

ODI/UNDP Cash Learning Project Workshop in Aceh, Indonesia,

**To share experience and learning for cash
interventions**

Workshop report

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UNDP Aceh heads the Livelihoods sectoral working group, an information-sharing and coordination group working in partnership with the Provincial Department of Social Welfare (DINSOS). DINSOS (Pak Burhan (Deputy Head of DINSOS), Pak Edward and Pak Andre) were instrumental in planning and organizing the workshop; Pak Burhan opened the workshop, and Simon Field (UNDP) co-facilitated the workshop. UNDP (Simon, Suzanna Hassan Basri and Lyndal Meehan) gave considerable support with advice on workshop content as well as suggestions for speakers and organizations to invite for their particular innovation, expertise, and in-depth understanding of Aceh.

Thanks to the presenters – who all gave excellent and informative presentations, and thanks to the participants who gave great energy in sharing with others their knowledge, expertise, reflections on experiences, and their ideas for improvement.

1 Executive Summary

The Aceh workshop took place on 15th and 16th June 2005 at DINSOS (Livelihood sector working group secretariat) in Banda Aceh. An average of 30 participants from 21 organizations took part, and presentations were made by 18 organizations. The following summary highlights the key points in each presentation, and the key points that were selected for the case study presentations, or debated during the group discussions.

Mercy Corps

- Mercy Corps was the first to get started with Cash for Work projects – less than 2 weeks after the disaster and having had no operational presence in Aceh before, but importantly, having staff on the initial team with experience from Afghanistan in cash interventions
- MC's underlying philosophy of "Emergence" (developed in collaboration with Dan Curran from Harvard Business School) led directly to a decision to provide community cash grants which allowed choice and flexibility to communities in determining the process of emergence from the disaster;
- Mercy Corps approach to livelihoods recovery stemmed from the agency's position that lost assets, for the majority of small businesses, should be replaced through grants not loans – rather as insurance replaces assets lost in disasters in richer countries, among families who can afford it. Loans are part of Mercy Corps' broader programme, and will be for medium-size businesses.

Panglima Laot

- Panglima Laot is a traditional organization rooted in the coastal culture of fishing communities in Aceh. Their partnership with UNDP and additional funding through USAID has helped them to develop their capacity to do the work of an NGO – including implementation of cash for work programmes. Cash is disbursed directly from Panglima Laot's finance officer to work group leaders – who are accompanied by friends for security.

Save the Children (SC)

- SC had no experience of CFW programmes in Indonesia (they brought in an expert from Ethiopia in April) to help them implement CFW projects over a large area – 5 districts. Moreover, in Simileue the terrain is difficult and many communities are difficult to access. SC negotiated an agreement with a local bank to disburse the funds; SC covered inaccessible areas that the bank was unable to access. The system of using the bank

for disbursement had the advantage for SC of considerably reducing staff work load and reducing risk. The advantage to beneficiaries was in introducing them to the formal banking system – access to banks has been relatively poor in Aceh.

British Red Cross (BRCS)

- BRCS's programme paid people to "sit down and plan". Families and communities met to discuss what they wanted, and how they wanted to go about achieving it. The agency saw that CFW projects were achieving a lot, but observed some drawbacks – men being away from their family at a critical time, and poor targeting (the most vulnerable often didn't benefit). Hence, community grants, grants for livelihoods activities, grants for shelter. BRCS's intervention included a focus on "Identity" – linking the registration of beneficiaries to the development of what will end up as the identity card for the household – and linking the intervention to the process of mapping, registering and drawing up agreements for land purchase. Another critical area for BRC is the facilitation of the establishment of bank accounts for every household – into which grants will be paid – a policy requirement for BRCS in Indonesia. Corruption is also addressed through publicizing sanctions to be meted out in case of misuse of funds – "mistakes are acceptable, corruption is not!"

Swiss Development Corporation (SDC)

- Cash grants provided to host families in and around Banda Aceh as a retrospective payment to acknowledge the solidarity of families who hosted IDPs and to provide a small amount of cash to ease the economic burden (around \$30 per month for 3 months). The approach is designed for greatest effectiveness and efficiency (banks were used to pay beneficiaries who were registered by community representatives), and builds on SDC's experience from a number of past cash projects. The project covered Banda Aceh only and no other agency had such a project in other "urban" locations where families would be hosting IDPs. The amount was calculated to cover a proportion of the costs for 3 months' of hosting. An average of 6 "guests" were living with 4 host family members. The policy was for retrospective payment because of the risk of abuse of the system if it continued.

Government of Indonesia: Department of Social Welfare (DINSOS)

- The presenter outlined key components of the social welfare system in Aceh for alleviation of long-term vulnerability – e.g. BULOG's *Raskin* system (subsidized rice for poor households) and DINSOS programmes which targeted disadvantaged households with funds for income generation etc. Tsunami responses include WFP's food relief programme (DINSOS manages the buffer stock) and the complementary Uang Lauk Pauk (ULP) system through which households received cash to the value of Rph 3,000 per person per day paid on a monthly basis; the ULP faces a challenge of targeting in some areas and is also reported to be phasing out shortly. Collaboration between NGOs and DINSOS is welcomed to improve effectiveness.

Millenium Relief & Development Services (MRDS) – evaluating (Oxfam's) CFW

- The evaluation of Oxfam's CFW showed the importance of the CFW intervention for psycho-social recovery at a critical time (early February) when households were starting to move back to their villages and seeking alternatives to accommodation in barracks. The evaluation was designed to pick up all negative and positive impacts of the CFW and to evaluate process also. The survey investigated how households used the cash. Spending on big items included around 25% on basic needs (kitchen equipment, clothing, medicine); 24% on gifts, loans and community contribution and 15% for livelihood recovery (building, business capital, transport) – therefore demonstrating the value of cash in enabling flexibility and choice and stimulating economic and social recovery.

International Relief & Development (IRD) Community representative in IRD's project area discusses economic activity stimulated by CFW

- A member of IRD's community empowerment committee explained the benefit of IRD's CFW programme in drawing residents of heavily-destroyed urban locations back together to these areas for daily work activities and facilitating psycho-social healing. Around the projects sprang up small kiosques and traders who responded to the need for refreshments and the cash now circulating within the community, bringing activity into a desolate area. Without a CFW project coming in at the time it did, there would have been high rates of delinquency.

Discussion topics

- Advantages and disadvantages of different cash disbursement systems
- Inclusion/exclusion – who benefits, who doesn't;
- Timing/transitioning from one cash intervention to the next
- Impact of CFW – on individuals, communities, the NGO, the economy, social organization, the environment

Types of livelihoods information collection

- Emergency assessment – rapid, sampling, to determine broad areas of intervention and indicative budget
- Village-level needs assessment – for detailed implementation planning
- Pre-tsunami livelihoods analysis – e.g. SC's Household Economy Analysis
- Post-tsunami livelihoods analysis – e.g. CARE's livelihoods assessment
- Community Action Planning – e.g. Oxfam, UNDP

Livelihoods frameworks and key Information

- DfID's Sustainable Livelihoods Framework
- Minimum livelihoods information needed to plan emergency and recovery interventions

Appropriate interventions – market- based alternatives to food relief

- CARE/TANGO presented on their plan to pilot an alternative to food relief for vulnerable households. Given the wealth of information indicating that food aid is not appropriate as a food security safety net in Aceh, CARE proposed to pilot a system of distribution of vouchers+cash – vouchers which enable – and restrict – the beneficiaries to purchasing basic food items, and cash which allow them to purchase additional food items to complement the basic items obtained using the voucher.
- WFP's initial assessments indicated an interest in looking at food relief alternatives.
- Other reports which discuss the appropriateness of food relief in Aceh are listed in the references section

Market Monitoring

- Oxfam presented some of their market data – showing disaggregation to analyse impact of CFW on market prices – no impact was detected. The strengths and weaknesses of market monitoring in Aceh in general were discussed – basically, very little is being done, it is not coordinated or linked into an overall Aceh-wide information system, there is often no data on pre-tsunami prices, and agencies often have not considered what they would do if there was a price hike in a critical commodity. An

Aceh-wide market system is necessary, but whose responsibility is it to establish it? And can agencies collaborate to develop this?

Livelihoods Interventions: using vouchers rather than cash; and grants vs loans

- IRD presented about their system to replace lost business assets using vouchers. The system was established because it was requested by grant beneficiaries who feared using the cash for other consumption needs; the system had not yet started operating, but was designed to avoid/minimize abuse. The vouchers in fact do not restrict the beneficiaries, as the commodities indicated in the voucher are identified through the business development graining which precedes the award of the grant.
- SC presented about their programme which provided a mix of grants and loans to small businesses, and 100% grants to vulnerable households. All benefits are paid through banks.
- The issue of whether to provide grants or loans was debated using a participatory exercise. Participants were asked to stand on one or other side of the room according to whether they thought that people who had lost assets in the tsunami should be required to pay back something of what they receive in assistance; or they should never be required to pay anything back

Transparency & Accountability

- Three agencies presented about corruption – what is it, what systems are in place to avoid it, what agencies should do to avoid it, or when it arises in the course of their programmes. A representative of BAPEL (the body coordinating the government's tsunami rehabilitation and recovery process) talked about the work of BAPEL, a speaker from GERAK – a local NGO investigating and campaigning against corruption within international and national organizations talked about GERAK's work, and a speaker from the World-bank funded KDP (district development programme) explained how the programme addresses and minimizes corruption through community empowerment – promoting village justice.

Conflict-sensitive programming

- Agencies working in Aceh in the tsunami recovery process have to work against a backdrop of past conflict and intermittent incidents relating to conflict. This session guided agencies on the implications of working in such an environment, and on conflict-sensitive principles. Partnerships and processes, which can help agencies working in such an environment, were recommended – a key point being informing the community about the

intervention that is being planned, and involving them in discussions about how the intervention process and approach.

Final discussion topics

- Corruption and conflict – perspectives from international and local organizations on how to minimize risk of both corruption and conflict
- Grants or loans – advantages and disadvantages of both were discussed.

Issues for further work

- A list of topics that should be taken forward in another forum were drawn up.

References

References mentioned during the workshop are listed – with links to website URLs. Additional resources not available on the website are available in an attachment that accompanies the minutes.

2 Background: ODI research on cash interventions

A few years ago ODI attempted to document lessons learned globally from cash interventions through reviewing available literature. However there were relatively few cash interventions to draw upon, and the author noted a “reluctance within the humanitarian relief system to include cash-based responses in emergency response portfolios” - despite evidence that cash distributions can be “more timely, less costly and more empowering ... than traditional food distribution” (Peppiatt et al 2001). In the years since this paper was written cash interventions have become more widespread – both as an alternative to food relief as well as an alternative to other types of in-kind assistance so ODI launched a cash-learning project to support the development of best practice in such programmes. The project is managed by ODI and guided by a steering committee of academics and practitioners.

An ODI discussion paper published shortly after the Asian tsunami and earthquake disaster reviewed secondary data from a much larger number of interventions and noting the overwhelmingly positive impact of cash interventions. However, the author advised caution as the scale of cash interventions had not been sufficient to test the inflationary effect of large-scale cash interventions and there continued to be limited experience of cash in complex emergencies. Other reports are available on the website (see footnote) which cover cash interventions in particular countries, including Ethiopia, Afghanistan, DR Congo and Somalia¹.

Consequently, because cash interventions in emergencies – as opposed to in-kind distributions - are still relatively uncommon, few humanitarian staff have direct experience of cash transfers. So in addition to donor restrictions lack of confidence is a further factor influencing the agency’s response. And the cycle continues... lack of experience contributing to lack of confidence in an agency’s ability to implement a cash response and consequently, early strategic decisions being made to provide in-kind rather than cash transfers. This project aims to address this constraint by collating evidence from large-scale cash interventions in tsunami-affected communities in order to develop resources to help staff implementing cash interventions in emergencies, and contribute to the policy debate about the advantages and disadvantage of using cash in emergencies.

The ODI project draws on the experiential learning process by following and supporting agencies as they experiment with different interventions and helping them improve what they are doing *currently*. Workshops will bring practitioners together, and these will bring implementers and decision-makers into networks enabling them to more freely share information with staff from other agencies. One of ODI’s key roles is therefore to *facilitate* the learning process – to bring people together to reflect on their practical experiences, to draw conclusions about what worked and didn’t work and why; and to help them consider pragmatically what they would do differently *next time*.

In addition ODI’s field researchers’ documentation of action research led by implementers will evolve into resources to guide/improve future interventions – reports, discussion papers and best practice guidelines which will be made available on the ODI website as ODI publications, or publications from individual agencies who wish to communicate their experiences directly. The guidelines will support decision-making and implementation at all stages of the project management cycle: guiding on the type of information that is needed to decide whether cash is appropriate and the design of the intervention; guidance on implementation issues – the processes which need to be considered to achieve maximum positive impact and avoid negative effects; and monitoring and evaluation systems that measure progress, process and impact in order to demonstrate effectiveness and to timely detect problems for remedial action and revision of intervention.

¹ For resources on cash interventions visit the ODI website: http://www.odi.org.uk/hpg/Cash_vouchers.html

3 ODI Tsunami Cash Learning Project

The overwhelming response of the international donors (public and private) to the tsunami and earthquake disaster has provided agencies with considerable financial resources to implement emergency and recovery programmes. Moreover, the large amounts of money raised from *private* donors has given agencies unprecedented freedom to implement programmes that many donors have hitherto not funded. For instance, cash grants to communities (a Mercy Corps intervention in Aceh) is an intervention that the traditional, bilateral donors do not countenance as the intervention is incompatible with a donor's audit and accountability requirements. Yet the unrestricted funding has provided a window of opportunity to test out such approaches – approaches which conform to some agencies' philosophy of bottom-up, participatory programming and empowerment and which are deemed to be more effective and efficient.

The current project is taking place in three tsunami affected countries Indonesia, Sri Lanka and India, with a focus on Sri Lanka and Indonesia (Aceh). The tsunami cash learning project is guided by a steering committee comprising the main agencies funding the project (Mercy Corps, Save the Children, British Red Cross, Oxfam) although the terms of reference include collaboration with any agency whose interventions generate useful experience to learn from.

The ODI project's lead field researcher was based in Indonesia at the time of the tsunami, and the Aceh steering committee was established at the start of the project – in April 2005. The first few weeks were spent gathering information from agencies implementing relief and rehabilitation projects in Aceh, and from this research a body of information helped determine the scope of the Aceh workshop agenda, focusing on key issues which were proving challenging to agencies in Aceh. This workshop was the first in the one-year project, and was followed by a workshop in Colombo, Sri Lanka in July 2005.

The project's goal is *To promote good practice in cash and voucher responses in Tsunami affected countries and future emergency responses*. The project will look at the reasons why agencies opt for an in-kind or cash/voucher transfer. For those who opt for a cash/voucher transfer, we will investigate disbursement mechanisms and resources required; we will consider the different options for cash transfer (grants and/or loans and/or in-kind assistance) and why agencies might choose one or the other. We will look at the range of information that was collected and analysed to inform the programme design (objectives, implementation strategies, outcomes, risks and assumptions) and we will consider what is the minimum set of information needed for cash-based programmes. Finally we will look at monitoring and evaluation systems to see to what extent agencies' systems are able to capture the full benefits and constraints of cash transfers plus also pick up timely warning signs of problems.

4 Cash learning workshop, Aceh

The workshop in Aceh brought together participants from 21 organizations (UN, INGO, LINGOs, government), 31 attending on the first day and 28 on day two. Participants (for contact list please contact ODI) were invited from all NGOs who were implementing large scale cash for work programmes. The aim was to identify key agencies – out of the hundreds who have programmes in Aceh – who would have useful experience to contribute about any kind of cash intervention. The agenda was developed through discussions with the ODI project steering committee and was based on selecting agencies whose interventions illustrate good practice, experimentation, innovation, and other speakers to present on relevant issues which required input from experts (see appendix I for the agenda).

Interventions in emergency/recovery phases can be grouped into various categories. Of all the issues that are relevant for this project (see table below), the workshop focused on the issues marked with a tick .

- | | |
|-----------|--|
| Emergency | <ul style="list-style-type: none">▪ Food relief, food vouchers, or cash provided in order to purchase food▪ Non-food items (including hygiene kits, household kits etc.)▪ Cash grants – untied to any intervention but provided to help people meet their basic needs; may be provided to individuals or communities <input checked="" type="checkbox"/>▪ FFW/CFW: cash or food provided in exchange for labour <input checked="" type="checkbox"/> |
| Recovery | <p><i>Livelihoods recovery:</i></p> <ul style="list-style-type: none">▪ in-kind provision of assets and/or or cash/vouchers for asset purchase for small business development (cash provided as grant and/or loan, possibly + in-kind asset provision); <input checked="" type="checkbox"/> <p><i>Shelter</i></p> <ul style="list-style-type: none">▪ in-kind provision of shelter materials or cash provided for purchase of shelter materials and to employ skilled and unskilled labour <p><i>Watsan</i></p> <ul style="list-style-type: none">▪ in-kind provision of materials to develop water and sanitation facilities or cash/vouchers provided for this purpose; unskilled labour paid in cash or voluntary labour required <p><i>Public works</i></p> <ul style="list-style-type: none">▪ reconstruction and rehabilitation of infrastructure; unskilled labour paid in food or cash; skilled labour paid in cash. |

The workshop did not look in detail at the food/cash relief debate as agency staff with particular expertise/knowledge of this topic were not able to attend (in Aceh, these agencies include Oxfam and ACF). However, there was one presentation on day 2 by a consultant working for CARE which presented the arguments for a market-based response to food insecurity – as an alternative to relief food distribution – which is the subject of a project proposed by CARE to test a cash/voucher approach in Aceh. In addition, documents which discuss the impact of food relief on producers, consumers and traders are included in the list of workshop resources (Oxfam 2005, ACF 2005); for information on CARE's pilot project please contact Care in Aceh.

