

Learning from cash responses to the tsunami Case Studies

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Contents

Introduction

Chapter 1: Government Emergency Cash Transfers

Chapter 2: Mercy Corps' Community Cash Grants

Chapter 3: Cash grants as an alternative to food aid

Chapter 4: Cash for work

Chapter 5: Cash grants for livelihoods recovery

Chapter 6: Cash grants for shelter

Chapter 7: Cash grants for vulnerable groups

Chapter 8: References

Annexe: Exchange rates

Introduction

These case studies present information on the range of sectors where cash transfers have been a critical element. The document is organised in terms of intervention type, as follows:

- basic needs assistance (food and non-food needs)
- community rehabilitation/employment (cash for work)
- livelihoods recovery (cash grants)
- shelter (including cash for host families)
- child protection and social protection

The aim is to provide brief descriptions of a range of projects with a relatively detailed analysis of issues that arose during implementation. All currencies have been converted into dollars for ease of reading (the process for this is described in annex 1). These case studies accompany the Tsunami Cash Learning project final report (Adams 2006) and a set of issue papers which provide guidance for cash project managers based on lessons learned during tsunami interventions (Adams & Harvey 2006). Some publicly available resources and reports are accessible through the ODI tsunami cash learning project webpage (http://www.odi.org.uk/hpg/Cash_vouchers_tsunami.html).

Chapter 1: Government emergency cash transfers

1.1 Government relief in Indonesia

In Indonesia, most relief assistance and social welfare support has traditionally been in-kind assistance. The central ministry responsible for post-disaster welfare nationwide is DEPSOS (the department of social affairs), with SATKORLAK (the government's field coordination unit). Provisions are usually in-kind. The work of DEPSOS and its provincial-level offices (DINSOS) includes evacuating disaster-affected people and maintaining reserves of food aid (rice and complementary foods such as noodles, cooking oil and dried fish), tents and boats. These stores exist at provincial and district level. DEPSOS works in collaboration with BULOG (the national logistics agency)¹ to implement a safety net scheme known as RASKIN (*beras miskin* or rice for the poor). RASKIN was developed after the economic crisis in 1998. It is a welfare scheme under DEPSOS through which targeted households can purchase 20kg of rice per month at around one-third of the normal price. The money collected from registered households is taken by village authorities to the sub-district or district, where it is paid into one of two banks (BNI or BRI), and thence transferred to central level. When this transfer is cleared the nearest BULOG office dispatches the food to the village. The targeting of this resource is widely reported to be weak; however, there is no hard data to identify the level of exclusion or inclusion error. Warehouse capacity is inadequate compared to BULOG's identified minimum stocks. In Nias district, for instance, the BULOG warehouse has space for 1,250 tons of the 6,000 tons planned for. (In Nias routine distributions (under RASKIN) account for 2,000 tons per month.)

In 2005 two government cash transfers were established. The JADUP programme provided cash for basic needs (see below) to tsunami victims, and the BLT² programme provided cash welfare payments to poor households affected by rises in fuel prices following the partial removal of fuel subsidies.

1.1.1 JADUP – emergency direct cash disbursement

WFP Aceh signed an early agreement to supply rice, oil, noodles and tinned fish. The government therefore decided to provide funds for what are termed 'side dishes' – *uang lauk pauk* (ULP). The popular acronym by which this cash transfer programme is better known in Aceh is JADUP. The JADUP cash transfer was a new approach to government emergency support – previously all support had consisted of in-kind assistance through DEPSOS warehouses.

¹ BULOG is a parastatal organisation covering logistics of essential commodities such as rice; one of the functions is stabilisation of rice prices. When the price is too low for the farmers (below the threshold minimum farm gate price) BULOG buys rice from producers; and when the consumer price is too high it releases stocks onto the market.

² BLT stands for Bantuan Tunai Langsung (literally 'Direct Cash Assistance').

The JADUP programme worked as follows: funds were transferred from the central DEPSOS budget for routine emergency assistance to the account of the province (Governor's office), and onto the district administration. Together with SATKORLAK the district administration implemented the programme, and monitoring was the responsibility of the Ministry of Social Welfare (MENKOKESRA). The plan was to provide the cash assistance on a monthly basis to tsunami-affected households as long as they were classified as 'displaced'.³

As of December 2005, 474,000 IDPs had been registered, although 516,000 were reported to be eligible and receiving the funds. This discrepancy may have been due to double counting (a problem with mobile populations), or a host family might have been deemed eligible if it was also poor. Under this project, tsunami-affected households (IDPs living in barracks, those who had returned to their original villages and were living in tents and other structures, and those in host families) received Rp3,000 per person per day. The budget for March and April was IDR 81 billion (around \$8.4 million).

The system was flawed in many respects:

- There was no baseline data, and no transparent registration process using a system of ID or ration cards.
- There was no formalised monitoring system and no post-distribution monitoring visits were made to check who received the cash, and whether they were required to pay any of it to officials.
- Cash disbursement was done through the government authorities at each level, with village leaders responsible for distributing the cash to beneficiaries at village level. Using financial institutions to disburse the cash was not considered.
- The system was overly bureaucratic and unable to cope with the needs of the disaster response.
- There was relatively little information on the programme, resulting in confusion (for instance, one village head distributed the cash to everyone instead of targeting the affected households; poor communication left the programme open to corruption and manipulation (see below).

³ According to the definition of IDP used by the government, the term includes those who have been displaced from their house due to disaster. So the affected tsunami people who have been able to remain in their house are not entitled to the JADUP. Because community members recognise that the incomes of these people have also been affected they sometimes share the village's JADUP entitlement evenly among the whole affected population.

Other challenges included the delayed arrival of funds from Jakarta and variations in the payments. The cash transfers started around March 2005, and as of December 2005 DEPSOS reported having received only two months' worth of funds from the central finance department. While there has been no formal evaluation, it is clear that there was confusion over what beneficiaries should have received compared to what they did receive, that there was variation in the amounts received, and that the assistance was short-lived. An Oxfam study carried out at the end of 2005 found that households had received just three months' worth of JADUP (June to August 2005) (Winahyu 2006).

A government coordination meeting on 18 March 2005 in the Governor's office discussed, among other emergency response issues, the government's cash allowance for IDPs. The excerpt in Box 1 illustrates the challenges faced by government officers responsible for new emergency cash disbursement programmes in the absence of pre-existing cash transfer systems, and without technical support from international donors or agencies. The funds received initially (IDR 20 billion (around \$2 million)) were sufficient for around 220,000 beneficiaries – less than half what was required to support the entire IDP caseload.

Box 1: The challenge of large-scale, extraordinary government cash transfers

[The Chairman] raised the issue of the distribution of daily allowance (IDR 3000 per day per person) to IDPs. He has received IDR 20 billion (approximately \$2,074,000) from Jakarta to be distributed to IDPs. Regarding distribution of allowance, he asked for advice on the best mechanism for distribution of money. He elaborated on the various channels for distributing the allowance:

Government → Heads of villages → IDPs

Government → Head of Sub-District → villages → IDPs

Government → IDP group leaders → IDPs.

[The] City Mayor suggested that the cash money should be distributed through the head of the sub-district, since the head of sub-districts know their people better. Aside, people do not really support the idea of allowance distribution through head of village. They suspect that the head of village might misuse the money.

Source: meeting chaired by the acting governor in Aceh (March 2005). Despite these reservations, the government proceeded without seeking advice on potential cash disbursement systems, and village leaders were used to distribute the cash.

Cases of corruption and manipulation were compiled by a national anti-corruption civil society organisation (GERAK) relating to corruption within government programmes, including JADUP. Field interviews by ODI confirmed that corruption had occurred – usually through village chiefs withholding part of the entitlement. For instance, instead of receiving IDR 90,000 for one month, one respondent received IDR 15,000 and another IDR 45,000. People did not complain in some cases because they did not know what they should have received, or what was transferred from higher levels. Authorities could easily claim ‘we didn’t get enough’. One form of manipulation is the registration of ‘ghost’ beneficiaries; another is for authorities to take a cut. GERAK’s study noted that the amount of “cut” taken from a one-month entitlement (IDR 90,000) ranged from IDR 3,000 to IDR 52,000. The cases of corruption exposed by GERAK amount to a loss of IDR 135,943,000 (around \$14,000) (GERAK 2006). While this appears insignificant compared to the overall sum transferred (\$8.5 million for the first two months, according to DINSOS) this figure may represent just a small sample of cases.

One problem with the JADUP programme was that after the initial supply of cash from the central level further resources were withheld at national level – according to the provincial social welfare department (DINSOS). The national authorities argued that the problem was due to bureaucratic delay in the transfer between the government’s central funds and the implementing ministry (DEPSOS), but they also mentioned lack of proper accounting for disbursed funds in the province. The non-arrival of subsequent funds from national level led some district authorities to reportedly use their own resources to pay beneficiaries – perhaps in anticipation of this money being reimbursed by the centre. Others may have had to spread the funds more thinly because the total amount was insufficient.

It should be emphasised that, despite the problems, the receipt of the JADUP cash transfer relatively early on in the response – before NGO grants had been distributed – constituted much-needed assistance. If the JADUP payments had been regular and reliable, beneficiaries would have benefited further from being able to *count* on the cash support early on in their recovery.

1.1.2 BLT: cash disbursement using the post office for poor households

The government’s social welfare payment for non-tsunami areas (BLT) was funded by the Asian Development Bank, and was implemented with proper systems for registration and disbursement. The scheme was brought in to protect the poor against price increases due to the partial removal of fuel subsidies. The earlier fuel subsidy had started up as a welfare programme but was believed to have disproportionately benefited the better-off. The BLT programme was set up because of the perceived need for an *integrated* programme for the poor. Although the

BLT is not relevant to the tsunami response, it is included here because it represents a significant improvement on the government's JADUP tsunami relief. The BLT is said to be the largest cash transfer programme in the world.

The fuel subsidy amounted to IDR 120 thousand billion (\$12.4 billion). Of these funds, approximately two-thirds were earmarked for supporting and protecting the poor from the increased living costs incurred through the removal of the subsidy. Support covered primary and secondary education (removal of tuition fees and payment of teachers' salaries); health; village infrastructure; and cash transfers for the poor (IDR 4.6 thousand billion (\$4.6 billion)). The remaining third (IDR 40 thousand billion (\$4.15 billion)) was for macro-economic reserves. The cash transfer of IDR 100,000 (\$10) per household per month was expected to exceed the increased costs to the household arising from the partial removal of the fuel subsidy – estimated at IDR 20,000 (\$2) per household per month. Hence the BLT payment represented an *additional* welfare payment for the poor in excess of the increased costs of fuel.

The programme was well-designed, with implementation details covered by a programme manual (in *bahasa Indonesia*). Moreover, registration and data management were deemed critical elements of the programme, and the government's statistics bureau (BPS) was given responsibility for both. The census conducted by the BPS prior to registration was extremely useful as the lists of "poor households" from other sources (health posts, the food subsidy programme, and the family planning unit) were not uniform. As of December 2005 around 15.5 million households had been registered, and 15 million had received cash. In Aceh, the programme was delayed by the registration process which meant that beneficiaries went without the first instalments.

The post office system was responsible for distributing the cash to poor households throughout Indonesia, including rural and remote areas. Cash transfers were scheduled every three months (October–December 2005, January–March 2006, April–June 2006 and July–September 2006). Monitoring was to be conducted by MENKOKESRA (the Ministry for Economic and Social Welfare) with the help of 56 universities throughout the country. The World Bank provided technical support for studies of the programme.

The post office used its mobile units to cover all the distribution points, as agreed with local authorities, and issued pass books which in theory allowed the beneficiaries to collect future payments direct from the post office. Using the post office had the additional benefit for BLT recipients of helping them access a savings account – which was facilitated through a partnership between the post office and a national bank (BTN) – and potentially to microfinance.

Box 2: The post office system in Nias

Nias island was affected by the tsunami and by an subsequent earthquake in March 2005. The post office service in the northern district (Nias) has seven branches – one in all but one sub-district. Two of the branches were destroyed in the earthquake and were being rebuilt. Services had been transferred to other branches.

Since the advent of mobile phones and the internet the post office has suffered from less business, and therefore welcomed the increased business offered by the BLT scheme. The post office required account holders to pay in IDR 20,000 (\$2) as an opening balance, and to maintain IDR 5,000 as a minimum balance. Credit was in theory accessible through the post office's link with the BTN bank (the only problem was access, as the nearest BTN branch to Nias was in Medan, around a day's journey away).

The post office charged a flat fee of IDR 3,000–5,000 per transaction. With the BLT payment being made in three-month tranches of IDR 300,000, this represented a 1–2% service fee. The fee covered the costs to the post office of transportation, accommodation for outreach staff in the field and security (usually provided by the police).

The 'poor people's cards' that were distributed to registered household heads were distributed by post office staff. The distribution of the funds took place at central locations in the village, or as close to the village as possible. In Nias there were on average eight distribution points per sub-district – usually at a government office determined by the sub-district head. For those who were unable to reach the distribution points (the elderly, disabled and sick), a system was established for proxy receipt: the proxy presented an affidavit letter (*surat kuwasa*). The recipients were responsible for paying the initial funds into their accounts. Subsequent payments were to be transferred directly into their accounts. The reason for the first payment being made directly was to enable post office staff to familiarise beneficiaries with the system, and to get to know their clientele.

Source: Interview with the head of the central post office in Gunung Sitoli, Pak Asmin Daeli

The cash transfer scheme covered Aceh, but tsunami-affected populations were excluded from the benefit. The BPS statistics show that, in Aceh, the removal of the fuel price subsidy further increased already-rising inflation (cumulative inflation between December 2004 and December 2005 was 41% across the province – much higher than the national average of 17%⁴ (BPS

⁴ Even before the government increased the price of fuel, the rate of inflation in Banda Aceh had reached 18.77 percent. The increase in the fuel price that came into effect in October caused the rate of inflation in Banda Aceh to soar to 33.56 percent. Inflation in Banda Aceh increased further during Ramadhan and Idul Fitri, so that by the end of 2005 inflation had reached

2006)). Tsunami-affected vulnerable households were excluded from the BLT on the assumption that they had received JADUP and that they had benefited from many other forms of cash assistance. But the JADUP had not reached most tsunami-affected poor households for most of 2005. Moreover, much of the donor tsunami assistance was directed towards the economically active. The non-economically active – an important target group for the BLT – had been ignored by most agencies, and the others had failed to come up with a strategy for assisting them. Support for this group should arguably be the responsibility of the government as structural constraints (lack of household labour, for instance) prevent them from effectively using emergency recovery grants provided by relief agencies (if indeed they received anything): they need a long-term safety net. The problem seems to stem from the separation of the JADUP and the BLT in Aceh – where both operated. The BLT could have included the chronically poor tsunami survivors identified at the registration stage of the JADUP (or indeed, the registration phase of the food relief programme), and taken over support to these households as the JADUP and food relief programmes wound down. However, this link was never established for a number of reasons: first: these other programmes did not include a comprehensive registration process or use a database to manage information on beneficiaries; second, there was no analysis of beneficiary households' economic status (the food relief programme targeted on the basis of type of accommodation, and geographic location); and third, WFP's collaboration with government focused on logistics, and DINSOS – the social welfare department – was not effectively involved.

1.1.3 Discussion

The two types of government cash transfers in Indonesia since 2005 represent both ends of the scale in terms of quality programming and effectiveness.

Few agencies took an interest in the JADUP system, and assumed that people were getting the cash that they were said to be receiving. While some of the tsunami victims had other sources of cash to help them meet basic needs while resuming their businesses, a considerable number needed additional cash merely to meet their basic food and non-food needs. A strong JADUP programme could have addressed the targeting problems of the RASKIN welfare system, and could have supported relief beneficiaries who failed to get back on their feet by linking them with the pre-existing social welfare system (RASKIN) or the BLT which started up in 2005.

41.11 percent. The double digit inflation in 2005 appears to have been unavoidable. The increase in fuel prices of more than 100 percent caused the price of other goods to soar.' BPS 2005.

The support of the World Bank and other donors for the BLT programme has been critical in helping the government to deliver what appears to be an effective system to soften the economic shock of the fuel subsidy reduction. If the same assistance had been provided to strengthen JADUP, funds received from the national level for the first round may have been disbursed efficiently to those who needed the assistance, with records justifying the spending sent back to head office with a request for the next tranche, followed by subsequent disbursement. The massive impact of the disaster on the provincial government's already weak capacity to deliver such a programme should have prompted agencies to step in, and the government to request such support.

Technical support to governments in the critical design stage – and for management and monitoring – should be considered for future emergencies. International organisations such as the United Nations Development Programme (UNDP), which has a mandate for this kind of support, or other agencies who are becoming increasingly competent in cash transfers, should consider offering technical help in their emergency response strategies. In Aceh UNDP's role included support to DINSOS and to BRR (the coordinating reconstruction agency), but the JADUP programme (under DINSOS but of interest to BRR) seems to have fallen through the net – and an opportunity was lost to establish an effective cash transfer mechanism for emergency response. If the BLT compensation programme had not been launched nationwide in 2005, the government (and the humanitarian community in Indonesia) would still be without a tested model for large-scale cash transfers. It is fortunate that the BLT scheme was launched last year – as this system has provided useful experience for setting up cash transfers; it remains to be seen whether the government intends to pursue a JADUP-type response to future disasters or to adopt the BLT approach, and, if the latter, what adaptations might be necessary (if any). The government's response to the May 2006 earthquake in Java suggests a continued commitment to the JADUP approach. However, reports from the field suggest that the problems met in Aceh occurred again in Java.

1.2 Government of India

1.2.1 Pre-tsunami national social welfare schemes

In India the government provides relatively good welfare assistance for vulnerable individuals and households. The following is a summary taken from an ODI/SC research study/project proposal (Deshingkar et al. 2006)

Table 1: Government schemes providing assistance to poor people

Scheme	Eligibility criteria
Old Age Pension Scheme (Normal) (since 1962)	All people over 65 with no means of support and all people over 60 who are incapacitated and have no means of support. Excludes professional beggars
Destitute and Physically Handicapped Pension Scheme (since 1974)	Handicapped and destitute over the age of 45
Destitute Widows Pension Scheme (since 1975)	No age limit; women with a son are eligible
Destitute Agricultural Labourers Pension Scheme (since 1981)	Over 60 years of age
Destitute and Deserted Wives Pension Scheme (since 1986)	Over 30 years; women with sons are eligible
Public Distribution System (PDS)	Below the Poverty Line (BPL) households are eligible for PDS cards. The holder of a PDS card is entitled to receive subsidised food from government outlets. This is a major mechanism for enhancing food security among the poor.
Nutritious meal programme (midday meal scheme)	Although originally for preschool children, the scheme has been extended several times to include older children and, since 1983, pensioners, and pregnant women since 1995

Source: Deshingkar et al (2006).

All pension schemes provide the beneficiary with INR 200 per month (INR 75 from central government) through Money Orders provided by the Special Tehsildar (Distress Relief Schemes) of the Revenue Department. With the rising cost of living this is clearly not enough to meet all the needs of the recipient. However it does give the person some cash which improves their food security and access to other essentials. But the performance of government schemes is very mixed. While some such as the National Old Aged Pension Scheme, the mid-day meal scheme and the public distribution system (PDS) were found to work well at the village level, many others are not working so well (ibid.).

Deshingkar et al. noted that, while the pension systems themselves are relatively good, ‘our interactions with different groups of people indicated that the level of awareness regarding government schemes was abysmally low. This appears to be due to a combination of illiteracy, having no or very limited contact with government officials beyond village level functionaries and the control of information by the local elite. Even where people were aware of schemes they did not have accurate information. Another problem was that people access a scheme for a certain purpose but then spend the money on consumption or paying off debts because of their desperate need for cash’ (ibid.).

An important post-tsunami response suggested by Deshingkar et al. would be to ‘attempt to enable project beneficiaries *to claim government benefits that they are entitled to*. This will be a difficult and complex task because the obstacles are of a highly political nature and closely linked to entrenched attitudes, behaviour patterns and institutional structures of oppression and exploitation’. The authors recommended following the approach of others who had improved transparency and accountability in allocation of *panchayat* funds.

1.2.2 Government of India tsunami response

The government’s post-tsunami response was extensive, comprehensive and rapid. One evaluation noted an extremely rapid response: ‘86% of affected families surveyed said that they received help from the government in the first 48 hours’ as opposed to between 40% and 60%, who were assisted by NGOs, medical and religious groups (Fritz Institute 2005).

The government’s assistance in Tamil Nadu is detailed in the state government’s tsunami response report (Government of Tamil Nadu 2005). It is summarised below.

Emergency assistance	Tamil Nadu state response
Compensation for deceased family members	INR 100,000 (\$2,264) per deceased person. This was paid to the next of kin by cheque; each beneficiary was required to open a bank account if they did not already have one. Verification of legal heirs was done by government officials
Compensation for injury	INR 25,000 (\$566) for loss of limbs; INR 5,000 (\$113) for grievous injuries
Basic needs (in-kind assistance) (food and non-food items)*	Initial household relief package: 60kg rice, 3 litres kerosene, 1 <i>dhoti</i> , 1 <i>saree</i> , 2 bedsheets. Additional 10 litres kerosene provided per household in January

Basic needs (in-kind assistance) – monthly ration*	Monthly provisions worth INR 526 (\$12) per person per month (rice, condiments, kerosene) provided for 4 months.
Basic needs (cash transfers)* (for food and non-food items)	INR 1,000 (\$22.60) per person per month for 4 months
Unconditional cash transfers* (not earmarked for particular purpose)	INR 1000 (\$22.60) per household for buying kitchen utensils and stove

* Distributed by officials with strict monitoring (according to a government representative in Chennai)

In addition the government gave:

- cash assistance for Self-Help-Groups (SHGs);
- cash for repair and replacement of boats, nets and motors;
- free books etc for students and suspended tuition fees/exemptions from exam fees till the end of the 2005/6 academic year;
- grants to women in fishing communities for fish-related businesses;
- pension benefits extended to additional numbers of elderly, physically handicapped; destitute widows, agricultural labourers and destitute wives;
- cash for agricultural land reclamation; and
- cash for orphans.

The cash for orphans was invested in a fixed deposit account in the name of the child and was accessible to the child on reaching 18 years of age, for educational or employment purposes. Until that time, the plan seems to have been for children to be absorbed into child care centres opened by the government in Cuddalore, Nagapattinam and Nagercoil with facilities to maintain 100 children at each centre. The centres were provided with ‘everything necessary for the development of the children’ (Government of Tamil Nadu 2005: 14). Adoption procedures were to follow procedures already in force. However, the appropriateness of the government’s welfare provisions for orphans has not seemed to have drawn the attention of child protection agencies, and without a review it is impossible to determine whether these children’s needs have effectively been met, and whether the protection afforded by these programmes was adequate. Child protection organisations usually advocate for facilitation of care within a family environment wherever possible.

No formal evaluation has been done of the government cash transfers, but agencies working among marginalised communities report that the ‘invisibly affected’ (inland fishing communities) have not been registered for assistance as the registration was done by traditional fishing community structures (the traditional *panchayat*) rather than those representing the larger community (the formal *panchayat*). In effect, those whose incomes were affected but whose houses remained intact (e.g. the labourers who relied on agriculture and fishing for income) were not included in these benefits. Such communities have historically been marginalised due to their low social status (scheduled castes and tribes). A number of NGOs have stepped in with cash for work and income generation projects for these groups, and one agency is considering providing them with cash assistance.

The cash disbursement was closely monitored and seems to have been done according to standard procedures. However, the practice of ‘taking a cut’ (*mamul*) is ‘accepted’ in India (Vijayalakshmi, 2005), and it is possible that direct cash transfers from the government would have been subject to this practice without close supervision (particularly when disbursed by those taking the cut). Transfers direct into a bank would have been less vulnerable, as the cash transferred would have been less visible/accessible. NGO staff in India also note that payment to self-help groups rather than individuals reduces the risk of *mamul* – or of moneylenders coming to claim long-standing debts – but clearly flexibility is needed as some people may not be members of self-help groups.

1.3 Government of Sri Lanka

1.3.1 Pre-tsunami social welfare systems

The government’s existing non-emergency social welfare system provides a limited amount of assistance to poor households. Schubert (2005) summarises what this includes:

The GoSL has a long history of transfer programmes in cash, in kind and in the form of food subsidies. The Samurdhi programme is based on the Samurdhi Act of 1995 and is implemented under the Ministry of Samurdhi and Poverty Alleviation. It has the objectives of integrating youth, women and disadvantaged groups into economic and social development activities, promoting social stability and alleviating poverty. The programme has a welfare component, a savings and credit programme and rural infrastructure development projects (Schubert 2005, citing Salih, 2000).

Under the welfare component, households whose monthly income per person is less than LKR 1,500 are entitled to receive assistance in the form of allowance cards, which can be used to buy basic consumer goods at a cooperative store. The value of an allowance card depends on the number of family members: LKR 250 for a one-person household, LKR 350 for two people, LKR 600 for 3–5 people and LKR 1,000 for a household of six or more members. From these amounts, various ‘contributions’ for insurance and savings schemes are deducted, which add up to LKR 140. In this way, a household of 3–5 people gets only LKR 440 (around \$4.5) (LKR 600, minus LKR 140).

The Samurdhi programme has a number of defects:

- Targeting is ineffective. Only 52.6% of households in the poorest income centile (1st decile) are covered, whereas between 20% and 30% of the 5th, 6th and 7th decile receive Samurdhi transfers.
- The transfers are extremely small. For a four-person household the transfer per person is LKR 110 (1 US dollar) per month. If increased by 50% this will still be small compared to the needs of extremely poor households.
- Out of the 21 extremely poor and labour scarce households interviewed by the survey team, only eight received the Samurdhi transfers. In ‘uncleared areas’ (where household interviews were not possible) the share of Samurdhi recipients was higher (information from focus group discussions).

