



Beneficiaries received CRS cash grants for construction materials to build *pondoks* (small wooden homes). These transitional shelters provided a safe living space following the powerful quake. *Photo by Maria Josephine Wijastuti/CRS*

## Indonesia

### CASH TRANSFER FOR TRANSITIONAL SHELTER 7.6 MAGNITUDE EARTHQUAKE

<b>Location:</b>	West Sumatra
<b>Disaster/conflict date:</b>	September 30, 2009
<b>Project timescale:</b>	October 2009 – March 2010 (6 months)
<b>Houses damaged:</b>	Over 249,000, including 114,700 heavily damaged
<b>Affected population:</b>	More than 1.25 million affected; 1,117 fatalities
<b>Target population:</b>	10,000 households
<b>Modality:</b>	Cash grants (in installments) with technical assistance
<b>Material cost per shelter:</b>	US\$267 grant per household
<b>Project budget:</b>	US\$4.7 million



## RESPONSE ANALYSIS

An earthquake measuring 7.6 magnitude struck near the coast of West Sumatra, Indonesia, on September 30, 2009, affecting over 1.25 million people. Catholic Relief Services conducted rapid needs assessments in October 2009, identifying shelter as the most urgent need. Over 80 percent of the houses in some villages had been totally destroyed, with the remainder being moderately damaged and structurally unsound.

Based on identified needs and the local market context—as well as feasibility, protection and security, and beneficiary preferences—CRS chose a cash-based response.

### Shelter needs

Many households had begun building *pondoks* (temporary shelters) with materials salvaged from the rubble of destroyed houses, but the quantity and quality of materials available varied from household to household due to the resources available. While most households had sufficient materials to start construction of temporary shelters, people had limited cash to procure the necessary complementary materials and tools required to make

# 1.25+ million

PEOPLE AFFECTED BY EARTHQUAKE

a shelter adequate, safe and durable in compliance with [Humanitarian Charter and Minimum Standards in Humanitarian Response](#), the Sphere Handbook.

### Market context

A market assessment that surveyed the inventories of local vendors indicated that materials for construction were widely available in markets and village shops throughout the affected area. Local markets had resumed trading quickly following the earthquake and sources of materials had been largely unaffected, though there had been an average increase of 5 to 10 percent in the cost of these materials due to difficulties with transportation. Vendors reported no change in their inventories following the earthquake and had no difficulty meeting the demand for materials.

## PROGRAM STRATEGY

Based on the findings of the needs assessment, CRS staff identified cash grants as the most flexible and effective response option to meet the varied shelter requirements, giving households the freedom to get the tools and materials they needed to complete their *pondoks*. The flexibility of cash enabled households to build on their own existing self-recovery strategies and capacities. Together with communities, CRS identified all households that were not already living in shelters that met Sphere standards of space (18 to 20m<sup>2</sup> for a family of five or six people), safety (earthquake-resistance) and durability.

The program prioritized owner-driven construction; beneficiaries assessed their own needs and

complemented the cash grants with their own resources and unskilled labor. CRS provided training to local skilled labor to ensure additional support, particularly to vulnerable households.

CRS provided technical assistance to beneficiaries to ensure that all constructed *pondoks* met the following Sphere standards:

- **Safe:** Resistant to earthquakes and other hazards.
- **Adequate:** With good ventilation and drainage, of a good size and gender-sensitive with appropriate privacy.
- **Durable:** Materials are strong and durable enough to last 18 to 24 months.

### Program goals and objectives

1. Earthquake-affected households in target villages have safe, adequate and durable shelter to live in until permanent houses have been repaired or reconstructed:
  - Provide flexible technical assistance with cash grants to help households build or improve transitional shelters.
  - Promote community ownership and accountability.
2. Earthquake-affected communities have restored access to key services:
  - Affected communities work together to rebuild community infrastructure that meets earthquake-resistant construction standards.

## PLANNING AND IMPLEMENTATION

### Partnership

CRS partnered with a local nongovernmental organization Wahana Lingkungan Hidup Indonesia (WALHI), or the Indonesian Forum for Environment, to implement this project, and the Indonesian postal service company, Pos Indonesia, to deliver cash.

### Beneficiary selection

CRS formed community shelter (or *pondok*) committees to determine the beneficiary lists for the project, as well as the design and assistance required for *pondok* construction.