Presentations were in English and/or *bahasa indonesia*, with translation being provided in original powerpoint presentations on screen, or using interpreters who translated from english to *bahasa indonesia* or from *bahasa indonesia* to english. A list of technical and institutional terms and acronyms, translated into both languages, was provided at the start of the workshop to all participants (appendices 2, 3 and 4).

4.1 Objectives & outputs

The **objectives** of the workshop were:

- To provide a forum for organizations to share information about their cash interventions
- To bring to the forum specialists to present information on best practice concerning issues relevant to cash interventions
- To facilitate discussion around cash interventions, highlighting achievements, challenges, innovation
- To develop preliminary recommendations for best practice for future interventions

Outputs included:

- Information about participating organization's cash interventions collated;
- Case studies on cash for work and cash grants presented and documented
- Particular challenges around cash interventions, and effective solutions, described and documented
- Advantages of cash (as opposed to in-kind assistance) debated and documented
- Monitoring and Evaluation (M&E) systems for cash interventions presented and discussed
- Best practice notes for cash interventions compiled, for later production into best practice guidelines

4.2 Expectations & Fears

Expectations for the workshop included learning about other agencies' cash programmes – particularly innovation; an increased understanding of the theory, policy and practical aspects of cash interventions (including improving targeting, ideas on how to transition from emergency to development interventions (particularly exit strategies for CFW); and a better understanding of how to monitor cash interventions and their impact on the community (positive, and negative (e.g. “dependency”)). In terms of expectations for programmes, participants cited the need to ensure that cash reaches target beneficiaries through greater participation – which will enhance community ownership, and the need for interventions to be better tailored to household needs and priorities.

Workshop fears included: the risk of having too many diverse ideas that would not be applicable in the field; of “no action, talk only”; agencies not being willing to share their experiences or thinking that they had nothing to learn from others; not getting to the bottom of the issue of transitioning from emergency to development interventions. Programme concerns included the inadequate emphasis given to non-economic issues in cash interventions, that cash for work programmes would continue for too long, and the problem of not being clear about what's next for beneficiaries once early projects finish.

The workshop structure is organized around brief presentations to give a picture of an agency's project and innovations, to stimulate discussion which will take place later in small groups.

5 Cash Interventions Case Studies

5.1 Mercy Corps (MC)

Mercy Corps was selected to present for several reasons: (1) the organization was the first INGO in Aceh to start CFW; (2) their approach – including interventions such as Community Cash Grants – follows the principle of “emergence”; (3) to explain about their philosophy on livelihood grants – “Insurance for lost assets”

The following section includes information presented at the workshop (CFW) and, in addition, information on the Community Cash Grants and livelihoods projects which were omitted due to lack of time. See resources section.

MC's **Cash For Work** project started on January 7th 2005, just 12 days after the tsunami and several weeks before other agencies. The early start was possible because, by chance, the staff brought in to establish the programme had experience in cash programming from Afghanistan. The agency had no presence in Aceh before the disaster.

The CFW programme had several aims: to clean up villages to make them ready for reconstruction, to enable households to earn cash; and to facilitate psychosocial recovery through providing physical labour opportunities.

In March MC had 40 CFW projects, employing in April 8,000 workers at any one time. To date CFW has operated in 70 villages and has involved 10,455 beneficiaries, and over \$3 million has been paid out in workers on the projects. During the early period anyone could work, but now the agency has introduced targeting.

MC differentiates between CFW and livelihoods – CFW has been seen as a short-term cash injection in the emergency phase; livelihoods is seen as activities geared towards getting fisherfolk and traders back to their traditional occupations. Now with CFW continuing MC sees the need to “rename” the intervention: CFW is associated with higher-than-normal payment rates which have in one case made it difficult for a local brick-making enterprise recruiting workers (they solved this by restricting the number of working days per person in the CFW project, freeing up labourers for the brick factory). MC has experienced “the usual” operational problems like getting tools on time, keeping workers focused and active. They solved the latter problem by identifying a co-ordinator within the village and bringing in someone from outside to supervise the village work.

MC is now grappling with the issue of phasing out CFW. Most of the clean-up work has been done but there is a need to continue with construction/rehabilitation of latrines and community infrastructure and paying workers to do this. The number of workers they are employing is dropping – which is bringing jealousy and dependency. It's now critical to ensure that livelihoods programmes can pick up the shortfall.

MC conducted an evaluation of CFW and noted impact on the household economy – for instance, about 1/3 reported saving some of their earnings, 1/3 bought assets (e.g. motorcycles and *bejak* for fish trading). And most people reported a beneficial psycho-social impact.

When questioned why MC classifies CFW as separate from livelihoods (considering the high impact reported for households), MC acknowledged that it was partly a semantics issue. However, the MC notion is that CFW is a short-term programme, and has certain elements that make it unsustainable. MC agrees that there are multiple objectives of CFW – getting cash into people's pockets, providing activities for people who would otherwise be idle, and getting some much needed cleaning/rehabilitation work done. However, while there is often a continuing need to continue public works the artificially high wages characteristic of CFW distort the local labour market such that businesses and farmers can't employ the labour they need in order to resume their own livelihoods activities. MC is considering adjusting the wage and introducing the new activities as “normal” labour-intensive public works projects that a contractor will complete through employing labourers at the going market rate. The only difference is that an outside agency – rather than the community or the government - will continue to pay for the project.

MC's **Community Cash Grants** programme has, to date, provided community grants to 18 communities. The CCG programme is a component of the agencies philosophy of facilitating and supporting what an advisor² termed "**Emergence**" – the idea that communities themselves have the capacity themselves to design and manage their re-emergence from the disaster, but one major constraint prevents this happening on its own: lack of financial capital. Hence, a cash distribution. MC's programmes have benefited from unprecedented resources (including, crucially, *unrestricted* funds) which have allowed for creativity and for the flexibility necessary for a response of this scale. This flexibility, combined with the urgency of getting help to those who need it, mandates that Mercy Corps follow strategies that most efficiently get resources into the hands of those that need it.

By June MC had disbursed 18 CCGs and a total \$433,979. The CCG grant is calculated on the basis of \$50 per person although this is not mentioned to the community. The grant is provided as a lump sum (in tranches) to the community, and they can divide it equally, or spend it collectively, as they wish. The process of choosing and disbursing community cash grants is described in the box below:

Mercy Corps: Planning and disbursing Community Cash Grants

A community meeting is held in *meunassahs*, mosques, tents, or barracks to discuss the needs and priorities of the community. Usually there are more than 120 persons attending, with significant numbers of women as well. All forms of Mercy Corps assistance (non-food items, livelihoods program support, and CCGs) are discussed to see what is appropriate to their needs. The pros and cons of the CCG are discussed including "can the community come up with a responsible group of representatives to administer the grant?" "What about corruption?" "Will the CCG be used to support village recovery?" "Can the community come up with a transparent and participatory process to decide on its proper use, and to ensure a safe, equitable, and transparent distribution process?" If they respond positively, a follow-up meeting is held for the community to present its representatives and plans to Mercy Corps.

At this follow-up meeting the community reports to MC on their final decision on whether to accept a CCG according to MC's terms, to present its representatives who will act as bank signatories, and to present a plan broadly describing the use of and specifically describing the distribution plan for the CCG. If the process is acceptable, a grant agreement is read out, outlining the responsibility of the representatives to the community and to MC. A book for record keeping is publicly given to one representative, with the instruction that anyone from the community can request access to the records at any time.

The grant agreement is signed and a time is arranged for the chosen representatives (usually three or four; one from each sub-village) to come with Mercy Corps to the bank (BPD) with a deposit of Rph 1 million. A community bank account is set up, with the stipulation that withdrawals can only happen when two or more of the signatories are present. Mercy Corps then transfers funds in tranches of Rph 100 million (approx USD10,500). The system of small tranches is used to ensure safety for the signatories, who would otherwise be carrying dangerously high amounts of cash with them to their communities. (Other distribution mechanisms include setting up individual bank accounts, electronic funds transfer to vendors for supplying any particular items purchased for community projects, etc.) After each tranche is distributed according to the community's plan, the next tranche is transferred. The process is repeated until the entire CCG has been distributed to the community.

Monitoring and evaluation takes place after one month. Families are randomly selected and questioned on what they knew about the CCG, whether they participated in the discussion about its use, whether they received the benefit that was described in the plan (either a distribution to the family or a communal use), and an assessment of the impact of the grant is made. The M&E form was created in consultation with an M&E expert from Johns Hopkins University. MC expects to receive funds from donors to continue this intervention.

Mercy Corps' livelihoods programme provides a cash grant for livelihood start-up. The intervention is based on the (retroactive) "insurance" principle. In western countries people have access to insurance that more than likely would pay out when assets are destroyed, giving them a lump sum of money to restart their business. This is where the distinction between loans and grants is clear. The ethical question follows: "should beneficiaries be limited to one option only – credit – for replacing assets or should they have a right to a cash grant for this purpose?" This cash grant is a one-off payment that will rarely provide all the needed funds; should they require more capital they would then need to access a financial service. In the absence of sufficient providers of a 'right to credit' there is a clear need for agencies such as Mercy Corps to enhance access to microfinance. Mercy Corps

² Daniel Curran, Harvard Business School

believes this programmatic distinction is crucial: If people recovering from such a disaster are presented with non-food items and micro-credit options programme as their *only* options for rebuilding their lives, how much harm are we potentially creating by ‘forcing’ people into a debt trap to replace assets – especially when the number of beneficiaries in this trap is potentially in the hundreds of thousands?

See references section for further documentation from Mercy Corps.

5.2 Panglima Laot

Panglima Laot were selected to present a case study because they are an example of a traditional organization (established to look after fishermen) who have had to transform themselves into an NGO and develop capacity to implement cash and other interventions, in order to respond to the emergency.

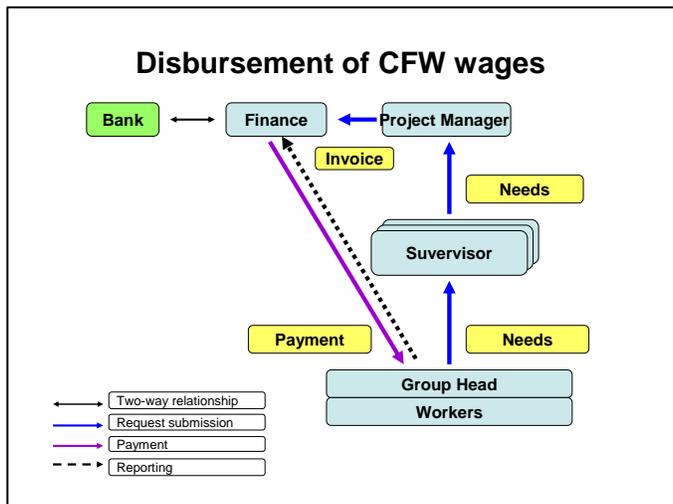
Panglima Laot’s CFW project focuses on coastal fishing communities – who were the most affected in the tsunami – losing family members, houses and business and suffering considerable trauma. The objectives of the project were threefold: to prepare areas for reconstruction of housing and public facilities; to provide an alternative source of income; to reduce trauma.

UNDP was the first donor to fund the agency’s work – and were instrumental in helping them develop capacity and systems to manage the projects. Subsequent funding came from USAID. Their main challenge was to establish strong systems to make sure the money reached the beneficiaries. The CFW projects took place in different areas from January to May. Early work involved clearing debris, removal of corpses and burying them according to Islamic principles, and informal trauma counseling.

Panglima Laot’s Cash For Work Projects

Donor	Location	Scale	# men	# women	# total
Phase I (UNDP)	Banda Aceh/Aceh Besar	16 villages & 6 public facilities	1,829	62	1,891
Phase II (USAID)	Aceh Jaya	17 villages			1,140
Phase III (USAID)	Aceh Besar	8 villages	840	240	1,080

Participation among women increased as the project went on – from just 3% in the first project to 22% in the latest phase. One explanation for the low participation of women is that Panglima Laot’s programmes employ IDPs from camps in Banda Aceh to work outside their area, taking them to the site daily by truck.



The system for disbursement of funds is shown in the figure on the left and explained below.

The attendance register is compiled by the head of the working group, and passed to the Panglima Laot area supervisor, project manager and finance officer for verification. The finance officer makes a request to the bank for the funds, which are disbursed through the finance officer to the Heads of the worker groups on Fridays. Each group comprises around 30 workers. Payment is made of Rph 30,000 per day per worker for 6 days, making approximately Rph 5.5 million that the group leader takes back to the community in cash for disbursement to the workers. The group leader is usually accompanied by several community members.

Problems encountered included unwillingness to work – some people expected to be paid just for turning up. Also, other organizations initially paid higher wages, making it difficult to recruit workers (later a standard wage

was adopted by all). Third, Panglima Laot had to transform itself from a traditional organization based on customs and traditions into an efficient professional implementer. Fourth, suspicious individuals were recommended for work by certain workers.

Panglima Laot's solutions include: providing a transparent explanation about the programme, the donor requirements and disbursement systems; also to explain that Panglima Laot is a non-profit organizations and has limited funds. The capacity issue was addressed by recruiting professional managers and supervisors.

Panglima Laot's recommendations including a continuation of CFW as there is still a lot of work to do which requires labourers, and most people still have no other sources of cash. However, Panglima Laot stress that longer-term livelihoods projects are required – CFW can only be a temporary solution which should be replaced by sustainable livelihood opportunities. Moreover, housing is a priority; Panglima Laot hopes that areas can be prepared and housing constructed before the Idulfitri celebrations (early November) after the fasting month of Ramadan.

5.3 Save the Children (SC)

SC were selected to present information about their CFW programme because they opted to use the local banking system to pay the workers. The presentation focused on the Simileue project, as this is where they have already established a system for cash payments through the local bank.

Objectives of the CFW project: were: to provide short term livelihood opportunity; and to contribute to the broader process of rehabilitation and restoration of public assets and natural resources. SC has 5 project areas: Simeulue; North Aceh / Lhokseumawe; Bireun; Pidie; Banda Aceh / Pulo Aceh / Sabang. The project was targeted towards the following participants: Single parents with children; grandparents who were able to work; families looking after vulnerable children; families with no other income option. Children under 18 years were not allowed to work, except in cases where they desperately needed money – in which case they worked for 2-3 hours only and received the full rate.

CFW staff comprise: Senior Livelihood Officer; Community Development Officer (village-level); CFW monitor; Cashier (staff member of the BSM/BPR bank). Partners are: community leaders; the Syariah Mandiri bank in Simileue, a local NGO and organized work groups. Cash disbursement is done through the local bank (BPR/BPD) who handle the cash management. CFW monitors are responsible for ensuring timely disbursement of the cash; a SC driver accompanies the bank's cashiers on pay days; payment schedules differ from village to village, but are usually weekly, with payment every 2 weeks for longer projects. SC paid the bank for the service including 2% for insurance. SC also paid the salary of a bank cashier who disbursed the funds and provided a vehicle with a driver. Monitoring is done by the CFW monitor who checks completion of the work in the village and uses a "Cash Disbursement" Monitoring format to check cash disbursement and a "Cash Use" Monitoring format two weeks after cash is disbursed to see what people have done with the cash.

Achievements include: Communities can now organize themselves for work; using the bank payment system has reduced risks associated with cash disbursement, and cash disbursement is quick – it takes 1-2 hours to pay people in a village. There is a high level of transparency and accountability, and using the bank has reduced the workload for Save the Children staff. An evaluation noted that around 50% of respondents thought that the payments were on time, quick and the locations nearby (the terrain is difficult in many parts of Simileue).

Subsequent interventions include assistance for economic recovery through partners (using a grant/loan mix); training for employment and micro-enterprise; assistance for vulnerable families will be grant only.

Challenges: The bank couldn't reach inaccessible areas so SC had to distribute in these areas themselves.

Additional Comments

SC prioritized developing a system of cash payments using banks because it fitted with their idea that every opportunity should be taken to link beneficiaries with banks; second, SC didn't have the staff capacity to handle the cash disbursement themselves. SC was well-placed to set-up this system because the agency had prior experience in Aceh of the local banking system from their pre-tsunami microfinance projects and current project staff know the system well. An additional challenge included the drawing up of contractual agreements for the services – requiring HQ approval.

Delays were caused because the bank required 3 days to process payments. However, this delay was expected – it related to the administrative systems used by the banks to check lists of beneficiaries and to authorize payments etc. It was not a delay that accumulated - it “rolled over”. (Moreover, such a delay is likely to be present even with NGOs paying workers directly – their own finance departments will have to do the same processing of beneficiary lists, payment requests and disbursement schedules). SC addressed this problem by informing communities of the delayed payment date, where possible. It was not possible to use the banks to make the payments in inaccessible areas – in these areas SC disbursed the funds directly to communities using their own project staff.