The Public Welfare Assistance Allowance (PAMA) is administered by the Ministry for Social Welfare. It provides cash transfers to households with an income of less than LKR 1,500 per month. The monthly payments range from LKR 100 per month for a one-person household to LKR 330 for a household with six or more people. Transfers are in cash and use the post office network for delivery. The PAMA covers both government and LTTE-controlled areas alike.

The Samurdhi programme and the PAMA are not coordinated, leading to overlaps and gaps. Neither programme was involved in tsunami relief and rehabilitation efforts (Schubert, 2005).

1.3.2 Post-tsunami government relief

Emergency assistance provided by the government of Sri Lanka was also comprehensive, with cash paid to cover funeral expenses, household equipment, resettlement, basic needs (monthly

for nearly 12 months) and an unconditional cash transfer paid over 4 instalments. Moreover the government responded with in-kind assistance early on, providing nearly 15,000 mT of rice, sugar, dhal and wheat flour to nine affected districts in the north, east and south by early February in addition to other food items, capital equipment, clothes, household items and medicines in variable quantities nationally. As of 9 February the government had released cash funds for ‘urgent needs’, ‘death’, ‘kitchen utensils’ and ‘cash for coupon holders’ (the LKR200 per week). The total figures for these cash transfers as of this date were: LKR1,274 million requested, LKR728 million released and LKR546 million outstanding (Government of Sri Lanka and partners, 2005).

Emergency assistance	Assistance provided in Sri Lanka
Compensation for deceased family members	Funeral expenses: LKR15,000 per deceased person (\$1,515)
Basic needs (in-kind assistance) (food and non-food items)	Household cooking utensils: LKR2,500 (\$25) Emergency resettlement allowance: LKR5,000 (\$50) per household
Basic needs (in-kind assistance) – monthly ration	Staple food provided by WFP (worth \$5.67 per person per month ⁵ for approx. 12 months)
Basic needs (cash transfers) (food and non-food items)	LKR200/week – LKR860/month ⁶ (\$8.5) ⁷ for approx. 12 months
Unconditional cash transfers (not earmarked for particular purpose)	Four payments of LKR 5,000 (total LKR 20,000 (\$198) per household – paid through the banking system)

Schubert et al. (2005) interviewed ‘extremely poor and labour scarce’ households in two areas of Trincomalee about the assistance they had received between January and November 2005, and found that these households had all received the government’s emergency cash assistance and food assistance, whereas half of these families did not receive the *normal* cash welfare payments (Samurdhi and PAMA).

The government required all beneficiaries to open an account in the People’s Bank (if they did not already have one) and paid all funds into this account. Additionally, funds were also

⁵ Market rate.

⁶ LKR 200 per person per week.

⁷ Cash delivered through the People’s Bank (beneficiaries opened accounts).

provided for shelter – according to the national Cash for Shelter initiative designed prior to the tsunami for post-conflict recovery.

The only ‘problem’ seems to have been that funds were paid into people’s bank accounts without beneficiaries being ‘informed’ what they were for. This is more a problem for the implementers/donors who wish to find out how ‘their’ cash was spent, but it may in fact also be a problem for beneficiaries: without an idea of what the cash is meant for, people may treat it like a ‘windfall’, may fail to make appropriate plans and may spend it on something else, which then results in their exclusion from the second tranche of payments (if a tranche system is used). Still, the cash funds provided by government met very real needs at a critical time. Payment was efficient and there have been no reports of exclusion or inclusion error – and areas outside the government’s control (‘uncleared areas’, as they are known) have reportedly received the same payments as those in government-controlled areas.

No policy seems to have been in place concerning financial assistance for orphans, or for households caring for orphans.

Chapter 2: Community cash grants

Mercy Corps' (MC) Community Cash Grant (CCG) is a unique intervention piloted in Aceh. The intervention emanates from the agency's conviction that communities affected by a disaster of the scale of the tsunami had considerable needs for assistance and that the communities themselves were best able to determine how these immediate needs should be met. The agency therefore decided to pilot a system of Community Cash Grants which would effectively provide cash at a critical time in recovery and through provision of unconditional cash transfers direct to them would allow "beneficiaries" to become "actors", empowering them with flexibility and choice to make their own decisions. See the ODI Aceh workshop report (Adams 2005a, pg 13) for more details of the concept, and Curran & Leonard (2005) for information about the strategy of 'Emergence' – an important influence on the development of Mercy Corps' approach in Aceh.

The amount provided was calculated according to the various needs that households might have for non-food items, plus the idea was to encourage community rehabilitation projects. The amount provided was equivalent to \$50 per person, although the amount was presented as a lump sum. Over the intervention period February 2005 to March 2006, a total of 31 villages received a total of IDR 7,684,047,500 (\$797,018): an average of IDR 247,872,500 (\$25,710) per village and IDR 674,216 (\$70) per household. The cash transferred to community bank accounts was a minimum of IDR 8 million (\$830), maximum of IDR 960 million (\$99,575), with an average of IDR 240 million (\$24,900). There was a ceiling of IDR 100 million (around \$10,000) per transaction, so some of the transfers had to be done in several payments. At the time of writing Mercy Corps had not yet analyzed whether the value of the grant was appropriate.

Around half of the villages made a plan to use some or all of the funds for community projects (e.g. rehabilitation). Household spending was on building materials, food, education, medical treatment, transport.

Under this project three representatives of each community were selected by the community members, and they opened a bank account on behalf of the community. After opening the funds were transferred to the bank account, and the signatories withdrew the funds for the whole village. The use of the cash was at the discretion of the community: they could use it to fund rehabilitation needs of the entire community, or of individual households. Mercy Corps was able to use banks without any problems because the selected communities were near the provincial or district capital – where the banks were located. Assistance and/or training was provided to help communities to open the bank account and to withdraw the cash from the bank.

In one village there was a robbery incident. The funds were paid into the community bank account, the three signatories withdrew the funds, and they were attacked on the way back to the village. The matter was referred to the police and the village representatives were put into police custody pending an investigation. The matter hasn't yet been solved.

Some problems with the programme revealed by respondents in MC's Community Cash grant survey include the following:

- Village representatives sometimes took certain amounts of money for unclear usage;
- Sometimes there was a lack of a clear and transparent village decision-making process before selecting beneficiaries and distributing grants;
- Grants were allocated by communities also to people who hadn't been affected by the tsunami.

Mercy Corps believes that the intervention principle was sound: people *did* need cash urgently and they knew best how to prioritize expenditure. However, the idea of transferring the cash to a group bank account was problematic at that time. (In practice, also, the cash was usually divided equally among the households (the value according to household size) so there was no advantage in paying the funds into one bank account – except that it would have taken more time to have opened individual accounts).

An informal review of the intervention has led agency representatives to conclude that future Community Cash Grants programmes should consider the following:

1. The CCG needs to happen quickly. Turnover of expatriate staff meant that those who had understood and accepted the innovation inherent in the intervention were replaced with new staff with traditional ideas of recovery support – considerable time and energy was taken up with maintaining the “conceptual momentum”

For group payments

- a. Communities should be relatively ‘in tact’. Those devastated by the tsunami in terms of lives lost are likely to have difficulties in establishing new representatives, and it may be the powerful elites and/or ‘golddiggers’ who emerge as representatives soon after a disaster.
- b. There should be a strong and mutually trustful relationship within the community and its members and with the implementing organization.
- c. Procedures for ensuring the safe transport of the cash and the account signatories between the bank and the beneficiaries (or their bank accounts).

- d. Villagers recommended direct involvement of Mercy Corps in the distribution of such grants in future – not through a village leader or committee. Otherwise, systems for organizing community representatives for receipt and management of community funds should be established (see UNHabitat case study).

Payment into individual bank accounts

- e. is generally seen to be preferable, although this can be an administrative headache early on that may be worth it for long-term, “slower” interventions but may constrain the ability of the agency to provide the assistance early on.
 - f. Should be accompanied by a facilitated process of community planning to help communities identify priority community projects to be funded through contributions coming from community members’ individual household entitlements.
2. A joint approach could also be considered: a community bank account for community projects (households would need to agree on contributions during initial community meetings and the funds transferred centrally to this bank account) and payments to individual bank accounts for the balance.

For more information see: Mercy Corps (2005a), Mercy Corps (2005b).

Chapter 3: Cash grants as an “alternative” to food aid

3.1 Introduction

During the tsunami emergency relief phase, food relief agencies undertook pilot projects of cash and voucher transfers in place of food aid. WFP implemented a pilot project in Sri Lanka and CARE and Save the Children did so in Aceh (using CARE’s model). The contextual background was broadly similar for the two projects, but the pilots differed considerably in terms of the organisational context, and project rationale.

The WFP pilot aimed to explicitly compare cash and food approaches in terms of household food consumption and expenditure, expenditure on other items, beneficiaries’ access to the food/cash, efficiency (cost, time), beneficiary preference. Communities were selected purposively to ensure that the *range* of access to banks and markets present among the wider population was achieved but otherwise randomly. The sample therefore included areas where markets were relatively weak, and where the banking network was limited.

The CARE pilot was less interested in comparing food aid and cash transfers – arguing that cash was not an *alternative* to food aid and that in CARE’s project areas it was the most appropriate and effective option. Rather CARE’s focus was on testing whether a cash/voucher approach would be effective in addressing food insecurity in areas where cash was appropriate. In so doing CARE would test its own capacity to efficiently transfer cash to beneficiaries.

Funds for WFP’s pilot in Sri Lanka came from the German government; CARE’s pilot was funded through its own funds.

3.2 WFP Sri Lanka

WFP’s cash transfer pilot project (CTPP) was implemented in three districts of Sri Lanka. The total beneficiary population was 12,000 people (3,200 households), just over 1% of the 2005 national tsunami food relief programme which assisted 919,000 tsunami-affected people. By the time the pilot was launched, the overall relief programme had scaled down to one-third of this original case load. The project featured broad collaboration: it was funded by the German government, designed by a consultant, implemented by WFP Sri Lanka, managed by a secondee from Oxfam GB evaluated by IFPRI with a local firm responsible for data collection. This case study draws on project documents, interviews with project staff, and the draft evaluation report.

3.2.1 Background

WFP Sri Lanka responded to the tsunami with a food relief programme alongside the government's cash transfer programme. A number of factors contributed to the mooted idea of a cash transfer. WFP's cash pilot is a story of shifting, and varied, opinions and a genuine desire by senior managers to test cash transfers for food assistance.

A report from the initial WFP assessment mission (Haller et al 2005, January 2005) noted the importance of cash transfers (such as cash for work) for tsunami recovery, but envisaged cash as inappropriate for food aid. The rationale for food aid was given as follows:

- “In kind assistance is likely to be more effective in increasing food consumption, and in making sure diets will not deteriorate further [...]”. “Nutritionally balanced food rations are more likely to address the high malnutrition rates particularly in the North East than more fungible cash transfers”.
- Inflation was anticipated if cash were provided for consumption prior to the harvest.
- Presumed higher risk of leakage with cash (based on previous studies of the *Samurdhi* cash welfare system in Sri Lanka).
- Weak infrastructure for cash delivery in the conflict-affected north-east.
- Women were believed to prefer food due to factors such as alcoholism among men – an issue raised by some officials as well as in a report commissioned by WFP Sri Lanka earlier.

WFP assisted 1.6 million beneficiaries in total in 2005, including the 919,000 who were ‘tsunami affected’. The total value of commodities distributed by WFP in 2005 was US\$41.7 million. The food relief system established worked as follows: WFP's emergency operation was managed by the Ministry of Relief, Rehabilitation and Reconciliation (MRRR). The MRRR received imported food and stored it in government warehouses before distributing to co-operatives in the tsunami-affected districts, who then allocated it to the Cooperatives' Retail Shops. In these shops households received their weekly ration of LKR 175-worth of rice, wheat flour, sugar, oil and lentils by presenting their entitlement coupons. The coupon entitled the holder to 16 weeks of rations.

3.2.2 Rationale for a cash pilot

WFP's interest in cash stemmed partly from the difficulties it met in local procurement. In February 2005, the government of Sri Lanka enforced a rice import ban because of the expected

bumper harvest, thus forcing WFP to purchase locally. However, procurement in Sri Lanka of such large quantities of food was difficult as marketing of basic staples is dominated by a government system which uses Multi-Purpose Co-operative Societies (MPCS). For local purchase WFP usually collaborates with as few as possible large suppliers, and dealing with the MPCS system directly was not considered feasible. A reconstruction identification mission team came up with the idea of ‘cash in lieu of rice’ – to provide the value of the rice ration as cash (LKR60) and to provide the other items in kind – a system expected to be more cost-efficient than the food relief programme.⁸ The government agreed, proposing that the cash vouchers be provided to beneficiaries for exchange for food through the MPCS network. WFP rejected this suggestion because it would have removed a major advantage of cash transfers - freedom of choice – and tested only the purchasing and marketing efficiency of the co-operatives.

The mission which suggested the idea of substituting rice with cash was organised by WFP’s ODAN department in Rome. This mission was led by the WFP Representative to the Bretton Woods institutions and the Chief of WFP’s Economic Analysis Unit (PDPE) – a position seconded to WFP from the World Bank. The mission report (Hyder & Aklilu 2005a) explains how the cash transfer idea came about, highlighting other agencies’ assessments which had recommended the use of cash in place of food relief, in particular Save the Children’s household economy assessment which concluded that: ‘In almost all areas, markets were found to be functioning normally, and prices were unchanged from pre-tsunami levels. With goods available in the market and a rice harvest due within the next month, cash-based interventions will be more appropriate than food aid to meet ongoing relief needs’ (O’Donnell 2005). The WFP assessment team argued:

Given all of these existing and planned cash based responses there is a particular onus on WFP to carefully consider the ongoing appropriateness of its food aid response. These examples make the cash option compelling coupled with the expected good harvest due at the end of March, and the GOSL’s directive to restrict imports of food aid (Hyder & Aklilu ibid.).

The report also considered whether the prerequisites for a cash transfer were met. ‘First, do the food and other non-food markets continue to operate and assure adequate supplies?’. The team noted that ‘all the studies, including WFP’s ENA have concluded that markets are functioning normally and the stores are adequately stocked’. Second, will cash grants fuel inflationary pressure? The team concluded that ‘infusion of liquidity to the economy would not appear to

⁸ An early concept paper anticipated savings of around \$2 million just for import tariffs.

distort markets and cause unusual price hikes as the grants would only replace lost cash and assets'. 'Third, are there financial intermediaries to channel and manage these payments?' The authors noted the widespread availability of village banks (credit co-ops) that provided financial services including in rural areas. 'The GOSL's cash portion of the emergency assistance is distributed from these financial institutions. The World Bank informed the Mission that an External Auditor will be selected shortly to audit the financial intermediaries to ensure that the grants are deposited into the accounts of the Ration Coupon holders.' 'Fourth, cash may be spent on non-food items and aggravate the household's food insecurity and further worsen children's nutrition status.' The team pointed out that 'in Sri Lanka, 53 percent of the current emergency assistance package is in cash. As poor households often spend a high proportion of their income on food, it is very unlikely that an additional cash of Rp. 60 would result in non-essential expenditures'. 'Fifth, cash may breed corrupt practices and leakages.' The authors considered this a legitimate concern, but noted that 'the current GOSL/WFP emergency assistance comprising cash and food rations has already identified the beneficiaries and they have already been issued coupons; exclusion and inclusion errors, if any, have already been committed and would not change under a full cash programme. With external auditing in place, the risk for leakages would be minimized. In a similar cash grant programme in the North, World Bank's external auditor confirmed that nearly 100 percent compliance by the financial intermediaries' (ibid.).

Meanwhile, WFP's negotiations with potential partners for local purchase had resulted in an agreement with the Ministry of Agriculture to assist with the local rice purchase. This meant that WFP could deal with just one supplier rather than hundreds, thereby solving the procurement problem and enabling the agency to proceed with local purchase and distribution of rice rather than cash in lieu of rice throughout tsunami affected areas.⁹

Although WFP proceeded with food relief distribution across the tsunami-affected areas, senior managers remained committed to the logic of a cash transfer. Why was there such interest within the Sri Lanka country team? In discussions with senior managers, it became clear that they envisaged a modified role for WFP. WFP, they pointed out, was established in 1948, two years after the establishment of FAO. Its purpose was to complement FAO's food security work by providing an *emergency food security response capacity*. They argued that WFP's mandate should be to address food insecurity in emergencies in whichever way is most effective and appropriate.

⁹ Personal communication, WFP Sri Lanka.

The decision to use cash may have been influenced also by difficulties with the food ration: the wheat grain that was purchased locally had been stored badly, had not been adequately fumigated and beneficiaries sometimes received poor-quality grain (Aheeyar 2006a). Moreover, supplies were often not available in the right proportions through the co-operatives, and households often had to take double the wheat ration and forgo some of their rice ration. In fact, the wheat component was already excessive and was sold at prices 33% below market levels and some of the rice was 'sticky' Japanese rice, and households lost 25% when exchanging it for preferred local varieties. The sum of beneficiaries' losses, incurred through these transfers, meant that the *Alpha value*¹⁰ was 51% (if sales and exchanges were included) (Edirisinghe 2005: 35).

A further impetus to the pilot study came from WFP Rome, which was interested in improving the relevance of the data collected in its emergency needs assessment, including to better identify cash response opportunities to food insecurity. This pilot project provided a further valuable opportunity to test a new model for emergency cash transfers.

3.2.3 The Cash Transfer Pilot Project

The CTPP was provided to around 12,000 people (3,300 households) in four divisions of three districts. The selection of areas took into account the need to ensure adequate access to banking facilities while including samples that reflected the 'heterogeneity in ethnicity, food habits, access to physical and market infrastructure, and type and quality of local economy' (Sharma 2006). In the selected zones half the selected communities received cash and half received food. It is not clear whether there was any influence of one type of transfer on the other. All communities had previously received food from WFP *and* cash from the government for basic needs. The WFP cash transfer essentially followed this pre-existing government cash transfer – which was due to have ceased by the time of the WFP pilot project. The cash grants were delivered through the Samurdhi banking system.¹¹ The transfer fee was 2.5%.

¹⁰ The ratio of the ration value (from the beneficiary point of view) to the cost of the ration to WFP. The document cited quotes the value as a percentage (51% is the value of the ration to the beneficiary (after sales) as a proportion of WFP's costs for providing the ration (100%).

¹¹ 'The Samurdhi program is the government's major poverty alleviation program. It focuses on participatory development, savings and investment and self-reliance. The banking system is run by bank societies that the Samurdhi beneficiaries (who receive cash grants depending on the level of poverty) have formed. The Samurdhi Authority, whose headquarters is based in Colombo, is responsible for ensuring proper management of the banking system. In the current cash grant system, Samurdhi Authority works with government treasury for receipt of funds for distribution and the MRRR for operational guidance' (Edirisinghe, draft report)

The distribution chain for cash was:

WFP → MRRR¹² → Samurdhi Authority → Samurdhi Bank Branch → Beneficiary.

The food delivery chain had one extra link:

WFP → MRRR Central Warehouse → Government district warehouse → MPC¹³ Divisional Warehouse → Community MPC¹³ store → Beneficiary.

The WFP pilot planning phase considered the following issues:

1. Cash vouchers were provided to beneficiaries entitling them to receive cash at the bank's premises. WFP decided not to pay the cash into bank accounts (nearly everyone had a bank account) because the objective was not for beneficiaries to save the money – the hope was that the money would be spent on food soon after receipt.
2. The cash transfer value was set with reference to the food ration value – this was necessary because of the need to be able to compare both groups. Within this general guide there remained some variation in the value represented by the voucher:
 - a. the price printed on WFP's food voucher (LKR175 per week) or
 - b. the market value of the food ration (LKR135) or
 - c. the 'real' value to the recipient (LKR110) (this value accounted for sales by beneficiaries and loss of value due to sales at lower-than-market prices).

For the second and third options WFP had to consider the 'disappointment' of cash beneficiaries if they received what they perceived to be a lower value of assistance. It was also anticipated that cash recipients might not spend all of the cash on food (therefore perhaps they could be given more to accommodate this?). Another option would have been to provide to beneficiaries what it actually cost WFP to provide food to each beneficiary (this was not considered). The final decision was for LKR150 per week – lower than the apparent value of the original voucher but higher than the market price

3. Delivery mechanism: this followed the government's existing cash transfer system – through the local Samurdhi societies linked to the Samurdhi bank. Altogether the Samurdhi system had a network of 1,034 banks across the country and 340 in tsunami-affected districts.

¹² Relief Recovery and Reconciliation.

¹³ Multi Purpose Cooperative Society.

4. Frequency: the vouchers for food and cash were distributed to households once. These were essentially proofs of entitlement, and were exchanged for cash once every two weeks (later every four weeks).

The project design emphasised the importance of collecting information early on to enable the organisation to revise the approach if necessary, and implement contingency measures: It was critical that beneficiaries should not be negatively affected by the experimental nature of the project. Cash delivery problems were “avoidable”.

The project was seen by WFP as a chance to compare cash and food interventions for future learning. Its objectives were to:

- compare the impact of cash or food transfers on household food consumption, food security and livelihoods;
- determine information requirements for Emergency Needs Assessments to decide on the feasibility and appropriateness of cash interventions in future emergencies.¹⁴

Timeline

The cash pilot took a long time to set up – and only started after the emergency relief phase was over.

<i>Jan '05:</i>	<i>Emergency Needs Assessment Mission: recommended food relief</i>
<i>Feb '05:</i>	<i>Reconstruction Identification Mission (WFP 2005b): recommended cash in lieu of rice throughout Sri Lanka</i>
<i>March-April:</i>	<i>Development of cash in lieu of rice proposal and consideration of other options</i>
<i>May-July '05:</i>	<i>CTPP feasibility study (Edirisinghe 2005b)</i>
<i>Aug/Sep '05:</i>	<i>Project and Research Design</i>
<i>Oct '05:</i>	<i>Baseline survey</i>
<i>End Nov '05:</i>	<i>First cash transfer made (start-up date late due to delay in voucher production). Four month intervention</i>
<i>End March '06:</i>	<i>Earliest date for follow-up survey</i>

Monitoring and Evaluation

Process monitoring was conducted by WFP and Oxfam among a sub-set of 216 cash- or food-receiving households twice during the project period. This covered indicators such as delivery

¹⁴ 'To enhance understanding of the impact on markets, especially small retailers, of replacing food with cash transfers'.

assistance (time, resources, safety); food consumption; and household expenditure. This monitoring component was hampered by the very different delivery schedules of the food and cash transfers. It is not clear whether routine post-distribution monitoring was done.

The impact evaluation led by IFPRI (among 1,360 cash- and food-receiving households) planned to compare baseline data with a follow-up survey after completion (planned for February 2006 but delayed due to implementation delays). The evaluation was to comprise econometric analysis using a comprehensive questionnaire with 'double-difference method' to assess impact. Thus, this methodology allows comparison of longitudinal change over time within each group and between the two groups (cash and food recipients). The evaluation included focus group discussions to explore food consumption (diet frequency and diversity); allocation of cash resources; control over cash resources; household preferences and reasons for them; and costs and losses. No reports are available yet of the findings from the focus group discussions. Additional analysis also included cost-efficiency of cash versus food transfers, and review of operational issues (capacities, leakages, security).

Findings

Cost

The cash transfer was reported to be 5% cheaper to implement (\$6.12 for cash compared to \$6.46 for food). This difference is remarkably little compared to cost comparisons coming out of other studies comparing cash and food transfers. WFP makes no comment on why the difference was so small, but it is likely to be due to the fact that the food was delivered in just one or two consignments, whereas the cash was transferred on a fortnightly basis, and the fact that the costs were already relatively low as WFP's collaboration was with a privately-run organization specialised in this work, therefore operational costs were lower than a food relief programme run by WFP or NGOs. No details are available on the elements in the cost analysis (which apparently included landside transport, storage and handling and external transport) so it's impossible to interpret the findings.

Process evaluation

The evaluation found that there were no final losses with cash but small losses (under one percent) with food. Beneficiaries were more satisfied with the cash process than with food, and the cash was quicker and simpler to deliver once it had been set up. Cash was received by beneficiaries more frequently than food (only one or two (unpredictable) deliveries were made over the entire 12-week duration). More cash beneficiaries received their full entitlement. Very few cases of 'collection fees' were reported but more incidents were reported with the cash (<4%) than with food (<2%). Cash was quicker to collect than food (less than two hours compared

to less than three hours) but in some areas (e.g Batticaloa) cash collection was time-consuming – up to five hours. More men than women were listed as the recipient for both food and cash, and more women collected food than collected cash. More people incurred transport costs for food than for cash, but among those who spent money on transport for food or cash the cost was higher with cash beneficiaries due to longer distances.

Impact evaluation

The key research question was would beneficiaries improve their food security because of the choice that cash transfers allow, compared to food? This question included consideration of household preferences and causes thereof, food consumption, allocation of resources and control over resources.

Food consumption

The draft evaluation reports some significant changes resulting from the switch to cash:

‘Overall, the results indicate a number of significant changes in consumption patterns between cash- and food-receiving households. Cash receiving households were more likely to spend some their benefits in improving the diversity of their diets, both in terms of buying more expensive cereals, purchasing more meat and dairy products, and buying more processed foods. However, this increased diversity in consumption was achieved at the expense of reduced consumption of the basic staple, rice.’ [NB: reduced consumption of the basic staple should not be interpreted to be negative; the study did not compare consumption levels of any nutrient with recommended daily intake].

Beneficiary preferences

Location was an important influence on preference, with the southern recipients universally preferring cash, and an equally strong preference, but for food, in the east. The preference was linked to availability of food in the markets and the coverage of the Samurdhi network. Gender differences were also noted: greater preference for food was noted among female-headed households and for cash among male respondents. In terms of diet, cash beneficiaries consumed less rice (but it was of a higher quality), and consumed more fresh foods. Food beneficiaries ate more cereals¹⁵ and cash beneficiaries enjoyed increased dietary diversity.

