Cash-Based Solutions in Shelter and Settlements

The Case from West Sumatra, Indonesia 2009

Humanitarian Response Case Study

Shelter and Settlements

Catholic Relief Services
CASH-BASED SOLUTIONS FOR SHELTER

In many emergencies, shelter programs are implemented by the distribution of shelter or construction materials, so that CRS’ program participants do not have to deal with procurement or the open market. Under certain circumstances (availability of local market, cultural acceptability, etc.), cash grants can be an innovative intervention that caters to program participants’ individual needs. Additionally, it contributes to the local economy and maintains the dignity of households, as well as freeing up agency resources to invest into providing targeted assistance and training that increase the sustainability of the response.

CASH LOANS IN WEST SUMATRA

Following the emergency phase in West Sumatra, CRS conducted a rapid assessment and focused our program on the construction of transitional shelters. The initial plan was for CRS to procure and distribute shelter materials. CRS staff foresaw a challenge in only being able to supply a standard shelter packet regardless of variation in individual needs. Upon in-depth market research, it became apparent that construction materials were available within the local market. Based on this finding, CRS adapted the method of intervention from material distribution to a cash-based solution using vouchers. This enabled CRS, working together with WALHI (a partner NGO), to provide a rapid and flexible method of assistance to support the community members as they reconstructed their homes. The program quality was ensured through targeted technical assistance and monitoring. CRS staff was able to put efforts into building strong partnerships with the community committees together with the post office, which became the key to the success of this project.

WHAT DID CRS DO?

- During the emergency response, CRS and WALHI distributed emergency shelter kits to 8,700 households.
- 11,330 received transitional shelter assistance through a comprehensive program that provided cash grants and technical assistance.
- More than $3,000,000 was injected directly into the local economy through the cash grants.
- 89 percent of all households in targeted villages now live in shelter that meets Sphere guidelines.

BACKGROUND

On September 30, 2009, an earthquake with magnitude of 7.6 on the Richter scale struck West Sumatra. Five districts of the province were affected, and the Indonesian National Disaster Management Agency (BNPB) reported more than 3,000 injured and a death toll of 1,117 people. A total of 249,833 homes were damaged by the earthquake, including 114,797 heavily damaged and 67,198 moderately damaged. In response, CRS’ emergency
response team deployed staff to the region to work with local environmental NGO WALHI in conducting rapid assessment in Agam and Pasaman Barat districts and surrounding areas. They subsequently distributed emergency shelter kits to 8,700 households and further went on to provide transitional shelter assistance to the affected population.

**PROJECT PRINCIPLES**

In this program, CRS’ priority was to provide assistance to the greatest number of program participants in a short period of time. The most efficient way of doing this in this context was to provide grants to program participants to construct their own shelters. Through the use of cash vouchers, the dignity of program participant households was maintained, as they were put in the driver’s seat and were given a degree of flexibility and choice as to what they needed and where to buy it.

**DELIVERY MECHANISM**

- Conducted a market assessment to determine whether markets were functioning.
- Established community shelter committees who were responsible for program participant selection.
- Developed technical standards for Safe, Adequate and Durable (SAD) T-shelters.
- Trained program participants on construction practices and “build back better” design.
- Partnered with the Indonesian Post Office to provide cash for reconstruction ($270/household).
- Provided regular monitoring and technical assistance to program participants.

**PARTNERSHIP, PROCUREMENT AND PAYMENT**

**Cash transfers:** CRS developed a partnership with the Indonesian Post Office to disperse cash to program participants in an efficient, timely and safe manner. The first tranche of the grant of IDR 2,000,000 ($215) was determined appropriate for the construction of SAD-compliant transitional shelters. The amount was not intended to cover the full cost of a shelter, as households were required to contribute by salvaging materials from damaged houses, doing their own labor or mobilizing other resources. The first tranche confirmed that this assistance provided enough to get started and induce motivation to work for the second tranche of the grant of IDR 500,000 ($55) when completed.

**Procurement:** The default option for most agencies is to centrally procure materials and distribute standard shelter packets to program participants, which requires a large amount of organization and

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Diagram of stages involved in cash distribution program and mechanisms that ensure grants are distributed in accordance to achieving certain construction standards. Photo credit: CRS/Amanda Rashid
CASH-BASED SOLUTIONS

Managerial resources. CRS discovered that the local materials market had recovered quickly after the disaster and was able to supply construction materials. The benefits of this cash-based solution were two-fold: The response stimulated the recovery of the local market and also offered the families flexibility to purchase materials that they specifically needed.

Targeted technical assistance: In order to ensure that the shelters were constructed in a safe manner, CRS tied in the release of payment to the provision of technical assistance and assessment. CRS developed standards for SAD T-shelters and trained program participants throughout this program. Program participants were given eight days to start and construct their shelters. Within that time, CRS would monitor progress. If progress on construction was satisfactory, program participants would be given the second tranche of vouchers. This method ensured building back safer and seismic measures were used in the greatest number of shelters.

Program participant selection

Program participants were selected in partnership with the community. A community-based shelter (pondok) committee was set up. Using a set of criteria agreed upon by the committee, households were selected, prioritizing the most vulnerable. The final list of program participants was posted in public spaces for the whole village to see. A 24-hour hotline was established for community members to provide feedback or complain about the list. Targeted families were also visited by CRS field teams, which built up relationships during the initial survey and progress period. Groups of 10 families were formed to make sure all households’ construction was to satisfaction before any of them could receive the second tranche of payment. This encouraged community responsibility to ensure the most vulnerable were looked after.

Challenges

Some members of the community shelter committee, who volunteered their time to mobilize the community, solicited payment from some program participants to compensate for their services. For future similar programs, CRS should investigate whether this issue can be dealt with by providing some official remuneration to community shelter committees.

Monologue questions

• Can the local market meet the higher demand for materials after a disaster?
• Are there any signs of inflation and/or lowered quality of material?
• How can you ensure the representation of all groups (women, vulnerable) within the community committee? Should CRS direct its formation?
• What systems can you put in place to ensure the agreed upon quality of construction is carried out. Can you consider cash transfers in tranches?

Arlenawati, 35 years old, lives with her husband and four small children in Labu Pacah sub-village, in Agam District. She said this shortly after she received CRS shelter assistance:

“My house was heavily damaged by the earthquake. We stayed in the tent for one and a half months. When it rained, we moved to the kedai [small traditional shop] nearby because our tent was leaky. We still keep some belongings in our damaged house, but we don’t live in it. We are still traumatized from the earthquake, especially my children. Three days ago, we received the CRS cash grant and bought 10 pieces of sheeting and four sacks of cement for the foundation. We also hired skilled labor.”

Cover: Catholic Relief Services provided cash the grants so project participants could purchase building supplies like roofing and tile. Beneficiaries salvaged materials from their old homes when building their pondoks (small wooden homes). CRS and its local partners also gave beneficiaries instructions about how to build earthquake-safe homes. Photo credit: CRS/Laura Sheahen

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