SC realized during their monitoring that some vulnerable groups were not able to participate in the CFW project – e.g. children under 18 years who were at school; SC modified the policy to allow such children to work for just a few hours, and still receive the full wage.

Key Issues emerging from these presentations

- Who makes the decisions within the community on who is involved or recruited for work? Some agencies have targeting criteria; Who decides the type of work that is done and where the projects take place?
- Payment rates – how was the standard labour rate determined? what is the implication of the current standard rate being higher than local labour rates?
- What are the advantages and disadvantages of bringing in outsiders to supervise workers?
- The importance of the work itself in psycho-social recovery – people want to work, not receive grants.
- How to measure impact of CFW, and what is the indirect impact on local businesses?
- Transitioning: if CFW isn't classified as a livelihoods activity, agencies should at least plan a transition mechanism... We need to speed up the transition to livelihoods programmes. Can there be an integrated strategy? CFW and traditional self-help systems: can we transition to a *gotong royong* approach?
- Food relief is not appropriate in Banda Aceh – where there is good access to markets.
- Need more discussion on child protection and allowing or disallowing children to work
- Practical experience: can we get more information on how SC established the payment system through banks?

5.4 British Red Cross

British Red Cross (BRCS) were selected to present about their intervention because of their philosophy around emergency and recovery interventions. This includes the notion of providing “cash for planning” – empowering households / communities to make their own decisions. Cash interventions are closely linked to fundamental issues concerning re-establishing identity and title to land. BRCS has a strategy of publicity and information sharing, and sanctions, to prevent corruption.

The BRCS programme started later than many organizations – at the end of February 2005. BRCS's early assessment of the situation noted the following: most people had lost everything; with no legal identity the community had lost their independence; they noted that CFW gave people cash with some freedom to choose, but it did not reach the most vulnerable (who were unable to work). BRCS designed a holistic programme founded on 3 rules:

Rule # 1: Information is Power: so share it: BRCS supported holistic return to the community; sought support for the programme from the community, local government and other red cross members; established basic principles of transparency and shared responsibility; and socialized the program through meetings, bi-weekly

newsletters, and a 24-hour help tent in each village. The first four steps in the programme included: identifying the target group through community mapping and other PRA processes; supporting local government to re-establish individual legal identity (KK (family registration card) → SKKT³ (letter clarifying land ownership) → ID card (KTP); supporting clean-up activities; “cash to plan” – women, youth and men.

Rule # 2: Let the community decide what is right and the best thing to do. Programme features:

- Communities determine rules for resettlement (location of rebuild, payment for release of land to build houses);
- BRCS lobbies for legal title to land for reconstruction – first through SKKT, then BPN certificate);
- Housing/resettlement: development of individual family plans for housing: husband, wife, and children; with choice over type of house. BRCS learned that communities can resolve land tenure issues themselves; with good facilitation from local government communities can agree to fair land settlements for new plots of land in higher-up areas (Rph 10,000 / m² with 2 years to pay). Payments for land were agreed to be the same as under the PRONA programme (PRONA/PRODA is the national/provincial programme to register village land); community mapping is sufficient to obtain letters of ownership – the local government agreed to accept this as a precursor for issue of BPN certificate. The next steps in the process were: support the community to map the land; process the land first with a SKKT and then a certificate (with an administrative cost of Rp 75,000 to process land certificate at the land registry (BPN);
- Finalise individual livelihood contracts (support is provided for any activities that were legal and which were done prior to the tsunami by the applicant; the application could be for materials, services, education. Payment would be over four installments per family of up to \$250 per installment; and each subsequent payment contingent on evidence that the prior step had been completed.
- Families could work together in small groups but with no more than 60% of the combined sum going to any one item);
- BRCS would provide support to rebuild a house (BRCS focuses on housing quality and key messages, offering informed choice);
- BRCS promoted banking, by negotiating with BCA to establish a dedicated counter service, organize special account opening days (max. 50 per day); waiving opening payment

Rule # 3: Mistakes (e.g. in house-building) are correctable, corruption is not. Features:

- Household and livelihood payments must be compliant with plans; freezing of installments to households if deviations are noticed; BRCS will strive to prosecute in cases of individual, local government or Red Cross corruption, and funding for projects below the level at which corruption takes place will be frozen. Community ownership is emphasized: the communities choose self-build, *gotong royong* (traditional self-help), or building using a contractor – which would be selected by community in a “community auction”.
- The system is designed to be watertight to prevent corruption and duplication of cards (which register the whole family – 50,000 beneficiaries); BRCS will use the KK and KTP cards and adds biometric data.
- Instant progress monitoring and status reports will be made available; mobile card readers will be available in villages for random spot checks.
- Bank system: five banks tendered for the contract; it is likely that BCA will be awarded the contract.
- The advantage of BRCS approach: gives communities decision-making power; allows for a differentiation between genuine mistakes and corruption; publicity of clear terms for sanctions in case of corruption will prevent corruption.
- BRCS has a centralized management and a portable database on aid disbursements and procurement – updated regularly with data and reports.

5.5 Swiss Development Corporation (SDC)

SDC was requested to present information about their project to provide cash grants to host families. They are the only NGO that did this. The payment was made retrospectively and covered 3 months.

The Cash for Host Families (CfHF) Project was directly implemented by the Swiss Development Corporation’s (SDC) humanitarian aid division. It was designed using the results of an assessment conducted in January/February

³ Surat Keterangan Kepimilikan Tanah

2005. The project provided direct financial support to families hosting IDPs and was complementary to the in-kind emergency relief (food, basic needs) provided at that time to host families by a number of implementing agencies. SDC noted however, that there was no agency looking to support families hosting IDPs.



SDC has 5 years of experience of cash projects, e.g a cash for shelter projects in Albania, Macedonia, Kosovo; cash for livestock herders in Mongolia; cash for vulnerable villagers in Moldova and Georgia. The agency has a specialized desk for cash projects in SDC's HQ in Berne, Switzerland, which provides backstopping and sends professional staff to field operations making the work highly effective (as proved by impact assessments) and highly efficient (as indicated by low overheads in implementation).

The aims of the cash for host families project were: to acknowledge the solidarity of families hosting IDPs and to encourage them to maintain the

effort than they would otherwise be able to do; to compensate them for part of the costs for hosting others; and to help IDPs stay in a "normal" family structure.

The agreement was signed on 4th February 2005 between Indonesian & Swiss governments. Subsequently SDC sought the support of the Acting Governor of Aceh. The project was carried out with full collaboration with local authorities (Mayor (*Walikota*) of Banda Aceh, the district head (*Bupati*) Aceh Besar, sub-district Heads (*Camat*) and village Heads (*Kepala Desa*). The contract between SDC and Bank BRI was signed 7th March 2005.

The project covered 7 sub-districts of Banda Aceh (that were not destroyed or only partially affected) and 4 sub-districts of Aceh Besar surrounding Banda Aceh municipality.

Criteria for participation: Beneficiaries included 7,500 host families who had:

- hosted 2 or more IDPs in their own house
- for 3 months (Dec/Jan – March)

The average household size was 4 host family members plus 6 IDP guests.

Registration of 8,400 potential host families was done in March/April (based on data provided by local authority (Heads of village/sub-district). SDC created a database with (name, ID card number, address, number of IDPs hosted, hosting period).

Verification of households registered was done by 10 teams of SDC staff who visited a randomly-selected 10% of host families to check lists provided by the government. This process came up with 7,360 host families classified as eligible according to the project criteria (above). A further check was done after households received the cash – a week or so later.

Payments: 7,239 of 7,360 eligible host families received a retroactive one-off payment of Rp 900,000.

Beneficiaries withdrew the amount personally from one of the local BRI branches. 121 beneficiaries did not show up in the bank and did not receive the money. Total programme cost was US\$ 750,000

The project was **monitored** by SDC staff in order to: monitor progress and achievements; collect indicators to guide management; support the implementing partners.

Additional comments:

This project operated only in Banda Aceh/Aceh Besar, not in other urban locations where there were families hosting IDPs such as Medan, Lhokseumawe, Sigli and smaller towns. SDC did not have the capacity to implement on a larger scale and it seems that no other agency had come up with such an idea.

While the project paid beneficiaries for a 3-month period, a large number of families will continue to host IDPs for many months to come. The project design team believed that continuing payment would invite abuse – therefore the payment is retro-active, one-off. It would be interesting to test these assumptions.

Questions:

Q: Were there problems with registration? Answer: Because so many NGOs were collecting data, people were sick of answering questions. We also had to have faith in the data provided by the sub-district Heads, but we checked after the program began.

Q: What would happen if family members lived in the homes of other family members? Answer: They were also considered as IDPs and so the host family received cash.

Q: What about all those who didn't get any assistance? Answer: At the beginning, we did not announce that we were providing cash support to host families, because too many would have registered. Some didn't register because they were fed up with giving data, so they didn't get anything. However, we found that when one host family got money and another didn't, they tended to divide the money to help each other.

Q: Your programme cost US\$ 750,000. Isn't that too much? (Given that the ULP program was only Rp2 billion for all Aceh Besar). Answer: This was the budget allocated by the Swiss government. It might be higher because this was a short-term project .

5.6 DINSOS (Provincial Social Welfare Department)

DINSOS were asked to present information about social welfare programmes in general, and about the programmes targeted towards food insecurity among vulnerable households (the existing RASKIN (food voucher) system and the JADUP/Lauk Pauk tsunami cash disbursement).

DINSOS is the department of social welfare, a government body responsible for poverty alleviation as well as helping vulnerable households in emergencies, which has involved in the past assistance for households displaced by conflict.

DINSOS programs look at IDPs and also poor and vulnerable households. Numbers of poor have increased due to the conflict – not just due to the tsunami. Dinsos was able to start helping people right after the disaster since it already had stocks to help conflict-affected populations (tents, rice, canned fish)

DINSOS's vision is "A just system of social welfare for all people in Aceh". There are 540,000 registered IDPs in Aceh; DINSOS has funds for only 406,000 people. DINSOS figures were collected earlier; since then the figures have been revised by relief agencies and SATKORLAG but DINSOS has not been able to get additional funds for the revised caseload.

Programmes which have provided a safety net for poor households in Aceh include:

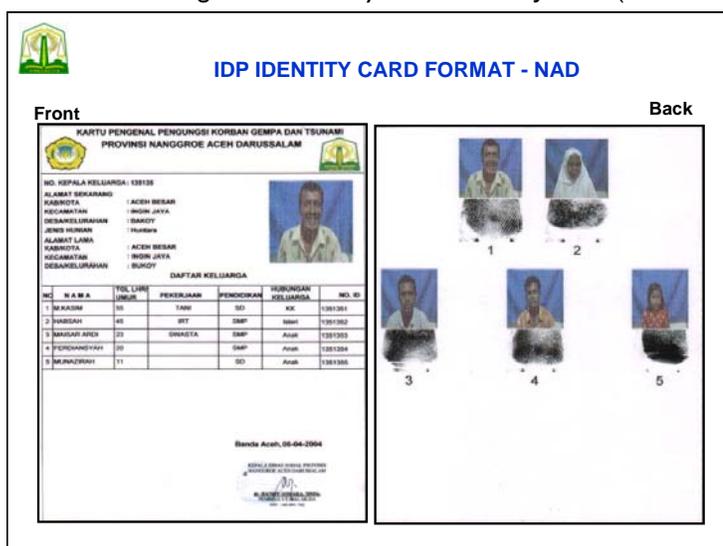
1. Raskin (under BULOG): this is the 'Beras Miskin' ('Rice for the Poor') programme through which poor households benefited from subsidized rice. The programme is funded by central government through BULOG/DULOG who deliver the rations to districts/municipalities. The central government is reported to be planning to end the programme because of reduced income from oil exploitation; the programme will possibly be replaced by free health and education for poor households. The programme often met with difficulty in targeting and reaching the poor with the subsidy. Moreover, the benefit was the same regardless of household size, which was problematic.
2. Emergency food relief. DINSOS was able to take action immediately after the disaster because it had stocks already in place from its role in providing assistance to those affected by conflict (e.g. tents, rice, canned fish). DINSOS's role now is in the maintenance of a buffer stock for the food relief programme.

3. **Uang Lauk Pauk (ULP).** The ULP (also known as JADUP) is a cash allowance for purchase of non-staple foods to supplement the food relief. The programme (funded through DINSOS and using local authorities to disburse the funds) started in March 2005. The table below shows the provincial beneficiaries.

ULP Programme				
NO	District/town	ULP phase I	ULP phase II	Total
1	BANDA ACEH	3,500,000,000	3,854,830,000	7,354,830,000
2	ACEH BESAR	8,500,000,000	9,034,560,000	17,534,560,000
3	SABANG	495,810,000	506,970,000	1,002,780,000
4	P I D I E	2,800,000,000	4,714,910,000	7,514,910,000
5	B I R E U E N	1,200,000,000	2,703,490,000	3,903,490,000
6	ACEH UTARA	2,500,000,000	2,715,480,000	5,215,480,000
7	LHOKSEUMAWE	1,400,000,000	-	1,400,000,000
8	ACEH JAYA	3,300,000,000	3,637,980,000	6,937,980,000
9	ACEH BARAT	4,400,000,000	6,542,010,000	10,942,010,000
10	NAGAN RAYA	1,000,000,000	1,533,600,000	2,533,600,000
11	ABDYA	1,200,000,000	928,800,000	2,128,800,000
12	ACEH SELATAN	1,400,000,000	1,534,410,000	2,934,410,000
13	SIMEULU	1,400,000,000	1,399,590,000	2,799,590,000
14	ACEH TENGAH	450,000,000	464,490,000	914,490,000
15	BENER MERIAH	100,000,000	73,710,000	173,710,000
16	ACEH TENGGARA	150,000,000	72,810,000	222,810,000
17	ACEH SINGKIL	2,880,000,000	-	2,880,000,000
18	LANGSA	1,500,000,000	554,040,000	2,054,040,000
19	ACEH TAMIANG	72,000,000	72,000,000	144,000,000
20	ACEH TIMUR	1,200,000,000	1,264,860,000	2,464,860,000
TOTAL		39,447,810,000	41,608,540,000	81,056,350,000

Under this project tsunami-affected households (IDPs living in barracks, those who have returned to their original villages and live in tents and other structures, and host families) receive Rp3,000 per person per day. The funds are paid monthly through local government structures – passing from DINSOS to the municipal Mayor district Head, then to the Head of sub-district, and finally to the Head of village, to the beneficiaries. The budget for March and April is Rph 81 billion. The challenges include delayed funds from Jakarta (earlier in the programme), and the fact that some IDPs have not received ULP payments. DINSOS are interested in collaborating with NGOs to enhance effectiveness of this and other programmes, but the ULP is reported to be finishing in September.

The ULP system uses the ID card format established for IDPs in Aceh (see figure). They have now registered 512,000 IDPs, but they expect the number to decrease. The system avoids double registration, using photographs and finger prints. On the front page is the picture and finger print of the head of the family (the father or if deceased, the mother), and on the backpage are other members of the family.



4. **KUBE/PSM:** Under this programme – which began in 2002 in Aceh and was expanded across Indonesia – assistance is provided through DINSOS to 27 categories of disadvantaged people (including, for example, children, victims of violence, disabled people) who make up 40% (1.7 million) of the provincial population. DINSOS plays a facilitatory role, using around 8,000 trained volunteers at community level to help vulnerable households who have not been able to access other assistance programmes to establish income-generating

projects e.g. *karang taruna* youth groups, women's groups etc.. Beneficiary groups usually number around 10 people. The programme is hampered by insufficient community volunteers (PSM) who are responsible for data collection and assessment, training beneficiaries to start businesses, and follow-up with support for business development. Under the KUBE program there are 5 steps to help disadvantaged communities: (1) data collection and assessment (conducted by volunteer workers (PSM) in villages. They work without payment; (2) training for poor people to start businesses, according to their capacity and the market situation; disbursement of aid; follow-up activities (by PSM) to assist people working with their businesses

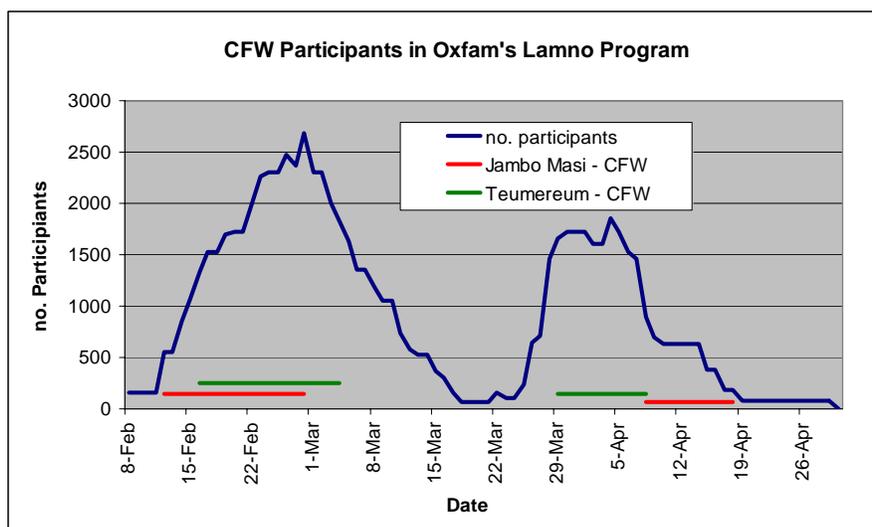
Question

How do you know the number of IDPs will fall when so many are coming back to their villages and need assistance? Answer: All IDPs whether in the barracks or villages are treated the same. Before, many people moved from one place to another and registered in several places. With this new system they can not register twice. The family and the individuals in the family will have identification number. If the IDPs register and are photographed in two places, the system will reject them.