¹⁵ IFPRI reportedly analysed the difference in calorific intake between both groups, but results have not yet been circulated. Moreover, no information is available on methods of data collection or analysis (food consumption data is extremely difficult to collect/interpret), and no comparison was attempted to compare micro-nutrient intake.

Increased expenditure on clothing and footwear was noted in both groups when there was sufficient household liquidity, but was higher in the cash group. No information is presented on possible explanatory factors. Both groups showed evidence of increased alcohol expenditure (compared to the period before the pilot started),¹⁶ but the increase was less for cash beneficiaries. This is an important finding as it challenges the assumption that cash assistance is more likely to cause an increase in alcohol consumption than food assistance.

10% more cash households reported joint decision-making over the use of the resource than with food households. While it is not clear whether the difference is significant, or the scale of the joint decision-making, this information shows that cash does not necessarily lead to men dominating spending decisions (as is traditionally perceived), and it may *increase* joint decision-making. The majority of males and females (92% and 84% respectively) believed that all household members had equal access to cash.

Few respondents reported converting food receipts into cash (about 1% of beneficiaries). This is surprising considering given WFP's own statistics of sales of wheat and rice leading to a low Alpha value (the real value of the ration to recipients after losses through sales was 61% of the cost to WFP). Perhaps routine post-distribution and market monitoring would have picked this up better than a final evaluation.

Operational problems – and solutions

The report notes some operational problems and solutions for the cash transfers:

- Beneficiary lists: the solution was to publicise beneficiary lists after selection.
- Security problems: the cash disbursement date was sometimes changed due to strikes – this would also have been a problem with food distributions had they been regular.
- Cash flow within WFP was problematic – not surprising as WFP's internal finance systems are designed for commodity procurement and transport rather than for cash transfer programmes. This issue also relates to partner agencies' capacity to account for funds disbursed in a timely manner.
- Reporting by banks – the 2-week interval was too short between reporting on the previous distribution and transfer of the subsequent transfer. The cash transfer interval was shifted to a monthly cycle).

¹⁶ The pilot period coincided with several festivals.

Recommendations from the WFP team (assessments)

- Thorough market assessments are needed to guide the selection of areas appropriate for cash transfer [and food].
- Assessment of risk (internal and external) and partner capacity needs to be improved.
- Assessment of beneficiaries' physical access to the banks is critical to the design of an appropriate cash delivery mechanism. [The Samurdhi authority was the only partner used by WFP for cash transfers. Other options should have been considered where access to the Samurdhi network was poor.

Recommendations from the WFP team (implementation)

The WFP team recognised that feasible and concrete criteria are needed to determine where to programme cash. Second, strong sensitization is needed on beneficiaries' entitlements and the duration of the project. Third community based targeting was considered potentially advantageous over existing approaches; fourth, a database is extremely important for registering beneficiaries and cash transfers received [as it is for food]; Fifth, WFP's tracking system for coupon distribution was found to have been effective in reducing risk of diversion; Lastly, the team noted that the pilot had taken many months to set up. Was a quicker set up possible in the future?

Other issues and questions noted by WFP's programme team:

- Cash transfer rates: should they be area-specific?
- Should cash transfer rates be adjusted to market prices on a regular basis?
- How to forecast inflation for budgetary purposes?
- Include travel fees when markets and banking facilities are a distance away?
- Mobile cash delivery mechanism?
- Longer interval between disbursement.

3.2.4 Discussion

The findings from the pilot project challenged a number of preconceived notions about cash transfers. First, losses – which were low for both groups – were lower in the cash transfer programme; second: cash recipients consumed diets of a higher quality and diversity; third: increases in alcohol consumption (low in both groups) were lower for cash recipients than for food recipients); and fourth: higher incidence of joint decision-making was reported among cash-receiving households. While this information is hardly conclusive, and it does at least show that there may be nutritional benefits in cash transfers.

The study also confirmed expectations: people preferred cash in areas where they had good access to WFP's banking partner and food markets, and preferred food in other areas. These problems in the east highlight the drawbacks of some pilot studies. Many of the additional/complementary activities that could accompany cash transfers in some areas (market promotion; sensitization) were not considered because of the comparability issue between case and control areas. WFP's desire to test whether there was any difference between food and cash precluded the testing of different cash transfer approaches. For instance, multiple partnership options existed for the cash transfer mechanism: a study by Aheeyar (2006a) found that the post office has an extensive network across Sri Lanka, reaching into most parts of the country, even those controlled by the LTTE. WFP could have piloted a partnership with two or more organisations with each assigned to areas where they can guarantee adequate coverage.

The decision to transfer cash and food on a fortnightly basis (rather than monthly) and the fact that the food relief programme failed to get anywhere near this goal (with, in some areas, only two food distributions in the 12 week period) meant that cash beneficiaries were "inconvenienced" more than food relief beneficiaries (spending more time at the bank) – ironically because of the cash transfer's very efficiency. Food receiving households may actually have been happy to collect and store up to twelve weeks' worth of rations in one go rather than have to queue up every week (as in the original plan).

The evaluation does not determine whether food or cash are more effective in helping people achieve food security. This appears to be a limitation to the study: we are only told whether there is a difference (a positive or negative "deviance") in certain outcomes that can be ascribed to the switch from a food to a cash transfer. There is no indication of whether the difference is positive in nutritional, social, economic or other terms, and this means that some benefits of cash may not be adequately reflected. Lack of market monitoring information – or interviews with farmers – prevents conclusions being drawn on the wider impact of either food or cash transfers. Finally, the lack of information on confounding or explanatory variables (for instance: other sources of food, cash or other forms of assistance) makes it difficult to interpret the results. Interviews using other methods – such as Household Economy Analysis – may have provided useful complementary information to help in interpreting the findings, and qualitative information gathered through focus group discussions may have helped interpret and explain some of the unexpected and curious findings (such as the significant difference in expenditure on shoes and clothing between cash and food recipients in some locations). It is also difficult to judge the quality of the evaluation without a review of the questionnaire.

For more information, see: Crawford et al (2005), Crawford & Laughton (2005), Edirisinghe (2005), Haller et al (2005), Haller (2006), Hyder & Aklilu (2005), Sharma (2006).

3.3 CARE's Cash and voucher project in Aceh

This section covers a pilot cash/voucher project implemented by CARE in Aceh, entitled 'Market-Based Food Assistance' (MBFA). The case study is important because it demonstrates how organisational considerations can be an important influence in deciding whether to provide food or cash in an emergency setting – more important perhaps than technical considerations such as food availability. This case study provides a stark contrast to the Sri Lanka case. In Sri Lanka most organisations advocated early on for a market-based approach and WFP responded with enthusiasm, whereas in Aceh the main food aid heavyweights – WFP, World Vision and CRS – showed reluctance to actively support CARE or implement market-based approaches. SCUS responded only after CARE's successful pilot, and implemented a similar pilot in their areas. Unfortunately, despite a positive evaluation of CARE's MBFA, the government supported WFP's call for the continuation of the direct delivery approach wherever relief was being distributed, abandoning the cash/voucher model that was preferred by traders and beneficiaries alike.

Key objectives including testing the agency's ability to programme cash, and monitoring what households did with the cash – to challenge preconceived assumptions that cash may be less effective than food relief in achieving food security. The project's strategy was to increase the purchasing power of disaster-affected, food-insecure households; and to use the private sector as the supplier of the food and non-food necessities of those households, where market and other conditions permitted.

CARE's programme in Aceh was initiated by a senior manager who had had exposure to market-based food assistance programmes in Southern Africa. A consultant was brought in to assess feasibility for a market-based approach. After considering 'cash-only' and 'voucher-only' food assistance, CARE and WFP agreed on a cash/voucher combination, ruling out a cash-only transfer. Therefore, the voucher included the food relief ration items, and a per capita IDR 50,000 cash supplement was provided on top. This took the value of the cash/voucher ration to almost double the value of WFP's relief ration. The higher value was due also to CARE's interest in helping beneficiaries meet their full household food needs. The WFP food ration in Aceh clearly did not intend to do that, nor did it conform to a household's typical preferred diet.

Summary

- The MBFA initially operated in the Ulee Kareng sub-district of Banda Aceh District with ten vendors and a targeted 2,500 beneficiaries per month during the period November 2005–January 2006 (with three distribution periods). It was expanded, for the last two months of the project, i.e. December 2005–January 2006 (two distribution periods), to include the Kuta Baro sub-district of Aceh Besar District, adding five vendors and targeting 2,500 additional beneficiaries per month.
- Vouchers and cash were distributed at a total of 15 points.
- Fifteen vendors were contracted to redeem the food vouchers from beneficiaries and supply them with the food; they were paid a commission of 5% of the contracted price of the food redeemed.
- Restrictions were not placed on items that beneficiaries could purchase with the cash. However, they were encouraged to purchase food with that resource.
- The total number of actual beneficiaries reached by the pilot project was 7,392 in Ulee Kareng through three monthly distributions (November, December and January) and 2,905 in Kuta Baro through two monthly distributions (December and January), for a grand total of 10,297 beneficiaries. Those beneficiaries represented 2,914 households, for an average of 3.5 persons per beneficiary household.
- Most beneficiary families in Ulee Kareng resided with host families, while those in Kuta Baro lived primarily in refugee (tent) camps and ‘barracks’, i.e. a building consisting of 12 rooms, with each room occupied by one household.
- One ‘beneficiary’ was institutional – an Islamic boarding school in Ulee Kareng with approximately 260 students.
- The MBFA was directly implemented by a staff of nine, supported by one person from the CARE/BA Finance Department and two drivers. It required two vehicles.

Source: Chuzu & Viola (2006).

3.3.1 Background and assessments

Food relief in Aceh was provided by WFP through partner agencies. WFP’s relief food programme collaborated mainly with the national logistics agency BULOG¹⁷ – from whom WFP borrowed several months’ worth of food in the early response phase – and with international NGOs for the distribution. From around August 2005, almost all the rice was purchased from BULOG. Logistic constraints due to heavy infrastructural damage hampered the relief programme on the west coast, but the north-east coast infrastructure was good. However, it was many months before the full caseload was being assisted within each monthly cycle. WFP sourced the food from

¹⁷ BULOG has been a state-owned enterprise since January 2003 when its special status as a parastatal was withdrawn. Its main role is in the storage and transportation of rice on a national scale.

abroad as well as locally: the agency lobbied hard for a waiver of the national ban on importing rice, and this was granted¹⁸ despite the existence of a provincial (and national) surplus.

In terms of national food policy the government has a weak and poorly targeted social welfare system (20kg of subsidised rice per household per month) and BULOG has an important, but declining, role in market intervention (regulating rice prices for consumers and producers). BULOG releases government stocks onto the market at subsidised prices in the event of an increase in consumer rice prices, and purchases rice from producers when farm gate prices drop (Winahyu & Acaye 2005).

A series of assessments concluded that, overall, markets in Aceh were functioning relatively soon after the tsunami. Several concluded that cash or voucher programmes could help to stimulate local economies and avoid possible disincentive effects. A WFP study early in 2005 recommended consideration of a market-based approach, and at the end of the year a follow-up visit noted that traders had been disadvantaged and that the success of the MBFA was a good reason for WFP to support the initiative. The main findings from each study are highlighted below.

A preliminary multi-agency assessment in January and February 2005 noted good market access and market functioning on the north coast and in urban areas, but that these were weaker on the west coast. A WFP Aceh Reconstruction Identification Mission (29 January to 9 February) highlighted the 'urgent need to systematically monitor and analyze the functioning of food markets, the condition of marketing outlets and infrastructure'. The team did not flag up the potential of a cash transfer option, but suggested market analysis to guide local food purchase (Masood & Hyder 2005a).

A report released in February 2005 by WFP's Emergencies & Transition Unit (PDPT) introduced the idea of WFP supporting a cash/voucher approach:

'A voucher system that operates through local traders and small shops – rather than through WFP or BULOG depots – should also be considered to contribute in a small way to re-energizing the trading sector. Finally, WFP should consider operating the entire system through a cash voucher system rather than with imported or locally purchased rice ... Using cash would also stimulate private

¹⁸ The waiver had also been granted the previous year (2004) for WFP's national PRRO programme.

trading and local production and lower transaction costs' (Crawford & Laughton 2005).

The report also reiterated the need for a food and labour market survey and suggested support from INGOs in establishing such a cash/voucher system.

An ACF (February 2005) needs assessment focused on its programming areas (where markets were severely affected and food aid was necessary for the short-term). However, the study suggested 'solutions ... to avoid competition with local production and to boost local economy'. Measures suggested included 'a voucher system whereby beneficiaries exchanged vouchers for free or subsidized rice (thereby) sustaining local economic networks' (ACF 2005).

An Oxfam study in May 2005 on the impact of food aid on consumers, producers and traders provided a comprehensive and concise summary of the pre-disaster food marketing system in Indonesia and in Aceh. This is important as the state takes an interventionist role in rice marketing that, while weaker than before, has some influence on rice prices. The assessment noted little evidence of negative impacts of food aid on farmers; however, in places where traders had not recovered, farmers received below-average prices for their crop. For consumers the beneficiaries' sales of excess donated rice at half the normal price had helped stabilise prices. The authors noted that traders and rice mill owners had been negatively affected by the relief rice distributions (Winahyu and Acaye 2005).

An ICASERD markets study (ICASERD 2005) provided a valuable, comprehensive and clear analysis of the food and labour market pre- and post-tsunami. It considered the impact of the tsunami on food producers, consumers and marketing agents, and the impact of food aid on these three groups. The study noted a rice production surplus in Aceh in 2005, and that rice prices initially rocketed for several weeks (rice was 3–4 times its usual price immediately after the tsunami) and stabilised a few weeks later. The study noted that the price stabilisation occurred as a result of BULOG's market intervention, the relief food distribution, and 'the openness of the [Aceh] rice market to other regions'. It also noted that there had been no negative impacts of food aid on producers (who received a higher percentage of the retail cost than before the tsunami) even though some of the relief rice was sold by beneficiaries at below market prices. The report highlighted pre-tsunami marketing constraints that were disincentives to production.

The team found that traders had been negatively affected in most areas by the tsunami – mainly by reduced marketing margins on rice trading in many areas (profit margins were cut by around

one-third for locally traded rice). West-coast traders had been negatively affected by higher marketing costs due to heavy infrastructural damage. Also, wholesalers and retailers traded reduced volumes. The report noted that the relatively competitive market network was sluggish after the disaster because of: (1) the shrinking market destinations (Banda Aceh and West Coast); (2) the reduced number of traders especially in the destination markets; (3) traders not wanting to take high risks from having large stocks; (4) the volume of food aid which is mostly in the form of rice with an increased supply to consumers and decreased market demand'. In some locations few traders (retailers and wholesalers) had resumed operations as many went bankrupt or had died. Markets in production areas (many of which were close to areas of devastation), however, remained relatively stable.

The report presented a rice production/marketing map – before and after the tsunami. This indicated that, while the tsunami destroyed some rice production centres, the rice marketing map did not change much (in terms of grain flows). The authors differentiated between the west and east coast in terms of the rice marketing channels: 'rice supply from west coast production centres declined to 20% due to transportation infrastructure and rice-field damage. The rice flow from the east coast production centres declined to 30% and was affected significantly by the sale of rice-aid'.

Fish was an important commodity for WFP's market analysis as tinned fish had been a component of the WFP ration. The fish marketing study noted that, while tiger shrimp farmers were enjoying the higher prices brought by the large influx of relief workers to Aceh, fishermen who caught other types of fish for the local market (small tuna) had to contend with lower than pre-tsunami prices from April 2005 onwards. The authors noted that, in addition to the problems of fish preservation, the low prices were due to 'low demand from local people with reduced purchasing power'. While the food aid programme had no scope for supporting the recovery of the fishing industry a cash transfer might have helped recovering fishermen, fish processors and fish traders by increasing the demand (and prices) for fresh fish.

A WFP follow-up food security assessment in October 2005 reviewed the situation in different parts of Aceh, noting that assistance to help households meet basic needs was still required in most areas, but it (surprisingly) made no reference to whether cash might be appropriate. The report noted however that people sold the relief rice to purchase locally preferred rice and that the tinned fish – which was still being distributed – was given away to chronically poor households as it had a very low exchange value compared with fresh or dried fish (WFP 2006).

The FAO/WFP follow-up food supply and demand assessment (December 2005) was carried out at a time when CARE's market-based food assistance programme was in full swing and was going well. The report noted that 'while the reconstruction process and the livelihood recovery is in process, use of market based options (cash/voucher) for food assistance is seen as ideal in the case of Aceh since the food is readily available and markets function relatively well'. The first recommendation of the team was: 'given that food is readily available in many markets, and markets function relatively well in the province of Aceh, and the beneficiaries of the current food aid programme rely on markets for selling and buying food, it is recommended that market-based options (cash/voucher) in combination with cash for work programmes be examined for implementation during 2006 whenever resources are available'. Furthermore the report noted: 'although the impact of food aid on the rice price is ambiguous because of the government intervention [market intervention by BULOG – the government procurement agency] it may have resulted in the decline of the market share of traders'. Traders had been negatively affected for several reasons ('decrease in population, loss of infrastructure, and lack of any assistance programmes for traders') but they 'seem[ed] to be the only group that fell through the cracks of various assistance programmes' and were 'facing the highest unemployment rate'. The benefit of collaborating with the market-based food assistance programme 'provides a unique opportunity for WFP as a food aid institution to gain experience with a market-based food assistance scheme' (FAO/WFP 2005b).

In summary, there was considerable evidence from a series of assessments justifying CARE's decision to programme cash in place of food aid.

3.3.2 The CARE cash and voucher project

The CARE entitlement included a voucher for 12kg rice (later reduced to 10kg), 1kg oil and 1kg sugar, plus IDR 50,000 per person. The cash entitlement (no conditions attached) brought the total transfer value to slightly less than the approximate cost of a household's basic needs – as identified in an earlier Save the Children assessment (Save the Children 2005a), and up to double the value of the WFP ration (the existing WFP ration did not provide the full cost of basic needs, much less the full complement of a household's food needs¹⁹). The IDR 50,000 was added to bridge the gap between the household's basic needs and the food that was provided through the food voucher. While the assistance was higher than WFP's ration, CARE felt that this was justified. After all, the market-based approach allowed people a flexibility (not afforded by food delivery) of meeting their staple food needs as well as other food needs and basic non-food

¹⁹ This is backed up by data from CFW evaluations which show that workers (whose households also received a full food ration) spent an additional \$62 per month on food (40% of expenditures) (Doocy et al 2005).

needs such as soap, cooking fuel, toothpaste. The government's cash transfer (JADUP) – which should have covered these needs – was not getting to many communities reliably.

The pilot project took steps to ensure that the market would respond – to avoid any potential inflation in rice prices. These measures included site visits, interviews with households and meetings with local traders – were the traders willing to participate in the scheme? Did beneficiaries prefer to get cash or food aid? These visits were done in all the places where CARE had been providing food relief in Banda Aceh and Aceh Besar.

The following table shows the results of the first assessment – which assessed the potential of implementing MBFA in different areas:

Sub-district	Beneficiaries (Govt)	Beneficiaries (CARE)	Food Markets Functioning?*	Transportation Good?*	Safety and Security Assured?*	Total
BANDA ACEH						
Ulee Kareng	3944	4800	5	5	5	15
Lueng Bata	1488	1653	5	5	5	15
ACEH BESAR						
Kuta Baro	3336	3847	4	5	5	14
Suka Makmur	1367	3408	5	5	4	14
Simpang Tiga	104	950	5	5	5	15
Darul Imarah	4475	11502	5	5	5	15
Montasik	1188	3145	5	5	3	13
Lembah Seulawah	341	1062	5	5	3	13
Kuta Malaka	996	1306	5	5	5	15
Puekan Bada	3864	8265	1	2	4	7
Darussalam	4175	4462	3	3	3	9
Seulimum	1914	3397	3	4	4	11
Lhonknga	9219	10858	2	3	4	9
Darul Kamal	461	997	5	5	4	14
Jantho	2791	5628	5	4	4	13
Lhoong	3333	6159	2	2	3	7
Leupung	1258	1503	2	4	4	10

* Rate on a scale of 1-5 with 1 = very poor and 5 = very good.

(Sub-districts rated at 14-15 can be considered as high potential for market-based approaches. Ratings of 12-13 correspond to moderate potential.)

The pilot was implemented in one sub-district (Ulee Kareng, the first on the list above) – an area where many IDPs had settled (in camps, barracks and in host families) and an area which had a strong network of traders. It was extended after a month to include another sub-district – Kuta Baro – a more rural area. The table above shows that many areas would have been appropriate – even at this early stage – for an expansion of the MBFA.

The programme wanted to avoid negative impacts on traders and offered them a number of incentives. In addition to the incentive of having more customers who would inevitably buy other items while in the shop, the traders were offered a 5% commission. The rice, oil and sugar prices (at which the traders would be reimbursed) were fixed on a monthly basis according to prevailing market prices, and were set at the higher end of the cost range for each commodity.

Many traders signed up, but some smaller traders (who were unable to negotiate credit) did not. CARE did not offer up-front credit, and this is perhaps a weakness of the intervention as the need for credit was directly due to the organisation's own requirement to use vouchers rather than cash. The idea at the beginning was for beneficiaries to go to a trader of their choice, but in practice this was problematic: traders needed some kind of idea of the number of customers who would be coming to their shop. In the end the beneficiaries were allocated to particular traders.

CARE provided comprehensive information about the programme to beneficiaries as well as to traders through its team of field staff, and the intervention took place without any problems. A special identity card with a serial registration number was issued for each household, which a household representative presented at the distribution point in return for the food voucher and cash. Distribution of vouchers took place on a monthly basis in a public location. Beneficiaries were allowed a week to exchange the vouchers; traders were to be reimbursed within four working days of submitting the vouchers, through electronic bank transfer.

3.3.3 Evaluation findings (Chuzu & Viola 2006)

The pilot showed that the market-based approach was effective: the team's overall finding was that:

The voucher-redemption system used by the CARE/Banda Aceh Market-Based Food Assistance pilot project to deliver locally-produced foods to disaster-affected and food insecure households through the local marketplace, i.e. local vendors is, in the opinion of the evaluators, an extremely efficient and effective means of delivering food aid – where local economic and market conditions permit its application.

The team noted that MBFA 'will probably function only where certain conditions permit'. These were listed as:

- Sufficient local production of the food commodities to be distributed.
- Having shops relatively close to beneficiaries.
- The ability of vendors to carry sufficient inventory to service the number of beneficiaries in a given distribution area.
- Existence of transport and infrastructure to supply the shops and to enable the beneficiaries to obtain and carry the ration.

- Ability of the vendors to provide food commodities on credit for the period needed to reconcile vouchers and make payment to them.
- Security in terms of carrying cash and vouchers to distributions.
- A bank wire transfer or banking system for payments to vendors.
- Relative stability in the prices of food commodities to be distributed.
- Willingness of the beneficiaries and vendors to participate.

The evaluators argued that the mix of cash and food vouchers was preferable because:

- it enabled beneficiaries to purchase preferred food items;
- ‘cash alone could result in its expenditure for non-food items; and the local currency could devalue and lose purchasing power, precluding the purchase of an adequate quantity of food’ (untested assumptions);
- ‘Cash enabled the purchase of non-food necessities and fresh foods not normally available through ... disaster relief feeding programmes – allowing for diversity in the diet’;
- the voucher system was relatively simple to manage and account for; and
- the MBFA used the local marketplace, and ‘is not disruptive of, and possibly a stimulating factor for, the local economy’.

The market-based approach was found to be ‘extremely cost-effective’. However, WFP disagreed with the cost comparison (after having refused to provide data on food procurement and transport costs). And the authors noted that while an exact figure was difficult for a number of reasons, the MBFA should logically be cheaper because it removed the need for ‘warehouses, guards, trucks, drivers, and the large number of monitors and attendant transport generally required by direct delivery’.

Security was a concern in areas farther afield, and plans were drawn up to use the local police force, but negotiations with communities resulted in the community representatives taking responsibility for local security; there were no incidents.

In 99% of cases vendors had sufficient stocks, and in 90% of cases the quantity and quality of the commodities redeemed conformed to contracted specifications. One factor for the good vendor performance figures was the high degree of collaboration between the vendors and CARE – ‘close and constant’ (Chizo & Viola 2006.). A key part of the vendor recruitment process included the collection of information on capacity: their location and proximity to beneficiaries; their interest in participating in the project; conformity of their normal inventory with food

commodities proposed for distribution; adequacy of storage space and ability to maintain stocks equal to approximately one-half of the requirements of the beneficiaries proximate to the shop (i.e. sufficient working capital); ability to secure stock and vouchers; and existence of an ongoing relationship between the vendors and food suppliers.

The distributions observed were peaceful and relatively quick. The vendor reimbursement process was efficient, with a late payment in three out of 40 payments, but no complaints were made by vendors. The accounting procedures were 'relatively simple' and the evaluation noted that the advance and its reconciliation, and the amount paid to the vendor, were accurate. The project staff were deemed sufficient.

3.3.4 Impact monitoring

Impact monitoring was done by CARE's food monitoring teams – with a post-implementation survey conducted among a sample of 224 beneficiaries. The sample size was calculated according to a 95% confidence interval that the programme would meet the basic food requirements of the beneficiaries (see below for findings). Data on consumption, income and expenditure was sought through voluntary filling in of consumption income and expenditure logs. This data set did not materialise.

The average amount of cash received per family was IDR367,857 (approximately \$38), with 7.4 litres of both oil and sugar and 88.7kg of rice. The cash/vouchers were collected in 44% of cases by the woman and in 42% of cases by the man, with 14% of households varying who collected the entitlement.

