

Spanish Red Cross Tsunami Operation in Sri Lanka

GROWING BACK BETTER

Rehabilitation of Tsunami
Affected Cinnamon Industry in
Southern Sri Lanka



Cada vez más cerca de las personas

 **Cruz Roja Española**

The Indian Ocean Tsunami struck Sri Lanka on the morning of 26th of December 2004. As the waters receded, they left a grim reckoning. Over 35,000 people lost their lives; almost 100,000 homes were damaged or destroyed, and more than 200,000 people suffered losses to their livelihoods.

Over 4,200 hectares of agricultural land and more than 9,000 farming families were affected. Many inundated ground crops were destroyed, either being washed away or dying later from the increase in salinity.

In Galle District, in the southern part of the Island, the Tsunami affected a small stretch of cinnamon plantations along the coastline. In these areas the seawater came 2 km inland and in some cases water ran through the channels reaching plantations located 6 km inland. As a result, the earth remained with high levels of salt and many plants were ruined.

Although the damage to the sector as a whole was not very noticeable, with only around 300 Ha out of 30,000 ha the impact on the livelihoods of those whose lands were flooded was dramatic. Many of the farmers had only small plantations and the whole area they owned was destroyed.

Whilst implementing cash-for-work projects to clean the debris in some communities in Galle, SRC staff observed that some cinnamon plantations were completely damaged. In that community 30% of households mainly relied on the cinnamon industry, being cinnamon growers or cinnamon peelers, and had lost their livelihood. The peelers are essential to the cinnamon business, using specialised techniques to cut the branches of the trees, and peel and prepare the cinnamon quills for sale.



The impact of the Tsunami on the Cinnamon growers, peelers and producers livelihoods

The tsunami brought salty sea-water far up the small rivers and creeks that criss-cross the area, and these burst their banks, flooding fields and buildings. In many cases walls and buildings were destroyed by the force of the flowing water. As the water soaked into the soil, it left behind salt, which can take many years of rain to fully leach away.

It was estimated that 244.77 acres of cinnamon lands belonging to 387 small scale farmers were heavily affected and needed to be rehabilitated or replanted. Cinnamon peeling plants and oil units were destroyed as well.

For most of those small-holders, Cinnamon was the main livelihood strategy and often the whole household relied on it. Indeed, other households also relied on it: cinnamon peeling is seasonal work and the peelers have a variety of sources of income, but the loss of income from cinnamon would have a serious negative impact for many of them.

Many growers were keen to restart their plantations, but they did not have the economic means to pay for labour, and procure fresh seedlings and fertilizer in order to do that: especially at a time when their main source of income had been cut off.

However, there were also few opportunities in other sectors. Competition for jobs was high, and many of the growers had low levels of education and skills and found it difficult to find employment in other sector.

From the start this was a long-term project. It takes from 2 to 3 years to get the first cinnamon crop and almost 7 years to reach the “full” productivity thereafter. The project covered the costs of inputs, but it did not attempt to help the growers - or the peelers who are dependent on them - cover their basic household expenses during this time.

There is more to the industry than the growers and peelers. Others are involved in value addition: in particular the production of cinnamon oil from cinnamon leaves or bark. Several oil units were also damaged or destroyed by the tsunami, and the project took these on also, reconstructing buildings and providing upgraded equipment and techniques.

The project

The project aimed at supporting the smallholders cinnamon growers which fields were destroyed by the Tsunami to recover and improve their cinnamon production as a way to restore their means of living.

It was implemented by the relevant local authority, the Department of Export Agriculture (DEA).

This intervention was taken as an opportunity to build-back better. Farmers received training and technical support on their farms by DEA, to introduce agricultural best practices into their fields. The quality of seedlings provided was extremely high. New processes and equipment were introduced for oil production.

Cash grants were provided to cover the labour expenses towards rehabilitation and or replanting cost along the three years needed until to get the first crop. The payments were conditional to archive pre-agreed activities (weeding, removal of shade, adoption of soil and moisture conservation measures, infilling, pruning and fertilizer application) to a high standard, and this was monitored by DEA.