5.7 MRDS/OXFAM - Evaluating Impact

Millennium Relief & Development Services (MRDS) were asked to make a presentation about the cash for work peer evaluation that they have recently completed on Oxfam's CFW programme in Lamno, sampling 165 households. The draft findings were presented.

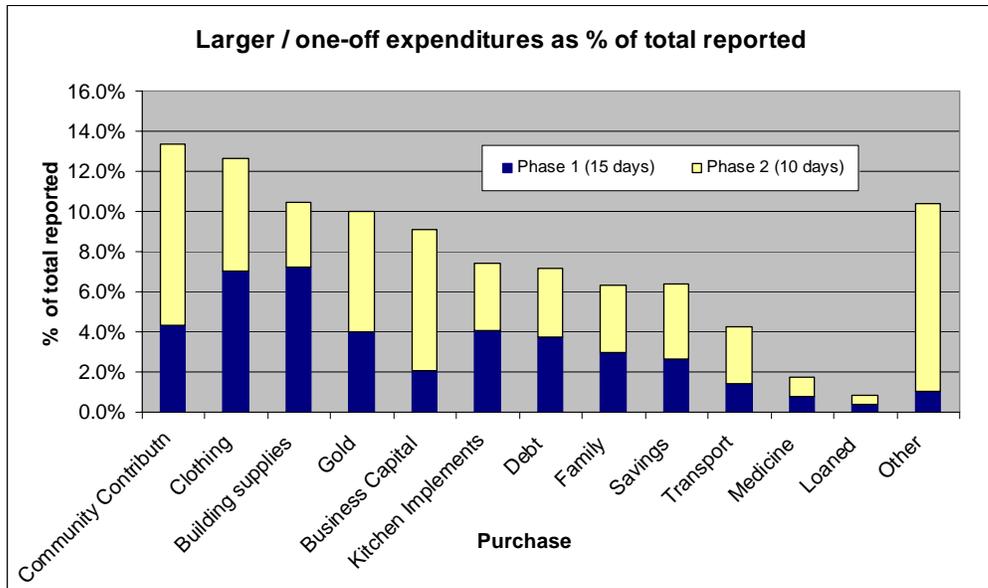
Oxfam's plan for CFW stemmed from their analysis that people needed money, that they had no other options. They were not so much concerned about the work itself: their priority was to getting cash into people's pockets as soon as possible. They also wanted to maintain the possibility or option to return, by ensuring there were no physical restraints likely to prevent this. The project as evaluated was in two stages: the first stage for 15 days, the second phase for 10 days. The only difference being that during the second stage only 1



household member was allowed to work. In the first phase there was no restrictions, and little supervision (and rather a lot of burning of recyclable wood); in the second phase there was some transition towards more specific projects, though there remained areas which had not been cleared during the first phase.

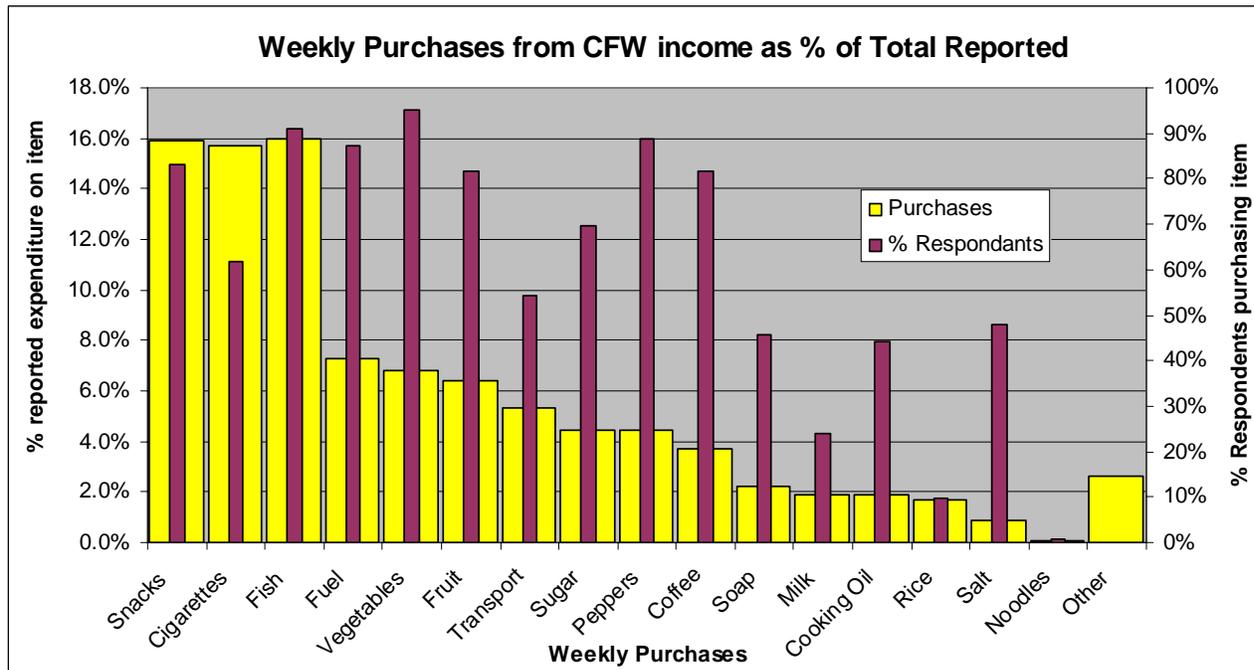
The difference in targeting between phase I and phase II meant that while 73% of households had the same number of members working in both phases, 20% had less (7% had more).

The evaluation looked in detail at how households spent the cash. The questionnaire disaggregated large, one-off purchases and routine consumption. The graph below shows the relative importance of different categories of spending overall, and also notes which ones were prioritized in each phase. Of note is the range of needs that households were able to address – debt, gold/savings, business capital, family support, building supplies, clothing



and kitchen implements. Community contribution is, interestingly, the biggest category of spending, suggesting that while CFW has been rumoured to harm traditional social systems, households who have worked on these projects have in fact contributed 4% in phase I and 9% in phase II to *kenduri* – communal religious events commemorating the birthday of the Prophet, or death of relatives.

For smaller routine expenditure the evaluation found that households were able to spend money on food and non-food items, supporting the re-emerging local traders (see graph below).



To summarize, households were able to spend money on things that were important to them – social spending (coffee, cigarettes, snacks for children); locally-produced commodities (fish, vegetables, fruit), helping them and their communities on their return to “normality”.

While a minority of respondents complained about the lack of supervision in the work projects, the project manager was happy to hear that people were spending some of the time sitting round and talking: “...I know they weren’t talking about football”.

The timely CFW project enabled people to return to their homes; people wouldn’t have returned while the villages were not clean, when there were still corpses around. Though the trip to Calang was with the aim of proving this, it became clear that the context was so different, and those in control exercising authority in different ways, that Calang is not able to represent a “no-CFW” control.

One of the findings is that the project design had under-stated the social and psycho-social benefits of the project and had not anticipated the likelihood that households would spend the cash on non-basic needs. Better communication with villagers would have been useful – to *encourage* households to make strategic use of their cash surplus – e.g. on savings and gold purchase, debt payment etc. As for the likely criticism of cash being used to buy cigarettes – the consultant pointed out that the process of empowerment requires us to recognize freedom of choice – and to spend money on ‘luxuries’ in addition to basic needs is likely to happen where these items are part of people’s lives.

Comments and questions:

Many villages have been cleaned, but these are places where people live. Can’t you make a program to clean up rice fields etc.? Answer: The first stage was just the settlements. But the second stage had other projects like clearing the roads, buildings, irrigation channels etc.

Question: Why did the CFW project last for 15 days and 10 days? Answer: The fixed time of 15 days and 10 days was originally set to avoid the risk of creating dependency, although it’s not that clear. 15 days was chosen as a suitable time after which evaluation of the program could take place. Before this could be evaluated, the scale of the program was such that it had become the norm. The reduction from 15 days to 10 was related to a desire to restrict dependency. Oxfam has other programmes that look at the long-term – provision of capital for instance. The CFW projects are continuing. There is need for ongoing livelihoods support; while the work outputs are not important, people still need cash.

5.8 International Relief & Development (IRD)

A representative from one of IRD’s community empowerment committees was asked to discuss the impact of cash for work on the wider community. IRD introduced Hussaini, head of the KPM in Kutaraja sub district, to tell the participants about the impact of the cash for work project in his area.

Before the Tsunami, Pelanggahan had a population of 6,500 people living on 50 hectares of land. The survivors now number only 1,000 people, and 90% of the land has been damaged. In the first month after the disaster no-one came home; now, 3 months later, around 40% of survivors have come back, most still living elsewhere. The IRD project based themselves in the area, and they attracted people with the work opportunities that would give them income.

In the first week of the CFW project around Rph 8.4 million was paid every day to workers in the area; during this time, no-one spent any of their cash in Pelanggahan, but after a week people started coming in and opening kiosques, coffee, food. Without the CFW project, there would have been risk of delinquency. In terms of negative impact, a minority (around 10%) don’t work hard – they think that they can get Rph 40,000 daily without working – they are becoming dependent. NGOs therefore need to look for new livelihood programs so that people can become independent.

The payment system was organized such that workers would be allocated an area of land to clear. The amount of time required was estimated by project managers, but it was up to the workers to complete it as quick as they wanted. If 7 days had been budgeted for 30 workers to clear 1,000m² of land, and they completed it in 5 days, they would still get paid for 7 days, but would be free to pursue other opportunities for the other 2 days. There are some who don't want to do the CFW, and we are encouraging them to apply for grants to start up businesses.

People need housing, and nobody – including the government or NGOs – can guarantee people new homes. IRD has provided Rph 1.5 million for business capital. It may not be enough, but it gives a spirit for people to kick start their businesses.

Economic recovery is critical, even though Acehnese people value and prioritize houses, if there are no economic activities in the area people will not stay there. This is a big task for NGOs to think over.

There were questions about the business development side of the project, which are for separate discussion (business development or Micro-Finance). The funds do not consider family size – only business viability.

5.9 Issues emerging in the last presentations

Issues that had come up in the last presentations that were new were listed on a flipchart.

Issues that emerged in the last presentations:

How to make sure that people get the money when cash is distributed directly to beneficiaries or through the government?

Registration systems (the ULP ID cards; BRCS system)

Dependency: what do we mean when we say “people are becoming dependent”? We have to differentiate between being “dependent” on CFW as an income source – a reality due to the current absence of other income sources, and “dependency” as a syndrome whereby people get lazy and fail to seek other opportunities. In the current situation people are certainly dependent on CFW; however, many are actively seeking other opportunities and are eagerly awaiting the assistance that NGOs are planning to provide to help them with other opportunities. Why is it that some people seem uninterested in working or earning money? We should find out the reasons – there might be some surprises – perhaps lack of saving facilities; perhaps lack of information about what is next, when the projects will stop...

What are the objectives? Planning? Two approaches, some through camat/desa acting on behalf of people also NGOs set criteria... how to increase participation?

How to ensure security and safety of those paying the cash?

How do you measure success in a cash for work program?

To what extent are people being compelled to return home (i.e. withholding aid)? i.e. living in host communities. When do they become official residents of these communities? Their choices?

The work itself: How to determine what work should be done? Appropriateness of the work itself?

What else can the ID cards be used for? In lieu of obtaining a new birth certificate, for example?

What is the effectiveness of ULP/JADUP?

What exit strategies are appropriate for cash interventions?

5.10 Topics for small group discussions:

5.10.1 Advantages and disadvantages of different cash disbursement systems

This group reported on their discussions of different cash disbursement options – direct payment, payment through banks, payment into banks.

	Advantages	Disadvantages
Direct cash payment	<ul style="list-style-type: none"> ▪ Goes straight to the beneficiary; faster 	<ul style="list-style-type: none"> ▪ Security issues in carrying the money; sometimes not on time
Payment through banks	<ul style="list-style-type: none"> ▪ Reduces risk of corruption and leakage; banks are trustworthy; ▪ Banks have their own “cash-in-transit” insurance; ▪ Introduces the banking system to the people 	<ul style="list-style-type: none"> ▪ Some people are not familiar with the bank; ▪ Takes 3 days for the bank to prepare the disbursement ▪ People who are not available on pay day will have difficulties getting the money – the bank cannot come at any other time
Payment into bank account	<ul style="list-style-type: none"> ▪ Direct into account/savings ▪ Introduces people to banking and savings ▪ Ensures documentation, proof of payment, more effective in reaching the target 	<ul style="list-style-type: none"> ▪ Some communities live far away from the bank, no branch in or near the village ▪ More appropriate for disbursement of large amounts of money

In summary, the group recommended payment through banks as the most advantageous/appropriate in most circumstances. It reduces the insecurity risk and reduces the work load of the NGOs.

However, there are some places where bank payment is impossible. Oxfam mentioned communities in Meulaboh where the prior conflict has meant that there are no bank facilities and communities are several hours from a bank and banks would not go there. Oxfam has to take the money directly, on an ad-hoc basis, with no fore-warning.

5.10.2 Inclusion/exclusion: who benefits, who doesn't?

This group was asked to consider issues around targeting – different approaches to targeting; gender issues, who gets left out inadvertently.

The group came up with criteria for inclusion (e.g. to select workers on a CFW project):

- 2 workers per family (should cover expenses of whole family)
- Pregnant women and mothers with infants, if villagers agree they can work
- Children can work – aged 15 to 18, if they are the only survivor in the family
- Handicapped
- For people in camps and host families, see if they agree to work and provide transportation
- Criteria based on agreements with village Heads, and sub-district Head

Additions/comments

The other participants questioned whether it is worth limiting participation to 2 per household given the practice of “horse trading” that people do to get round this restriction; moreover, is a fixed number appropriate? Or should we be looking at vulnerability on a case by case basis and coming up with imaginative options. For instance, under the KDP programme, villages get 25% of their funds (social funds) which they can spend as they wish – this could be scholarships for children from poor households, or it could be a “stipend” to poor families (perhaps those who are unable to work?) to help them get by. We need to not just repeat the criteria we use in our own programmes, but to consider best practice – what is the best way to target projects aimed at helping people in these situations? Moreover, most suggestions focus on going through the village Head, but we need to look for better ways to reach the people who are in need.

5.10.3 Timing: Planning the transition from one cash intervention to the next

This group was tasked with tackling the issue of transitioning between different interventions – when to start/stop different types of intervention; how to transition; objectives for different stages; setting an exit strategy; how to design continuing CFW activities (the wage rate issue).

The group asked themselves: “if we had to start our projects again what could we have done better?”

During the **Initial or emergency phase:**

- Communities need to be informed of the benefits *and* limitations of the CFW format/program – ensure that they realize that it is short-term, and to support individuals to make good use of surplus cash (strategic investment, savings etc.) and avoid “dependency”.
- Agencies need to promote community ownership of the project through real community participation, to encourage/support communities in organizing themselves. Meetings even in camps, should focus on helping people organize themselves, and agencies should keep an eye on identifying potential coordinators and facilitators from within the community. Information boards are useful to communicate what the agency is doing, as well as *what other agencies are doing*.
- “Cash for planning” (BRCS programme) is a good way of working – participation in the planning process, supporting organization and promoting informed choice.
- agreed that the positive aspects of C4W outweighed the negative at this stage
- NGOs need to better co-ordinate to avoid overlap and increase positive benefits. Perhaps empowering/enabling community representatives to require evidence of inter-agency coordination such that each agency subscribes to follow the village development plan, rather than their own?

Transition:

- It’s very important that the communities develop their own priorities and set up informal mechanisms to help them face whatever future opportunities or challenges may come
- At the same time, outsiders need to think about developing strategies to phase out CFW and phase in livelihoods activities at the right time
- One of the key issues raised was responsiveness – how can organizations with resources better respond to developments in communities; this was linked to...
- Internal organization within NGOs –they shouldn’t be too rigid or lack ‘synergy’ in communication/coordination between their various divisions
- In this phase NGOs send in ‘experts’ to do assessments and write reports. Here coordination and cooperation is important to ensure information is shared
- Also thinking about training for local staff and for community leaders (Oxfam appears to do this well)

Additional Comments

We need to plan, from day one, with the long-term in mind; we need to be thinking of the transition into the next phase when we are in the previous phase; and we should have thought about the exit strategy before we start any intervention.

The issue of transitioning is closely linked to the other presentations, e.g. targeting: inclusion and exclusion, changing operational mechanisms (e.g. methods of payment) at different times in the project... We need to make sure we know who is benefiting from each type of intervention, and who is not; who are the people who benefited from both CFW and will also get a grant or loan to start up a business? Who are the people who were unable to participate in CFW and who will be excluded from a loan or grant for starting up a business?

Decisions on when to stop CFW require analysis of: is the work still needed? Do people need a source of income or labour? Would there be an impact on the local labour market, and if so, perhaps we continue the CFW but pay less? In that case do we need to “rename” the intervention? And we need to monitor labour opportunities to check when there are other options that will reduce the need to employ people directly.

Some CFW programmes will not be followed by livelihood programmes. That is the reality for some NGOs.