Respondents were asked if they had experienced a change in food consumption patterns after the MBFA was introduced. Key food items were listed and participants were asked if they consumed more than before, less or the same. Not surprisingly (since the cash/voucher value was nearly double the previous food ration value) the respondents reported consuming greater quantities of fruit, vegetables, meat, and fish.

CARE's cash transfer was one of many income sources: petty trade (12%), unskilled labour (25%), skilled labour (16%), civil servant wages (24%), remittances (9%), CARE support (9%), pensions (6%), farming/fishing (3%). The proportion of total household income met by CARE's transfer was as follows: 39% said it constituted less than 24% of their total income; 38% said it was between 25% and 50%; 17% said it was between 50% and 75%, and 6% said it was over 75% of their total income.

Use of cash: of the cash received (IDR50,000 per person per month) on average 80% was spent on food, 3% on transport, 3% on cleaning and cooking equipment, 4% on 'snacks, cigarettes, treats' and 7% on 'household expenditure'. More men than women reported spending cash on transport, and more women than men reported spending cash on food, but the difference was not statistically significant. The responses were similar for 'snacks, cigarettes and treats', household expenditure and cleaning/cooking equipment.

70% of beneficiaries were happy with the balance of cash compared to vouchers; 28% recommended an increase in cash and a decrease in vouchers; and 2% recommended an increase in vouchers and a reduction in cash. The vast majority preferred the MBFA to the direct food distribution (96%) and only 1% wanted to return to the old system.

Beneficiaries rated very highly CARE's information provision and the rating of vendors; 96% of beneficiaries preferred the MBFA to direct delivery, with 98% finding no problem with travelling or transporting goods. Unfortunately the research did not distinguish the various reasons why beneficiaries had preferred the MBFA – while it was to be expected that beneficiaries would prefer it because it was more valuable, it would have been useful to have determined whether their preference was related to other factors – such as convenience, choice, dignity etc.

3.3.5 Policy impact

CARE's efforts to establish and fund a pilot project in Aceh met with considerable resistance from WFP. Collaboration between the two agencies was otherwise good, but WFP was extremely reluctant to shift to a cash-based approach for food relief. Perhaps an important reason for WFP's position early on was that it had managed to fill the food pipeline until the end of the 2005 – the agency argued that the only way the implementation could be covered in the (then) current EMOP was for WFP commodities to be given to vendors, who would pass them on to beneficiaries in exchange for the vouchers – effectively a barter system with no advantages for beneficiaries or traders. The second issue was the fact that the cash element brought the overall value to nearly double what food beneficiaries were receiving. A third factor was that WFP did not see how cash would meet its nutritional goals.

From WFP's perspective a focus on filling its pipeline as quickly as possible is perhaps understandable. In Aceh WFP apparently secured a discount on BULOG price for supplying rice due to a bulk order. However, this focus should not have distracted it from considering other options. And where local purchase has been agreed to be a useful approach – particularly when two WFP assessments clearly state this (Crawford & Loughton 2005, FAO/WFP 2005 b) – WFP's refusal to consider a market-based approach is regrettable for many reasons. Flexibility is

needed which allows the response to meet the needs of what is usually a rapidly evolving context.

At the meeting where CARE presented the results of its pilot project, WFP stated that it could not support the project's expansion in 2006. Although it had received predominantly cash funding from donors²⁰, WFP's reservations included: a) the voucher food basket was nutritionally inferior to the WFP food basket (WFP supplied fortified oil whereas the CARE oil was not; CARE had sugar whereas WFP had tinned fish)²¹; WFP did not accept the evaluation findings – that the cash grant had been spent on food consumption – arguing that the small sample size and sampling methodology could not guarantee statistical significance; and WFP was still concerned that jealousies would arise due to the different value of the two entitlement packets.

The government's position has been difficult to ascertain as there was less direct communication between CARE and the government. However, BULOG – which had been subcontracted to provide some of the rice in 2005 and all of the rice in 2006 – is likely to have supported the local purchase option. The government coordination agency (BRR) was brought in by WFP to support donor appeals for funding for 2006 and after having given its public commitment ostensibly to WFP's food delivery proposal, any consideration of an alternative option may have been difficult. In general the government of Indonesia has not had much experience of cash transfers, and it follows a market-intervention role for food security in general: it has not fully opened up its markets and continues to intervene to protect rice consumers and producers (while it allowed WFP to import rice in 2005, commercial imports were banned). Its general welfare policy has until recently been largely food-based. While the government has recently established a cash transfer to cushion poor households against the cost of increased fuel costs, it seems to have remained committed to a food aid policy for disaster-response food security programmes.

WFP's programme continued into 2006, with almost all of the food coming from local purchase (from BULOG). All the rice had been secured – purchased with leftover funds from 2005. CARE's MBFA was stopped after the pilot due to a combination of factors. First, was WFP's refusal to grant permission for expansion; second: a strategic review within CARE opted to move the funds

²⁰ WFP's emergency phase had included considerable sums of untied financial aid (\$40 million from the American Red Cross, for example). It was therefore a potential funding source for CARE and SC's MBA but WFP refused these agencies funding even though they were achieving the outcomes expected of the food relief programme.

²¹ Arguments for fortification should be based on the complete diet that people are consuming. CARE's cash voucher effectively removed the need for provision of fortified commodities as the cash was intended for purchase of quality food items.

used for relief (which included MBFA) towards recovery and development (interestingly the MBFA wasn't apparently viewed as having potential to bridge the gap); third, WFP was talking about withdrawing from CARE's operational areas.²²

Save the Children's programme benefited from CARE's experience, and SC's food relief manager was tasked with setting up a similar programme on the North East coast. The pilot project was implemented in Lhokseumawe district and SC – after a successful pilot phase – then set about trying to secure funding for a scaled-up programme – including taking over CARE's areas. The problem of lack of support from WFP and the government was also a constraint for Save the Children in securing funding – SC had had to use DEC funds for the pilot.

3.3.6 Discussion

In Aceh the earliest recommendation for a market-based approach came in February 2005 from a WFP team. CARE's pilot finally got under way at the end of November. The lengthy time for set-up seems to have been down to the need to convince other agencies of the validity of the approach, the use of a consultant rather than a CARE team to design and set up the project, and the challenges associated with trying to fit cash systems into well-established systems designed primarily for commodity transfer. The delay meant that the pilot was implemented at a time when many of the beneficiaries had other sources of income, and although these other sources may not have been either sufficient or sustainable WFP used the information to suggest cessation of food assistance in CARE's areas.²³ Opportunities for stimulating economic recovery early on with a cash transfer had been missed.

The MBFA approach did not include market support. Some traders were not able to participate in the scheme even with the 5% commission added on top of favourable reimbursement terms (the commission had been included to encourage participation from those who might otherwise be unable to get credit). A more sustainable approach may have been to provide up-front credit for one cycle. This relatively risk-free strategy would have enabled smaller traders – particularly female and IDP traders – to participate. Because of this CARE's project selected only the areas where markets were already functioning. Market support would have enabled CARE to include

²² As of July 2006 WFP food relief is continuing in CARE's area (Aceh Besar and Banda Aceh) - in barracks and similar IDP communities.

²³ The decision to target geographically rather than according to household food insecurity is a major limitation of WFP's food relief policy in Aceh. The MBFA could have continued for the minority of households who had not yet recovered economically (something that is extremely cost inefficient for food) and this strategy would have enabled a smooth handover to the social welfare scheme – something that the policy of sudden relief withdrawal has failed to do.

villages where people were only just starting to return, and where markets were as yet weak, by providing cash grants or loans for local food retailers.

Markets were a weak element of the monitoring system. While agencies collected price data to ensure that food prices were not rising disproportionately to other areas, they did not collect data on traders – volumes, turnover, and number of traders trading etc. – which would have given an indication of the impact of their programme on the local economy.

CARE's MBFA did not include a cash-only transfer – due to the concern on the part of senior managers within CARE and WFP that beneficiaries would spend the cash on non-food items (e.g. cigarettes in Aceh). Unfortunately, the lack of a cash-only group in the pilot was one factor precluding the testing of these assumptions. CARE's voucher system added to the programme's administrative complexity (it was not reported, however, as a problem). It would be interesting to examine whether the additional complexity of the voucher system was worthwhile, in terms of outcomes for beneficiaries. Certainly, the use of food vouchers sits better with CARE and its donors as it fits more closely with traditional notions of food relief programmes, but there is no real reason why a market-based food assistance project needs to use vouchers at all. Beneficiaries seemed happy with the vouchers – probably because the foods provided were needed by the beneficiaries so the vouchers made no real difference. However, cash can be provided far more easily and is easier for traders, allows beneficiaries more flexibility and distorts the market less than vouchers. There were no reports of sales of vouchers – which had been expected by many people. In fact, people went straight from the voucher issue-desk to the shop.

We are a long way from analysing the cost-effectiveness of cash transfers compared to food transfers. Missing data constrain the “cost” side of the equation and confusion over how to factor in the differential transfer value has prevented agencies from adequately considering effectiveness. However, while costs are impossible to determine when a key partner withholds such operational cost data it is clear that CARE's MBFA provided not just the same value ration as the direct food approach, but almost double the value AND at lower costs. M&E systems would have been strengthened with greater attention to considering the losses associated with food transfers, for instance, reduction in the net value of the food ration after sales at below market prices. This had been reported for tinned fish and noodles

The difference between the value of the cash/voucher transfer and the food transfer was seen as a drawback of the MBFA by WFP, which complained of jealousy among beneficiaries of the direct delivery programme. While this is a valid concern the point raises a larger issue about what

constitutes the right value of a cash/voucher transfer for basic needs assistance. It brings us back to the fact that cash allows programming flexibility, unlike food aid, which has to limit itself to commodities that can be bought and stored in bulk. It could also be argued that the *savings* brought with a cash transfer allows the agency to provide *more* cash to cover the full range of a household's basic food needs, so why not pass the savings on to the beneficiary if it can only have a positive impact? It is likely that households would be jealous of the cash recipients even if the cash/voucher value was the same as the food relief – merely because of the choice cash allows. Moreover, the decision that vouchers *must* be included is probably the reason why CARE decided to add an additional cash amount – to allow households the flexibility to buy fresh fish, vegetables and fruit – in line with the goal of improving dietary diversity. Clearly, having different levels of resource transfer between different communities with similar needs does raise equity issues but strictly following the food aid ration – and value – is unnecessary and inappropriate.

CARE's decision to target only areas where food markets were established was appropriate considering the agency's lack of prior experience. However, the design missed testing an academic and pragmatic issue of interest around cash transfers: to what extent do cash transfers *drive* economic recovery (encourage traders to start trading in areas where they had not previously traded) and what complementary activities are necessary to make this more likely? Moreover, the selection of areas that have already recovered (i.e. traders are trading) could mean a relatively short window of opportunity for cash transfers, as people's incomes may quickly recover after food markets have recovered – leading to calls for relief programmes to cease. Cash projects may be appropriate earlier on if additional market support is provided to support traders to respond. This would be a particularly useful approach supporting the multi-sectoral interventions aimed at helping people to return home.

CARE's assessment approach was appropriate for the pilot project and provided a useful model for market assessment. For larger-scale assessments a modified approach could be adopted with increased consultation of wholesalers who might be encouraged to supply relatively isolated areas at reasonable prices.

The end of the MBFA in Aceh was not the end of the story for CARE Indonesia's MBFA experience. Following the earthquake in Yogyakarta, which killed around 3,000 people and destroyed or damaged thousands of homes and buildings, CARE dispatched a team to set up an MBFA programme. This is clear validation of the objectives of CARE's pilot project: strong capacity and systems have been established within CARE Indonesia to respond quickly in future disasters.

The country programme plans to build on this experience further by developing resources to guide future implementers.

For more information see: Meyer (2005a), Meyer (2005b), Meyer (2006a), Meyer (2006b) and CARE (2005a), CARE (2005b), CARE (2006), Chuzu & Viola (2006), ICASERD (2005), FAO/WFP (2005a), FAO/WFP (2005b), Crawford & Laughton (2005), WFP (2005), Steyer et al (2005)

3.4 Comparing food assistance pilot projects

Both pilot projects took many months to establish. Feasibility studies took a month or so, and before the two projects were launched in November 2005 the consultants and managers were involved in design, negotiating and making agreements with partners, recruiting staff, selecting intervention areas, field research, designing the vouchers, training field staff and establishing M&E systems.

The two pilot projects had different objectives. In addition to the desired impact on beneficiaries (food security), WFP's pilot was set up to see whether a cash transfer resulted in any effects that could be attributable to the shift to the cash transfer. The CARE pilot project objectives were less academic and focused on developing up a system that would meet households' food security needs and which would support trader recovery, with CARE benefiting from the development of the model and the experience gained from implementation.

WFP's pilot used a financial institution to transfer the cash; CARE's pilot distributed the cash directly. The two projects demonstrated the effectiveness of both approaches. However, in some locations in Sri Lanka access to the partner bank was problematic, suggesting that alternative financial partners should have been identified for some locations. In Aceh, it might have been useful if CARE had tested collaboration with an institution such as the post office.

Market assessment: The WFP pilot sought to identify which data/information ought to be collected at the assessment stage to best identify cash transfer opportunities and feasibility. It was a kind of "retrospective" exercise whereby the successes or failures of the CTPP would be used to determine which information should be collected during emergency assessments to increase the chances of success and avoid problems in the design and implementation of cash transfers. The pilot has highlighted how rapid market assessments can sometimes fail to identify pockets where markets are weak but it didn't test other complementary interventions which could have addressed market constraints. CARE's approach – assessing traders' willingness to trade, and beneficiaries' willingness to receive cash and vouchers in place of food

– was effective in identifying low risk areas for the cash/voucher transfer, but again, it didn't throw light on how to assess market *potential*. Academically rigorous studies are useful, but a focus on quantitative methods and limiting expectations for understanding but for interventions such as cash transfers in emergencies the need to make each type of intervention “equal” has drawbacks. For example, a small change to the cash intervention design might have produced different findings.

Analysing outcomes: A comparison of outcomes achieved by cash and in-kind transfers was attempted by CARE in Aceh, but the comparison was hindered by having different values of each type of the two types of transfer. In Sri Lanka the IFPRI evaluation tried to compare outcomes, but the focus seems to have been on consumption (which was difficult to compare given the number of alternative sources of food or cash available to most households at the time). Greater attention should have been placed on comparing other important aspects of food vs cash/voucher transfer options. Choice, dignity, and even efficiency (from the beneficiaries' perspective and the cost-efficiency for the implementer) were not been given due consideration.

Pilot studies that rely on quantitative approaches may not be the most appropriate way of comparing cash and food relief programmes, and while the goal of statistical significance is laudable, it is often elusive, particularly when there are so explanatory variables and confounding factors. And the nature of a case control study may result in making what are – and should be – two very different interventions, too 'equal'. For instance, market promotion might not be undertaken in a pilot because it might influence the outcome. However, market promotion is a useful complementary activity for cash transfers - to which many cash/voucher programmes have paid inadequate attention.

Both agencies' pilots were weak in monitoring indirect impact on local economies. While this may be a complex undertaking, it might have been possible to get some data on volumes traded and numbers of retailers/wholesalers before and after the pilot, comparing the two types of interventions. In CARE's case it would have been useful to find out about traders who had not been able to participate due to lack of capital or access to credit, and to find out from participating traders what changes they experienced over and above the sales of the commodities exchanged for vouchers.

What about the future: what have these agencies learned? Could either WFP Sri Lanka or CARE Aceh/Indonesia implement a cash transfer project to scale in a future emergency – and more quickly? Importantly, both organisations have expanded institutional capacity and future potential to include emergency cash transfers as one approach of addressing food insecurity;

second, they have both developed workable models that might be appropriate (with some adjustment perhaps) in other contexts. Moreover, agency staff confidence in cash itself has been enhanced as many assumptions about risks turned out to be unfounded. Consequently the perceptions of more senior decision makers within these agencies may have changed as a result of the interventions – a change that would have been unlikely had these projects not gone ahead.

Perhaps the next step is to demonstrate what can be achieved with cash coupled with other interventions to encourage trade. And if community-based targeting were also used, then the assumptions about cash being more difficult to target than food could be tested. Cash transfers in the right context provide a very good way of helping people to return home. Food relief programmes often displace traders, and food retailers in villages are rarely assisted to resume trading after the relief food programme finishes. Cash transfers provide agencies with an opportunity to accelerate the rate of return, and make the return home easier by helping traders to set up again. They can do this if people's purchasing power is secure (through a cash transfer) and if traders are helped to resume trading (it could be upfront credit on a cash/voucher programme, or it could include a grant for a kiosk or shop with storage). If community-based targeting were also adopted, then the population receiving cash support could be gradually reduced to finally end up with the chronically poor households, who require linking up with a social protection safety net.

These two case studies demonstrate the importance of a coordination structure that links different sectors in a relief programme and links relief to recovery to development initiatives. In Aceh at least there were extremely weak links between the food relief sector and livelihoods recovery, shelter or child protection activities – unacceptable between different organizations but particularly unacceptable when it was a feature of programming within an organization. Moreover no emergency food assistance programme was linked to long-term safety nets.

CARE's quick response to the Java earthquake in May 2006 has demonstrated the agency's new-found capacity and confidence to respond with a scaled up emergency food assistance programme using a market-based approach. But it remains to be seen how easy it is to attract funds for such initiatives. CARE's international policy makers appear to have been outside the loop on the Aceh market-based intervention, and while the agency is moving away from monetisation, it remains to be seen whether it is committed at a global level to respond with cash transfers if market conditions permit, or whether it will continue to deliver food aid or use local purchase as the alternative when food markets are functioning.

It remains to be seen how WFP will use the experience of the Sri Lanka pilot, and whether other WFP country programmes will attempt a scaled-up cash transfer in future disasters – and what will influence this decision. Food aid agencies have institutional challenges in developing capacity to respond with cash – and this includes human resource capacity being focused on procurement and distribution logistics. WFP’s Strengthening Emergency Needs Assessment Capacity (SENAC) project is making headway in building capacity in cash responses, including by developing methodological guidance and posting Markets and Food Security Assessment experts in the field, but greater attention is needed to ensure adequate skills during emergencies. Moreover, at the institutional level retraining opportunities (e.g. short courses in market and food security analysis) will encourage existing staff (specialised in commodity management skills) to *embrace* market-based approaches. Ideally, agencies such as WFP and CARE will develop the capacity and systems at a global level to allow for the rapid uptake of market-based food assistance options, and to send teams of specialists to set up such programmes where local conditions allow.

Food relief agencies need to make sure that market-based approaches are properly explored. WFP should institutionalise at decentralised levels the work that is going on in the SENAC department of ODAN. The presence of Market and Food Security analysts in each Regional Bureau is a step in the right direction, but WFP needs to ensure that people with experience and understanding of cash/voucher programming are seconded to every disaster where a market-based response is possible.

Aside from market assessments, there are many factors that influence whether an agency will decide to undertake a cash transfer to help people meet their basic food needs after an emergency. The following factors were found to have been critical in the tsunami response:

- Advocacy on the part of NGOs (e.g. Save the Children, Oxfam, ACF), in country and internationally for cash transfers where appropriate. In Aceh these organizations were largely silent.
- The collaborative relationship between WFP and the Bretton Woods institutions seems to have been instrumental in encouraging WFP Sri Lanka to consider a market-based approach to addressing food insecurity.
- Open-minded senior managers seem to be a key feature at the critical strategic planning stage of disaster response – where they can bring in the right people to undertake the feasibility study. This was notable with CARE and with WFP Sri Lanka. On the other hand, senior managers can also block adoption of a cash approach even when agency assessments recommend it.

- Collaboration between WFP and NGOs who have more experience in cash transfers is useful. In Sri Lanka, Oxfam seconded a staff member to manage the programme.
- Involvement of WFP and the government is critical from the outset if an implementing agency plans to move on from a pilot project to a scaled-up programme.
- Institutionalisation: a cash transfer approach has to be implemented with the full backing of the agency's country team, with time devoted to communication with other stakeholders and advocacy.
- Review and discussion of relief food interventions should involve all stakeholders and not just food relief distribution agencies. Agencies' objections to cash transfers should be clarified and addressed if legitimate. The involvement of government social welfare and disaster response sectors is necessary to ensure harmonisation with other cash transfers and long-term safety nets. NGOs not dealing with food relief but with recovery and development need to realise that basic needs assistance is the foundation of further assistance.
- Food relief agencies need to ensure that they have staff skilled in food security and market assessment, and experienced in cash transfers, as well as logisticians and procurement specialists on their emergency response teams.
- Availability of funds – through donors interested in supporting market recovery and promoting food security.

For more information see Oxfam (2005a), Oxfam (2005b). WFP (2005)

Chapter 4: Cash for work projects

4.1 Introduction

This section draws on the experiences of agencies implementing cash for work projects. There were a huge number of cash for work projects in India, Sri Lanka and Indonesia which could not possibly be summarised fully here. This section selects a few projects where evaluations and reports were available and where projects highlight issues of particular interest.

4.2 Oxfam Aceh (Lamno)

Initially begun as a pilot project in a single community (Oxfam's Lamno CFW project started within three weeks of the disaster), the project was quick to attract requests from other communities. The team had to decide whether to limit the scale of the programme and maintain a higher degree of control, or to allow the programme to expand in response to demand, and risk compromising effective control in order to benefit the maximum number of IDPs. The latter course was chosen and within a few weeks more than 3,000 IDPs were working in more than 30 communities.

Objectives

The original objectives included two main goals: injection of cash into the local economy and into people's pockets, and cleaning up the villages where people used to live. As the programme continued the objectives were developed to comprise:

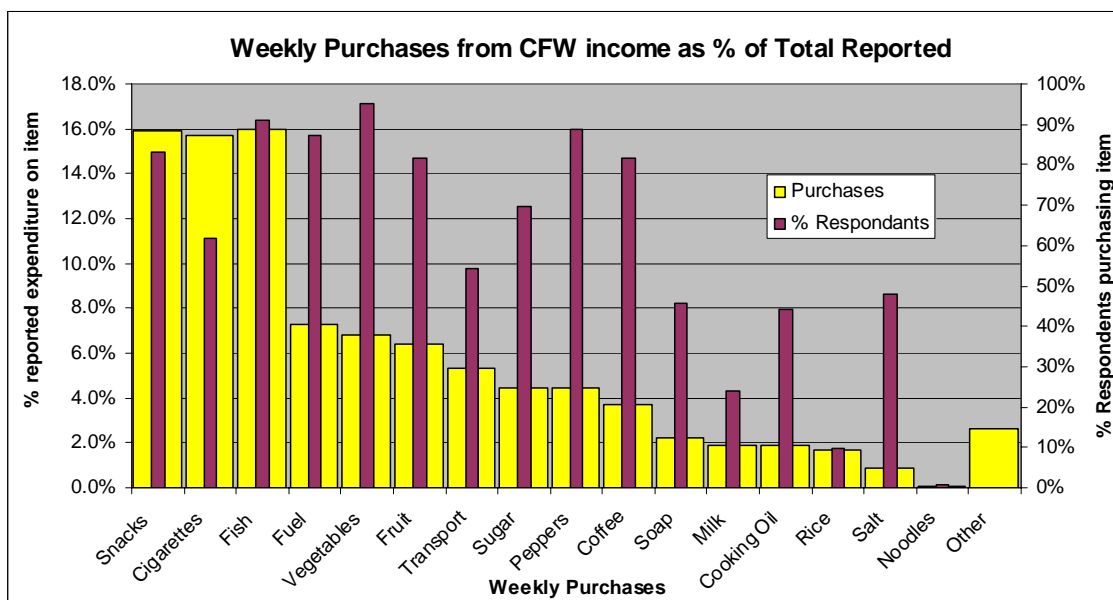
1. Cash distribution: To allow people to be able to meet their basic needs.
2. Maintain options. To address the physical constraints that might have prevented IDPs returning to their villages.
3. Engage participants in productive activity. Help people to leave their tents and get involved in work activities to aid psychosocial recovery and replace lost work opportunities.
4. Entry point: The cash for work project opened the door to collaborative relationships with communities. From the start, Oxfam planned to engage in a long-term livelihoods programme and the CFW projects helped Oxfam get recognised as an action-oriented agency.
5. Stimulate the local economy – the cash would be spent locally, thus indirectly helping local producers and traders.
6. Increase the dignity of programming – through encouragement of active participation rather than hand-outs.