Cash grants were complemented with in-kind distribution of fertilizers, seedlings and tools.

Four cinnamon growers associations were created and supported as well as an umbrella cinnamon CBO to move forward the marketing side of this industry.

Finally, 9 processors received a cash grant as a contribution to build peeling sheets or to rehabilitate the oil units.

Project Achievements and Impact

The project started seven months after the Tsunami and ran for four years. At the end of the project, 306 cinnamon growers got their first cinnamon crop.

At this time the average production was already higher than before and the trend remains upward as the plantations have not yet fully matured. It is projected that yields will exceed 300 kg/acre compared to around 180 kg/acres reported as normal in these areas prior to the Tsunami). At the same time, the quality of the cinnamon had been upgraded, as the seedlings were good, the management of the plantations has improved, and the peelers skills have been upgraded.

Cinnamon growers got now better price for their products, not only due to the improved quality but also because they have more influence on price thanks to the networking and information sharing provided through the new created CBOs. As the world price for high quality cinnamon has also increased this provides a double benefit.

How have the beneficiaries used this additional income? 42% of the beneficiaries were able to invest into housing; 16% have improved the quality of the food and 15% increased the money spent on their children's education.

Although not directly targeted for inputs, the peelers have also benefited from the project. More than 500 cinnamon peelers have attended training to improve the quality of the cinnamon. Cinnamon peelers are paid one third the sale price of the production, so improvements in quantity, quality and price all directly benefit the peelers also.

The project rehabilitated 5 peeling centres, bringing them up to the high industry standard, and 4 oil units were also rehabilitated. The oil units employ around 40 people and buy cinnamon leaves from the growers.

Sarath Kumara is the breadwinner of a family of 5 members. The cinnamon cultivation and the cinnamon leaf oil cultivation have always been the main income of the family.

The Tsunami ruined the leaf oil distillation and lush green cinnamon fields.

After the tsunami he pawned his house and jewellery to top up the project grant for the reconstruction of the oil unit.

He reconstructed the oil unit following improved technology as per DEA requirements.

During the 1st harvesting season he was able to produce 178 cinnamon leaf oil bottles and had an income of around 600€. From April to July 2009 Sarath produced 570 cinnamon leaf oil bottles and his income was 2.000€.

Before the tsunami, his production capacity was one third of this production.

He employs five people in the oil unit.

He also received support to replant 0.25 Acres and to rehabilitate 1.25 Acres and after three years both the production and the quality are superior to before the Tsunami.

He was recently able to release his assets at pawn and the family is now better off than before Tsunami.



THE PROJECT IMPLEMENTATION

Initial assessments and targeting

The fieldwork began with an “orientation” program addressed to 16 DEA field officers who were trained in data collection and survey techniques.

On the following month, they visited all the affected cinnamon growers to assess the level of damage to their fields and if the fields could be rehabilitated or would require a complete replanting. Damage to peeling centres and oil distillation units was assessed at the same time.

21 SLRCS volunteers were trained, and they conducted household-level interviews to gather information about the affected cinnamon grower’s livelihoods profile and the HH economic situation after the Tsunami.

In total 387 cinnamon growers were visited and 329 out of them were considered as eligible according to the damage on their plantations.

To access to project in-cash contribution towards the construction or rehabilitation of peeling centres and oil units, the following process was followed:

1. Information was disseminated among farmer’s organizations
2. A committee (1 member of each farmer organization, 2 DEA field officers and the SLRCS project officer) to select the beneficiaries was created.
3. Interested applicants were called to submit their proposals
4. Proposals were analysed, interviews and field visit conducted to verify that applicant could qualify. They need to have a processing centre before the tsunami and have the financial capacity to top up the construction cost.

All the qualifying applicants received the cash-grant contribution from the project.

Beneficiary’s mobilization and involvement

Qualifying beneficiaries were called for meetings in 4 different areas. They were consulted about the project design and the activities to be undertaken, and their feedback influenced the eventual design of the project.

At the same occasion, one cinnamon grower CBO was created in each area, as these had not existed prior to the tsunami: DEA was in the process of setting them up across the cinnamon growing areas of Galle province.