5.10.4 Impact of CFW

This group was asked to look at the direct and indirect impact of cash interventions – positive and negative, intended and unintended.

Group affected	Positive	Negative
Impact on HH	<ul style="list-style-type: none"> ▪ Provides cash for daily needs ▪ Households have had cash to use for businesses, savings, debt payment etc. ▪ Helps people return to villages ▪ Increases activity ▪ Psycho-social healing 	<ul style="list-style-type: none"> ▪ Cash is sometimes spent on things we don't think are important (e.g. cigarettes); (but... should we be concerned about this anyway?) ▪ CFW projects have been dominated by men; there has been little creativity in creating CFW for women and addressing barriers (e.g. organizing child care). When women are paid they are more likely to prioritize daily needs and things like school books, so better to get them working if possible ▪ Vulnerable households might be excluded? Do we know for sure that they are not?
Impact on community	<ul style="list-style-type: none"> ▪ Cash projects facilitate development of social culture, and social interaction ▪ Can collectively share grief, forget, remember ▪ Without cash for work there would have been increased risk of theft and delinquency 	<ul style="list-style-type: none"> ▪ Creates dependence ▪ Develops a “consumer” attitude in society ▪ Negative effect on <i>Gotong Royong</i> (once a month villagers used to get together to do community work) ▪ Work accidents – there are rumours of a child dying on a work site) ▪ Can encourage corruption (e.g. a village head took all the money back from the workers who'd just been paid, and took Rph 2,000 from each; also, it's pretty easy to forge an extra 5 false names on the list)
Impact on environment	<ul style="list-style-type: none"> ▪ Clean up surroundings ▪ Opening up flooded areas with drainage for economic recovery 	<ul style="list-style-type: none"> ▪ Pollution – burning of reusable cut down wood; ▪ CFW used to clear-fell areas of a forest (supposedly to re-establish a village in a new area) ▪ So much timber is needed for the drainage projects – most comes from illegal sources
Economy	<ul style="list-style-type: none"> ▪ Gets activity going in the market place (market clean-up project) ▪ Cash in pockets stimulates the market and increases trade ▪ People buy what they need 	<ul style="list-style-type: none"> ▪ Possibility of inflation ▪ Business and farmers are finding it difficult to recruit labourers as they can't compete with the CFW wages
Social organization	<ul style="list-style-type: none"> ▪ CFW projects have introduced community leaders to finance and administration systems 	
NGOs	<ul style="list-style-type: none"> ▪ CFW enables NGOs to spend a lot of money quickly ▪ It provides an entry point, brings the NGO closer to the community ▪ CFW is obvious and visible assistance – people can see that the funds are being disbursed ▪ CFW can improve the reputation of the agency if seen as active 	<ul style="list-style-type: none"> ▪ Headaches for finance department to organize payment schedules etc. ▪ Other NGOs CFW projects have an impact on other livelihoods projects ▪ NGOs are seen as “money bags” and villagers ask them for money ▪ Safety and security for agencies is a concern when they have to transfer large sums of cash; thankfully no incidents have happened so far, but we need to do more to prevent incidents

6 Livelihoods Information: planning, monitoring and evaluating interventions

ODI gave a short presentation listing the different types of data collection systems that are relevant to cash and livelihoods interventions after a disaster:

6.1 *Livelihoods Information: What? When? Where? Why? Who? How?*

6.1.1 *Emergency assessment*

Agencies send in teams (outsiders usually), teams which are probably not well coordinated within their own organization, let alone with other agencies. After a while villagers start to suffer from “assessment fatigue” as more and more agencies come asking the same questions. The data is collected because head offices need ball-park figures and statistics to write budgets and determine sectors. Data is sought from secondary sources – government mainly, and quality of data is variable depending on how/when and by whom it was collected. Information usually comprises lists of assets and infrastructure which have been destroyed or damaged, or lost, and statistics on mortality, injury, displacement and missing persons. At this stage the government offices were hugely affected themselves by the tsunami and were struggling to re-establish themselves and their role. Such studies rarely consider the context, or what approach or type of support is appropriate – and they are often linked to pre-determined interventions which the agency specializes in.

6.1.2 *Village-level needs assessment*

These assessments take place when more detailed information is needed to guide the project and get more accurate budget estimate. It also identifies beneficiaries and enables the agency to start activities. Information usually comprises lists of victims and assets that they have lost which need to be replaced. This kind of assessment is done only when the intervention area is known; in practice it took months for some agencies to identify which villages they were working in – a combination of inadequate human resources, poor inter-agency coordination, and they didn't know their budget. Information is gained through key informants – the educated and powerful elites. Another limitation is that such an analysis, being village-based, often misses “the bigger picture”, for instance, the political or environmental context.

6.1.3 *Pre-tsunami livelihoods analysis*

A livelihoods analysis that captures livelihoods dynamics (seasonality, risk and vulnerability, marketing, activities etc.) before the disaster is done to get a better understanding of the context, communities and households to inform program design. The study can also help identify project targets and indicators for monitoring and evaluation (e.g. if we know the % of households who withdrew their children from school in order for them to earn money, our goal can be to halve this number through the combined efforts of the education and the livelihoods programmes. Examples of this assessment include Save the children's Household Economy Approach (Save the Children 2005a) – which uses DfID's Sustainable Livelihoods Framework of DfID and adds tools for collecting qualitative and quantitative information on assets, income sources and expenditure categories as well as the wider economic, political, social and environmental context. The study can be done at any time since interviews can focus on the current time, or can ask questions about a time in the past. The study is usually led by consultants (except where the programme has built capacity within its staff) and project staff participate, benefiting from improved analytical skill and an enhanced understanding of livelihoods dynamics. Limitations are that it is resource intensive, particular in terms of staff and vehicles. In terms of time, the whole study – from training to report writing - usually takes 6 weeks. The coverage can be wherever there is an interest and the approach can be adapted to a large scale or a small scale, to include other areas of interest (e.g. child protection), and to suit a shorter time period. SC undertook a rapid livelihoods assessment on the NE coast of Aceh in February 2005, which is written up in a report available on the website (Save the Children 2005b).

6.1.4 *Post-tsunami livelihoods analysis*

This kind of study is done to get a better understanding of the context to inform programme design, to get targets and indicators for M&E and to establish the “baseline” – or starting point. An example is CARE's Household Livelihood Survey – a study based also on DfID's Sustainable Livelihoods Framework and undertaken in Indonesia

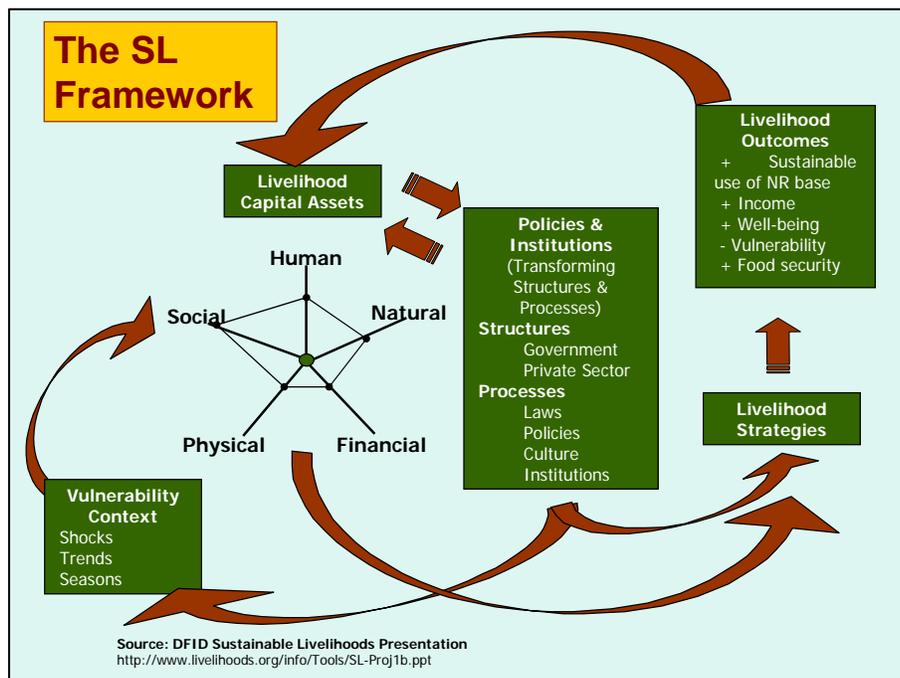
by TANGO. Because if is seen as a “baseline” (and monitoring) study it has to be done as early as possible – and often this is out of the question. The methodology is extremely comprehensive, and is used for monitoring and evaluating programme impact (CARE 2005). Pre-tsunami information is collected but this is reported to be weaker than the current analysis. The study is resource intensive and is led by outside experts employing usually external data collectors. The study uses both a number of qualitative checklists for focus group discussions and questionnaires for hard data. Analysis is done usually outside the country. The whole process takes around 2-3 months. Lack of project staff involvement and the fact that the analysis is done abroad tends to neglect development of analytical capacity within implementation teams (HEA analysis is done with full participation of data collectors). The study methodology is designed to achieve statistical rigour, a goal which is ambitious considering the number of variables which influence livelihoods outcomes in Aceh – not least the several other agencies working in the same village...

6.1.5 Community Action Planning

An example of this is Oxfam’s community action plans, and UNDP’s requirement for implementing NGOs to collect detailed analytical information from their project areas and present this in their grant application (uniquely, the funding covers the study costs, and is specifically linked to an intervention to avoid assessments which fail to result in an intervention). The UNDP system provides checklists (also based on the DfID SLF, but these are not detailed and there is no training to help NGOs improve their data collection or analytical skills. Oxfam’s community action plans were a good idea in principle, but according to their project managers, they didn’t make good use of the information for programme planning, and they had not time to train staff on how to collect, analyse and use the information.

6.1.6 The DfID Sustainable Livelihoods Framework (SLF)

A brief presentation was made about DfID’s SLF – summarized in the diagram below.



The framework considers access to 5 types of capital (the “asset pentagon”) and how these assets are transformed by policies and institutions into livelihoods strategies. These strategies, influenced also by the “vulnerability context” produce “livelihoods outcomes”, which consequently bring either an improvement or deterioration in assets at household level [DfID undated].

CRS in Meulaboh pointed out that they added a 6th asset – political – to create an asset hexagon. Political assets relate to power and control.

Very often agencies comes with their own product or intervention and don’t actually look at whether there is a need for it, or what approach would be most effective.

6.1.7 Key livelihoods information required for programmes in Aceh

A list of key livelihoods information required for programmes in Aceh – drawn up during an ODI project meeting brainstorming on baseline information – was handed out to the group and is reprinted in appendix 6.

6.2 Using information to plan responses: Food relief or a Market-based alternatives?

John Meyer, a TANGO consultant working with CARE, gave a short presentation about the work he has done. He was brought in to: look for a workable mechanism for market-based food assistance (cash and/or vouchers), to put together a proposal for a pilot somewhere in CARE operational area, and to sell the idea to WFP and other stakeholders. WFP's interest was anticipated because of a comment in a February 2005 WFP mission report, which said: "WFP has an opportunity and responsibility to contribute to bringing about the conditions that will make a WFP phase-out possible.. Using cash would also stimulate private trading and local production and lower transaction costs (WFP would have no commodity movements or storage). (WFP 2005, pg 7)

The study had two questions to answer:

#1: Under what conditions should direct food delivery be replaced with market-based approaches? Food should be available at stable prices in the markets – which should be functioning; transportation infrastructure should be adequate, and the operating environment should be sufficiently safe and secure.

#2: Have these conditions been met in Aceh?

Five areas were visited with mixed conditions: Lhoknga subdistrict (Lamkruet village); Leupung s/d (Posko Utama Riting); Lueng Bata sub-district (Lamseupang); Darussalam (Tanjung Deah); Ulee Kareng (Lambhuk). These were a mix of urban, peri-urban and rural areas; camps and host families.

Discussions were held with Heads of sub-district and village (*Camat, Kepala Desa*), beneficiaries, vendors, and rice wholesalers.

The consultant concluded that a market-based mechanism seems workable in many areas visited. Exceptions include Leupang – as vendors had not re-established, and seemed reluctant to do so; markets were distant and some people were unable or reluctant to travel; livelihood prospects were dim; direct food delivery was desired and recommended.

Additional factors that argue for a cash/voucher response rather than direct food aid: *relatively greater cost-efficiency of market-based approaches:*

- Local purchase of WFP monthly ration = about Rph 53,000/person.
- Local purchase of complete food basket = about Rph 135,000/person.
- Full cost of WFP ration = ??? (but we can assume that it far exceeds Rph 53,000)

The next question addressed was the transfer mechanism: cash or voucher?

- Vouchers can be used to "control" behavior a little; monitoring is easy; cost of administration is higher as it requires printing, negotiations with vendors etc.
- Cash is more flexible and empowering. It's difficult to control its use (or misuse). It provides greater temptation for theft. It is more difficult to track.

Most beneficiaries who were questioned preferred cash, but they also conceded that people won't use all of it to buy food as they have other pressing basic needs. Also, considering the practice that households have of selling the RASKIN ration voucher, household might compromise nutrition intake. Moreover, when WFP's mandate was explained to them, many saw vouchers as preferable.

In conclusion the consultant recommended a mix of vouchers and cash; vouchers for the basic commodities and cash to enable households to purchase the condiments, salt, fuel etc that IDPs also need. Tracking systems would be needed to track (for both cash/voucher and food distributions): food consumption and nutrition, how households use the cash/voucher or food relief, how reliable is the supply chain; targeting accuracy; and beneficiaries' and vendors' perceptions.

Additional comments

One participant (an NGO engaged in food distribution) noted that food relief can be negative for local markets and carries a high cost. Having heard that WFP intends to continue food relief until December, he wondered how WFP could be encouraged to adopt the approach presented here? And perhaps to link with the banking system to facilitate payments. Advocacy from WFP's partner agencies should continue to argue for an appropriate response; however, the decision may have nothing to do with what is appropriate. It was also pointed out that all agencies – not just food relief agencies – should engage in the issue – as the relief is the basic assistance package that needs to be appropriate and well-targeted – without an effective system other programmes will be compromised. It was also noted that food distribution was haphazard and there needs to be a more effective system – with cards. One participant mentioned the risk of inflation that is a potential problem with cash; but it was pointed out that the tsunami disaster has not affected supply of grain – there is still a government system of food supply and subsidy; moreover, the main harvest in March was a good one, with surplus grain produced in Aceh compared to consumption needs. The cash intervention will provide cash to those who always used to buy the grain – thus it should not distort the market. The cash/voucher pilot was seen as a good idea by the workshop participants.

The idea that nutrition will be compromised when food is replaced by vouchers or cash needs to be researched – after all, people sell part of the food ration to buy other commodities, just as some people are forced to sell their RASKIN ration voucher. Providing food doesn't stop this happening, we just need to be aware of the full range of people's basic needs and ensure that these needs are met – otherwise any transfer might compromise nutrition.

Additional research on the impact of food aid on producers, consumers and traders has been completed by Oxfam (Oxfam 2005), and by ACF (ACF 2005).

6.3 Monitoring and Evaluation

Earlier it had been established that M&E is useful for :

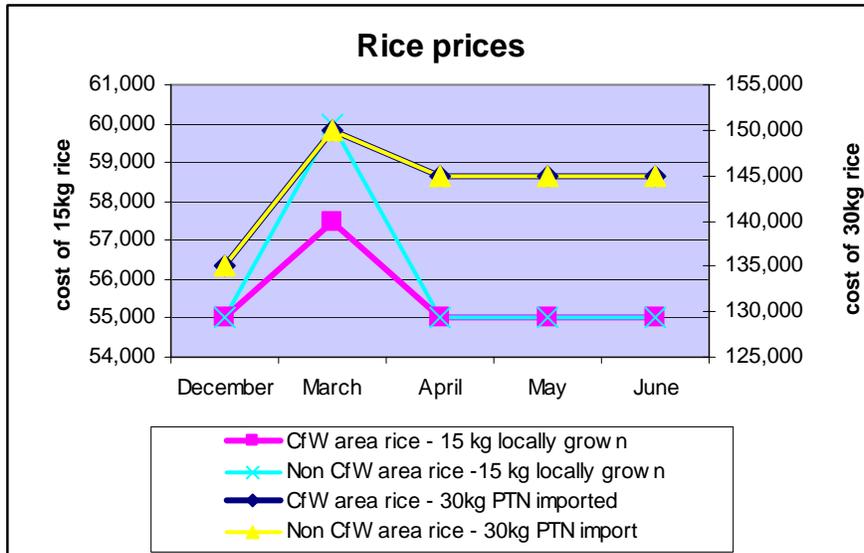
- ☞ checking the project is “on-course”
- ☞ Accountability & transparency
- ☞ Detecting problems early → revised approach
- ☞ Developing scenarios and contingency/remedial action plans

6.3.1 Market Monitoring

Oxfam presented their market monitoring system from Meulaboh – to get people thinking about M&E, impact of CFW on labor force, and prices. The market system helped them in their CFW evaluation, which in addition to market analysis looked at the following questions: did beneficiaries receive the right amount of payment? Who participated (how many women)? Was it on time? Were they satisfied with the process? What was their total income since the start of the CFW program? How has their expenditure changed over time? What do they spend their income on?