Impact on beneficiaries

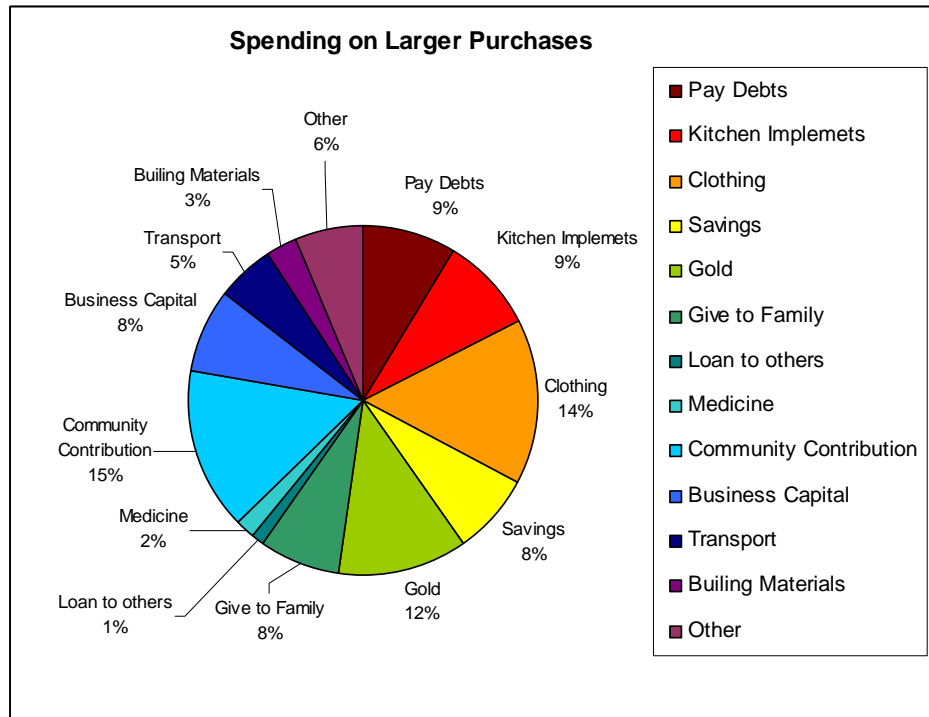
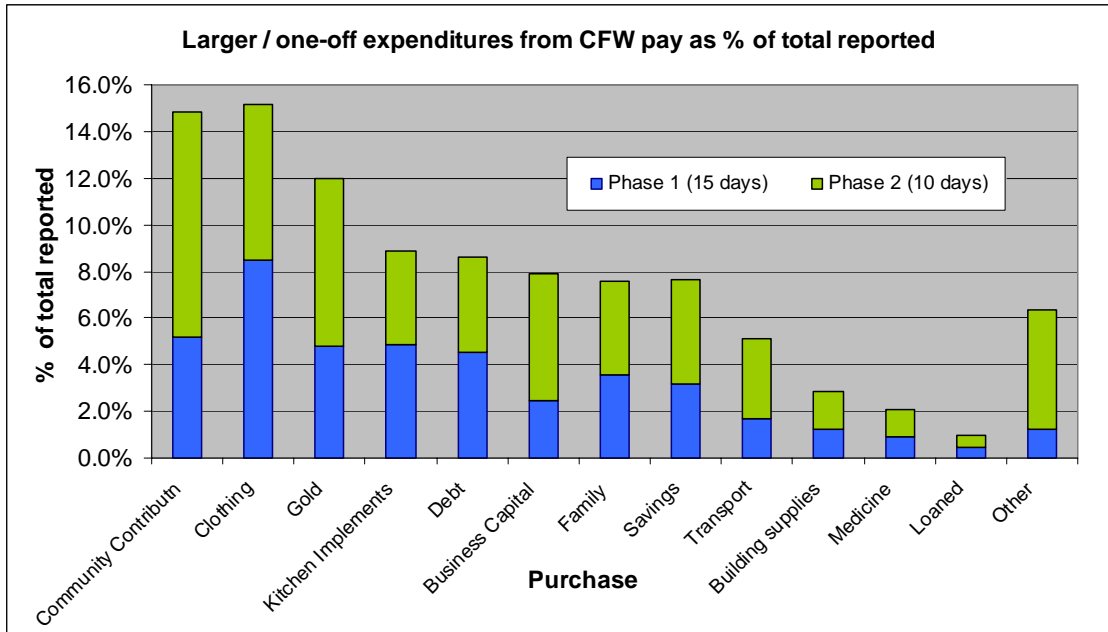
Return home: by the end of May 2005, in almost every community where CFW activity was carried out, there were people living in temporary or semi-permanent structures and local traders operating from small kiosks.

Restoration of community life and hope: along with the return, communities were generally showing more optimism for the future. This was because people were engaged in productive activities, and were able to stay in their home communities and clean them up; they were also able to deal with the task of body removal, and had money to spend on religious and social activities.

Freedom to spend, save and invest: participants had cash and freedom as to how it was used. Cash was available for purchase of fresh fish, fruit and vegetables, and other food items; cash was also saved (as gold) or invested in small business. And people were able to contribute to community religious events. The graph below shows how CFW money was used to supplement food supplies on a day-to-day basis. It should be remembered that a large amount of food aid was being provided to all families, so the additional spending was used for supplements to the staple diet. These are always more expensive than staple foods but their presence has a dramatic impact on perceived quality of life. While expenditure on snacks, cigarettes or coffee might not be considered important, the freedom to be able to spend money on these items is a significant step towards restoration of 'normality'.



The graphs below show the larger purchases that people spend money on.



The category of ‘community contribution’ included expenditure on all kinds of *kenduri*.²⁴ These events may be to commemorate the death of family members but the most significant was *maulid*, the birthday of The Prophet, which occurred during the second phase of CFW activities.

Several communities levied contributions from all CFW participants equivalent to one day’s work. This was apparently agreed by the community as a whole. During these events there is often as a preponderance of dishes of water-buffalo meat, providing a rare opportunity to consume meat.

Impact on the local economy

Re-emergence/expansion of local businesses: a number of *warung* (cafés and small restaurants) opened in each community in response to the availability of CFW income. In several cases these businesses had been established using CFW funds. Moreover, large sums of money entered the local Lamno economy; most kiosks bought stock from wholesalers in Lamno market.

Inflationary effects were not noted: Although there was high inflation in the Lamno area this was the case across Aceh province. As there were so many factors contributing to inflationary pressure the contribution of the CFW in all likelihood is slight, but impossible to determine precisely.²⁵ The main problem was the poor roads, and the higher transport costs incurred by traders.

Effect on the labour market: the Oxfam project followed the wage rate set by UNDP early on for Banda Aceh. Other agencies in Lamno opted to set the rate according to local wages. The biggest impact of the higher wage used by Oxfam was that other agencies had difficulty in attracting workers, and there was a knock-on effect on wages for skilled labourers. However, the CFW project did not distort the unskilled labour market because – as workers pointed out – there really were no other opportunities at that time apart from NGO CFW projects.

Corruption and extortion: No evidence was found of corruption. While there was some pressure from armed groups to either hinder the work or join in the programme, there was no evidence of money from CFW being extorted to fund the conflict. However, Oxfam managers were aware that the number of finance staff was insufficient to monitor the programme adequately. (Initially there was a single staff member handling all financial transactions, and this person was only later joined by an untrained assistant (essentially a cashier).)

²⁴ *Kenduri* – religious event centered around a communal meal (or sharing of food).

²⁵ The Oxfam Meulaboh project compared prices in cash for work areas and non-cash for work areas and noted very similar price trends.

Administrative systems: A clear problem related to the 'immense' administrative burden placed on one of the finance team, which was resolved by general managers providing additional support and compromising their ability to run the rest of the programme. Having several finance staff from the start of the programme was recommended.

Recommendations relating to the CFW programme

CFW programmes should have clearly identified goals. This would include expectations as to the quantity and quality of work carried out, but CFW programmes should anticipate wider impact – e.g. cash being used for investment or spending on non-food items, and the consequent stimulation of the local economy. Agreement of a broader set of goals – and communication to all stakeholders will contribute to their achievement and measurement.

CFW should be planned to transition into ongoing livelihoods programmes. The position of CFW within a broader livelihoods programme should be recognised, such that a strategy is developed to transition into other programmes (perhaps to manage some projects simultaneously), targeted at different people. While this was the intention of the Oxfam programme, it was a victim of its own success in that the scale exceeded capacity to manage it and develop complementary programmes.

Communities should be empowered and affirmed in their capabilities wherever possible. One key advantage of paying people in cash (as opposed to food) is the restoration of dignity that this is able to provide. If this is truly a goal then organisations should ensure that the overall approach follows this principle. Communities need a greater role in planning and organising the work, and the quality of work outputs should be a higher priority. In this way, communities will be encouraged to value their contribution more.

Attention to those excluded from CFW benefits. Programme managers prioritised the involvement of women in the work, although the lack of attention to addressing constraints to women's participation (child care, for instance) resulted in some women who may have wanted to work being excluded. The team also emphasised that all people should be targeted, with an old blind man being employed fetching water for workers. Agencies should consider whether disabled and elderly people should work or want to work, and whether alternative solutions can be found for them to benefit from the economic gains enjoyed by workers in the project. Community-based planning, and improved monitoring, could have picked up these issues earlier.

Lack of information and resources in the local language. Expatriate managers lacked the time to visit and provide information to villages, while field staff lacked a real understanding of the project, its goals, processes and expected outputs.

Ongoing monitoring: data that was collected was not properly analysed; moreover, very little routine informal monitoring took place.

First impressions count. The early phases of CFW featured a relaxed working environment which was sensitive to the needs of traumatised people – some of whom returned to their destroyed villages only because of the cash for work project. The area manager said in the evaluation: ‘I know that they spent half the day sitting under the trees talking. But I know they weren’t talking about football’. However, it is important that this is not interpreted as lax supervision or lack of concern, and a characteristic of the agency’s general approach. It is very hard to change first impressions. CFW projects usually flounder if work output is of a low quality, and workers are unproductive. Establishing the right principles and a joint understanding of the requirements of different phases will allow a CFW project to transition from a relief/recipient relationship to a development/empowerment partnership.

Conclusions

Overall, the CFW programme achieved what it set out to do, and exceeded these original objectives. It successfully disbursed large amounts of cash to a large number of families in a relatively short space of time, doing so with a fair degree of equity, and without any significant financial problems. The programme did, however, grow too big too quickly (compared with the team’s capacity). Participation of communities in the project could have been enhanced, and information should have been made available in the local language to help new and inexperienced staff give clear explanations of the project’s intentions and policies.

For more information please see Brocklebank (2005).

4.3 Oxfam Aceh (Calang)

Oxfam’s project in Calang disbursed \$878,540 (IDR8.47 billion) to 8,335 workers from May to December, with most village projects lasting for two to four weeks. Project objectives were to enhance food security and livelihoods by improving purchasing power and to create/rehabilitate community, individual or household assets. Much of the work was focused on rehabilitated agricultural land.

Oxfam first launched CFW in Aceh Jaya in March 2005. A rapid assessment assessed the extent of damage and prepared the lists of all adult members of the village who were available for the cash for work, was carried out as basis for CFW. The CFW programme in Aceh Jaya basically consists of two phases: 1) CFW as a relief programme, in which the main activities were clearing or building community assets or public facilities, and the main aim is to provide temporary cash; and 2) CFW as part of the recovery programme, whereby the main activities were preparing land and other activities geared towards individual household livelihood strategies.

The programme reached 45 villages in five sub-districts, and cumulatively covered 8,335 beneficiaries (3,077 women and 4,026 men) and provided IDR8.47 billion in wages. A summary of the work outputs was:

- New roads built: 43.5km
- Roads repaired: 55km
- Bridges built: 28
- Agricultural land cleared: 1,428 hectares
- Land cleared: 591 hectares
- Irrigation channels cleared: 28km

The graphs below show that the majority of the income was used for consumption – both food and non-food items. Non-staple food (fish, vegetables, eggs, biscuits and other items such as coffee, kerosene or fuel) made up the biggest portion (39%) of people's income from CFW. People said that, in the early CFW projects, food was their main priority – they could not eat only the WFP food ration, particularly as it did not match their normal diet. They needed other food items to complement the WFP rice and noodles, such as spices, vegetables and pulses. They also needed kerosene for cooking. Prices at that time were expensive. The second biggest expense category (27%) was non-food items, including clothes, toiletries, transport, kitchen utensils, construction materials and medicines. Over one-third of the income was used for other important items: savings (16%), education (12%), capital to start up a business or investment (5%) and to pay debt (1%). Savings were for emergencies – for example hospital fees – or for longer-term needs such as tuition fees for children. Expenses on education included uniform, school fees and other costs.

Finally, cash for work beneficiaries were asked to indicate how the project had helped them. The answers were as follows:

Benefit of CFW	% of respondents
Source of cash/income	32
Village cleaned and health improved	27
Reduced stress, made them happy to be in a group	19
Variety of food	17
Access to education improved	10
Established savings	9
Started planting	7
Returned to the village and started to rebuild	6

The above findings suggest that the CFW played an important role in revitalising household economies and long-term livelihoods. An evaluation of the project highlighted various issues which are discussed in more detail below (Winahyu 2006).

In terms of payment there was no difference in wages between men and women. The CFW was the first time that women received equal pay. Before the tsunami, it was not easy for women to get employment outside 'traditional' work on the farm, e.g planting, weeding and harvesting; these activities paid a low wage (IDR 15,000). But with CFW women were able to earn the same amount as the men (all received IDR35,000). The workers were happy with the higher wages; they also pointed out that the prices had increased since before the tsunami so the higher wages were justified. Moreover, as the work was done in a group it was not so heavy. Efforts were made to enable elderly women to participate as carers for children. In one village, the community organised donations for the elderly and orphans out of the workers' earnings. This is a traditional mechanism of solidarity, and part of Islamic teaching.

Oxfam strove for transparency. The higher earnings of the village head and group leaders (IDR50,000) were explained to the workers, and payment was done in public. Information about the duration of the work, who was allowed to work (e.g. no children under 16), the wage rate and the payment frequency were also explained. In terms of the frequency of payment people were initially paid three days after completion of the work, then after six days and after 15 days.

In the beginning there were concerns about the impact of CFW on the spirit of community self-help ('*gotong royong*') that traditionally exists within the community. The evaluation found that

CFW has in fact united people, and strengthened solidarity. Many said that every Friday '*gotong royong*' still happens – particularly for religious activities such as cleaning the *meunasah*.

The target for the project was agriculture communities, and some of the work done as part of the cash for work programme was on people's land. Everyone was considered to be vulnerable – those who owned land and those who did not. In one case, the land-owner agreed to give temporary land-holding status to the landless – without obligation to share the harvest. A hectare of land was usually divided into eight separate land-holdings. This seems a good approach as the uneven distribution of land will mean that land-owners enjoy greater benefits from the assistance. The programme may also enhance the disparity in assets because the land-owner will not only get the harvest from the land that he manages, but he may also get a share from land that he lends to others. Some landless respondents in another village whose land was lost in the tsunami (the sea had engulfed the land) said that they wished they had had other CFW opportunities: 'it is not nice to work in another person's land'. Negotiating temporary land-sharing agreements (with the harvest going to those who cultivate the land) is an innovative way of tackling the problem of inequality. However, there is obviously no guarantee that the land-owner will extend the arrangement the following season. There is also potential for conflict if the land borrower takes control of the land or does not want to return it to the owner.

Other points that emerged from the evaluation concerned questioning the practice of using CFW projects to deal with agricultural land rehabilitation: why should Oxfam pay the labour cost for individual land-owners to get started again in agriculture? Why not just provide a cash grant directly to the land-owner together with a cash grant for the landless? In this way Oxfam will provide more options for the landless and reduce jealousy, and at the same time contribute to return to a more 'normal' situation – the land-owner can employ whom he wants, at the most appropriate wage.

Staff constraints meant that monitoring was limited and so little attention was given to checks on targeting (particularly gender issues), or to risks associated with works projects, such as ghost workers on beneficiary lists.

For more information please see Winahyu (2006).

4.3 Oxfam India

Oxfam's cash for work programme addressed the rehabilitation needs of the salt pans as well as farm land. The organisation of the cash for work project on the salt pans was complicated by a

number of factors, including the ownership structure (land-owners, salt pan leasers, labourers), and the desire to ensure that employers (the leasers) paid women the same rates as men.

The leaseholder became a 'sub-contractor' to Oxfam. The leaseholders' responsibilities included:

- Agreeing on the number of working days needed to rehabilitate the salt pan.
- Monitoring and supervising the workers on his leased land, and ensuring the timely completion of the work.
- Recording the names of the labourers, the serial numbers and amounts given to each of the labourers on each day.
- Handing over the tokens (one per labourer) at the end of the working day.
- Paying for any labour hired over and above the agreed number of working days (and vouchers provided).
- Using the tokens (giving them to workers) within 15 days from the date they were received.
- Taking responsibility for the quality of the work and the safety of the workers.
- Awareness days (up to an hour) and time for payment (half a day) should be within working hours.

This agreement was formalised through a contractual agreement, signed by Oxfam, the leaseholder and Oxfam's partner.

The amount of work needed for salt pan rehabilitation was researched during an early advisory visit from head office. As a general rule, the work was approximated as 100 labour days for one acre. Leaseholders were organised into committees of six, and a representative was selected. A meeting was to be held involving leaseholders, partners and workers to agree to programme procedures. Leaseholders were required to identify labourers and register them at the outset. Women were encouraged to participate, and a minimum of 50% was the 'programme aim'. Minimum working age was 18 years old. For child-headed households the community was tasked with organising how the household should be supported. Involvement of elderly, weak and disabled persons had to be considered: 'Special working units, with less physical work input have to be thought of'.

'Labour day' vouchers were issued to the salt pan leaser, each voucher being worth INR72 (around \$1.5). The leaser handed them over to the workers at the end of the working day, and the workers redeemed them with the partner NGO every three days. Documentation sheets

would be collected from leasers every second evening, for preparation of payment the following day.

Workers and salt pan leasers were told of their responsibility to ensure security of payment, and the consequences in the event of withdrawal from the area. The partner and the community were responsible for developing a safe payment procedure. Guidelines on the safe disbursement of cash were issued. A number of forms were prepared for recording cash and token transactions and work completed.

One issue for discussion was the way that the programme was organised. It would have been much simpler to have given grants to the salt pan leasers and asked them to hire labourers as normal. Oxfam argues that this may have resulted in women not being hired, or in women being hired at a lower rate of pay than was normal.

4.4 BRCS Sri Lanka

BRCS embarked on a cash for work project in March 2005 in Matara district in southern Sri Lanka (Devinuwara division). The project lasted for two months and employed a total of 346 individuals, of whom 54% were women. Vulnerable households (headed by women or elderly people) were successfully targeted. The work involved excavating blocked agricultural canals, draining flooded fields, clearing stagnant water, removing rubble from beaches and communal land and digging coir pits. Participants earned on average LKR5,343, and the average project length was 11 days.

The original plan was to disburse cash through banks but during discussions with communities, government representatives and the Sri Lankan Red Cross it emerged that banks were relatively inaccessible in that area, and that direct cash payments were preferred. Payments were made on a weekly basis.

During the evaluation one key informant noted that large, vulnerable households' needs for greater income were not recognised in the targeting policy. Nearly 10% of the households interviewed in the evaluation comprised eight or more people. One of the recommendations of the evaluation was to allow more workers from larger households to participate.

Households prioritised 'useful' categories of expenditure (the most common was food); as the government was providing dry rations, households spent their earnings on spices, fish and vegetables. The diverse other priorities highlight the usefulness of using cash rather than vouchers. Expenditure categories included loan repayments and education (relatively common),

and clothing, medicines and savings. Around one-fifth of households spent some of the cash on investing in a business and repair or purchase of tools. The relatively low spending on investment was due to the need for basic items, and investment in business recovery was out of the reach of households' cash for work earnings.

Table 2: Expenditure of cash for work wages

	% households spent as first priority	% of households who purchased
Food	45%	87%
Loan repayment	11%	30%
Education	11%	30%
Medicine	8%	36%
Savings	8%	28%
House repair	6%	13%
Clothes	4%	40%
Business Investment	4%	11%
Buying other items	2%	2%
Repair of tools	2%	4%
Other daily priorities	0%	19%
Transport	0%	8%
Tool purchase	0%	6%

The evaluation included several case studies which give a picture of the impact of the cash for work project on selected households. An example is given in the box on the following page:

Charlet Jayasundera, participant in the British Red Cross-Sri Lanka Red Cross Cash for Work project in Talalla lagoon, Matara, Sri Lanka, May 2005

As part of their tsunami response, the British Red Cross and the Sri Lankan Red Cross implemented a cash for work programme targeting vulnerable groups such as women-headed and elderly-headed tsunami-affected families in Devinuwara Division, Matara, in southern Sri Lanka. In return for daily wages of 400 rupees per a five-hour day (approximately £2), participants carried out communal works which had been identified as important by the community.

The Talalla lagoon project involved clearing debris from a large lagoon close to the sea and restoring coconut husk pits. Women around Talalla use the bed of the lagoon as a place to condition coconut husks so that the softened fibres can be made into rope, mats and other products for sale. Making coir and coir products is an important small industry along the coast, and the tsunami had a devastating effect on it.

Charlet Jayasundera is 53 and currently lives in a camp behind the Samulu hospital in Talalla Central with her youngest son and her 65-year-old husband. She had two sons and two daughters, but one of her daughters and two of her grandchildren were killed in the tsunami. Before the tsunami, her husband was a security guard in a hotel but the hotel was badly damaged and he lost his job. Charlet used to make string hoppers (a Sri Lankan breakfast food, similar to soft rice noodles), did some tailoring and owned five coir pits.

During the days after the tsunami, she had to organise a funeral for her loved ones but did not have money to do so, so she and her husband made the coffins themselves with the help of other villagers.

Charlet worked on the Talalla lagoon project with other women to restore 12 coir pits. She enjoyed helping others restore their pits. She spent her wages on children who had lost their mother, giving them pocket-money for school, and the rest went on spices, fish and vegetables. During the project she managed to fill one of her coir pits with coconut husks, which will be ready for processing in eight months, and she is optimistic she can start her business again. Of the Red Cross, Charlet said 'the Red Cross has given me a hand to stand alone'.

For more information please see BRCS/SLRCS (2005).

4.5 Mercy Corps Aceh

The Mercy Corps Cash for Work programme was the first to get going in Aceh – within less than two weeks the Aceh team was employing people for the important task of cleaning up tsunami-affected areas in Banda Aceh – including corpse removal. Mercy Corps' project was professionally-oriented from the start – managed by individuals with experience in cash

projects in Afghanistan. A set of handover notes dated 14 January identified several important issues at the start-up phase:

- Things were going well, but they needed to establish more solid, stable systems to hire staff and train them up to enable a scale up in February.
- The target was to be able to employ 1,000 daily workers by the end of January. Expansion beyond that would have been possible, but ‘it should not be at the expense of strong systems, trained staff and secure payment mechanisms’. The goal was to establish these, and excess surge capacity to expand in February.
- Payment was the main issue:
 - First, MC needed to move away from cash payments on a 1/2/3-day basis to a weekly payment by the end of the first week of work in any site, and to establish ‘pre-approved payments’.
 - Second, the payment of cash should be reviewed and perhaps replaced with another form of payment, such as bank cheques.
 - Third, the system of payments directly to each participant needed review – to be replaced perhaps with payments to group leaders (*ketua kelompok*) subject to approval by participants. This would require a transparency system so that, as soon as a leader gets paid for his group, the whole group is aware of how much he received, and how much they should be receiving from him.
- Meals and water: the project started out by organising lunch for participants, but this proved administratively difficult; later, MC switched to payment of an additional meal allowance (IDR 5,000) and let workers organise their own lunch.
- Staff:
 - Newly hired staff should be inserted into existing teams for a week while they learn the procedures; in case of expansion, ‘old’ staff would set up in new locations, and new staff would take over the existing areas.
 - The hiring and training of a CFW cashier, a CFW monitoring officer and a CFW administration and procurement officer were priorities.
 - All new staff were to get a proper Mercy Corps orientation – they were MC’s representatives in the field and they needed to know all about MC and the agency’s mission.
- Monitoring: the project started out with two simple monitoring forms to be used for interviewing 1 in 20 workers – to provide a simple baseline, and for weekly monitoring. There was also a plan to hire women to monitor economic activity associated with MC’s cash for work projects.

- Pay rates were recognised to be high. Care was needed to assess and coordinate payment rates with other agencies so that, when conditions were starting to normalise, all agencies agreed on new, lower rates with the communities. CFW should not be a disincentive to people engaging in other productive activities.
- Partner capacity: Mercy Corps worked with a partner that had recently established itself – the organisation looked strong, but the high level of financial responsibility was a potential risk to MC and a pressure to the partner. MC planned to organise payments to the partner in weekly tranches – to minimise risk to MC, while avoiding placing obstacles in the way of the partner’s getting the work done. Close monitoring and support was needed in the early weeks. One suggestion was to attach a compliance officer to work with the partner to make sure accounts were kept up to date.

An evaluation of the cash for work project made the following key findings:

The project covered 60 communities in four districts between January and July 2005. The programme included an average of 10,905 participants a month and a mean monthly disbursement of over \$650,000.

In January the project exceeded its aim of employing 1,000 workers, with a total of nearly 5,000, and disbursements reaching nearly \$50,000. At its peak in April, there were nearly 18,000 daily workers with disbursements for that month of over \$1.3 million. A total of \$4.5 million was disbursed over the seven-month period.

The project’s objectives included:

- Mobilise idle labour
- Infuse cash into the local economy
- Empower individuals and households to act on their own decisions by providing them with cash to meet their needs
- Provide people with productive and compensated work opportunities, thus facilitating the return to normality

The project was evaluated by Johns Hopkins university (the team continues to provide M&E support to the agency).

CFW income (average \$276 per month) made up 93% of the total household income, and work opportunities were significantly greater in Meulaboh than in Banda Aceh. Monthly expenditure

averaged \$191. Households reported pre-tsunami savings of \$385 compared to an average of less than \$80 after the tsunami. Monthly expenditure was dominated by food (\$62 or 42% of total expenditure). \$62 is a large amount of money to spend on food considering that WFP was distributing what was supposed to be a full ration. This highlights that a food ration cannot provide dietary diversity.

34% of workers reported saving some of their earnings. Among savers the average was \$58 in total. 35% reported purchasing assets since the tsunami – more frequently in Meulaboh. Expenditure on assets was \$207 on average and roughly half of expenditure on assets came from CFW funds. The most frequently purchased asset was gold (84% of households).

Issues

The payment process was a constant challenge due to the huge scale of the project and large numbers of workers. Daily payments were quickly replaced, as the programme grew, with weekly payments. Group leaders were paid, who then disbursed the cash to workers. The presence of ghost workers was a problem that emerged in March and continued till the end; the higher supervisor-to-participant ratios were believed to contribute to this. The management team recommends work groups with no more than 25 workers and a ratio of no more than four work groups to one supervisor (overall maximum ratio of 100 workers: 4 group leaders: 1 area supervisor) to ensure quality and efficiency of work. The problem of ghost workers was addressed through the introduction of a system of compliance monitoring from May, where regular unannounced checks of work groups were conducted; discrepancies were documented in an incident report and addressed by programme managers. Another strategy was to bring in supervisors from outside the area.