A Plan of Action was elaborated by DEA with the farmers feed-back and the project progress was monitored along the project through the monthly meetings held by the CBOs.

A grievance mechanism was put in place: beneficiaries could place their complaints in written in the DEA offices close to their area of intervention. DEA field officers handed over the complaints to DEA Director in Galle who had to examine them with SLRCS Project Officer and SRC Delegate. Written replies were provided back to beneficiaries.

The cash grant scheme

Cash Transfer type	Conditional Cash Grant
Purpose	To recover existing livelihood: cinnamon production
Conditionality	To follow pre-determined activities at different stages according to DEA standard to rehabilitate or replant the plantations
Amount	Re-plantation 47.800 rupees/acre (around 320€) Rehabilitation 19.500 rupees/acre (around 130€)
Payment mechanism	Cheques delivered at the CBO meetings into seven instalments for replanting or five for rehabilitation
Skills building and training	Technical trainings provided mainly by DEA Technical support provided during field visits by DEA

The DEA and the SLRCS Project Officer in consultation with the farmers set up the cash amount that was calculated on the basis of the labour cost for the field work to be done and the number of acres to be re-planted or rehabilitated. So different farmers received different amounts of money depending on their needs.

This amount was much less than the income that farmers were getting from their production, and was not intended to be enough to cover the household's basic needs.

The payments were organized in seven instalments with an interval of six months for replanting and five for rehabilitation, taking into account the completion of some preliminary works and seasonality.

Wherever the works were not completed or not completed to the required standard cheques were not issued. At the next instalment round, two cheques could be released if the farmer had then completed or improved the works.

Of the growers that began the project, only 6% failed to complete all the works to the required standard and therefore did not receive the full complement of payments.

Cheques were provided during the CBO monthly meetings. The reason to select this delivery mechanism was for the project to be accountable with farmers, as everyone could confirm that payments were being done, and mainly to promote farmers attendance to the CBO meetings. Moreover, when the project started many of the farmers did not have any bank account and have lost their ID documents.

Table 1: Cash Grant Assistance Package								
Payments of Cash Grants								
Activity	Step I	Step II	Step III	Step IV	Step V	Step VI	Step VII	Total Rs/Ac
Replanting of cinnamon								
Payments of cash grants Rs/Acre	22,750	8,250	3,300	3,300	3,300	3,300	3,600	47,800
Step I	Land Preparation							
Step II	After planting							
Step III	6 months after planting							
Step IV	12 months after planting							
Step V	18 months after planting							
Step VII	24 months after planting							
Step VII	30 months after planting							
Rehabilitation of cinnamon			Step I	Step II	Step III	Step IV	Step V	Total Rs/Ac
Payments of cash grants Rs/Ac			9,000	3,000	2,500	2,500	2,500	19,500
Step I	Land Preparation	2005 Nov						
Step II	Maintenance	2006 Yala Planting Season						
Step III	Maintenance	2006 Maha Planting Season						
Step IV	Maintenance	2007 Yala Planting Season						
Step V	Maintenance	2007 Maha Planting Season						

For the construction/rehabilitation of processing centres, the amount was calculated by DEA at a flat rate (SLR per square m) for peeling centres, and value of needed equipment for oil units. Payments were issued in 4 instalments after verification of the works.

Building skills through training

In addition to the cash-grant, the farmers received training in harvesting and processing cinnamon, marketing strategies, international cinnamon trading standards and good manufacturing practices.

Peelers were also provided with trainings to improve the quality of the cutting and thus the quality of the cinnamon bark.

DEA field staff visited the farmers once a month to monitor the status of the plantations and to provide technical support. This factor was critical to improve the productivity as well as the quality of the cinnamon produced. These visits made great emphasis on pruning of the cinnamon bushes, adoption of soil conservation practices and humidity and weed control.