Market analysis facilitated by the monitoring system included questions such as: Were items available locally? Did the provision of CFW encourage people to ignore longer-term sustainable work options? Have the activities been linked to other livelihoods interventions, and will the results still be there in 6 months' time? How are the prices of the things people have to buy?

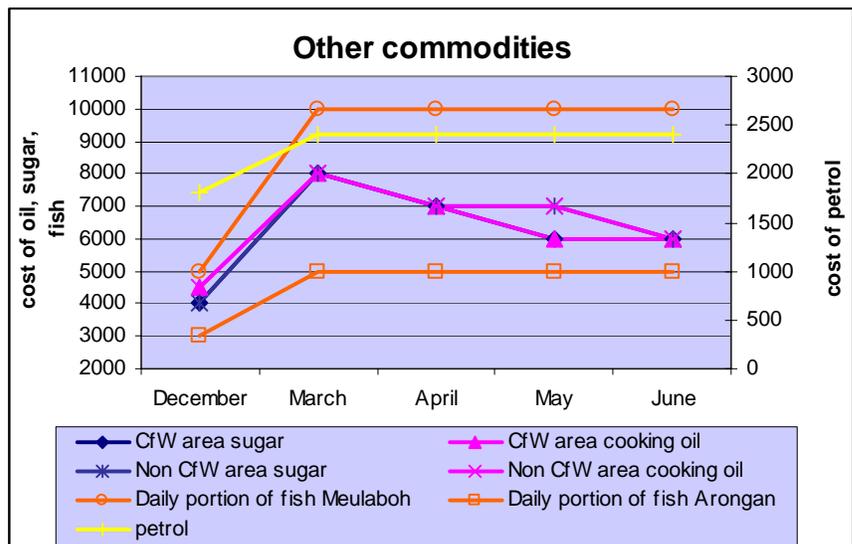
Oxfam Meulaboh has 2 monitors involved in data collection. They interview beneficiaries, collect market information and collate and analyse the information. There are two reasons for monitoring: (i) to support development of livelihoods projects – to see links between activities, and changes as a result of programmes; (ii) to monitor prices in case of inflation. The commodities monitored included the basic food commodities (SEMBAKO); WFP/ACF food rations; market prices in CFW areas compared to other areas.



The first graph shows that there is no difference in rice prices between CFW areas and non CFW areas; it also shows a sharp increase immediately after the tsunami compared to pre-tsunami (although the pre-tsunami prices are anecdotal and need to be checked); the graph also shows that the price is stable.

The graph below shows the price monitoring data for other commodities. This table shows the increase in the price of fuel in February – which may have contributed to the increase in

prices of other commodities; also the graph shows the difference in price of fish between Arongan and Meulaboh, and the fact that there is no significant difference in price of oil and sugar between CFW and non-CFW areas. The fact that the price of cooking oil was lower in May in CFW areas than non-CFW areas suggests that the price change has more to do with supply – oil being a relief commodity that is often sold when there is surplus. The same trend is noted for sugar in March, although sugar is not distributed in relief rations.



Additional comments

Oxfam recognize that this is not a comprehensive market monitoring system and they are still working on improving analysis, and as yet they don't have a policy for action in case of any inflation.

A discussion ensued about the impact of CFW on labour prices – how businesses in some cases find it difficult to recruit labourers because they pay less than the CFW. Mercy Corps told of a situation where a brick factory was unable to recruit labourers, and MC's livelihoods programme was trying to get such businesses going again. The options included reducing the CFW wage, or supplementing the brick factory wage. MC's solution was to limit the number of days people could work in a week – thus freeing up labourers for the brick factory. One participant commented that while CFW rates are difficult for businesses to compete with, they might in fact help by increasing the local labour rate – a rate which was previously extremely low (Rph 10,000 per day, for example). The group decided that if the CFW rate was going to be reduced this would need a lot of awareness raising – and partnerships with local NGOs were thought to be useful here. A participant mentioned the fact that a change in the relief programme from food to cash or a voucher could cause inflation. This demonstrates the need to monitor and anticipate what is likely to happen. Market prices are relatively stable regardless of supply and demand –market prices are largely controlled by the government. The question of whether it would be possible to have an integrated market monitoring system across Aceh was put to the group and postponed to tackle in a group discussion.

7 Cash Disbursement & Conditions of grants

7.1 Vouchers vs Cash and Grants vs Loans

The presentation below by IRD explained their livelihoods recovery programme – which provides assets and start-up capital for small businesses using vouchers as a transfer mechanism – something that was requested by grant beneficiaries who feared that a cash payment would not help them avoid spending the cash on other consumption needs. However, this is an example of a voucher system which retains the key element of choice. The items on the vouchers are developed during the business planning phase (and not all business plans are passed for funding).

IRD's programme is typical of agency programmes whose strategies are influenced by donor restrictions – for instance, the livelihoods manager would prefer to provide loans for asset replacement rather than grants but the strategy of grants is due to the short-term nature of the funds - inappropriate for loan-recovery.

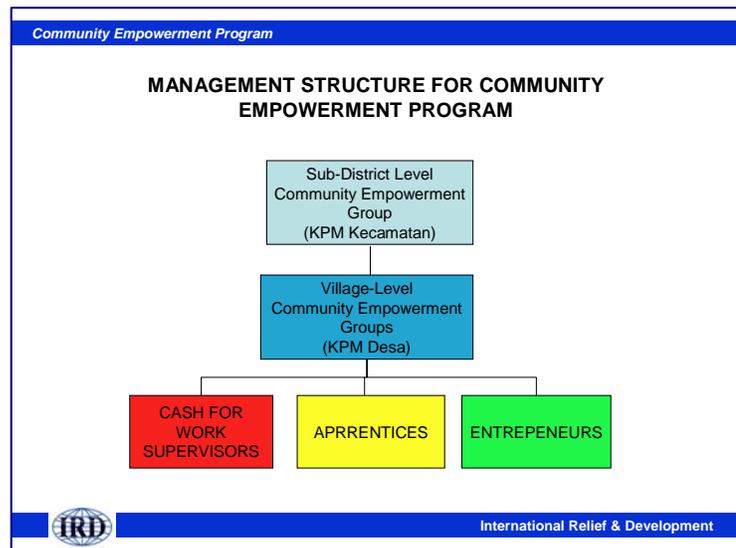
7.1.1 IRD

IRD was asked to present because they have opted to use vouchers for their grants programme – as requested by grant beneficiaries. The vouchers, however, are designed to promote choice – indeed they are compiled by the grant beneficiaries during the business planning stage prior to grant allocation (for approved business plans). A further point to note is that IRD's decision to provide grants rather than loans was determined ultimately by the short-term nature of their funding rather than by strategy – indeed, the programme manager says she would have preferred to have provided loans.

IRD's programme operates in two of the worst affected and most politically challenging sub-districts of Banda Aceh: Meuraxa and Kuta Raja.



The programme works through a community empowerment structure established by IRD (see diagram below). In the areas in which IRD works, the pre-existing community structures have been severely affected by the high mortality within these communities.



The KPMs comprise 3 people elected by the community, including minimum of one woman; the KPM receive a monthly stipend of Rph 1 million: Rph 800,000 honorarium plus Rph 200,000 for transportation. They are excluded from CFW, and from benefiting from apprenticeships or grants/training for small businesses to prevent conflict of interest and ensure good management and oversight of activities. Government employees such as Heads of villages or sub-district employees may not sit on KPMs – this ensures that the team is available to work full-time on the project.

The programme strategy aims to:

- empower communities to identify needs, make informed decisions regarding available assistance, and access the resources necessary for recovery;

- facilitate the development of sustainable solutions by working with all households in all villages across a single sub-district
- ensure that each household has a minimum of one source of income
- create a range of options for job seekers that address varying needs
- take an integrated multi-sector approach – there are water and sanitation and economic empowerment programs in each village
- ensure sustainability partnership with a local NGO – Yayasan Lamjabat

The programme will move from short-term CFW activities, through transitional activities such as apprenticeships and vocational training to long term activities such as provision of grants and training to small businesses.

Cash for Work is a transitional strategy to provide short term employment opportunities and a temporary source of income to those who have lost their previous source of income. Payment rates as per the Aceh standard – Rph 30,000 per person per day plus Rph 5,000 for lunch; IRD has added Rph 5,000 Rupiah for transportation because the IDPs are living far from their old community. Participants are encouraged to work a minimum of 17 days per month in order to ensure a monthly salary that exceeds the minimum wage of Rph 620,000 per month. Cash for Work activities are determined by the communities. Activities include community clean-up, planting trees, drainage, small scale rehabilitation of community infrastructure, water and sanitation, construction of temporary buildings for small business activities, etc.

The transition phase of apprenticeships enables existing businesses to expand their operations with the help of free labor, and job seekers obtain useful job training; apprentices are on the CFW scheme for up to 3 months. Over 40 applications were received from businesses seeking to expand their activities and willing to accept apprentices for 1-3 months. Apprentices will participate in IRD’s small business training program and will have the opportunity to submit proposals to open their own businesses at the end of the program.

The longer-term phase is grants for small businesses of approximately \$150 (Rph 1.5 million) per person or per “job created” to groups and/or individuals seeking to re/start small businesses. A Small business training programme assists entrepreneurs in developing business plans and business management skills.

IRD uses a voucher system for its small business grants because grant recipients requested this, fearing that they would otherwise be tempted to spend cash on their other household requirements. The items on the voucher are identified during the small business training, and those who complete the training and produce an acceptable business plan (not everyone succeeds) receive a voucher with the items listed. The photographs of every member of the group is on the voucher and any member can go to the trader to procure the items. A portion of the front page is below:

<u>VOUCHER PENUKARAN BARANG</u>	
* 1 (satu) unit cooking stove	Rp. 150.000,-
* 1 (unit) motorbike	Rp. 400.000,-
* 2 (dua) unit Oven	Rp. 300.000,-
* 3 (tiga) unit sewing machine	Rp. 750.000,-
* 1 (satu) unit Mixer	Rp. 350.000,-
* 1 (satu) unit hand cart	Rp. 550.000,-
Rp 2.500.000,-	

On the back of the voucher is a list of traders at which the voucher can be redeemed. There is a note also that up to 10% leeway in price is allowable, and the system is designed to be as flexible as possible.

7.1.2 *Save the Children*

Save the children was asked to present because their intervention mixes grants and loans – but provides 100% grants to vulnerable households.

SC's EEA (Emergency Economic Assistance) programme follows a model developed by SCUS for emergency support for small enterprises. The goals are to restore working capital and fixed assets for small-scale producers; to restore businesses – with multiplier effects within the wider economy; to link up small scale producers with the formal banking sector; to train producers in management and safety; and to provide producers with a savings mechanism. Development of economic opportunities follows with a focus on achieving sustainable access to financial and other business services, improvement in local capacity to provide business support services and microfinance; sustainable development and restoration of coastal livelihoods (e.g. mangroves); and establishing a revolving loan fund through a formal lending institution. Under the programme fishermen, for example, will benefit from a combination of grants and loans for replacing fishing assets, working capital loans and training in financial management, savings and credit, safety at sea, and natural resource management.

Why does SC give loans, not 100% grants? SC's goal is to address a very real problem and concern of beneficiaries – the very low access to micro-finance providers in the formal banking sector among poor coastal communities; second, they plan to develop financial management skills and confidence in working with the formal credit sector; third, they have noted that people are already taking out loans from informal money lenders, and they wish to reduce dependence on this source of credit; and finally, to introduce group savings schemes. Another reason is that SC believes you can't monitor the money after it's been allocated if it's a grant, but you can with a loan. And finally, SC wishes to instill a sense of responsibility with financial management and credit.

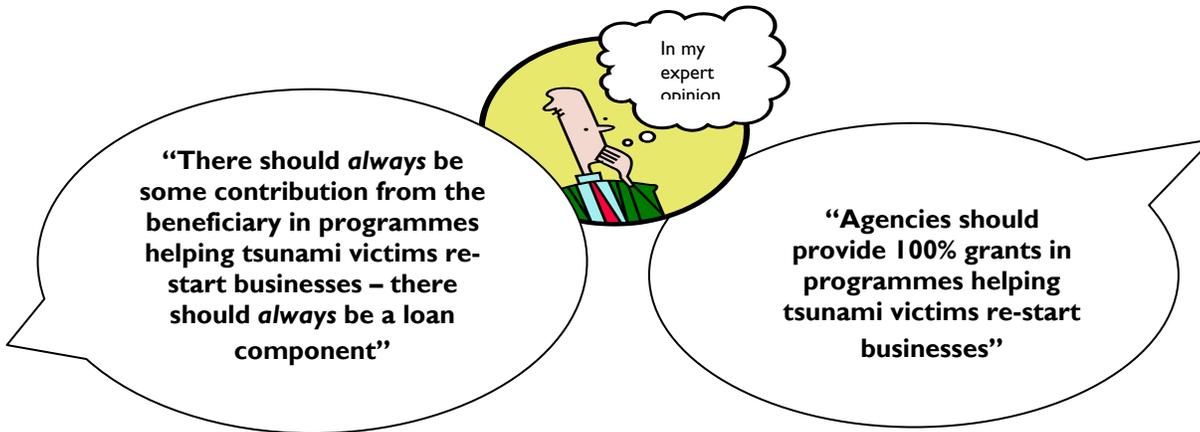
How will it work? Beneficiaries will receive: a combination grant + loan for asset replacement, max \$1000; working capital loans (maximum \$300). The grant/loan mix will be 60% grant, 40% loan, with the loan component no more than \$200 (therefore the value greater than \$200 will be provided as a grant). There will be 12 months to repay, at commercial rates.

Technical support and training will be provided by all grant/loan recipients. The programme will first encourage groups to apply for assistance; local partners will gather information on assets lost; and savings mechanisms will be established with the groups. The funds will be paid into the BPR account and disbursed by BPR staff who will monitor procurement and collect payments from the groups. BDS providers will train groups in business development; repaid loans will be paid into a revolving fund for community savings and credit groups in Aceh. SC will co-ordinate with other agencies to achieve a harmonious approach.

The interest rate is determined by the prevailing rate used by the BPR bank. If the business fails, the community will determine the sanctions. In some cases, where the debt is ascribed to laziness rather than other difficulties, the community will take away the asset and give it to another group or individual. The grants and loans have separate disbursement mechanisms – SC will provide the grants, BPR the loan. Mercy Corps noted that the use of grants and loans together will ensure that the programme attracts only people who are serious about starting a business. This point has implications for targeting – who is not able or willing to start up a business and what can be done for them? What are their options?

7.1.3 *Debate: should we provide grants or loans for enterprise development & asset recovery?*

A discussion was held to determine the issues involved in selecting grants and/or loans for assisting small businesses to restart after a disaster. The group was asked to align themselves in the room with one of two statements (top row); then people who were on one side or the other were asked to explain their position. While some said, "it depends" it was pointed out that agencies rarely had an "either / or" programme (i.e. giving choice); interestingly, agencies who had decided to provide funds entirely as grants were more numerous in the room, but there were more people who were arguing for some kind of pay-back.



“IRD has a mixed program because there is not enough money to cover what people need for free. We give grant according to our resources and provide a loan for the rest”	“People have lost everything; we are IDPs, we have lost our homes – we are waiting for housing from NGOs, but it will take too long; if I was given money for a business I think I would be able to put 90% of it into the business...”
We give loans because we want to promote entrepreneurship	“We are giving grants because we want to reach the most vulnerable people”
“If you only give a grant, it is impossible to monitor the use of the money; with a loan the repayments show that the business is working”	“The decision to give loans should not be based on ease of monitoring. Moreover, you can have effective monitoring systems even with grants”

Comments: The choice of grant or loan depends on the objectives of the programme: if we want to develop strong businesses then we need to select people who have experience and who are serious in restarting businesses, and apply MF principles which includes paying back a portion of the total amount provided. If we want to assist the poorest then we need to make sure that they won't be burdened with having to pay back a loan that is too heavy for them.

Again, targeting is a key issue: who are you assisting with grants or loans (and what are your objectives) and who are you not assisting (and why not)?

While some Micro-Finance experts argue categorically against providing grants under any circumstance – because it will “ruin microfinance”, it is not clear to what extent the particular context found in post-tsunami Aceh has been factored in – the situation is rather different from a post-conflict context – a context on which many guidelines are based. Monitoring and evaluation of businesses – and the context – is critical such that we learn how this context influences the relative success of grants and/or loans in business recovery. And we need to make sure we can identify *all* explanatory factors contributing to the outcome of the range of businesses and income-generation projects supported.

8 Transparency, Accountability and Avoiding/Reducing Corruption

8.1 Gerak (*Gerakan Rakyat Anti-Korupsi: People's Anti-Corruption Movement*)

Gerak was asked to present on corruption because they are a grass-roots network which advocates on behalf of individuals who are subject to intimidation and extortion. Gerak also challenges international and national government and non-government agencies to be more transparent in their programming and fights to bring cases of corruption to court.

Gerak works with Jakarta-based Indonesian Corruption Watch (ICW). The network in 7 areas covering 11 districts/municipalities. A member of the network works in each of the 7 areas.

Work after the tsunami has shown that: government aid was slow in coming; coordination was not satisfactory; no general standards were being applied by aid distributing organizations/agencies; there was low accountability and transparency; many INGOs were not transparent (Gerak tried to obtain data on funding/expenditure but received no information, particularly in regards to the barrack projects); there was low community participation (i.e. no consultation regarding barracks construction); no involvement during the formulation of the "Blue Print"; funding targeted at women and children was inadequate.