The programme was constrained by challenges in procuring and distributing tools, and in availability of technical specialists such as engineers. Output-based labour payments (e.g. 18–25 work days per house) were introduced later in the project as productivity seemed to be declining – as well as payments for half days. This improved relations between supervisors and workers, and made monitoring easier.

The study concluded that households spent the cash on basic food and non-food needs as well as on savings and investment. Control over the cash within the household did not seem to be an issue as the evaluation found no significant difference between how women or men reported spending the cash. Most households had more than one member working; efforts to target based on vulnerability would improve equity but would have implications for monitoring and supervision.

Mercy Corps decided to stop cash for work at a time when workers still needed labour in order to transition to a more sustainable recovery programme involving cash grants and loans for small businesses. The exit strategy included decreasing the number of work days in a week, and restructuring payments based on fixed contracts (output-based labour payments or OBLPs) with specific deliverables required before payment. The OBLP is a demand-driven system whereby the number of workers employed fits the work requirements; the traditional cash for work model is supply driven, with labour activities organised largely around the number of workers reporting for work. Some of the workers transitioned into the livelihoods programme, but a major problem for the CFW programme was that 'some participants said they would have no employment after the programme ended; this created tensions within communities as programmes were scaled back and workers were forced to leave the programme'. The evaluation team recommended a reduction in work hours to help ease this transition, but the earlier commencement of livelihoods grants would help further by removing from the rosters those who wish to restart businesses. This would leave more of the CFW opportunities open to people who rely on labouring for a living.

Security and corruption related to cash specifically were not an issue for Mercy Corps' CFW projects in Meulaboh or Banda Aceh (problems with ghost workers are an issue for any kind of benefit scheme). The fair disbursement of cash through group leaders was achieved through the promotion of transparency – workers were aware of what they should receive. 'The Mercy Corps experience in post-tsunami Aceh supports evidence from previous projects that indicates that cash can be delivered and distributed safely in the emergency context, and even in conflict environments.'

For more information please see Doocy et al (2005).

4.6 NESAs India

NESA (a partner of Christian Aid) is a social change agency. It had particular aims in its cash for work project to promote savings, and women's empowerment through equal pay. In its CFW project NESA included a 'compulsory savings' component. While this was not in fact 'compulsory' – there were no sanctions if people did not save – the agency believed that the relatively small amount that they suggested workers saved would amount to a relatively large sum at the end of the project, and the worker would see the value of saving a small amount every day. Promotion of savings is recognised as a useful element to any cash transfer.

Agencies might argue that paying women the same as men during a cash for work project is all very well, but as soon as the project finishes and the NGO leaves, the wages are going to revert to what they were before. NESAs argue that the project has not just challenged entrenched notions regarding pay levels (and some might be convinced of the arguments), but also made women realise that they are entitled to expect, and ask for, equal pay for equal work. They now understand the concept of 'equal' but 'different' work.

For more information on NESAs' cash for work programme please see the agency's slide presentation in the annexes of the ODI India workshop report (Adams (2006a)).

Chapter 5: Cash grants for livelihoods recovery

5.1 Introduction

A number of case studies have been selected for inclusion here because they illustrate an important point about cash transfers for livelihoods recovery – either ‘good practice’, or an important learning point. Information from other organisations was not available at the time of writing, but it should be noted that most issues mentioned here were noted in others agencies’ livelihoods recovery interventions.

Some of the key distinctions between different agency approaches and issues arising are:

Save the Children Aceh: provision of grants to vulnerable households and a grant/loan mix to others; use of a community co-operative *sharia* bank as partner.

BRCS Aceh: provision of a flat-rate grant to all households; registration of beneficiaries using biometric technology to prevent double registration (internally); opening of bank accounts with a bank selected by BRCS; tranche payment system: lengthy process for transfer; strong database for project tracking (particularly important with tranche payment system for livelihoods recovery); grants could be spent on a number of priorities, not just enterprises – education and services were also legitimate categories of expenditure.

Oxfam Aceh (Aceh Besar): relatively small grants provided, sometimes inadequate for start-up needs; ad hoc establishment of revolving funds with insufficient capacity; funds for livelihoods recovery not paid into banks but transferred directly.

Mercy Corps Aceh: separation of grants for the majority of community members from support to business sector (loan guarantee scheme). Groups formed for ease of transfer (through group bank account) which were inappropriate in some cases. Applications revised by field officers and inadequate support provided in some cases.

Oxfam Sri Lanka: partnership with microfinance institutions (MFIs) meant that some of Oxfam’s ‘grants’ turned into ‘loans’ – the grant actually went to the MFI.

Austcare: loans programme from early 2006 included additional consumption grant – deemed necessary to protect loan from being spent on basic needs. First group received it but not subsequent groups.

5.2 Save the Children Aceh

Save the Children's EEA (Emergency Economic Assistance) intervention in Aceh included three basic 'products': cash for work, cash grants for vulnerable households and a cash grant/loan mix for others. The project was a modified version of a micro-finance model developed by SCUS elsewhere in the region. A key concern with the project was the combination of grants and loans, which raised concerns about the potential to create confusion around what was a grant and what was a loan and so undermine repayments and future credit schemes.

The goals of the grant/loan component included: restoration of working capital and fixed assets for small-scale producers; restoration of businesses – with multiplier effects within the wider economy; linking small-scale producers with the formal banking sector; training producers in management and safety; and providing producers with a savings mechanism.

Save the Children decided to provide loans early in the recovery phase for a number of reasons:

1. The SC sector manager argued that people wanted loans – as it provided an important link to the bank which would help them access credit – which they had hitherto been unable to access because of the collateral pre-conditions required; SC aimed to address problems of access to micro-finance providers in the formal banking sector among poor coastal communities.
2. SC planned to develop beneficiaries' financial management skills and confidence in working with the formal credit sector.
3. SC noted that people were already taking out loans from informal money lenders (at very high interest rates), and they wished to reduce dependence on this source of credit.
4. SC wanted to introduce group savings schemes.
5. Monitoring impact was thought to be easier with loans than with grants.
6. SC wished to instil a sense of responsibility in financial management and credit.

How did it work? The design was relatively complex: beneficiaries received either

1. a combination grant + loan for asset replacement, maximum IDR10 million (around \$900) and/or working capital loans (maximum IDR3 million). The grant/loan mix was 60% grant and 40% loan, and initially it was planned for there to be a ceiling on the loan element. The idea was to reduce people's loan commitments to a manageable amount –

- whatever amount was requested over and above the \$200 ceiling would be in the form of a grant. Beneficiaries had 12 months to repay the loans, at commercial rates; or
2. a grant of IDR 3 million (around \$270) for vulnerable households – mostly widows and elderly-headed households – who would not qualify for the grant/loan product. The payment was made into the individual's own bank or co-operative account. Pure grants beneficiaries were required to make regular weekly savings.

Assets were replaced either through a cash transfer, or in-kind. There was no clear distinction as to which items would be replaced in-kind, but boats were generally included in this latter category as the production of new boats was assumed to be easier if it were centrally organised.

Save the Children selected a *sharia* co-operative people's bank (*Kupesrem* – the BPR) as its partner. The *sharia* system in theory has no interest component, but service fees are charged which fund the co-operative bank's work. Preparatory activities included communication with the partner and communities about:

- who is eligible for which product (SC selected the beneficiaries)
- conditions for the grant and the grant/loan products in terms of savings and repayments
- responsibilities of the co-operative bank and of Save the Children. A detailed written agreement was drawn up for each party detailing the agreed roles and responsibilities of both organisations, and the charges to be paid by Save the Children.

Repayments from beneficiaries were paid into the bank or cooperative to serve as capital for beneficiaries' future business development needs, effectively creating a microfinance fund within the bank but essentially separate from its core business. SC planned to reinforce the bank's capacity to taken on a microfinance role in the future.

Applicants for both a pure grant and a grant/loan required a business plan – the format was provided by Save the Children. Beneficiaries were organised into groups of individuals pursuing similar ventures; the main purpose of these groups was mutual support with the grant/loan group members acting as guarantor for the loans that each had taken out. The co-operative bank partner was responsible for assessing the business plan for the grant/loan products. The funds were paid by SC into the co-operative bank, and this was disbursed to individual bank accounts by the bank (which was obliged to report to SC on the progress of the funds transfer). The bank was responsible for ensuring that beneficiaries made their repayments. They were also responsible for reporting to Save the Children on these monthly repayments. The strong point of the SC intervention was on the business development support provided to beneficiaries. This

was sub-contracted to a specialist business development services agency working throughout Indonesia.

The service fee was determined by the prevailing rate used by the partner co-operative bank. Sanctions in case of non-repayment of the loan were determined by the community. Where the debt was ascribed to lack of effort rather than other difficulties, the community would have the power to take away the asset and give it to another group or individual.

SC and the partner co-operative bank were to collaborate closely in following up with beneficiaries, making regular visits while collecting the savings and repayments. This visit was also intended to allow for monitoring the use of the funds and for providing advice and assistance to beneficiaries' ventures.

As of March 2006, SC had provided 2,419 cash grants to vulnerable households and 2,056 grant/loans to others. Delays in implementation included the initial establishment of the contract between Save the Children and its chosen banking partner, and the work of processing applications – like many organisations, SC found it very difficult to recruit enough suitable field staff for the programme.

Informal reports from programme managers suggested that repayment was below what they had expected – and they confirmed that some beneficiaries were confused about exactly what had to be repaid and what was a pure grant. Late payment was in some cases due to the late provision of inputs (particularly fishing equipment – for instance, engines arrived after the boat), or because income from businesses was insufficient (due to poor market access or a depressed market).

This case study seems to confirm the need to clearly separate grants and loans, and using one partner (itself a bank which does not normally handle grants) is problematic for this reason. Second, no matter how clear programme managers think *they* are on what the programme entails, if it is too complex for them then it will be too complex for a large-scale emergency response programme. The case also highlights the dilemma for an agency that had previously been focused on establishing sustainable microfinance institutions in conflict-affected communities. This is a laudable goal in most situations – and beneficiaries probably did want to be able to access loans in the future – but whether loans were appropriate at that early stage is questionable. Three factors suggest that it was too early for loans: the high level of trauma that remained within communities; the heavy personal and material losses that people had suffered; and the fact that most other agencies were providing grants. Establishing grass-roots

microfinance agencies was necessary, but needed a coherent and much slower approach coordinated with other agencies, and adherence to commonly accepted guidelines. Moreover, relief agencies have to be careful not to overload local partners who might not be aware of their capacity limits; this is particularly relevant where the case load is expected to be high, and where the intervention includes innovative aspects.

5.3 BRCS Aceh

The BRCS livelihoods intervention in Aceh is an example of strategic planning for livelihoods recovery guided by principles of transparency, participation and non-discrimination. The principle of non-discrimination is an important one for the cash learning project because it influenced the value of assistance received by targeted individuals, and the targeting policy itself. This principle was interpreted by the management team to mean that everyone should receive the same amount of assistance regardless of their wealth status. While other organisations were setting the value of the grant for livelihoods recovery according to what people had lost and/or what they needed to resume their former activities, the BRCS team decided to provide a relatively high grant of roughly \$1,000 per household to everyone, across the board.²⁶ The BRCS livelihoods recovery programme was designed relatively early on, at a time when many other agencies were engaged in cash for work programmes. BRCS decided not to implement cash for work projects – mainly because they excluded the poorest, but also because the agency favoured a participatory approach to recovery, and the planning of that recovery. A key feature of other BRCS programmes in the early days was the provision of ‘cash for planning’. People were invited to sit down together and plan for their household’s recovery – not just livelihoods, but all aspects of the recovery process. BRCS provided a stipend for one day which gave people ‘space’ to plan – without having to worry about their basic needs for a while.

BRCS developed a pilot ‘model’ for the whole of their multi-sectoral approach to recovery. The first pilot project targeted households displaced from an island near Banda Aceh called Pulao Aceh. The pilot area interventions were supposed to guide the strategy in subsequent areas. However, it is not clear to what extent the livelihoods strategy was modified with each subsequent area of intervention: most design elements of the livelihoods recovery programme remained unchanged. BRCS aimed to support a total of around 10,000 households overall.

²⁶ Only civil servants were excluded, a decision which seems questionable given the limited income levels of some civil servants, and the fact that many may have had additional livelihoods activities as ‘side occupations’ prior to the tsunami to supplement their salary.

Another element which was critical for the BRCS team in Aceh was a transparent, water-tight database that would enable the tracking of each grant application. At any one time the database can report on the status of all received applications – the number of contracts loaded onto the database; the number which have been ‘created’ (are ready for signature by beneficiaries); the number ‘released’ (data sent to finance and waiting for the first payment). The database also records the number of beneficiaries (and the total cash value) of those who have received the stage 1 payment (the advance) and subsequent payments (stages 2 to 4).

This case exemplifies how a relatively simple and efficient concept (a flat-rate cash grant for everyone) can be made complicated in the design stage if managers focus on the risks associated with cash transfers. The risks include: (i) double registration (the same individual may apply for two grants in different locations); (ii) duplication of assistance (the same individual might apply for two grants from different organisations for the same purpose); and (iii) individuals might not use the cash grant for the purposes intended – a problem for donor reporting, perhaps. The consequence of this is that the potential advantages of cash transfers and the straightforward targeting system (quick disbursement, choice and flexibility for beneficiaries) are downplayed. It is not the database that is the problem, it is the tranche approval and payment system – as it has so many links in the chain.

A further point about the BRCS intervention was the agency’s requirement that everyone opens a bank account. This was understandable given the large sums to be disbursed, and the fact that the Red Cross movement relies on volunteers to run the programme (BRCS aimed to reduce cash handling among field volunteers to the minimum). Using banks is a very good idea for NGOs disbursing cash as banks obviously specialise in this work and there are several advantages for beneficiaries in having bank accounts. However, BRCS’s criteria for selection of a bank to work with focused on the priorities of the agency. The bank that was selected (BCA) has a reputation in Indonesia as a bank for large-scale businesses. Moreover, it is geared towards urban customers (including larger businesses): customers have to pay in a high opening balance (IDR600,000 (\$60)) to open an account, and the provision of ATM cards is routine.²⁷ One of the criteria rural people consider when choosing a bank is accessibility, and the BCA bank had relatively few branches outside Banda Aceh. In some sub-districts a trip to the bank in Banda Aceh would have required between half a day and one day for a round trip. Other banks in

²⁷ The bank provided training for new bank account holders in use of ATM. The training used cardboard replicas of the ATM machine. Despite these efforts, the inclusion of ATM cards as part of the package was not useful for most beneficiaries, and introduced a risk and headache for them and the bank. ATM cards could have been made available on application to selected bank account holders.

Indonesia (and Aceh) – such as BRI – have many more sub-branches, and the Post Office system with its decentralised branch network and outreach facility – which also provides savings accounts through its link to the BTN bank – also might have been an option. Indeed, many Acehnese may have had pre-existing accounts at the post office or with these other banks prior to the tsunami. Finally, the opportunities for accessing loans for the type of beneficiary assisted by BRCS would have been more limited with the BCA bank than with other banks – which are more geared towards providing suitable financial services for rural populations. Other commercial banks had been developing new strategies which sought to target rural clients hitherto excluded from bank loans due to their inability to provide the required collateral.

BCA fulfilled its part of the arrangement with efficiency. The bank provided a good service for opening new accounts – and they set aside days when whole villages were able to come and open their individual accounts. The BCA director in Jakarta also announced that he would waive the usual fees for the new bank account holders (the cost of the passbook, the monthly \$1 service charge) – a generous offer from the bank. However, as the bank charges were (compared to the grant) very low, it did not amount to very much to the new account holders, but it made a big dent in the profits of the service-providing branch in Banda Aceh. While BRCS did not ask for the fee waiver, it is important that agencies ensure that the real costs are covered. Charges are levied by the commercial sector for services; a waiver may have implications for the quality of service provided.

The overall BRCS programme in Aceh is multi-sectoral in the real sense of the term (most agencies' programmes covered more than one sector but there was little coordination between them). It was designed through a process of household-based planning. Informed beneficiary choice was one of the working principles, as was the need to address all constraints to recovery, not just providing cash for the more obvious needs. Hence access to land was a pivotal part of the recovery programme, as was the replacement of identity documents. The design team set three rules to guide the way they worked:

1. *Information is Power: so share it.*
2. *Let the community decide what is right and the best thing to do*
3. *Mistakes are ok (correctable); corruption is not*

The third rule – which defined the agency's approach to reducing the risk of corruption included information on sanctions:

- BRCS would strive to prosecute in cases of individual, local government or Red Cross corruption;
- Activities taking place below the level at which corruption takes place would be suspended.

The system was designed to be watertight; the main risk was thought to be duplication of identity cards, and double registration. BRCS made use of the existing household and individual identity cards where possible and added new biometric data (iris-scanning). Mobile identity card reading technology was planned for to facilitate random spot checks. A sophisticated information management system was developed to verify that applications were genuine, and to support the process through which applications were approved, activities verified and the cash transferred. The database designer was brought in for a task that was originally anticipated to take 3 weeks. After more than 4 months an early version of a database was ready. Local staff were trained to be able to modify the database in case of 'glitches'.

The agency's attention to elimination of corruption risk (a zero-tolerance policy on corruption) may have reduced the corruption incidence noted in other agencies' programmes, but it makes for rather inflexible livelihoods recovery support. BRCS conditions at the outset were:

- Household and livelihood payments should be compliant with plans.
- Freezing of instalments would happen if households deviated from the plans.

The project implementation included the following activities:

1. Community meetings, explaining the project, and clarifying what BRCS would provide, explaining the targeting policy, and making clear what sanctions would occur in case of corruption incidents.
2. Registration of all beneficiaries in all villages. This process involved taking down details of the household members and recording them on a database. Field officers had laptops which they used to record the data, and this data was uploaded at weekends onto the central database in Banda Aceh. The database was set up to ensure that data entry errors were minimised (with alert signals where obvious errors had been made). It was at this stage that the biometric data was recorded – iris scans of heads of households and of wives and even children. During one registration activity the problems of iris scanning for the elderly became apparent – one elderly lady took more than 10 minutes before a proper 'reading' was captured. At this stage households were provided with information about the grant, and encouraged to fill in an application form for the funds.

3. Application for the grant: Individual households were assisted with making plans for livelihoods activities. There were no exclusions – households did not have to have done the activity before. The tranche payment requirement meant that the total amount requested had to be divided up into a number of discrete phases/payments (usually 4). These applications were reviewed by programme managers in the field, who checked the prices of items – that they were within the range identified by the field teams – identified applications that needed revising, and passing upwards (ultimately to the Aceh programme coordinator) the application for final approval.
4. After approval, the information for the grant was uploaded onto the central database. The system included an automated system for authorisation for funds transfer followed by transfer of funds to the partner bank, with beneficiary bank details and transfer values attached.
5. A tranche payment system was set up, with an initial advance for phase 1 activities, and after the completion of these activities (or purchase of the items) had been verified – by the Red Cross village-level volunteer – the second lot of cash was transferred. Photographs of items purchased or activities completed were required as additional proof, plus receipts.

With up to four activity phases the process from application to final cash disbursement was lengthy. The total time from the first payment to the final payment was between two and nine months, with the majority being around 4 months. When discussing the tranche payment and verification process, one field manager said: ‘There were times when I was pulling my hair out ... and I just thought – ‘Oh why can’t we *just give them* the money?’’. Although BRCS ‘piloted’ the approach in one project area, they made no modifications to the tranche payment system. The delays resulting from this system – together with BRCS’s requirements that households stick to activities identified in their original plans – may have been problematic for many activities for which flexibility and spontaneity in decision-making is necessary. For instance: a buffalo project proposal might include an advance payment for construction of the pen, and the second tranche payment for purchasing the buffalo. However, before the second payment arrives if the price of buffalo has gone up the beneficiary may prefer to make a snap decision to invest in goats. Or perhaps petty trading would generate income while other options are weighed up. Indeed, one beneficiary said that if they’d known the grant would take so long they would have chosen an activity with a quicker return. The stringent conditions outlined above at the start of the project regarding the need for activities to conform to the original plans either provides an unhelpful pressure on households to conform, or else they are ignored, in which case why have them? Ironically, one senior manager who set up the programme firmly believed that livelihoods recovery required just one thing – cash; she believed that most people would be able to get

going easily enough if they were just given the money. However, the system that was set up to disburse the cash worked against this idea.

The measures included in the system to prevent duplication of applications (e.g. biometric registration) may not have prevented households applying to BRCS in addition to other agencies as there is little checking between agencies as to who has received assistance from whom. Most agencies have no database so are unable to search centrally for names of beneficiaries (like the BRCS system can), although checks at village level would be relatively easy.

The BRCS programme adopted an approach that could have been efficient and simple; and the philosophy behind providing the same amount to everyone, and setting the value of the grant relatively high, appears to be a good idea. With such an approach everyone understands it, everyone agrees with it (particularly in 'communal' cultures such as Aceh), there's no jealousy, and the poor receive proportionately more than they might with the approach favoured by other agencies. Moreover, BRCS's guidelines – that the grant could be used for education or services in addition to livelihoods recovery – allowed greater flexibility for beneficiaries.

And while some agencies complained that the grant was 'just too much' (ironically this complaint came from an agency providing lower levels of support, whose beneficiaries requested to be allowed to switch to BRCS) it seems to have been a much more realistic amount than most other agencies provided.

No other agency followed BRCS's approach. The idea of providing grants to 'rich' as well as 'poor' people seemed to go against the normal 'pro-poor' targeting policy which usually excluded the 'rich'. One agency (Oxfam) did however combine forces with BRCS in villages where 'Oxfam's beneficiaries' wished to switch to BRCS. Instead of allowing this switch, Oxfam and BRCS agreed to work together: Oxfam assisted the beneficiaries with grants as per their usual strategy²⁸ and BRCS funds would top up the Oxfam grant, providing funds also to those that Oxfam had excluded.

There is clearly a question of co-ordination that should be considered in disaster responses – is it fair that what people get, or how they are assisted, should vary so much, and depend on which agency hangs their flag in their village. It's important that the BRCS approach and its targeting philosophy are compared with those of other agencies to evaluate which was more

²⁸ Value set according to the business plan; some 'unviable' businesses excluded; maximum of \$400; exclusion of the rich and those who didn't want to, or couldn't, start up a business.

efficient, fairer and more acceptable to the community; and which design elements should be revised to improve future interventions. While other agencies have criticised the BRCS for providing too much (and creating jealousy) perhaps it is BRCS that provided an appropriate amount, and other agencies provided inadequate sums for livelihoods recovery. The latter interpretation is becoming increasingly convincing.

Agencies providing flat-rate cash grants across the board have the potential to implement quickly and efficiently – and facilitate the adoption by beneficiaries of flexible strategies for recovery that have the ability to adapt to changing circumstances. The important lesson to learn here is to establish systems that are not overly complicated. If an agency doesn't have the capacity to support micro-enterprise recovery, but cash is needed by many households for livelihoods recovery, then it seems a good idea to provide the cash that people need in the most efficient and straightforward way possible. People recovering from a disaster know what they need, and know how to go about getting it.

5.4 Oxfam Aceh

Oxfam provided cash to beneficiaries according to a business plan submitted to each managing office. There was little coordination between the offices and the design elements (maximum values, application format, criteria for selection) appear to vary.

Oxfam exhibited lists of beneficiaries in each village, and what they received. This was done for reasons of transparency, but because no other agency did the same it failed to prevent duplication of assistance. These lists – ranked by the amount received – clearly showed the breakdown of the cash grants; most beneficiaries at the top were male, most beneficiaries at the bottom were female. While some of the women receiving low-value grants may have been wives of the male beneficiaries, some of them may have been widows, who were now the breadwinners. The application process followed by agencies like Oxfam failed to really work out how to enable widows to get going in new, well-paid activities.

Oxfam provided cash for all activities, regardless of activities planned (i.e. they didn't provide any in-kind assistance). For boat replacement, while other agencies provided the boats 'in-kind' Oxfam gave cash. A report in an Acehnese publication (*Info Kita*) highlighted how the cash grants provided for boats were not used for their intended purpose. In Alue Naga in Aceh Besar the community development officer (CDO) identified 60 fishing families who needed assistance. Based on these discussions the CDO suggested they form a group. It is not clear how the Aceh Besar team came up with the grant amount, but approximately IDR 4 million (\$400) was set as a

maximum grant amount per household. As the boat that most people were trying to replace cost around IDR 16 million this meant that groups of four fishermen were necessary in order for their grant to match the cost of a new boat. Unfortunately this is not how fishing was organised in Aceh – later on it became clear that four fishermen was too much for these boats. Moreover, the price of the raw materials was soaring. So, the groups of 4 beneficiaries just divided the funds between them. The fishermen were perplexed as to how to use the IDR 4 million: they only knew fishing (and wanted to return to the sea), but they couldn't afford a boat, or fishing equipment. Some spent the cash on everyday needs, others gave it to their wives for their business.

Another issue raised with Oxfam's programme was that in one district the agency provided grants, while in another district the livelihoods team opted to provide grants through revolving funds. While Oxfam staff – particularly their community development officers – had no experience of revolving funds, and the revolving fund model was new to most communities in Aceh, the team went ahead with this approach. Establishing revolving funds in such a context carries a number of problems and risks for the agency and beneficiaries:

- Payments into revolving funds are likely to be variable – conscientious people pay back and those who are lazier – or whose businesses are struggling – may fail to pay the funds back; this raises the problem of what to do with defaulters, and the fact that some people in the village suddenly find themselves in a position of power, but without the requisite skills and knowledge they may abuse this power.
- If people tasked with taking care of the paid-back funds have insufficient expertise the funds may get 'lost'; if systems are not tight and monitoring is not transparent then the risk is increased.