### Value of cash grant

CRS engineers put together a bill of quantities (a list of materials, prices and required labor) for a series of *pondoks* of various types, based on Sphere standards. Costs included materials and local labor. Estimates of cost ranged from 3.9 million Indonesian rupiah (approximately US\$417) to IDR 8 million (US\$854), depending on the style of shelter. The grant took account of a required household contribution, which the project openly communicated at the outset.

The grant of IDR 2.5 million (US\$267) was split into two installments. The first installment of IDR 2 million (80 percent) enabled households to start *pondok* construction. Households received the final payment after meeting previously agreed-upon community and household targets; and demonstrating acceptable progress, quality and Sphere-compliance in *pondok* construction.



CRS did not distribute the second installment of the cash grant to each community until vulnerable households had received Sphere-compliant shelter and other beneficiaries had demonstrated acceptable progress and quality in their *pondok* construction.  
Photo by Maria Josephine Wijastuti/CRS

### Cash distribution

Indonesia Pos distributed the cash, using established procedures for this type of work from past experience working with the government, thus minimizing security risks. Beneficiaries collected the cash by redeeming numbered cash vouchers.

### Protection and security

CRS and WALHI set up a feedback mechanism using a 24-hour hotline service, with the phone number posted in a central location in the community. In addition, CRS ensured regular interaction between community leaders, *pondok* committee members and CRS and WALHI staff. Community *pondok* committees monitored and verified the spending of cash grants and ensured that households met target criteria.

### Technical assistance

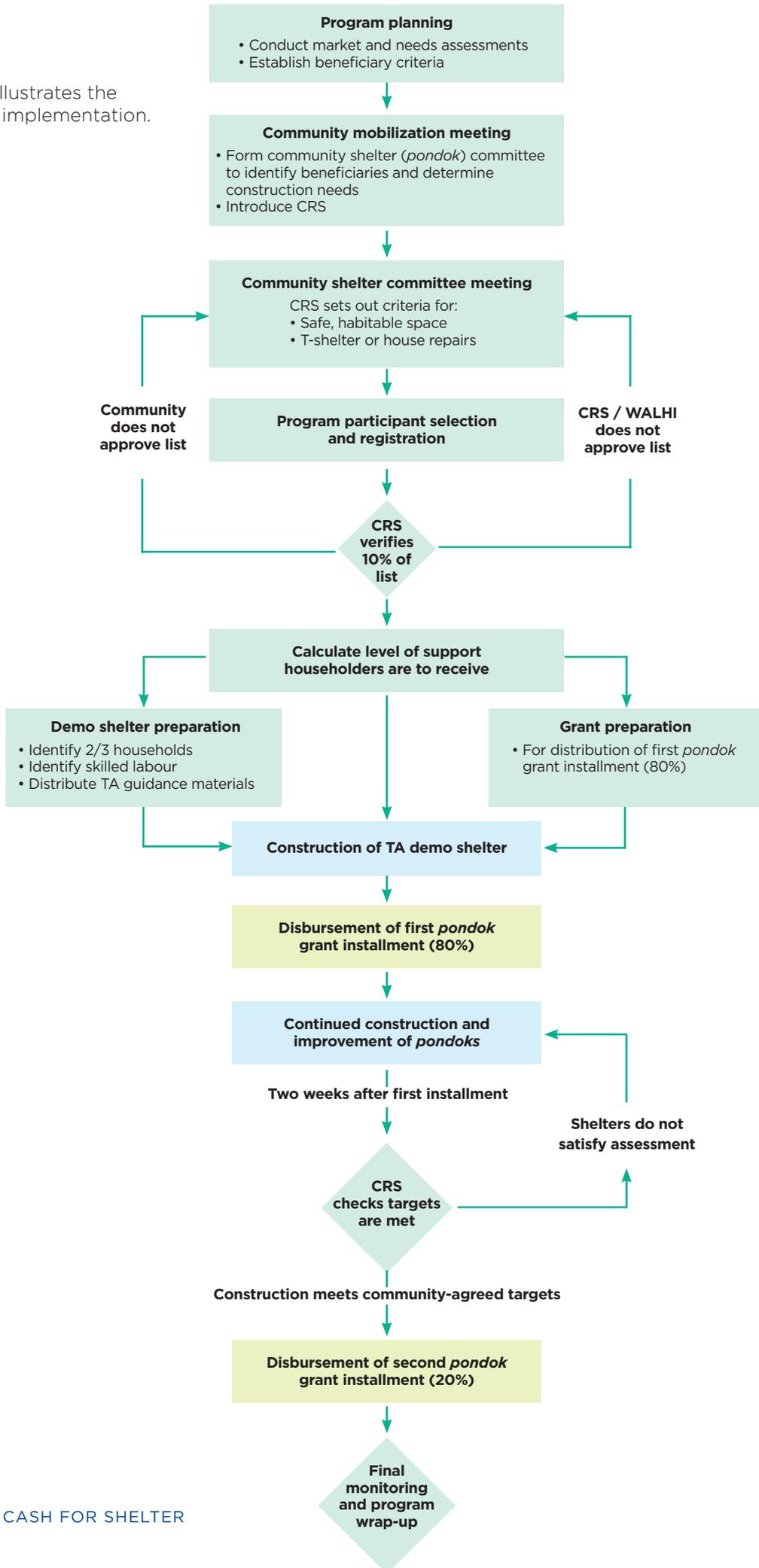
CRS and WALHI engineers and field team members provided technical assistance directly to beneficiary households to ensure the quality of construction, and additional training to skilled labor to complement local knowledge.