For Gerak key indications of corruption include the following:

- Barracks projects; mark-up around Rp70-80 million per barrack
- JADUP/ULP: cuts; funds not reaching the targets
- Logistics: selling aid on open market (Gerak was successful in having 3 people in Pidie district charged for selling relief rice on market)

What to do to avoid corruption:

- Develop community committees to monitor corruption
- Draw up an MOU between BRR, donors and the people on releasing policy and other information to the public – to increase transparency and ward against overlap
- Require an 'Integrity statement' or 'vow' for parties managing goods and services in the recovery period

Recommendations for the BRR:

- Establish an anti-corruption unit (independent or under monitoring committee, not under BAPEL).
- Standard prices should not be higher than market prices
- Ensure accountability

What is corruption? The legal definition in Indonesia for corruption is "Misuse of authority to enrich oneself or specific other parties and which causes losses to the state". Implications for NGOs is that goods provided by the NGO sold on the open market by officials is not classified as corruption and has to be dealt with in a criminal suit. If the resources come from the government coffers then it is classified as corruption under the law. Thus also cases where village leaders take a cut of villagers' earnings in CFW projects is also not corruption but potentially a criminal law suit.

Questions

Q: In the 11 districts, is there a representative in each? How do they work? There is an organization covering each of the 7 areas or zones. For instance, the presenter's Gerak branch covers Banda Aceh and Aceh Besar and the representative for Gerak Singkil covers Singkil; however, there are other anti-corruption organizations other than Gerak in the other areas. They are all members of the network facilitated by ICW. They all do similar things, such as monitoring and evaluation and helping victims of extortion. The area also involved in monitoring the barracks projects, health standards, safety, logistics etc.

Q: What you do after you find something wrong? We give evidence to parliament and we pressure parliament to act, publish findings in the media. We advocate for a better system in the future.

8.2 KDP – Kecamatan (Sub-district) development programme

A representative of KDP was asked to present information about KDP – the programme was selected for this workshop because the KDP programme is rooted in the principles of village justice, and committees have been established which facilitate villagers to request and manage funds for their own development activities, and to empower community members to challenge – and bring to justice – people in authority for corruption. While KDP committees are not necessarily strong, and while they don't exist on the west coast, the model and system provides an opportunity for INGOs new to Aceh to work through, and to strengthen.

The KDP is a national community development program under the Ministry of Home Affairs. KDP has been active in Aceh since 1998. Last year there were 111 sub-districts receiving assistance in Aceh. KDP works normally in the poorest sub-districts. After the tsunami, KDP will be working in all sub-districts in Aceh except for 23 who receive assistance from the Urban Poverty Project (UPP, or P2KP). This comes to 221 sub-districts, although the number changes frequently as new sub-districts are formed by splitting old ones into more manageable size.

Under the KDP the central government provides a three-year block grant to all communities within a sub-district. Prior to the disaster, the grants ranged from Rph 500 million to Rph 1 billion; since the disaster the grants have been increased significantly.

Communities are responsible for managing and using the funds, managing and monitoring activities. Communities are free to select activities from an “open menu” but from which some activities are excluded. Prior to the tsunami, about 20% of funds went to capitalize small loans to groups, but this has been temporarily suspended in disaster areas. Damaged equipment, however, could be replaced. At the sub-district level, there is a committee selected by village representatives as a management unit (*Unit Pengelola Kegiatan*). Funds are transferred by the government in three tranches into the UPK account at a local bank at sub-district level and then distributed to the villages.

In an open meeting each village selects its management team (*Tim Pengelola Kegiatan*), village facilitators and various supporting teams (procurement, receipt of materials, monitoring . . .). The village manages all activities through the implementation team - selecting and paying suppliers, paying workers. Payment for labour (according to the agreed schedule) is based on either recorded days worked or the record of achievement and the payment is done by the project cashier rather than the group. After using 40%, 80%, and 100% of funds, the village holds an accountability meeting, where the team explains what has been done and paid for.

Villagers are trained, coached, and supervised by facilitators at the district and sub-district levels. Half or more are civil engineers, the others specializing in empowerment. There are numerous mechanisms and approaches to preventing corruption in KDP, including a complaints monitoring and resolution system, cross-village visits, and extreme transparency.

In tsunami-affected areas, 25% of KDP assistance is in the form of a social fund that may be accessed by affected villages. The funds may be used however the villages choose, except they may not be distributed equally amongst the villagers. The village should make a plan of how they want to spend the money: education, health, a stipend for the poorest of the poor or those unable to work (as defined by the village), a savings and loan program, replacement of lost assets, etc, with only a short negative list. This money can be channeled relatively quickly without detailed technical planning. The remaining 75% is allocated through a competitive mechanism involving all villages, affected as well as unaffected by the tsunami (although the affected villages are allowed several simplifications).

The following table gives a summary of anti-corruption measures within the KDP.

KDP: a smorgasboard of anti-corruption measures	
Transparency	The mother of all anti-corruption measures; source of social control; achieved through information boards, activity information boards, meetings, posters, radio.
Record-Keeping	Standardized book-keeping cross-referenced with receipts, reports. Very easy to inspect and easy to use as a management tool.
Decision making by consensus	Usual way of making decisions in KDP is through a village / intervillage meeting, where decisions are reached by consensus, less frequently through voting. Harder to dominate.
Open-competition	Anyone can propose an activity for funding; transparent discussion within villages and then at inter-village meetings determine first the village priority and then the inter-village priorities, making it hard for wealthy people to bribe others to vote for their projects
Verification	Local experts rule on the feasibility of proposed activities, presenting results at the inter-village meeting and announcing projects selected. Feedback is given to villagers who made the proposals.
Open procurement	Comparative shopping or formal bidding, decided openly. Makes it harder to make a deal with lousy suppliers based only on size of commissions to team.
Receipt of materials	Formal checking and record-keeping regarding volumes and quality. Makes it harder to cheat on volumes or specifications for a kickback
Village monitoring team	Small unpaid group who monitors all aspects of KDP (in village and sub-district).
Sub-district facilitators	Frequently inspect, occasionally sign something. Train the villagers in management and administration
Sub-district management consultants	Technical sub-district staff inspect designs for problems, checks in the field for quality and adherence to procedures. Empowerment sub-district staff monitors training, transparency, participation, capacity building, governance issues.
Random Inspections	Done by sub-district or more often by higher level consultants or government / donor representatives, to ensure unbiased selection of visit sites. Inspection can be general or about specific issues.
Quality checklists	Ensuring technical quality by transparent inspection, closing the loophole of people arguing they didn't know the standard for what is acceptable quality.
Complaints handling	Villagers can send complaints to a PO Box or through the system directly to management levels. All complaints acknowledged and then followed-up, to a criminal court case if necessary. Most cases handled locally and peacefully.
Direct Payment	Workers receive their pay in cash from a project paymaster, not from a group leader. No deductions are allowed, no mandatory contributions. Even those working as a formal group are paid as individuals once the group determines each person's share of the work (paid in units of person-days at an agreed level of productivity).
Cross-Village Pre-Audits	Villagers act as auditors on another village in different sub-districts, to help them get ready for a formal audit and to help the auditors as they prepare for their assignments.
Audits by BPKP or Bawasda	Formal government audits, uncovering both specific problems as well as generic problems requiring a rules fix.
Provincial Based NGO Monitoring / News reporters	Both of these activities encourage outsiders to monitor and report about KDP activities in the field. One NGO is assigned per province, with standard terms of reference. News reporters are free to write about whatever they want, positive or negative – just something.
Care from Above	Demonstrated follow-up by national government and consultant teams, showing that cases are important and will be followed-up.
Code of Ethics	Spells out in details the different ways that consultants are not allowed to touch the people's money. Violation of code is punishable by dismissal and legal follow-up.
Accountability Meeting	Held at 40%, 80%, and 100% of expenditure by implementation team, who accounts to the community for their work up to this point.

Questions

How is the KDP different from other World Bank projects? The KDP is a little different. It is not a donor facility but a government program on which the World Bank assists. It's been in Aceh since 1998; at the time it was the only such program working at village level, and it was started off when we received an additional \$50 million from Washington to rapidly expand coverage to Aceh. Funds can be used for social projects or for construction/rehabilitation of infrastructure etc. Many of the activities use CFW but the main objective is for the public works output rather than the financial support as such.

How will you chose new areas to work in, especially where other NGOs have programs? We don't want to impose a KDP structure anywhere – we will go along with what's already occurring; but we hope that other agencies will see the KDP structure as a useful one to work through, particularly as it has a goal of village justice alongside development. KDP is now working in partnership with several organizations: Habitat, AUSAID, Care etc.

How is the money disbursed? The Bank Indonesia transfers the cash to the kecamatan – into a community account in a bank chosen by the people.

8.3 BAPEL: The Rehabilitation and Reconstruction Executing Agency for Aceh and Nias: Redressing Corruption

A representative from BAPEL was asked to present information about the work of BAPEL – the government agency responsible for overseeing the rehabilitation and reconstruction process in Aceh. At the heart of BAPEL's work is attention to promoting ethical practice and encouraging government line ministries to stamp out corruption.

Bapel and ethical practice: Corruption in all its forms (KKN etc) is seen as a symptom of a deeper problem: poor ethical systems and practices. Bapel's approach has been to identify areas of ethical concern and seek ways to redress them. Important lessons are taken from past as well as the present - such as from the Anti-Corruption Commission (KPK) etc. Countering corrupt practices is one of the three basic guiding principles of Bapel.

The three basic guiding principles of Bapel:

- Countering corruption through promotion of accountability, transparency, responsibility etc
- The promotion of democratic approaches to governance: substantive consultation and participation
- Competence in engagement

Ethical challenges include: connections with candidates for recruitment; paying bribes to get jobs (*jual beli jabatan*); acceptance of policy advisers/consultants; connections with potential tenders and procurement issues; collusive tendering (*tender arisan*); receipt of gifts or *upeti*; giving gifts by BAPEL; extortion or use of undue influence by policy maker, or invitation to collusion; multiple books (*gali lubang tutup lubang*)

BAPEL's efforts to institutionalize anti-corruption measures include:

The establishment of an anti-corruption unit;

- outsourcing of the internal audit of Bapel;
- establishing a complaints unit – to handle complaints related to corruption or other issues of community concern regarding BAPEL and the wider issue of progress in rehabilitation and reconstruction;
- engagement with KPK, (State Audit Agency) BPK and (Government audit office) BPKP; and
- partnering with civil society as active monitors.

Development of ethical enforcement systems

- Code of conduct for institutions
- Ethical contracts for those working directly with Bapel

- Anti-corruption declaration for partners
- Registry of pecuniary interests
- Gifts registry (which registers those who ask for kick-backs)
- Conflict of interest statements
- Public access to information and registries – through website
- Ad hoc review of compliance with the above

Mainstreaming Ethical Administration

- Providing regulatory environment that permits people to live “cleanly” (“hidup halal”) – establishing a one-stop shop for visas; regularisation of non-registered international NGOs
- Working with line ministries (DINAS) - funding through Bapel will mean acceptance of Bapel standards of practice
- Promoting ethics and anti-KKN issues into the public domain

Implementing agencies were advised to keep a close eye on what Bapel is doing; provide detailed information to us on any cases of corruption that come your way (general complaints are easy to dismiss, detailed facts are much harder to dismiss). In addition to Bapel you can also lodge complaints with the KPK – which will be opening an office specifically for the Aceh-Nias program or the *Dewan Pengawas (Supervisory Council of the BRR)* or of course the police etc.

Comments:

In Aceh there is a problem that everyone is known by everyone else. The issue is not to exclude people because of conflict of interest but to register the conflict on record. Also, there is an issue of balance – trying to balance recruitment from different regions, equal balance of men and women, mix of local Acehnese, nationals and foreigners.

The Blue print was discussed as having provided an outline for reconstruction, with local decision-making allowed for implementation practicalities. One of Bapel’s functions is to empower local government, the community, and the private sector. Bapel aims to remain of a modest size – rather than increase Bapel ranks they want to push for improvements in local government.

With such high standards, local businesses are competitive and wouldn’t win tenders. The projects will be controlled by Medan (North Sumatra provincial capital) and businesses from other areas. Rigging tenders, marking up etc were standard practices before. In the current context, it’s more important to ensure a level playing field here. Lost documents, staff, access to skilled staff/credit are key issues we are working on (to ensure a better chance for local businesses). One deputy of Bapel will be working on this (to help balance out the playing field.) Answer: Yes there is indeed a need to ensure that the local private sector is able to compete and grow strong. In addition to strengthening civil society and local government, Bapel also sees a great need to strengthen the local private sector. We need to recognise the losses suffered by the private sector in terms of lost production facilities, access to credit at competitive rates of interest and loss of basic legal documents puts it at a disadvantage. These kinds of problems need to be redressed so that the local private sector has a capacity to compete. We also need to look at issues such as training so that private sector players are better aware of issues related to competitive tendering etc, so that they are able to become healthy participants to such processes.

9 Conflict-Sensitive Programming

Experts were invited to make presentations on principles for conflict sensitive programming, and to provide advice to agencies on how to approach working in such an environment.

The following section focused on what agencies need to consider when working in a conflict sensitive environment.

9.1 General Principles

Aceh has seen many different kinds of conflict over a long period of time. There are a few points to be aware of: there were very few foreigners here before the tsunami; peace talks are ongoing but there is as yet no cease-fire; incidents continue throughout Aceh. In global terms it's a low-level conflict; it's not a horizontal conflict with communities fighting each other, but a conflict between the government and an armed group. These factors present a situation that may be different from other conflict-prone areas.

Now agencies are becoming increasingly aware of the need to work within the reality of the conflict. Issues for agencies working in conflict-prone areas include:

- Once your agency is aware of the problem, do you avoid insecurity and incidents (making sure there is no security risk, no chance of corruption, ensuring access to areas where you are working) or do you “engage” in some of the issues (not directly in the fighting, but try to consider the reasons behind the conflict?)
- The ‘do no harm’ approach ensures that you don’t inadvertently make things worse as a result of your intervention
- Consider “process” and “product”. “Process” is how you do the work, and “product” is what you do, your output and what you try to achieve. Most agencies focus on the product, but often it’s how you go about the work that is important in conflict sensitive environments.
- Coordination: as a collective, we are likely to have more opportunities to move and act.
- We need to use local models of normal/good development approaches – programmes that are already in accordance with the reality of the local environment.

The conflict continues to affect the work we are doing here:

- There are still incidents of injury or people killed
- Access has been good to most of the tsunami affected areas but it remains an issue. It is still difficult in the interior of Aceh. One health worker from Aceh Jaya said: “there are still some places where we can’t get to – originally because of transportation problems but also now because of denied access. We still don’t know what the health situation is like there.”
- Corruption: parties to the conflict are involved in corruption – and the corruption fuels the conflict. E.g. when an armed group demands money from contractors, they may decide to leave.
- The effect on the economy: for instance, in some areas the community cannot cultivate their crops – and a community’s annual crop production is far more significant than the sum of grants and loans being given out by agencies.
- Basic services are sub-standard due to damage, lack of training and investment and difficulty to recruit staff in some areas.
- Decentralisation of government is on-going
- Local staff have different perspectives from international staff. Local staff and local NGOs often talk about the conflict first and the tsunami second. International organizations think about the tsunami first – important to consider with partnerships between local and international NGOs.

9.2 Partnerships to deal with intimidation and corruption

The work of local NGOs was mentioned as being there to help agencies working in conflict-sensitive environments. For instance, LBH works to advocate in cases where individuals’ legal rights are infringed, and is developing a community-based network of advocates to help communities deal with problems. LBH holds a weekly meeting – for local and international agencies – to discuss incidents and determine the best course of advocacy action.

LBH believes that greater involvement of communities and local NGOs in the early stages of planning of livelihoods interventions would have helped all stakeholders work together to anticipate potential problems. Together, they could think through systems to reduce risk and plan contingency action when incidents occur. Since international NGOs have very little understanding of the local context, partnership with local NGOs – whose main work before the disaster focused on advocacy and community development – is an obvious way to marry the different types of skills and knowledge in a symbiotic relationship. LBH, for instance, can help INGOs know how to better approach communities to discuss sensitive issues, and can also advise INGOs on problems that they might face, and how to avoid them.

LBH is also leading the advocacy efforts for inheritance rights for women and children who have lost the head of household and who would otherwise risk losing rights to family assets.

Peace Brigades International (PBI) is a partner to LBH and other national NGOs. PBI has considerable experience here, and helps local NGOs by providing safety and security when they travel in conflict-sensitive areas.

9.3 Group Discussions

9.3.1 Corruption & Conflict: Acehese Group

There has been long-term injustice in Aceh, with the core problem being injustice, distrust and central government. There are two powerful parties in Aceh: the government and separatist movement; Acehese people have been victimized by both parties. There are factors that contribute to prolonging the conflict – for instance Aceh provides a good prospect for career-development, and many military retire after a posting in Aceh. Corruption is practiced by both parties, and the conflict is used as justification for corruption.

The group proposed an alternative solution which would empower civil society and help them to not be provoked; to continue with peace talks, to have international monitors involved in the peace process. The group noted that the tsunami has helped in solving the conflict problem in Aceh by opening up the province to external parties.