Another feature of the Oxfam programme in Aceh was the decision not to explore the use of banks – a livelihoods advisor believed it 'too complicated' even though some agencies had started to use banks, and one had even used a bank to disburse cash for work payments. So cash was transferred directly through Oxfam's field staff. While this was less problematic for the cash for work programme earlier on – and necessary in some insecure areas – with cash grants the sums transferred were relatively high, and opportunities for misuse of cash were greater. Moreover, when questioned the community development officers said they had felt scared prior to transferring the sums of cash – which were relatively large as a lump sum. The Oxfam Aceh Besar programme later found incidents of corruption in the construction sector but also in the livelihoods sector. The use of field staff to transfer cash does create additional risks which may be reduced through the use of bank accounts.

5.5 Mercy Corps Aceh

Under the Mercy Corps programme individuals applied for grants by submitting a group proposal (usually developed by a group leader with the help of field staff). Usually all individuals in the group are following a similar enterprise (e.g. kiosk, goat-rearing etc.). There is a limit on the amount that any individual household can benefit from (\$400), but more than one application (within this limit) is possible within each household.

A community meeting is held to guide applicants on developing a business plan; there is no set business plan – applications are highly variable and usually include just a list of items required. Most of the applications are organised into payment ‘tranches’ – i.e. an initial amount is paid to the beneficiary in advance of an activity; on completion (and verification) the next tranche is issued. Programme and finance staff have noted that the tranche payment system is cumbersome.

In the early stages the cash was transferred to the group’s bank account and then the group leader plus the one or two other signatories would withdraw the cash and disburse it to the group members. However, it was noted that some beneficiaries did not receive the full amount (a cut or ‘service fee’ had been taken by the group’s leaders) and henceforth Mercy Corps paid the funds into people’s own bank accounts. The group idea had been initially used due to the administrative hassle of dealing with individual bank accounts, many of which would have had to have been opened in advance.

The use of groups was problematic – the requirement to list others meant that often the group leader registered neighbours or relatives; and there were some cases where these neighbours had not realised they were on the group proposal. A trader, for instance, told us that his name was on the list of one of the rice farming groups, and he was supposed to receive IDR 2.5 million for this (about \$260). When he received only IDR 2.3 million he didn’t complain – it was for him like a ‘windfall’. In fact, he said that he would have been able to cultivate his rice field (which was only for home consumption) without a grant, but the cash would be useful to help him expand his trading business – his main income source.

A cut or donation to group leaders was common for several reasons. Some said that it is part of the respect and thanks due to the leader – they have after all been the person dealing with the NGO, and thus have more responsibility. Others said that they were not aware of how much they should have received, and were happy with what they had received.

A weak element of Mercy Corp's programme was the tendency for some field staff to amend proposals according to their own ideas of what it took to start up a project. One example was found of an application for support for chicken rearing, where the initial request included 40 chicks, a cage and feed for a month. The field officer cut the number of chicks that would be supplied to 15 per household (partly because the price had increased). When interviewed, one of the beneficiaries said that 9 out of these 15 had died, and she only had 6 remaining; these 6 did not provide her with a reasonable income.

In order to avoid confusion between grants and loans Mercy Corps provided grants throughout Aceh to most people, and established a loan guarantee package for small and medium enterprises. This latter programme was the agency's Financial Access Programme (or FinAP). The FinAP programme goal was to support the revitalisation of the Acehnese economy by helping micro- and small-enterprise sectors recover, thus generating long-term employment and strengthening local economic sectors. FinAP comprised three inter-related projects:

1. Helping micro and small entrepreneurs access commercial funding to restart, manage, and/or expand their businesses.
2. Supporting the provision of village-level financial services for microentrepreneurs.
3. Facilitating market linkages and non-financial services for selected economic sectors.

FinAP did not provide loans, but it offered 'additional cash collateral' to secure regular commercial loans. The programme also provided critical analysis and support for business planning, facilitates the relationship between the business and the bank, and generally assists banks to disburse loans to targeted businesses. By 1 January the programme had received 350 applications, had supported the development of 55 business plans, and had helped 35 businesses secure loans from banks. A total of IDR 1.2 billion (\$123,500) had been approved, with an average loan size of IDR 35 million (\$3,529), a loan term of just under 12 months, with Mercy Corps loan guarantees totalling IDR 889 million (\$88,936), and averaging IDR 25 million (\$2,541) per business. The total number of jobs created or sustained by that time was 170.

5.6 Oxfam Sri Lanka

The Oxfam Sri Lanka programme included cash grants to households to help them resume economic activities. People were required to fill in an application form and were provided with the cash (transferred directly to the beneficiaries, at least early on).

Oxfam's partners included local NGOs who had provided microfinance services in the past. Using these same partners to provide grants to tsunami-affected communities was found to be problematic because of this history:

1. The MFIs had high levels of debt from loans provided before the tsunami to people who were unable to pay it back. One MFI was concerned about this – the donor had visited them since the tsunami and asked them to concentrate on getting the pre-tsunami loans repaid.
2. One MFI had decided not to provide grants to the target population, but to provide a loan. Oxfam was not initially aware of this, presuming that the funds had been provided as grants, but in fact they had in effect provided a grant to their partner agency, and loans to tsunami victims.

MFIs' response to disasters is influenced several factors, including the pre-disaster debt that is outstanding, and the pressure from their donors to pay it back. Moreover, they need operating funds. Agencies working with MFIs in grant provision need to make sure that their full operating costs are covered. Moreover, MFIs may need support to bring the issue of debt relief to the attention of the national-level donors. In Sri Lanka these donors and national banks should have come up with a strategy early on to deal with the pre-disaster debt levels.

Oxfam found out that their pre-tsunami microfinance programme had been unwittingly supporting a partner NGO (an MFI) in providing soft loans to beneficiaries. The interest payable on the loan was so low that the MFI failed to recoup their costs. Oxfam's support was in effect to write off the bad debt – to support an unsustainable system. In Sri Lanka the quality of loan programmes in general is questionable – with government-approved interest rates way below those required for long-term sustainability of microfinance institutions.

5.7 Austcare

Austcare's livelihoods recovery strategy was based around provision of loans through a partner organisation (YDUA) which offered loans prior to the tsunami. The case study is included here because it included a grant for consumption for first round loan recipients.

Loans were offered to beneficiaries selected by YDUA, who made decisions on what kinds of businesses were viable. High-risk businesses (such as poultry) weren't selected. The interest rate was 2% per month, this figure being the figure YDUA used before and similar to the rate used in the Indonesian banking sector. 1% was for the group member for administration fees for

collecting payments, and 1% was for the benefit of the group. Selected beneficiaries were required to pay back the full amount plus accrued interest.

The project provided, in addition to the loan, a consumption grant during the 'grace period' – the month after transfer of the funds when businesses are getting going. The consumption grant provided was IDR 450,000 – a figure based on the estimated daily subsistence costs of a household (IDR 15,000) multiplied by 30 days. The consumption grant was new for YDUA, but they believed it was necessary to protect the business loan from being used for consumption. It was offered only to beneficiaries of the first round offer (168 recipients) and was not offered to subsequent loan applicants. The logic of this was that first round recipients had taken on the loan during the earlier 'emergency recovery period' (in fact the loans and grants were issued only in March 2006). A review of how recipients had used the funds showed that 60% had spent it on consumption needs and 40% had used it for the business (to make their first repayment).

Both agencies realised that the addition of a consumption grant carried a risk of repayment delinquency, but YDUA believed that 'active socialisation' would get the message across about the non-repayable grant; moreover, the loan commitment and the consumption grant would be clearly itemised in the loan contract. Early monitoring reports showed a 98% repayment rate. In fact YDUA had some difficulty explaining to the loan recipients that the money had to be repaid – because of the widespread provision of grants by other agencies.

Each loan recipient was required to open an individual savings account by the end of the 2nd month of project implementation, contributing an opening balance of IDR 25,000 – this should come from the loan recipient's own funds before transfer of the loan funds. Savings of IDR 5,000 per month were required (\$0.5) 'to encourage a savings ethic'.

Repayments were made to the group treasurer, who held a repayment card for each recipient. The repayments were paid into a revolving fund which encompassed all 26 groups under the Austcare/YDUA programme, and applicants could apply to this fund for new or further loans.

Austcare and YDUA recognised the risk associated with provision of the consumption grant (repayment delinquency, jealousy from the second-round recipients) but they were convinced that it was necessary for the first round recipients.

Chapter 6: Cash grants for shelter

6.1 Introduction

In the tsunami, cash has been provided for host families and for rebuilding permanent housing. The majority of assistance has still been in-kind. Governments and aid agencies provided temporary shelter for people in camps, using tents and other semi-permanent structures. Much of the support for permanent shelter has been provided in kind, either through the provision of building materials or the use of contractors to build houses for people. This section describes some of the cash support that has been provided for permanent shelter provision.

6.2 UN-Habitat Aceh

UN-Habitat in Aceh, in collaboration with the government of Indonesia and local and international experts, adopted a community-driven approach to shelter reconstruction.

The project collaborated with pre-existing structures and projects established under the World Bank funded and government managed Kecamatan²⁹ Development Programme (KDP) and Urban Poverty Programme (UPP) – programmes that are described as ‘flagship initiatives for poverty alleviation and local-level governance, which share a community-based approach to deliver support in common locations’ (UNHabitat 2006a).

UN-HABITAT’s programme – the Aceh Nias Settlements Support Programme (ANSSP) – was developed in January 2005 as part of UNDP’s broader Aceh Emergency Response and Transitional Recovery (ERTR) programme. ANSSP is implemented in six districts of Aceh and North Sumatra provinces.

The approach was developed to promote a ‘community driven approach that puts the beneficiary in the driver’s seat of the rebuilding process’.

²⁹ Sub-district.

Box 3: Philosophy behind UN-Habitat's approach to housing reconstruction

The Programme's strategy ensures that affected families are at the centre of the recovery process. Physical reconstruction contributes to social recovery by enabling affected families to collectively take decisions in all critical aspects to reconstruct settlements. The end result is a cohesive community and families that are fully engaged in shaping their future and that of their community. A people-centred approach also fosters local innovation in resolving local problems, be it settling land disputes, determining village priorities, sharing common resources like water and forest, or in the production/procurement of building materials. As communities take on these responsibilities, they gradually regain confidence and begin to revive networks premised on mutual help at times of distress. This not only improves efficiency, but is central to sustainable recovery.

Source: UN-Habitat 2006a

The cost was budgeted at \$4,468 per unit. The beneficiaries are organised into clusters (known as KPRs)³⁰ of 7–13 families – usually neighbours as supply of materials is easier. Each cluster receives funds through a group bank account (Bank Rakyat Indonesia, BRI) which is opened by 3 members of the cluster: a chair, secretary and treasurer. The funds are transferred in four tranches, with each subsequent payment contingent upon satisfactory completion of the funds advanced for the earlier phase. The four phased payments vary (20%, 45%, 20%, 15%) and households have tended to use their own resources to procure materials or services for the next phase rather than waiting for the bank transfer. The KPRs are responsible for selecting the contractors who bid to supply the housing supplies and services. The project conducts market assessments to guide the KPRs on prevailing market prices. Additional funds are provided for community infrastructure construction, with a budget of \$490 per house constructed.

Account signatories are able to withdraw funds from the group bank account if they present a letter from the donor (UN-Habitat) authorising the payment. This system is problematic because the signatories could present a forged letter and receive the funds. A better system, suggested by a BRI representative, is for the donor (implementing agency) to maintain two accounts: a donor account, and accounts for beneficiaries. The funds would be paid into the donor account at the beginning, and transfers to individual accounts authorised after official communication between the donor and the bank.

³⁰ The local acronym for 'cluster' is 'KPR' Kelompok Pembangun Rumah (House rebuilding group).

This intervention benefits from collaboration between an existing community development/empowerment programme (the KDP/UPP) – and its network of community facilitators, community representatives (usually elected and different from the village chiefs), the training in financial management that is provided through the KDP/UPP and the support and systems for reducing corruption and establish systems for villages to seek *justice* if abuse occurs (see section in workshop report).

Efficiency: as of the end of 2005 1,138 permanent houses had been constructed, and 2,000 were due to start construction activities by mid-January.

For more information see: UN-Habitat (2006a), UN-Habitat (2006b)

6.3 SDC/Swiss consortium and others (Sri Lanka) ‘Cash for Repair and Reconstruction’

In Sri Lanka four donors have supported the government’s plans for a self-build approach to reconstruction of permanent housing. The donors are KFW (German Development Bank), ADB, Swiss Consortium and the World Bank. SDC is the only donor/implementer – the agency wanted to support the government but it also wanted to be able to control the implementation process in its project areas (2 districts (Trincomalee and Matara) out of 12). The Swiss Consortium was responsible initially for 3,600 units in Trincomalee and 4,600 in Matara. TAFREN developed registration forms which all agencies used.

The amount for housing in the self-build programme (a national programme designed by the World Bank prior to the tsunami for conflict recovery areas and adapted by TAFREN) was set by the government at \$2,500 for new houses and \$1,000 for repair. The ‘owner-build’ or CfRR approach was implemented in areas outside the buffer zone where there were no restrictions on building. This had implications in terms of scale as later on the relaxation of the buffer zone policy resulted in a high number of new beneficiaries becoming part of the owner-build programme.

The instalments were released in four phases (foundation, walls, roof, doors/windows) over 6 months for fully damaged houses and in 2 phases (50% each) over 6 months for damaged houses.

The programme represented collaboration between many agencies: the donors, state banks, TAFREN, local authorities, the National Housing Development Authority, Urban Development

Authority, technical support from SDC and others, the Damage Assessment Teams, the Village Rehabilitation Committees, the District Grievance Committees, NGOs who came in with co-funding, and at the centre, the beneficiaries themselves.

The Swiss Consortium project costs were \$12.5 million in total. Of this, 85% was paid directly to beneficiaries, 3% for supporting local authorities and funds for village rehabilitation, and 12% for project coordination/management costs. SDC's project management support was provided at three levels:

- **National level coordination**
 - policy dialogue: adapting the policy to the reality on the ground; establishing common approaches;
 - coordination with the government and donors – sharing of information and proposing solutions;
 - dissemination of lessons learned on the ground
- **District-level support and capacity-building**
 - fostering communication between the various stakeholders (vertical and horizontal)
 - supporting management: helping with project administration and local bank transfers; creating and managing the database
 - enhancing transparency: ensuring that beneficiary lists, payments and NGO co-funding was publicised; that database information was shared with all stakeholders;
 - providing credibility – through donor presence at the local level.
- **Beneficiary level**
 - training sessions for local construction Technical Officers; information on local construction guidelines;
 - field visits to beneficiaries; support to Technical Officers;
 - awareness: public information meetings with beneficiaries and local authorities.

The value set by the government did indeed prove to be inadequate due to the considerable price increase in building costs (a three- or four-fold increase) due to the considerable demand for construction materials, skilled labour and land. The self-build option – using cash transfers to individuals – was complicated by the combination of price increases and the tranche payment system: for instance, the advance payment provided prior to the first phase activities would not have been sufficient to complete the tasks stipulated as a pre-condition for transfer of the next instalment. NGO co-funding was introduced after prices started to rise, but workable set-ups were needed to ensure a seamless collaboration. The co-funding options were:

- NGOs to provide top-up payments with each instalment release; or
- to set up cash for work projects which would cover the labour costs for the owner (compromising perhaps the purity of the original philosophy);
- NGOs to finish the houses
- NGOs would build 'half houses'

The Swiss Consortium's project in Trincomalee and Matara is comparably more efficient than in the other districts, with data compiled by TAFREN (as of November 11 2005) showing that in other districts a higher proportion of houses are still at the first stage (91%) with a minority having reached later stages (8%). The Swiss consortium had reached the 2nd, 3rd or 4th instalment phase with 44% of their beneficiaries.

	Swiss Consortium		Other districts	
TOTAL to be built	12,296	100%	50,628	100%
1 st instalment stage	6,911	56%	45,992	91%
2 nd instalment stage	4,625	38%	4,055	8%
3 rd instalment stage	521	4%	495	<1%
4 th instalment stage	239	2%	86	<1%

SDC argue that the management support it provided – along with the use of a database – contributes to this efficiency. The database was not in the original national plan. SDC has compared the two approaches (owner-driven construction and donor build) according to their own experience, and concluded that there were the following differences:

	Owner-driven	Donor build
Who leads the project?	<ul style="list-style-type: none"> • Clear: Partnership between donor/ implementer, partner and community 	<ul style="list-style-type: none"> • Confused: community or donors or government?
House design and infrastructure	<ul style="list-style-type: none"> • Owners have the option of improving design and infrastructure • Relies on 'common sense' 	<ul style="list-style-type: none"> • No major changes are possible – beneficiaries get a reproduction of a standard scheme • Relies on architects, urban planners etc.
Standards	<ul style="list-style-type: none"> • Agency can set new standards 	<ul style="list-style-type: none"> • Difficult to change existing standards

Approach	<ul style="list-style-type: none"> • Progressive 	<ul style="list-style-type: none"> • Traditional
Staff and labour	<ul style="list-style-type: none"> • Local labour (relatives and friends); expert staff in a supervisory role only 	<ul style="list-style-type: none"> • Need for skilled labour and technical NGO staff
Material supply	<ul style="list-style-type: none"> • Use of available and/or traditional materials 	<ul style="list-style-type: none"> • Agency usually selects materials
Economy and prices	<ul style="list-style-type: none"> • Economic effect more balanced (inclusive); • Control of prices possible 	<ul style="list-style-type: none"> • Inflation a big risk in major disasters (need bigger partners)
Culture and tradition	<ul style="list-style-type: none"> • Positive in areas with strong building and urban tradition 	<ul style="list-style-type: none"> • Possibility to improve houses and urban designs

For more information, see: SDC (2006)

6.4 BRCS Aceh

BRCS was one of the few organisations in Aceh that started out with the intention of offering a choice to households for self-build, and contractor-build. The field staff showed pictures of the house that the agency would build, and offered villagers a cash sum which BRCS considered sufficient for individuals to build the house themselves. However, no households chose the self-build option. While the amount offered represented a generous sum at the time (and included 'free' wood) one agency representative believed that the amount was either too low to build a house similar to the agency's contractor-build picture, or that households didn't want the hassle and responsibility of the building process. The agency later withdrew the option of self-build, believing strongly that the contractor option brought a higher probability of quality – all things being equal³¹ – and that fundamentally individuals are not well placed – or even very enthusiastic for the chance – to manage construction projects. BRCS believes that quality is better achieved through the agency's management of contracts, and points out that the contractor-build option doesn't *necessarily* remove the beneficiary from quality control – this depends more on the agency's philosophy and programming approach.

³¹ Poorly managed contractor-build housing projects are obviously subject to the same risks of low quality as poorly-managed self-build projects.

In Aceh the lack of a standardised housing package has meant a great deal of variation in the quality and size of housing that individuals receive – an issue which raises questions of equity and equality in the tsunami response in Aceh. BRCS made an extensive assessment of all the options prior to starting the project and the table below provides a summary of the issues considered.

Options considered by BRCS	Criteria for judging pros and cons of different options used by BRCS
<ul style="list-style-type: none"> • Individual self build – owner builds house possibly with assistance from neighbours, friends and relatives • Individuals use contractors to build or assist in building their house • BRCS hire contractors to build houses for people • Community construction – a group or cooperative of households cooperate to build houses • Community contracting – a number of people collectively engage a contractor to build a group of houses 	<ul style="list-style-type: none"> • Degree of participation and choice by beneficiaries • Safety and quality in construction • Speed of building – both in terms of start times and risk of delays • Level of administration and documentation needed by BRCS • Level of risk for BRCS • Logistics requirements for different options • Level of skills and knowledge needed by beneficiaries • Costs to beneficiaries – for instance in renting or purchasing equipment • Time beneficiaries need to spend on construction and extent to which this might divert from other livelihood activities • Costs and risk of cost over-runs • Level of benefits to the local economy • Risks of corruption

6.5 Cash for host families

6.5.1 Introduction

Hosting may be a critical survival strategy for internally displaced people (IDPs), and is often preferred to moving to camps because it enables people to stay within a home environment. However, it can be an economic burden for the host family. Proponents of cash for host families argue that:

- Hosting places a significant economic burden on host families. SDC's project in Aceh noted that each host family had on average four family members, and was hosting *on average* six IDPs, a significant additional burden in terms of space and household expenses. Moreover, host families are often not the most wealthy. People will seek accommodation with close relatives and friends regardless of the wealth of the host.
- Host families provide a safer family environment. This is particularly important where the alternative is barracks accommodation or tents over a protracted period. In Aceh, many families moved their children into institutional care partly because the alternative accommodation was not considered appropriate.
- Permanent shelter often takes a long time to establish, particularly where there are disputes over land rights. This was particularly apparent in Banda Aceh, where 18 months after the tsunami only a small fraction of housing had been completed. People may therefore be living with host families for significant periods of time.

There are some concerns that the provision of cash to host families could undermine the traditional community obligation to help extended families and neighbours in times of disaster. There is, however, little evidence of this. Indeed, one could argue the reverse – that support for hosting arrangements enables community solidarity to continue by easing the burden. These questions are likely to be highly culturally and context specific.

A survey of IDPs (UNORC 2006) living with host families in Aceh found that many agencies had largely ignored hosting families; both IDPs and hosts reported being left out of assistance programmes. An estimated 40,000–60,000 IDPs were living with host families at the end of 2005, a sizable proportion of the total caseload – particularly in urban locations (UNORC (ibid), citing Garansi and Bureau of Statistics surveys). Over half (54%) of host families never received any form of assistance to support IDPs, even though many host families appeared to be economically disadvantaged. A third (37%) reported incurring an 'economic burden' as a result of hosting (in SDC's survey 80% of host families reported not being able to afford to host IDPs).

SDC's evaluation in Aceh (Hermann et al 2005) reports on the high variation between the estimated number of host families in their project area and the number which were included in the project after the screening exercise. While there is little difference between these two figures when considering the overall sample, this similarity is considered coincidental as there was considerable variation between the two figures in a disaggregated analysis. This emphasizes the difficulty of estimating numbers of host families and IDPs living in host families immediately after a disaster – a time of considerable mobility among IDPs.

6.5.2 SDC's cash support for host families

The Swiss Development Corporation (SDC) has more than five years' experience of cash projects in locations such as Albania, Macedonia, Kosovo, Mongolia, Moldova and Georgia. It has a special unit for cash projects at its headquarters in Berne, Switzerland, which provides support to projects and attaches professional staff to field operations to manage the work. A particular type of cash intervention pioneered by SDC is the provision of cash grants to people hosting displaced families. This approach had previously been implemented in Serbia and Ingushetia, and was used again as part of the tsunami response.

SDC's intervention focused on IDPs living with host families in Banda Aceh and Aceh Besar. The agency did not target IDPs living outside of these areas due to limited finances and uncertain security.³² Under the project, SDC provided 7,239 host families in Banda Aceh and Aceh Besar with IDR 900,000 (around \$100) as a retrospective one-off sum, paid in April or May 2005. The project was governed by an agreement signed with the Indonesian government in Jakarta, and was implemented in collaboration with local authorities in Aceh and a commercial bank.

There were two criteria for participation in the project: a) that host families must have hosted two or more displaced people in their own house; and b) that the duration must have been for a period of three months or more (i.e. between the end of December 2004, when the tsunami hit, and March 2005). The first criterion was found to have been reasonable, but the second was deemed "sub-optimal" by the evaluation team. They found that 6% (416) of screened households had been excluded in this way, but that most of these, by the time of the survey, had hosted two or more IDPs for more than the stipulated three months³³.

The registration of beneficiaries was done by the sub-district and village authorities, starting at the end of February and ending at the end of April 2005. Some inclusion and exclusion errors were noted; most were identified through the publication of lists, the vigilance of bank staff, a database verification system and random household visits. To verify households, SDC staff visited randomly-selected host families to check the lists provided by the government representatives.

³² At the time of implementation the province was still classified by the government as in a 'state of civil emergency', which was lifted in May 2005, towards the end of the project. Outside Banda Aceh (UNSECOORD security level 3) the rural area of Aceh Besar was classified as a 'restricted area' with limited movement (UNSECOORD security level 4).

³³ In October 2005 4,400 families were still hosting IDPs in SDC's project areas (BPS survey, cited in UNORC 2006)

Monitoring was comprehensive, and included progress and process monitoring to allow for revisions in the implementation approach if necessary. It comprised:

- Daily monitoring of all activities related to the local authorities.
- Monitoring all money transfers and beneficiary payments in bank branches.
- Daily monitoring of entry and changes to beneficiary data.³⁴
- Monthly monitoring of progress compared to the original workplan.
- Weekly monitoring of beneficiary data (registration, payment, verification, evaluation) and graphing of this data to aid visualisation of the process.
- A further monitoring check was made on a sample of households after they received the cash. SDC was responsible for entering registration data on the database and checking for duplications and other anomalies.

Cash was transferred from SDC's account to the main branch of the Bank Rakjat Indonesia (BRI) and its sub-branches in Aceh Besar and Banda Aceh. Lists of beneficiaries were posted at the bank's branches and in the local authority offices. The bank charged 1% of the cash transferred as commission, and payments were made at the local branch.

Although the payment was one-off, there were two payment periods. In the first, all those registered and approved for payment were paid; the second period was for those who had earlier been rejected, and whose complaint had resulted in them being re-registered. The payments made in each sub-branch were spread over two weeks for the first payment period, and three days for the second (which, as an error-correcting round, had far fewer beneficiaries). During the payments the bank was responsible for checking that the beneficiaries' identity cards matched the details on the register, rejecting those that did not match (these people were referred to the local authorities to lodge a complaint, and successful complainants were paid in the second round). Those without ID cards were provided with an official letter from their village representative. Registration errors and absenteeism meant that 12% of beneficiaries on the preliminary lists did not receive the cash. Transactions ranged from 'chaotic' to 'calm' depending on how the bank branch organised the payment process.