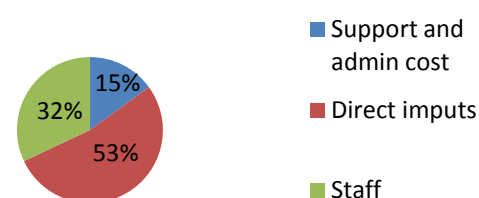
Marketing

During the second year of project implementation, it was identified that to secure higher earnings to beneficiaries it was necessary to support them to market their products more effectively, as well as to increase the production and the quality.

To this end the project funded a consultant to support a Cinnamon Growers Umbrella CBO, CINCA, to analyse the market opportunities for its members at local, national and international

The cost per beneficiary was 889€ as per the breakdown shown in the chart:

Cost per beneficiary breakdown



level (including Fair-trade) and to develop a strategic plan and a business plan seeking at improving the marketing and access to markets for local producers.

The consultancy took place during the last year of the project and at the end of the project CINCA was in the process of being registered as an exporter organization.

Key learning points

In the offset of the disaster many organisations supported the livelihood groups that were more affected by the Tsunami (i.e. fishermen). Even though the impact of the Tsunami in the Cinnamon Industry was almost neglectable, the impact on the small-holders whose plantations were affected was dramatic. After a disaster it is important to assess the impact at the less “obviously” affected livelihoods groups.

Despite the fact that volunteers were trained and household-level interviews conducted to gather information about the affected cinnamon grower’s livelihoods profile and the HH economic situation, the quality of the assessments were poor. No valid information was gathered on the impact of the disaster on the family economy, nor on the coping strategies of the affected families and their capacity/plans to recover.

Needs assessment should be based on a clear reference or baseline year and take into account the direct and indirect impact of the disaster on family economy, the coping strategies of the affected population and the plans of other actors when designing the response. To achieve this, sufficient training should be provided to the data collectors.

The project just intended to cover the labour expenses and other expenses/needs (such as fertilizer and selling) to recover the cinnamon crops. The design of the project implicitly assumed that affected cinnamon growers would be able to meet their HH needs until their plantation recovers. A more robust assessment could have identified the need to support the most vulnerable families to meet their basic needs at the initial stages. Some beneficiaries needed to pawn their assets or indebt themselves to cover the family basic needs.

A top up cash grant to cover the basic expenses for a certain period of time could have been established for the HH in risk.

The cash delivery mechanism was appropriate in many ways, for instance it ensured farmers attendance to the trainings and project transparency. However, once the families were settled back and all documents in order it could have been adequate to check with the beneficiaries the convenience to shift to bank transfers. This would have avoided the burden to go to the bank for small amounts of money (some beneficiaries did not collect the money when there were small quantities) and more important it would have linked the beneficiaries with the financial institutions.

DEA was an efficient partner who ran the project to high quality standards. Wherever a local partner has the capacity (or the potential) and the willingness to implement a project this operating modality should be prioritized as it empowers and develops the local capacities. In that case, DEA increased its capacity in community mobilization which had some multiplier effects. For instance, local farmers CBOs were created in non Tsunami affected areas to strengthen farmer organizations marketing capacity.

The marketing component was tackled at the later stages of the project. Greater impact could have been achieved by starting this component since the beginning. Marketing aspects of the projects should be taken into consideration since the design of the project to ensure higher project impact.

Project summary

Area of Intervention	<u>Galle District:</u> Balapitiya, Ambalangoda and Hikkaduwa Division
Implementation period	01/07/2005 to 31/10/2009
N° of beneficiaries	343 farmers 5 owners of peeling centre 4 owners of distillation units
Budget	323.696 Euros
Goal	Improve the livelihoods of the Cinnamon Industry related families affected by Tsunami in Galle District
Specific Objective	To increase and improve the productivity of the affected cinnamon lands in Galle District

Cash Transfer resources

IFRC/ICRC “Guidelines for Cash Transfer Programming”

SDC “Toolbox for the Cash workbook”

ICRC “Micro Economic Initiatives: Handbook”

Oxfam guidelines and other materials

CaLP materials and trainings

CaLP “Delivering Money: Cash transfer mechanism in emergencies”



Cruz Roja Española

Cada vez más cerca de las personas

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