The group expressed the belief that now is the time to bring in international monitors. International monitors - primarily from other ASEAN countries - were brought in during the ceasefire (CoHA) agreement negotiated by the Henri Dunat Center in 2001 (? Sorry I can't remember exactly...) But the initiative failed. The group said this was because there was no other international presence allowed at the time. Now that a variety of international workers and Indonesians are present in Aceh, bringing in peace monitors stands a better chance of success.

9.3.2 Corruption & Conflict: INGO Group

Problems:

1. Difficulties in engaging the government to address the issues (particularly the conflict's impact on rehabilitation/reconstruction).
2. Impunity (of warring parties, particularly government forces, also corruption cases go nowhere through the courts).
3. The conflict is labyrinthine:
 - Corruption is deeply rooted and comes in many forms at all levels - from the grass roots to the very top
 - Definition of corruption is vague, as social norms may mean that paying certain parties to 'look after' individuals and communities may be acceptable to all concerned
 - The 'family' in the conflict. The divisions seem to coexist within the family unit and extended family. i.e. it is not unusual for one son to be a GAM fighter and another to join the police or military. Government officials went to school with GAM commanders and their families keep in touch. Foreigners in particular remain largely ignorant of this facet of the conflict.
4. Relief workers from outside Aceh have been lulled into a false sense of security because the conflict is not immediately before them and they have access to most tsunami-affected regions. In addition, bosses in distant offices are too busy thinking about how to spend their funds than going too deeply into conflict issues.

5. Foreign organizations in particular cannot risk ‘speaking out’ on such issues (while local groups have more freedom to criticize and act).
6. Psycho-social/ trauma is a long-term phenomenon and so all parties must continually promote a humanitarian spirit.

Recommendations:

- Engaging the authorities on issues and promoting the establishment of a safe environment for all people in Aceh can only be effective when many organizations work together. ‘Safety and strength in numbers’ because no single organization’s voice will be heard.
- Sanctions (withdrawal of funds at various levels, from the top to bottom, ie bilateral governments or NGOs withdraw from villages/sub-districts where corruption occurs).
- INGOs need to get themselves better informed, in particular, about the history and nature of the conflict

Questions

Are Acehese people more optimistic now? Answer: In terms of the conflict, we feel more safe. There is more optimism in terms of wanting to get on with life and make a living.

Is the tax that civilians are extorted to pay to armed groups a kind of corruption? Should it be tolerated as inevitable and “the way we do things around here”? Answer: in theory there should be zero tolerance for such practices.

Cooperation and coordination with specialist agencies is a useful step forward for INGOs.

9.3.3 Grants or Loans?

The group determined that a mix of grants and loans was good for small business development. Grants can be in money or in “kind”. SC’s programmes were considered effective and efficient through their use of the bank, and the loan component would ensure only serious people would apply (noting that SC does also provide 100% grants for very vulnerable households).

The group didn’t resolve the question of how to ensure the loan fund will be used for business rather than get used for consumption, however, grants were seen as very important to ensure that a household’s basic needs were covered before the business was required to start taking on and paying off a loan, and grants paid to a family while the family and business is vulnerable might be worth considering. Community grants were seen as a useful approach which empowers communities and allows flexibility). The group recommended that loans should only be provided after people have met their basic needs and when the economy in the area is not completely destroyed and has almost recovered. Provision of loans is useful to enhance sustainability of business-related livelihoods activities.

A distinction was made between different target groups and objectives – there are vulnerable households within communities who need “income generating projects” to supplement existing but low-paid income source(s) – and households who are experienced in running businesses - or who have potential to run profitable businesses - who would be more interested in taking on and paying back a loan and who would also need business training.

Mercy Corps’ principle of providing community grants is founded on the principle of providing “retroactive insurance”. Millions of people and donors have given donations because they want the Acehese people to be able to recover the assets they lost, and quickly. MC believes in allowing communities choice the strategies people use in the recovery process and community cash grants provide this flexibility. This is a fundamental principle to MC’s emergency response and recovery programme: “*emergence*”. The grants for communities is complemented by livelihoods grants for small enterprises, and later MC will be supporting loans for medium businesses.

Vouchers were seen as preferable when it was intended to cover basic needs – but the group noted that there will always be a trade off between using cash and vouchers in terms of desire to *control and monitor how the cash is spent* on one hand, and the *philosophy of trusting people* to know what they need, and the *desire to enable choice* in how

the assistance is used on the other. Vouchers are as yet an untested system; IRD's voucher system has facilitated both choice and control – choice because groups involved in a business write the list themselves; and control because it limits the spending to certain categories of expenditure.

A voucher system is appropriate for provision of materials in-kind that don't have to be repaid. Loans should be 100% 'cash' (paid directly to beneficiaries). For very small businesses where returns will not be large and profits supplement other sources of income (poultry, small cake business etc.) beneficiaries should simply be given cash grants.

In terms of whether cash would be used for consumption rather than production, we were unable to decide but the decision clearly requires further discussion.

10 Issues for follow up

The following issues had been important to agencies but were not covered adequately. The Livelihoods working group provides a useful forum to take up these issues further, with small and active working groups tackling a particular issue in a different week.

- Partnership with local NGOs
- Timing of interventions, sequencing, exit strategies
- M&E, market monitoring
- Co-ordination with stakeholders (district and sub-district Heads, village structures, other NGOs), and ensuring that some areas are not neglected while others have "too much" assistance
- Participation of the community at all stages
- Cultural and religious issues, *gotong royong* and CFW, and vulnerability and targeting, dependency
- Capacity building within the community and within individual agencies

11 References

Please send a message to ODI (lesley.adams@odi.org.uk) if you have difficulties in accessing any resources cited below or if you wish for further information. The following table gives the location of websites and the names of documents that are provided in these minutes. Please see the contact list for agency representatives who should be able to provide additional assistance. ODI cash interventions resource link:

http://www.odi.org.uk/hpg/Cash_vouchers.html; Humanitarian Practice Network publications link:

<http://www.odihpn.org/publistResults.asp>

Author/Agency	Title	Location / file name
ACF Aceh	Preliminary Analysis on the food aid response to the tsunami crisis	A report looking at food aid in general in Aceh, and in ACF's intervention area, Teunom sub-district, on the west coast of Aceh. http://www.odi.org.uk/hpg/papers/ACF_analysis_aceh.pdf
Adams L & Kebede E (2005)	Breaking the Poverty Cycle: A case study of cash interventions in Ethiopia	HPG Background Paper, ODI http://www.odi.org.uk/hpg/papers/HPG_Ethiopia.pdf
Ali D, Toure F, Kiewied T (2005)	Cash Relief in a Contested Area: Lessons from Somalia	HPN Paper # 50, ODI http://www.odihpn.org/documents/networkpaper050.pdf
Brocklebank (2005) MRDS	Peer-to-peer Evaluation of Oxfam's Cash-for-Work Program in Lamno, Aceh, Indonesia.	Contact Oxfam, Aceh
CARE 2005	A Livelihoods Information System for Aceh Recovery Overview	http://www.odi.org.uk/hpg/papers/CARE_overview_aceh.pdf
Chastre & Levine (2004)	Missing the Point: An analysis of food security interventions in the Great Lakes	HPN Paper # 47, ODI http://www.odihpn.org/documents%5Cnetworkpaper047.pdf
DfID (undated)	Guidance sheets on Sustainable Livelihoods framework	http://www.livelihoods.org/info/info_guidancesheets.html
Harvey P (2005)	Cash & Vouchers in Emergencies	HPG Discussion Paper, ODI http://www.odi.org.uk/hpg/papers/cash%20discussion%20paper.pdf
Mercy Corps (2005)	Why Cash?	Mercy Corps cash strategy position statement http://www.odi.org.uk/hpg/papers/Mercy_Corps_aceh.pdf
Mercy Corps (2005)	Cash intervention as recovery: Innovative pilots in Aceh Tsunami affected communities	Mercy Corps livelihoods recovery strategy summary http://www.odi.org.uk/hpg/papers/Mercy_Corps_aceh_cash_intervention.pdf
Peppiat D, Mitchell J, Holzmann P (2001)	Cash transfers in emergencies: evaluating benefits and assessing risks	June 2001 HPN Paper # 35, ODI http://www.odihpn.org/documents/networkpaper035.pdf
Save the children 2005a	The HEA approach: what is it and what can it be used for?	Document summarizing the use of household economy information in documenting and analyzing livelihoods information in south and south east asia for tsunami recovery programmes. http://www.odi.org.uk/hpg/papers/SCF_HEA.pdf
Save the children 2005b	Livelihoods Assessment NE Coast, Aceh Province, Indonesia	Save the Children's rapid livelihood analysis for NE Aceh http://www.savethechildren.org.uk/scuk_cache/scuk/cache/cmsattach/2407_SC%20Livelihoods%20Study%20NE%20Aceh_Feb05.pdf
Winahyu & Aceye (2005), Oxfam	Food aid and the market in Aceh	A study of the impact of food aid on the market, and consideration of how relief assistance could better help revive the local economy. Please contact Oxfam.

12 Appendices

12.1 Appendix 1: Agenda

ODI Cash Learning Project: Experience Sharing Workshop: Aceh

15th-16th June 2005: at Dept of Social Affairs (DINSOS) next to Radio Republic Indonesia

Day 1: Wednesday 15 June

Time	Duration	Topic
0830		Registration; Opening remarks – DINSOS Deputy Head – Pak Hanif Asmara
0900	20	Introductions
0920	10	<i>ODI Project Summary</i>
0930	30	<i>Fears and expectations; Norms; Objectives</i>
1000	30	Coffee break
1030	30	<i>Case studies: CFW, grants</i>
1100	30	Record issues
1130	40	<i>Case studies: Cash for planning, use of banks, government welfare system</i>
1210	20	Note key issues
1230	60	Lunch & prayers
1330	30	Energizer
1400	20	Case Study – impact of Cash for work
1420	20	Note issues
1440	60	Discussion
1540	30	Tea break
1610	50	<i>Presentations from group discussions</i>
1700	30	Review & Close (1730)

Day 2: Thursday 16 June

Time	Duration	Topic
0830	30	Warm up
0900	20	<i>Vulnerability Analysis and Baseline Assessments;</i> Market – based alternatives to food aid;
0920	30	<i>Monitoring & Evaluation</i> Market monitoring in Meulaboh; Evaluating cash interventions: process and impact
0950	20	Note issues
1010	30	Tea break
1040	30	<i>Rebuilding Livelihoods: grant/loan mix; vouchers; In-kind assistance</i>
1110	50	Discussion in groups; review
1200	60	Lunch break
1300	10	Energizer
1310	40	<i>Partnerships and Accountability:</i>
1350	20	Note issues
1410	30	<i>Principles and ways of working in a conflict sensitive environment</i>
1440	30	Tea break
1510	60	Discussion / best practice in Aceh
1610	30	Review/Summary: what covered
1640	30	What else/what next
1710		CLOSE

12.2 Appendix 2: Indonesian Terms & Acronyms

ACRONYM	FULL NAME	Explanation
APBN	Anggaran Pendapatan & Belanja Negara	State budget
Baitul Qiradh		Micro Finance Institution (informal)
BAKORNAS	Badan Koordinasi Nasional	National coordination agency
BAKORNAS PBP	Badan Koordinasi Nasional Penanggulangan Bencana & Pengungsi	National coordinating agency for disaster mitigation and refugee management
BAPEL	Badan Pelaksana	Implementing agency for rehabilitation & reconstruction
BAPPENAS	Badan Perencanaan Pembangunan Nasional	Ministry of National Development Planning
BPKP	Badan Pemeriksa Keuangan Pemerintah	Development & financial supervisory agency
BPN	Badan Pertanahan Nasional	National Land Agency
BPR	Bank Perkreditan Rakyat	Micro Finance Institution (conventional)
BPRS	Bank Perkreditan Rakyat Syariah	Micro Finance Institution (syariah)
BRIMOB	Brigadir Mobil	Mobile brigade
BRR	Badan Rehabilitasi dan Rekonstruksi	Rehabilitation and Reconstruction agency for Aceh
BRR	Badan Rehabilitasi dan Rekonstruksi	Rehabilitation & Reconstruction Agency
BULOG	Badan Urusan Logistik	Agency for Logistic
<i>Bupati</i>		Head of District Government
<i>Camat</i>		Head of Sub-district government
DC	Development council	Village and sub-district level structure with (elected) members from community, govt and business sector
<i>Dinas Perikanan</i>	<i>Dinas Perikanan</i>	Provincial or district Fisheries Department
<i>Dinas Pertanian</i>	<i>Dinas Pertanian</i>	Agriculture
DINSOS	Dinas Sosial	Department for social welfare (province)
DPRD	Dewan Perwakilan Rakyat Daerah	Regional People's legislative assembly
GERAK	Gerakan Rakyat Anti Korupsi	NGO promoting transparency and accountability
JADUP	Jatah Hidup	Allocation money for living by government
JPS	Jaringan Pengaman Sosial	Social Safety Unit
<i>Kabupaten</i>		District level government
KDP	<i>Kecamatan</i> Development Programme	A WB funded community development initiative
<i>Kecamatan</i>		Sub-district level of government
<i>Kelurahan / Desa</i>		Village
<i>Keuchik / Kepala Desa</i>		Village leader
KPK	Komisi Pemberantasan Korupsi	Anti-graft commission
KPM	Kelompok Pemberdayaan Masyarakat	IRD's community empowerment structures

ACRONYM	FULL NAME	Explanation
LBH	Lembaga Bantuan Hukum	Indonesian human rights organization
LSM	Lembaga Sosial Masyarakat	Non-governmental organization (NGO)
MTI	Masyarakat Tranparansi Indonesia	NGO promoting transparency and accountability
NAD	Nanggroe Aceh Darussalam	Aceh Special Province
Panglima Laot	Panglima Laut	Representation for fishermen in Indonesia
PBK	Proyek Bemangunan Kecamatan	See KDP
P2KP	Proyek Penanggulangan Kemiskinan Perkotaan	UPP – Urban Poverty Project of KDP
POLRI	Polisi Republik Indonesia	National Police
<i>Pondok pesantren</i>		Islamic boarding schools
<i>Puskesmas</i>	Pusat Kesehatan Masyarakat	Village level health centers
RASKIN	Beras Miskin	Rice for poor people
Rupiah	Indonesian Rupiah (currency)	approximately Rph 9,600 to US\$ 1 in June 2005
SATKORLAK	Satuan Koordinasi Lapangan	Field Coordination Unit
SEMBAKO	Sembilan Bahan Pokok	Nine Basic Requirement
<i>Tambak</i>		Shrimp/ fish ponds (acquaculture)
<i>Toke Bangku</i>		Middle man fish trader
Tukang Kredit		Money Lender
Ulee Mukim		Community council (customary law)

12.3 Appendix 3: Terms used in cash-based responses

Access to food	Akses terhadap makanan
Accountability	Tanggungjawab/akuntabilitas
Cash learning project	proyek pembelajaran uang tunai
Cash response	bantuan uang tunai
Conflict-sensitive principles	Prinsip-prinsip sensitif terhadap konflik
Corruption	Korupsi
Direct beneficiaries	Orang yang menerima manfaat secara langsung
Disincentive effect	dampak menghambat
Emergency response	bantuan kedaruratan
extortion / intimidation	Pemerasan / Intimidasi
Good practice guideline	panduan praktek yang baik
Indirect beneficiaries	Orang yang menerima manfaat secara tidak langsung
Inflation	Inflasi
In-kind	non-tunai (dalam barang)
Monetisation	Monetisasi (proses pengesahan alat tukar)
Multiplier effect	dampak berkelanjutan
Needs assessment process	Proses pendataan kebutuhan-kebutuhan
project management cycle	Tahap dalam siklus proyek
Protection	Perlindungan
purchasing power	Daya beli
risk or hazard	Resiko atau bahaya
Seasonality	Ketepatan waktu; perubahan musiman konteks
targeting	Penentuan kelompok sasaran
Transparency	Keterbukaan/transparansi
Voucher-based response	bantuan berbasis kupon
Vulnerability	Kerapuhan / kerentanan

12.4 Appendix 4: International Terms and Acronyms

ACF	Action Contre La Faim	INGO
ADB	Asian Development bank	Multi-lateral donor
Alisei	Alisei	INGO
BRCS	British Red Cross	INGO – part of the federation of red cross and red crescent movements
CARE	CARE	INGO
CFW / C4W	Cash for work	Projects which have two objectives: to undertake public works and to provide short-term income
Childfund	Childfund	INGO
CRS	Catholic Relief Services	INGO
DfID	Department for International Development	British government's overseas development organization
FFW	Food for work	Projects which have two objectives: to undertake public works and to provide assistance in food
ILO	International Labour Organization	UN-affiliated organization concerned with promoting labour opportunities and developing/enforcing employment standards
IRD	International Relief and Development	INGO
M&E	Monitoring & Evaluation	
Mercy Corps	Mercy Corps	INGO
MRDS	Millenium Relief & Development Services	INGO
ODI	Overseas Development Institute	European independent research institute
OXFAM	OXFAM	INGO
SC	Save the Children	INGO
SME	Small & Medium Enterprises	
UNDP	United Nations Development programme	UN development organization
UNICEF	United Nations Children's Fund	UN child rights agency
USAID	United States Agency for International Development	US government dept for overseas aid
WB	World Bank	Multi-lateral donor
WV	World Vision	INGO

12.5 Appendix 6: Key information needed in a livelihoods baseline to help plan interventions
(from a brainstorming session involving the ODI steering committee)

