	Do you want to buy more assets and/or livestock?	Assets.....1 Livestock.....2 Both.....3 No.....(Go to Q145).....4									
Q143	Which assets?	<table border="1"> <thead> <tr> <th>Type of Asset</th> <th>Cost</th> <th>Source</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Type of Asset	Cost	Source						
		Type of Asset	Cost	Source							
Q144	Which livestock?	<table border="1"> <thead> <tr> <th>Type of Asset</th> <th>Cost</th> <th>Source</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Type of Asset	Cost	Source						
		Type of Asset	Cost	Source							
Q145	Do you think that you are now poorer, or the same, or better off than you were before the earthquake?	Poor.....1 Same.....2 Better.....3									
Q146	How, please describe?	House destroyed.....1 Business destroyed.....2 Breadearner died.....3 Breadearner handicapped.....4 Others.....7									

SECTION 2: HOUSEHOLD INCOME AND EXPENDITURE

Q201	i) EXPENDITURE (monthly)		
		How do you get it? 1. Own production 2. Purchase 3. Both Qty	Estimated cost
	a) Food items		
	Wheat/maize (grain or flour)	_ __ kg	_ _
	Ghee/Cooking Oil/desi ghee /butter	_ __ kg	_ _
	Rice	_ __ kg	_ _
	Pulses	_ __ kg	_ _
	Milk	_ __ kg	_ _
	Meat (chicken, mutton, beef)	_ __ kg	_ _
	Vegetables	_	_ _
	Fruits		_ _
	Sugar	__ kg	_ _
	Tea	_ _ g	_ _
	Fuel (wood, Kerosene oil etc)		_ _
	b) Utility bills		
	Electricity		_ _
	Telephone (mobile + fixed)		_ _
	c) Education		_ _
	d) Health		_ _
	e) Transport		_ _
	f) Clothing		_ _
	g) House rent		_ _

i) INCOME		
Q202	What is the primary source of your household's income?	Government service..... 01 Private service..... 02 Labour.....03 Business/enterprise.....04 Remittances..... 05 Grants from relatives/friends..... 06 Govt. / NGO assistance.....07 Handicrafts/Embroidery..... 08 Livestock.....09 Agriculture..... 10 Forest..... 11 Other (please specify)..... 77
Q203	Is your primary source of household's income currently the same as prior to the earthquake?	Yes.....(Go to Q205).....1 No.....2
Q204	If No, what was your prior primary source of household income?	Government service.....01 Private service..... 02 Labour.....03 Business/enterprise.....04 Remittances..... 05 Grants from relatives/friends.....06 Govt. / NGO assistance.....07 Handicrafts/Embroidery.....08 Livestock.....09 Agriculture.....10 Forest.....11 Other (please specify).....77
Q205	What are main sources of income for the household?	
	a) Employment/labour	— _ _ _
	b) Business/Enterprise	— _ _ _
	c) Agriculture : Sales of products Own Consumption	— _ _ _ — _ _ _
	d) Livestock: Sales Own Consumption	— _ _ _ — _ _ _
	e) Forestry	— _ _ _
	f) Remittances	— _ _ _
	g) Grants/Donation	— _ _ _
	h) Others (specify)	— _ _ _
	g) House rent	— _ _ _

SECTION 3: LOAN HISTORY

Q301	Have you or any other member of your household ever taken a loan?			Yes.....1 No.....(Go to Q401).....2			
Q302	If Yes, from where did you take a loan?			NRSP.....1 Bank.....2 Friend.....3 Relative.....4 Employer.....5 Others (specify).....7			
Q303	At the time of the earthquake, was there any outstanding loan?			Yes.....1 No.....(Go to Q401).....2			
Q304	a) From whom	How long ago?	b) Total amount of loan?	c) Purpose?	d) Loan period?	e) Amount repaid?	f) Balance?
1							
2							

SECTION 4: SAVINGS

Q401	Do you have savings?			Yes.....1 No.....(Go to Q401).....2		
Q402	If Yes, how much do you put aside in savings on a monthly basis, on average, since the earthquake?			_ _ _ _		
Q403	If Save, where do you save your money?			Banks (Specify the banks name____).....1 Post Offices.....2 National Saving Centers.....3 Keep at home.....4 Committees.....5 Other (specify).....7		
Q404	Do the current saving schemes meet your expectations?			Yes.....1 No.....(Go to Q501).....2		
Q405	If 'no', what changes do you suggest for the improvement of existing schemes?					