Due to the range of materials available and the type of building designs and structures adopted, the flexible technical assistance strategy provided a range of appropriate construction details and techniques. CRS provided technical assistance through home assessment visits, printed materials, community presentations and on-site technical support.

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**CRS and WALHI set up a feedback mechanism using a 24-hour hotline service, with the phone number posted in a central location in the community.**

## Process

The chart illustrates the process of implementation.



## MONITORING AND EVALUATION

CRS provided the following monitoring and accountability mechanisms:

- During the initial assessment stage, only households that were interested in building a *pondok* were eligible for cash grant assistance.
- CRS and WALHI engineers provided direct technical assistance on site as required.
- CRS staff conducted regular checks on the progress and quality of *pondok* construction, monitoring the percentage of beneficiaries who had built Sphere-compliant shelters. CRS monitored Sphere compliance and completion separately.
- The project set high standards, and communicated those standards clearly to provide impetus for communities and teams to complete good *pondoks* quickly.
- CRS did not distribute the second installment of the cash grant to each community until vulnerable households had received Sphere-compliant shelter and other beneficiaries had demonstrated acceptable progress and quality in their *pondok* construction.
- Project staff interviewed vendors to understand the effects of the cash grant on local markets.
- CRS staff conducted complementary monitoring of beneficiary satisfaction with the technical assistance support and cash grant two weeks after the disbursement of the final payment.
- Following the completion of the project, CRS evaluated the use of the cash grant and the construction of Sphere-compliant shelters.

## RESULTS

CRS and WALHI provided 11,000 households with transitional shelter assistance—this represented 6.2 percent of the total affected population in West Sumatra.

**Cash was used largely as intended.** Almost all (97 percent) target households used the majority of their cash grant for construction.

**Markets were stimulated through the program.** More than US\$3 million was injected into the local

economy. More than 73 percent of the project budget for transitional shelter was spent in the affected local economy.

**Beneficiaries built homes of good quality.** Most (86 percent) households built shelters that met most Sphere standards for risk reduction, comfort and durability. Almost all (96 percent) of surveyed households reported that the support they received was useful, timely and of good quality.

## ADVANTAGES AND CHALLENGES

Advantages	Challenges and risks	Actions and recommendations
Cash grants were quicker to disburse than materials for construction.	The safety of staff and beneficiaries handling cash may be at risk.	A third party (Pos Indonesia) distributed cash. Pos Indonesia had standard operating procedures in place to minimize risks, including a police escort.
	Locations for distributing and collecting cash must be accessible by beneficiaries.	Pos Indonesia set up central disbursement locations within targeted communities.
	The method of cash disbursement must be secure and usable by beneficiaries, even those who do not have a bank account.	Beneficiaries used numbered cash vouchers to collect cash.
	Possible misuse of cash by people involved in the program.	Only beneficiaries who stated a need or willingness to build a <i>pondok</i> received cash grants.