³⁴ For each location: number of eligible beneficiaries; 1st payment (done/rejected); eligible with missing ID (classified as 'completed'/'not completed'); number disqualified; number of 'drop outs'; list of eligible for round 2 payment; payment done; payment rejected; total payment done round 1 and 2; total payment rejected round 1 and 2.

Box 4: SDC's cash programme in Aceh: key evaluation findings

SDC conducted an extended evaluation after the last payment in early June, with seven evaluation teams. The survey used data from approximately 5% of beneficiaries. A total of 7,239 of 7,360 eligible host families received the payment. One hundred and twenty-one beneficiaries did not show up at the bank and did not receive the money. The total programme cost was \$750,000.

The number of indirect beneficiaries (IDPs living with the host families) is estimated at 42,600 (there were on average six IDPs living with host families, with as many as eleven IDPs per host family in January and five in May). Virtually all (98%) of host families started hosting in December or January. As of June 2005, 94% were still hosting IDPs. Around one-third (31%) were hosting the same number of IDPs as at the start; two-thirds (63%) reported hosting fewer, and 6% said that they were no longer hosting any IDPs. Of the IDPs who had left the host family, nearly a quarter (25%) had gone to live in a tented camp or barracks, 11% had gone to live with another host family and a third (37%) had gone back to their own homes.

The majority (80%) of host families said that they could not afford to host the IDPs, but the majority (97%) had not asked the families they were hosting to leave. Two-thirds of hosted families made some kind of contribution to the costs of their up-keep. Nevertheless, some host families drew down on their savings (58%), sought loans (5%) or took other coping measures (36%). The vast majority of host families – 83% – said that they would have needed additional support.

Around one-third of hosted IDPs were unemployed. Those in work were mainly self-employed (43%), or had jobs with private companies (16%), the government (23%) or an NGO cash for work programme (13%). Around 88% of the IDPs hosted were said to be receiving some kind of support from the government or NGOs (96%). Those receiving support received in-kind non-food assistance (2%), food (65%), cash (2%), food or cash (23%) and food and non-food in-kind assistance (4%).

Host families used the cash primarily to meet daily needs; other uses included buying food (2%), providing help to IDPs (4%), paying bills (9%), health care (5%) and buying mattresses (3%). Over half of the host families reported giving some of the cash they received to others, and over half said that they gave a large proportion of the cash either to the district head or to the village representative. The average amount given away was around IDR 200,000, but nearly 10% of recipients gave away a third (IDR 300,000) or more.

Source: Hermann et al 2005.

The SDC project provided much-needed cash support for host families in Aceh and seems to have been efficient and effective. None of the host families criticised the project for being inappropriate, and most of the recommendations for improvement related to extending the duration. The project benefited from an efficient collaboration with a national bank, which

discharged its responsibilities efficiently and to a high standard. The project made use of the local authorities for registration, and established an effective system for checking the validity of the registration process, referring exclusion errors back to the local authorities. However, the additional workload imposed by the project on the local authorities led SDC to conclude that the registration process could have been better supported with additional temporary staff. Transport in particular was a problem.

For reasons of funding and perceived risk of insecurity, similar interventions were not carried out in other areas. Partnerships with implementing agencies working in these areas might have been worthwhile to identify other locations in Aceh where IDPs had sought refuge among host families, and where the burden of hosting could have been alleviated by a cash transfer. It also appears that SDC under-estimated the duration of the hosting period. The funds provided were relatively small (based on a three-month hosting period). Further rounds could have been considered for all those initially registered.

For further information please see: Hermann et al. (2005), SDC (2004), SDC (2005a), SDC (2005b), SDC (2005c), SDC (2006).

6.5.3 Helvetas Sri Lanka's cash for host families

Helvetas provided cash support for host families project in Ampara district, Sri Lanka. The project beneficiaries were 4,421 host families in the first round, and 4,049 in the second. Beneficiaries received LKR 9,900 in both rounds (LKR 19,800 (\$200) overall).

The rationale for the project was:

- 'Private hosting provides the homeless not only with a living space but also with privacy and social security
- Living with a host family provides a more conducive environment than the camp life to overcome trauma and to reintegrate into normal life
- Most of the host families are living below the poverty line and are struggling for survival themselves. They can hardly bear the financial burden of a guest family for a long period
- Cash projects have an important economic side effect. By putting cash into people's pockets they contribute to stimulating local markets and local production (agriculture and fisheries – the main livelihoods in the affected areas)

The project focused on areas where the government was facing difficulties in identifying land for resettling families who originally lived in the buffer zone (the coastal strip which had been

heavily damaged in the tsunami). Around 60% of guest families stayed in the host family's house, and 40% lived in transitional shelters on or close to the host family's compound. A pilot project was implemented first in Nintavur division, and this was later expanded to cover eight other divisional secretariats.

Registration was managed collaboratively by Helvetas and the government authorities at district, division and village levels. A three-person committee was established in each community to inform and register beneficiaries. This committee comprised the *Grama Seva Niladhari*, the local *Samurdhi* officer and a respected community representative. The committee members were informed about the project by the Helvetas project team. An independent body (the Human Rights Commission (HRC)) verified the registrations (using a 20% sample), and a grievance procedure was established at community level to rule on complaints regarding beneficiary selection. Arbitrators comprised representatives from the Divisional Secretariat, HRC and Helvetas.

Payments were made in two instalments, each covering three months. The cash was paid directly into the beneficiary's bank account at the nearest People's Bank branch. Around 93% of registered beneficiaries had a People's Bank account prior to the project. Transparency was achieved through public announcements of the registration procedure, objectives, criteria for eligibility and documents required for registration, and by displaying payments lists and complaints/grievance procedures at the Divisional Secretariats and GS Division offices.

Impact monitoring was done by an NGO, the Sewalanka Foundation, with technical assistance from Voluntary Service Overseas (VSO) volunteers. A random sample (5–10% of beneficiaries) was used. The monitoring questionnaire included:

- Host family: information on the use of the cash contribution and control of cash within the household; income sources (pre- and post-tsunami) of the host family; assets of host family; subjective classification of household economic status.
- Guest family: contributions to the host family (household chores, childcare, cash); assistance received from the host family and what this assistance was spent on (routine expenses/investment/savings/debt/repair of accommodation); pre-tsunami and post-tsunami occupations and average monthly income; assets owned now; subjective classification of household economic status; plans for livelihood recovery, assets already owned and start-up requirements).
- Host–guest family relationship (duration, tensions)

Box 2: Impact monitoring findings: Helvetas cash programme

Use of cash (host families): Half of the families shared the contribution with the guest family. Those who did share the money gave an average of LKR 4,765 (almost \$50, around 25%) to their guests. The bulk of the remaining cash was spent by host families on electricity (31%), food (15%) and other items (mainly upgrading the water system) (13%). In a few cases people used the money to make a fence around their property. Other uses were household goods (2%), clothing, medicine and telephone bills (1% each), debt repayment (2%), house repair (3%) and savings (4%).

Use of cash (guest families): The guest families spent 51% of the money they received from the host families on food. Other spending priorities included electricity, investments in productive activities, house repair, debt payment, medicines and school expenses and clothing. Most guest families helped host families with manual work, doing household chores, cooking, babysitting and paying household expenses.

Control over cash (host families): Most couples decided together how to spend the cash contribution; in a quarter of cases, the woman alone took the decision, and in 11% of households it was the sole responsibility of the man. Cases where the woman took the decision normally arose because the husband had died or was working abroad.

Change in income since the tsunami: Average income levels of host families were LKR 8,352 (\$83) per month before the tsunami – 90% higher than guest families (LKR 4,049 (\$40)). After the tsunami, host families' average income fell by 48% to LKR 4,332 compared with a 56% fall for guest families (LKR 1,798). The drop in income for both guest and host families was alleviated by tsunami relief payments. Host families received on average LKR 15,000 from the government and guest families LKR 13,000.³⁵ Many families, especially those working in the fishing, agriculture or small business sectors, lost their main source of income and often had not restarted work after the tsunami.

Feedback from beneficiaries on project implementation: Most families were happy with the implementation of the project. Several families interviewed said that they felt that this project was transparent and had covered most of the people who were eligible.

Registration was problematic in a couple of divisions, and the verification teams found inclusion and exclusion errors. The project team noted that registration was best in divisions where all three members of the registration committee were involved. This allowed for a more transparent registration process. In two divisions there were complaints about the make-up of the registration lists. In the other three divisions the registration was transparent.

³⁵ This was explained by the fact that host families (who lived outside the buffer zone (within which rebuilding was banned) had received cash for repairing damaged houses) and guest families (who lived inside the buffer zone) had not received such compensation since they had not yet identified land for rebuilding.

Overall, the Helvetas intervention seems to have been efficient and effective, and of an appropriate duration, with some of the assistance paid to the host having been passed on to the IDP family. Despite much probing, there was no stated negative impact in terms of the cash transfer undermining social solidarity and traditional refuge options. The use of a reputable financial partner to disburse the funds (the People's Bank) worked well, with clear procedures drawn up between Helvetas and the bank. The bank communicated clearly these procedures to its branches.

The impact monitoring for the Helvetas programme showed that, in many host families, incomes had been reduced either directly (through loss of assets) or indirectly (through loss of income) as a result of the tsunami. Many organisations may not have considered this fact – host families may be perceived as 'wealthy', and the extent to which they have been indirectly affected may not be known or acknowledged.

The survey was useful for Helvetas in identifying some of the constraints faced by guest families in recovering their livelihoods – information that was used in formulating a subsequent livelihoods recovery intervention aimed at helping guest families with income-generating activities.

The project enjoyed effective collaboration between a number of stakeholders, and highlighted the value of collaboration with independent bodies in the verification of registration data, and in monitoring impact. Registration is a challenge for any project involving a 'free' resource transfer, and the team noted that establishing strong committees (with representation from local government, the local bank society and a respected villager) enhances the quality of the registration, reducing inclusion and exclusion errors.

The isolated problems that Helvetas faced with registration were closely linked to the capacity and approach of particular local authorities. In two divisions, the authorities were uncooperative and inclusion errors were high; inclusion errors were significantly reduced in areas where the three-person registration committee was functional and transparent.

For further information please see: Jaeckle A (2006), Van den Beld (2005), Walton (2005), Helvetas (2005), Helvetas (2006).

6.6 Discussion

Cash for shelter has its own set of issues for consideration by agencies:

- What is the potential for increased use of cash transfers for supporting hosting of displaced households? When is this appropriate? What advantages does the support to host families have for IDPs? To get to the bottom of this it is necessary to interview not just host families, but the IDPs they offer shelter to, and also to seek out people who lived for a short while with a host family but left to live in what may be less preferred accommodation (such as barracks, or tented camps).
- For permanent shelter programmes:
 - is there a clear distinction between cash/owner-build approach and an in-kind/donor-build approach or is there some overlap between the transfer and the approach?
 - Does a cash approach result in an intervention that is more efficient (quicker) and which costs less?
 - Efficiency only is not a useful indicator of success however, as lower costs may be a function of a less effective and sustainable approach. Cost-effectiveness analysis is therefore required to take into account building standards, quality and suitability.
 - To what extent does a cash approach result in the effective exercising of *choice* by the beneficiary in choosing a house style that suits their particular needs, and in supplementing the donated funds with their own to build a larger/different type of house?
 - Does it result in enhanced social recovery of community structures?
 - Is the involvement of the beneficiary in the process of rebuilding their home a manageable responsibility that contributes to, and enhances, psycho-social recovery? Or is it a burden that compromises psycho-social recovery? Could families be involved in the process of house reconstruction using a contractor-build approach to achieve this goal without the burden of responsibility falling on the household's shoulders?
 - Does cash carry additional risks – such as limits to the extent to which unsustainable sources of timber are procured?
 - Does cash result in houses constructed to higher or lower building standards?
 - How can agencies providing cash for timber build in contingencies for price increases with a tranche payment system?
 - What are the advantages and disadvantages of providing funds through group bank accounts compared to individual bank accounts?

- Is the risk of increases in the prices of key construction inputs (materials, labour) more likely with cash or with in-kind transfers? What factors contribute to increases in construction costs, and what controls to prevent this are possible under the two alternative approaches?
- Are standards for setting the value of assistance provided for reconstruction necessary in future emergency assistance? Is this easier or more difficult with cash-based projects?
- How to compare? As with any comparison of cash vs an in-kind approach, all other factors need to be taken into account – which is very difficult when the difference in approach is largely a function of which agency is doing the intervention, and the capacity of the local management team. Moreover, with self-build the very fact of choice may mean that the houses are not comparable. So, how should agencies weigh the various indicators when comparing the two approaches? How important is building standards over design features (space, a veranda)? What about ‘mod-cons’ (essential and desirable)? Are they included? And electric wiring, windows, light, temperature performance, foundations, roofing material etc.? Few agencies test out both approaches.

Chapter 7: Cash grants for vulnerable groups

7.1 Introduction

Cash assistance to help protect vulnerable children (orphans) has been provided by the government of India, and by UNICEF and BRCS in Aceh.

7.2 Tamil Nadu State Government: cash for orphans

In Tamil Nadu State the government's support was based on institutional care, with cash grants for orphans under 18 and cash grants and training for orphaned girls over the age of 18 (who were also provided with institutional care). The cash sum provided to orphans under 18 was INR 500,000 per child (\$11,320) and for orphaned girls over the age of 18 the figure was INR 300,000 (\$6,792). These sums were invested in a fixed deposit account in the name of the child, accessible when the child turned 18. A Tamil Nadu government report (Government of Tamil Nadu State, India 2005) summarised the support to orphans:

A number of children were rendered orphans by this tragedy. All these children were adopted by the Government and were given adequate protection. The government opened child care centres in the districts of Cuddalore, Nagapattinam and Nagercoil (Kanniyakumari) with facilities to maintain 100 at each centre. Everything necessary for the development of the children was provided.

The government made it clear that the State is not in favour of displacing these children but would only permit adoption of the orphaned children by private individuals/organizations as per procedure already in force. Counsellors were sent immediately to the affected areas to enable the traumatized and aggrieved children to get psychological and emotional support to return to normal life at the earliest.

The State government announced a unique scheme by which the State would invest a sum of INR 500,000 as fixed deposit in the name of each orphaned child and orphaned adolescent girls rendered homeless. This amount will be available to them when they attain the age of 18 for further studies, self employment etc.

Unmarried orphaned girls over 18 years of age were admitted into service homes and given ... training to acquire vocational skills. A unique scheme was launched by which a sum of INR 3 lakh [INR 300,000] is invested in fixed deposit in the

name of unmarried orphaned girls over 18 years of age for upgrading their education (ibid., page 43).

Provision of cash support to orphans, particularly girls, is an issue of concern in many countries where child protection networks are weak, because of the potential for the cash transfers to be exploited by unscrupulous individuals. In India there is likely to be considerable pressure for girls who have received large sums of cash ostensibly for their own future to get married off to men from inside or outside the State. For all children there is a risk of child trafficking even if they do not have access to large sums of cash, or of unscrupulous members of the child's extended family coming to claim the children in order to benefit from the cash, then throwing the child out onto the street. Cash transfers in such situations need to be accompanied with a strong support network for the children, and close monitoring put in place to detect problems early on. A review of the Indian government's provision for orphans is necessary, to review the relative benefits to the orphans of the cash transfers, and to document any cases of abuse or exploitation.

7.3 UNICEF Aceh: cash for orphans

In Aceh the high mortality wrought by the tsunami (130,000 people dead and 30,000 missing) resulted in a high number of orphans and separated children. Some of these were reunited with their parents or extended families and some were sent to orphanages. Of those who were united with their parents or extended families economic stress is one factor among a number that may lead to a phenomenon known as 'secondary separation' (separation that results from the child's carers not being able to, or feeling able to, care for the child). In such situations the child may be sent to an institution which is able to provide for the child's needs, including education. In Aceh there is a very strong tradition of sending children to boarding schools, where many of them offer an Islamic education. In post-tsunami Aceh the delay in housing IDPs (many still live in tents or barracks) which are usually deemed unsuitable for children is a factor in the increasing number of children being sent to these institutions, but economic hardship may be another factor for secondary separation. There is also considerable funding being allocated to these institutions, and the number of children in them is increasing steadily.

The position of the Government of Indonesia Social Welfare department is to 'advocate for family and foster care as the preferred means of ensuring that orphans and separated children receive the adult care and guardianship they need for their healthy growth and development. This position is supported by the UN convention of the Rights of the Child. However, 'in a province where over half of the population lives below the poverty line, it is not surprising that

the traditional social safety net of informal fostering is under severe stress as families struggle to feed, clothe and shelter themselves’.

UNICEF implemented a pilot cash transfer programme (family support (cash assistance) targeted at separated/unaccompanied children and care givers registered in UNICEF partner child centres) from November 2005, which provided IDR 400,000 per month for 3 months. The amount was determined by partners as the average cost of caring for a child in Aceh (food, health, hygiene, clothing, education, transportation, games and recreation). The programme provided support for 1,700 children who were being cared for by 1,300 care-givers, and who are registered with UNICEF’s Child Centres. These Child Centres are funded by UNICEF (e.g. for staff salaries), and do not exist outside UNICEF’s areas. Other agencies work through different structures in their operational areas.

The process:

- An explanation of the intervention is provided to each community, and the project is implemented after approval by the community.
- The Child Centre opens a bank account especially for this cash transfer. This is done by the Child Centre coordinator.
- The list of all beneficiaries (children with respective care-givers) will be transmitted to UNICEF for approval and preparation of the transfer of funds.
- Bank accounts are opened for caregivers, and the caregivers will be explained the cash that they will receive and the purpose of the cash.
- Upon approval by UNICEF the funds will be transferred first from UNICEF to the DINSOS bank account, then from DINSOS to the Child Centre bank account, then from the Child Centre bank account to the care giver’s account.
- After receiving the money the caregiver has one month to spend the money in accordance with the objectives of the project. The expenditures will be checked during household monitoring visits (twice a month) by the Child Centre staff. A sheet is filled out during the monitoring visit. The two forms for the month summarise the spending.
- A formal bank statement (stating the receipt of the money into the caregiver’s bank account) must be obtained by Child Centre staff in charge, and is produced as part of the liquidation of documents.
- Cash will be transferred by Child Centre staff directly to those who can’t open a bank account. In such cases the care giver should provide a receipt of the funds received, which is submitted along with the 2 monitoring sheets as above.
- Child Centre staff are responsible for reporting on the intervention.

The project imposed some conditions:

- The 2nd and 3rd months' payments would be made only if the first month's funds had been spent in a way that conformed to project guidelines.
- Families enrolled in the scheme had to participate in the maintenance of the Child Centre (cleaning and basic repairs), in Child Centre management meetings, and in an awareness-raising forum on child abuse and exploitation.

The pilot project document has no specific exit strategy, but 'for the most vulnerable beneficiaries, this assistance will be followed by more structured and long-term livelihood support activities'. The determination of which families are most vulnerable was expected to come from the monitoring visits – those families who spent most of the cash on basic needs were likely to be those who were most vulnerable. The project also aimed to link the families to livelihoods recovery interventions being implemented by other NGOs.

Timing: as of November the final list of all separated and unaccompanied children and their caregivers was prepared, and bank accounts had been opened for each Child Centre.

The responsibilities allocated to UNICEF were mainly in the preparation phase (providing monitoring tools, training the tracing staff on the objectives, establishment and monitoring of the project; providing the total funds).

Child protection agencies such as UNICEF argue that wherever feasible, the best place to bring up children is in a family environment. In Aceh there was a tendency for orphans to be sent to orphanages or boarding schools, and some of the BBM funds were provided to institutions to help them care for the increasing number of children who were sent to them.

Save the Children and UNICEF are non-governmental agencies with a particular mandate in reducing risk for orphans and other vulnerable children after an emergency and they usually work with national governments (social welfare ministries) which also have a responsibility to protect children. However, the policies adopted by governments are sometimes at odds with those promoted by the child protection NGOs. One issue is institutional care – some governments' policies might in fact promote this in times of disaster response. Another is child rights, and while all global governments bar one (the US government) have signed up to the International Convention on the Rights of the Child some governments haven't yet put systems and procedures in place for child protection.

7.4 BRCS: cash for orphans

BRCS provided cash to orphans following general guidelines:

- If the orphan was in effect a head of household (caring for others, regardless of whether the orphan was a 'child') they would receive the same support for livelihoods recovery activities (\$1,000) and shelter (a house) as others, plus the same single person's carer allowance that was paid to other single parents (\$500).
- All orphans received \$250 per year for education.
- If the orphan was not a head of household they would receive the \$250 per year for education. The carer of the orphan would not receive the other tsunami recovery entitlements (above) unless they were entitled to them in their own right (through membership of the target community).

BRCS is not a member of the child protection network in Aceh, but strives to coordinate with member agencies.

7.5 Save the Children: cash transfers for labour-poor households

Labour poor households were usually inadvertently left out of many agencies' cash interventions. This was a sad irony, as the very nature of their vulnerability left them largely invisible, and unable to exploit some of the opportunities offered in the disaster recovery phase such as cash for work opportunities and cash grants for livelihoods recovery activities. Because such households ill not have been assisted through the vast majority of NGOs' post-tsunami interventions they are likely to remain chronically poor, with children being withdrawn from school early to earn an income.

Save the Children commissioned ODI to develop a proposal to support vulnerable households in Sri Lanka with a cash transfer, and the resulting proposal (Schubert 2005) focused on developing an assistance mechanism which was suitable for *labour-scarce* households – particularly those with young children. The proposal followed criteria set by the Save the Children. First, the proposal should be feasible to implement and see results within the timeframe (around 1 or 2 years); second it should be low-risk in terms of expected gains. The team came up with an innovative idea that solved a third challenge: it should address the fundamental constraints within these households that other interventions fail to address: the lack a strong adult in the household to earn an income.

The proposal suggested that Save the Children invest a capital sum into a central bank account, and the targeted, labour poor households would live off the interest until such time that the children in the

house were old enough to earn money themselves. The capital would reduce over time but there should remain a sum that could be paid to the household as a lump sum after a period of time, or be used for other beneficiaries.

7.6 Discussion

The government of India is the only government that provided cash specifically to orphans although it was not accessible by the child until reached the age of eighteen and the idea seems to have been institutional care until that time and the usual system for adoption. If economic assistance is not provided in a timely manner to those caring for orphans an additional risk faced by the child is 'secondary separation'. This is where a child has been united with a carer (a relative, friend of the family, respected community member) and economic hardship causes the child to be sent away from the new home.

In Aceh such children may be sent to 'orphanages' or traditional boarding schools linked with religious schools known as 'daya' or 'panti'. In Aceh institutional care is seen as 'traditional'. Criticism of institutional care is usually rejected; Acehnese argue that institutional care stems from cultural and religious preferences and is beneficial for the child. The national and provincial social welfare ministries (DEPSOS in Jakarta and DINSOS in Aceh) have started to look into the scale of secondary separation in Aceh. Further research will attempt to identify factors which influence children being sent to institutions, in particular the extent to which economic hardship has been a factor. While many governments provide funds to these institutions (India, Aceh) this policy may lead to more children being actively sought by these institutions.

However, interventions providing a cash transfer to carers to address economic hardship among families who take in orphans need to make sure they're not *increasing* risk for these vulnerable children. Risk associated with cash transfers for orphans is likely to be higher with grants provided early on. The UNICEF pilot didn't start until nearly a year after the tsunami, and while this meant that the risk of exploitation was minimal as the children had been cared for by these households without any expectation of financial assistance for all that time, it raises the question of how many children had been set to institutional care because cash assistance was not provided earlier.

The proposal being considered by Save the Children in Sri Lanka (Schubert 2005) – capital investment to support access to basic needs among labour-poor households – is an innovation that should be considered in contexts, where appropriate. The critical issues in this kind of strategy include the following questions:

- What amount of investment is required such that monthly interest payments cover the gap?

- Could this sum be used otherwise to address the needs of the household;
- What risks are associated with this strategy (e.g. interest rate declines) and how can these risks be *measured*?
- What should be done with the capital – should it be gradually be used up or left untouched, and passed on to another household once the originally targeted household no longer qualifies (as labour-poor, because the children are now old enough to earn income)?

More research and pilot projects should be explored in future disasters to ensure that children and other vulnerable groups receive the most appropriate form of assistance in a manner that protects them from exploitation.

Chapter 8: References

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Annexe 1: Currency conversions

The tsunami project covered the period from January 05 through to March 06. An average exchange rate (the average rate for US\$1 for each currency over the period January 05 through to March 06) has been used for all conversions for ease of reading (see the final line in the following table). The international currency code acronyms are used throughout the ODI cash learning project publications, except where original sources have used the locally accepted acronym (e.g. Rs. or rupees in India or Sri Lanka, and Rupiah in Indonesia).

	IDR/\$ (Indonesia Rupiah)	INR/\$ (Indian Rupee)	LKR/\$ (Sri Lankan Rupee)
Jan-05	9,236	43.72	100.38
Feb-05	9,256	43.70	99.49
Mar-05	9,383	43.71	99.56
Apr-05	9,557	43.76	99.77
May-05	9,492	43.53	99.91
Jun-05	9,629	43.64	100.00
Jul-05	9,813	43.57	100.36
Aug-05	9,989	43.63	100.84
Sep-05	10,265	43.94	101.50
Oct-05	10,109	73.19	101.61
Nov-05	10,048	45.70	102.00
Dec-05	9,869	45.70	102.37
Jan-06	9,488	44.42	102.32
Feb-06	9356	44.33	102.30
Mar-06	9170	44.45	102.77
AVERAGE	9,641	44.17	101.01

Source: OANDA.com

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