SECTION 5: FUTURE PLANS		
Q501	What are your future plans for increasing your income?	No plans.....(Go to Q506).....1 Expand the current business.....2 Start a new business.....3 Others (specify).....7
Q502	What sort of business you are looking to start or expand?	Livestock.....1 Sewing/embroidery center.....2 Handicrafts.....3 Agriculture.....4 Shop/enterprise.....5 Others (specify).....7
Q503	How much money do you think would be required?	_ _ _ _ _ _ _
Q504	What are the sources available to you to accomplish these plans?	Looking for funds.....0 Savings.....1 Loan from relatives.....2 Loan from bank.....3 Loan from MFI.....4 Committee.....5 Others.....7
Q505	How many days would be required to start a new business?	_ _ days
Q506	Do you need a loan?	Yes.....1 No.....(Go to Q601).....2
Q507	For what purpose?	_____ _____ _____
Q508	If Yes, how much?	Rs. _ _ _ _ _ _
Q509	For what period?	_ _ months

SECTION 6: REMITTANCES

Q601	Did your household receive remittances prior to the 8 October 2005 earthquake?	Yes.....1 No.....(Go to Q607).....2
Q602	From where, within AJK or Pakistan or abroad?	AJK.....1 Pakistan.....2 Abroad.....3
Q603	How frequently did your household receive these remittances?	Monthly.....1 Quarterly.....2 Semi-annually.....3 Annually.....4 No specific time.....5
Q604	What was the estimated total amount of remittance received per time?	_ _ _ _ _
Q605	If both, please indicate the estimated amount of internal vs external flows:	Internal _ _ _ _ _ External _ _ _ _ _
Q606	Where did you spend remittances' income?	Household consumption.....1 Health.....2 Education.....3 Savings.....4 Invest in business.....5 Invest in housing.....6 Others (specify).....7
Q607	Have your household received any remittance after the earthquake?	Yes.....1 No.....(Go to Q701).....2
Q608	From where: within AJK or Pakistan or abroad?	AJK (City name _____).....1 Pakistan (City name _____).....2 Abroad (Country name _____).....3
Q609	How frequently does your household receive these remittances?	Monthly (Amount: _____).....1 Quarterly (Amount: _____).....2 Semi-annually (Amount: _____).....3 Annually (Amount: _____).....4 No specific time.....5
Q610	What is the estimated total amount of remittance received per time?	_ _ _ _ _
Q611	If both, please indicate the estimated amount of internal vs. external flows:	Internal _ _ _ _ _ External _ _ _ _ _
Q612	In which currency?	Currency _____
Q613	Who sends you the remittance?	Husband.....1 Father.....2 Brother.....3 Son.....4 Others (please specify _____)7
Q614	Where do you spend remittance income?	Household consumption.....1 Health.....2 Education.....3 Savings.....4 Invest in business.....5 Invest in housing.....6 Others (specify).....7

<p>Q615</p>	<p>How do you receive remitted funds?</p>	<p>Hawala/Hundi1 Postal/Money order2 Western Union3 Bank transfer (bank's name.....).....4 Friends/relatives/self.....5 Other (Specify).....7</p>
<p>Q616</p>	<p>What factors influence your decision to use this transfer mechanism?</p>	<p>Cost.....1 Convenience2 Security3 Sender's preference.....4 On time.....5 Other (please specify):7</p>

<p align="center">Section 7: Microenterprise</p>		
<p>Q701</p>	<p>[CHECK from Q205, does any member of household run business?]</p>	<p>Yes.....1 No.....(End Interview).....2</p>
<p>Q702</p>	<p>If yes, what type of business?</p>	<p>Trade Shop.....11 Milk sale.....12 Fruit Cart.....13 Livestock.....14 CD shop.....15 Others.....17 Services Hotel.....21 Barber shop/beauty parlour..... 22 Tailoring.....23 Technician.....24 PCO.....25 Others.....27 Small enterprise Embroidery.....31 Handicrafts.....32 Readymade garments.....33 Others.....37</p>
<p>Q703</p>	<p>When was this business established?</p>	<p>___ years ago</p>
<p>Q704</p>	<p>What was the initial investment in this business?</p>	<p>Rs. ___ ___ ___ ___ ___</p>
<p>Q705</p>	<p>Do you sell goods/services on credit?</p>	<p>Yes.....1 No.....(Go to Q709).....2</p>
<p>Q706</p>	<p>How much do you recover from your receivable on a monthly basis?</p>	<p>___ ___ %</p>
<p>Q707</p>	<p>Do your customers pay back your credit on time?</p>	<p>Yes.....1 No.....2</p>
<p>Q708</p>	<p>How much time do they take to pay back?</p>	<p>Weekly.....1 Fortnightly.....2 Monthly.....3 Others (specify).....7</p>

Q709	From where do you purchase your goods/material?	Local wholesale market.....1 Down country wholesale market.....2 Not applicable.....3
Q710	Do you purchase on cash or credit?	Cash.....(Go to Q713).....1 Credit.....2 Both.....3
Q711	What is the difference in price between cash and credit purchase?	__ __ %
Q712	What is your frequency of credit payments to credit suppliers?	Weekly.....1 Fortnightly.....2 Monthly.....3 Others (specify).....7
Q713	Do you withdraw money from your business for household consumption?	Yes.....1 No.....(End Interview)..... 2
Q714	How frequently do you withdraw from your business?	Daily.....1 Weekly.....2 Fortnightly.....3 Monthly.....4 Others (specify).....7
Q715	How much you withdraw from business each time?	Rs. __ __ __ __