Advantages	Challenges and risks	Actions and recommendations
Cash grants were quicker to disburse than materials for construction.		<i>Pondok</i> committees monitored and verified spending.
		Initial assessments identified shelter as the most urgent need; final evaluations showed that the majority of beneficiaries used the cash for this purpose. However, in a very few cases beneficiaries commented that they would have preferred assistance to meet other needs, such as water and sanitation.
	Risk of corruption and misuse of cash grants among community leaders and volunteers.	Providing some compensation for volunteers could help prevent this in the future.
		CRS handled isolated cases of corruption or misuse on an individual basis. Where there was evidence of corruption or misuse, CRS recovered the money and enforced appropriate disciplinary measures. CRS staff chose to focus on positive engagement in cases with insufficient evidence and considered them minor impediments to overall project goals.
		A clear and transparent process and feedback mechanism to report fraud should be in place.
The cash grant provided a stimulus for the construction of <i>pondoks</i> .	Direct cash grants do not ensure the speed or quality of construction.	The second installment of the grant provided an impetus to complete construction speedily to a certain standard.
Cash grants provided beneficiaries with the flexibility to determine their own shelter needs.	Cash may not be used for intended purpose.	Monitoring and verification of spending was undertaken.
	Ensuring the construction of safe and durable shelters.	CRS provided technical assistance and on-site monitoring.
Vulnerable households were empowered to meet their own needs and maintain dignity.	Vulnerable households may still need additional support from the community, such as skilled labor, to complete their shelters.	Vulnerable households did not receive the second installment of the grant until they had completed <i>pondoks</i> . The grant was sufficient to enable households to hire labor where necessary.
The program had a positive impact on the local economy.	Risk of inflation due to availability and transport of materials.	Community members went to traders in groups to share transport and reduce costs.
	Increase in cost of hiring skilled labor due to supply.	An influx of external laborers helped maintain availability of services and keep wages stable.
CRS teams were able to focus on community engagement through their partnerships with Pos Indonesia, community leaders and <i>pondok</i> committees.	CRS had reduced visibility among beneficiaries, as they often attributed support to other partners. This led to problems with accountability.	CRS maintained a physical presence in the community and open lines of communication with stakeholders, and ensured branding and visibility of the CRS logo.
Women often took leadership roles in designing and managing <i>pondok</i> construction.	Ensure women's needs and priorities were met.	Communities formed <i>pondok</i> committees with equal numbers of men and women, and beneficiary lists included names of women.

## WHAT WE LEARNED

### **Needs assessments help prioritize urgent needs.**

Shelter was the priority for most beneficiaries in this project. It is important to understand the range of household priorities and where shelter fits in to this; recipients in other situations may have more urgent needs, such as food or water and sanitation, on which to spend their money.

**The value of the cash grant was sufficient.** The cash grant amount covered the minimum expenses for constructing a basic Sphere-compliant shelter. The ability of beneficiaries to contribute to reconstruction differed according to their situation, so the grant was sufficient to enable the most vulnerable beneficiaries to construct a Sphere-compliant shelter.

**A trusted partnership can ensure timeliness and efficiency.** The involvement of Pos Indonesia ensured that competent and trusted financial professionals with established procedures for cash disbursement handled the delivery of cash. It was important to identify an institution with no role in the project beyond disbursement and with a commitment to achieving humanitarian goals.

**Monitoring markets can reduce risks.** Open dialogue with traders is good practice, as well

as any practice that helps anticipate and resolve market-related hindrances (e.g., discussions regarding the availability of skilled labor). Monitoring of markets during the project may be required to evaluate the effect of cash grants on the local economy; be aware of possible inflation in the cost of materials.

**Good communication and record-keeping promote efficiency and accountability.** Clear and prompt communication and good records shared between all parties is essential to keep the project moving quickly. The speed and efficiency of the project is dependent upon clearly defined roles for each partner. The needs assessment also enabled program staff to determine an appropriate value of the cash grants, in order to enable people to spend money on their shelter needs as well as other priority needs.

**The tranching system and good technical support enabled high-quality shelters.** CRS' system of providing good technical support, as well as checking quality against clear criteria before the next cash grants were made, allowed for strong adherence to quality and DRR standards.