

Learning from cash responses to the tsunami

Issue Paper 4

Cash and shelter

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Shelter responses after disasters have tended to focus on providing temporary shelter in camps, and then assisting in the rebuilding of permanent housing. Predominantly, this support is given in the form of in-kind aid: governments or aid agencies supply temporary shelters for people in camps, provide building materials for permanent homes, or rebuild houses themselves, usually through local contractors. In the light of some of the problems commonly associated with the in-kind provision of shelter – poor-quality tents, for example, or badly designed or inappropriate housing – giving people cash to help them obtain temporary shelter or rebuild their homes can be a viable alternative.

This Issue Paper highlights some of the key factors to consider in thinking about the role of cash in shelter responses. Key questions to ask include:

- Will providing cash be cost-effective?
- What are the risks of inflation in the price of building materials? What contingency plans can be put in place to deal with this risk?
- Are there particular environmental concerns, for instance around the sourcing of timber? Can these be addressed in cash approaches?
- How will agencies ensure that buildings are safe and disaster-resistant, and that they meet minimum quality standards?
- Are there enough individuals with the right skills and capacity to build houses if people are given cash (both beneficiaries' own skills and those of specialist craftsmen and contractors)?
- Can beneficiaries manage the responsibility of rebuilding their home? Does this responsibility contribute to psychosocial recovery, or is it an unwelcome burden?
- How much cash is appropriate? Should you provide the full amount for rebuilding a



A woman stands in front of her damaged house in Kannyakumari, southern India, January 2005

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house, or should you provide less on the assumption that people will make up the remainder from their own resources (taking into account assistance from other actors)?

- Should conditions be attached to a grant? Should the cash be provided in tranches released against progress? Should the aid agency see its role as supporting or directing the rebuilding effort?
- Will special measures be needed to support the landless or tenants, or to help people re-establish or assert their ownership and property rights?
- What other activities may be needed to complement cash, such as technical support for beneficiaries?

Cost-effectiveness and inflation risks

Reconstruction following disasters often leads to inflation and shortages of both building materials and people with building skills. This is clearly a concern for the appropriateness of cash-based responses. If there is serious inflation in the local market for building materials, this will erode the value of the cash grant, and may mean that people are unable to complete rebuilding work. NGOs have started providing top-up grants to offset the effects of

This is the fourth of six issue papers which form part of a project to document learning around cash based responses to the Indian Ocean tsunami. The project was funded by the British Red Cross, Save the Children UK, Oxfam GB, Mercy Corps and Concern Worldwide. Further information and resources are available at: http://www.odi.org.uk/hpg/Cash_vouchers_tsunami.html



inflation to enable people to rebuild houses to planned designs.

In-kind shelter projects may also suffer from inflation in local markets if procurement is being done locally, although in this case rising prices are more likely to be borne by the aid agency than the beneficiary. If cash is still appropriate for other reasons, then one way of dealing with inflation is to include contingency plans to increase the size of the cash grant. Complementary market interventions may bring down prices, or the agency could combine cash with the in-kind provision of items that are particularly vulnerable to inflation. Specific market-support measures could include overseas procurement of items in especially short supply, steps to address transport or infrastructure problems that may be weakening markets, or support for the local manufacture of key materials, such as bricks. Shortages of skilled labour for rebuilding could also be addressed through complementary interventions, such as training in key building skills or measures to help skilled builders to reach the project area.

Environmental concerns and disaster resistance

A reluctance to consider cash-based responses in shelter projects often stems from concerns about safety, disaster resistance and environmentally sound building practices. If people are given the cash to build their own houses, how do you ensure that the rebuilt housing is earthquake-proof or flood-resistant, or that the timber being used is ethically sourced? These are important issues, but should not necessarily rule out the use of cash if it is otherwise appropriate. One possibility is to see the role of outside agencies as more supportive than directive. People can be provided with advice and support in designing disaster-resistant housing, in dealing with contractors and in sourcing building materials. Environmental concerns can also be addressed in ways other than the in-kind provision of materials. For instance, agencies could explore ways to ensure that ethically sourced timber was available in sufficient quantities and at affordable prices, or they could provide particularly environmentally sensitive materials themselves. It might also be possible to address environmental concerns through building codes and legal frameworks. Most post-disaster shelter reconstruction is undertaken by people using their own resources, so providing in-kind assistance does not necessarily prevent negative environmental impacts.

Agency skills and capacity

A shift to cash-based shelter responses will call for different skills from aid professionals working in

the shelter sector. Shelter programmes have tended to attract engineers and architects, whose understandable focus is on building things for people. Each new emergency always seems to attract a flurry of different designs for model houses. In temporary shelter provision, the focus has tended to be on camp-based solutions – on procuring tents and setting up camps for displaced people. These skills may sometimes still be appropriate and necessary, but cash-based alternatives also require an ability to analyse rental and housing markets or to assess the availability of building materials and the risks of inflation in local markets. Much of this is about a shift in attitudes – a move away from a preoccupation with physical reconstruction towards a supportive role in enabling people to develop their own answers to shelter problems.

Exclusion and land rights

In any shelter project, questions of land ownership, title and rights are extremely important. People without secure title to land or who are renting are often more likely to be excluded from shelter assistance. Following the Pakistan earthquake in October 2005, for example, the government provided Rs200,000 (about \$3,400) to homeowners whose homes had been destroyed. However, this risked excluding tenants who did not own the land on which their houses stood, as well as people renting houses in towns. One report observed that landlords, who had themselves suffered financial losses from the earthquake, were reluctant to use the money to rebuild accommodation occupied by tenants. In other cases, landlords collected compensation for damage to their tenants' homes, but passed only a fraction of this money on to the tenant (IRIN, 2005). The physical destruction of paperwork proving ownership and land title – a common effect of disasters such as the tsunami – can also open up the risk of exclusion or corruption. This implies that cash projects may need to include complementary activities to ensure that people are not excluded, can access government support and can re-establish clear rights to land.

Control and conditionality

A particular issue with cash-based shelter responses – as indeed with cash responses generally – concerns the degree of control agencies exercise over how people spend the money they are given. Should aid providers try to ensure that cash is spent on shelter and nothing else? If so, how can they do this? One way around this concern is simply to frame objectives more broadly, and accept that, if shelter is not people's main priority, it is legitimate for them to spend the cash in other ways. Equally, agencies (and indeed their donors and host governments) may need to accept that

cash-based assistance allows people greater choice over where they choose to rebuild their homes, and that they may exercise this choice either by deciding to live elsewhere, or by staying put in vulnerable areas in defiance of efforts to relocate them (de Haan, 2003; Hammond, 2005).

The kind of flexibility cash-based shelter responses may demand appears to be in short supply. Governments, whether in disaster-affected countries or further afield, may be reluctant to acquiesce in people's decisions as to where rebuilding takes place; in Sri Lanka, for example, people whose houses were within the government-designated 'buffer zones' were initially excluded from cash assistance, leaving those arguably most in need of help ineligible to receive it. Likewise, agencies have typically sought to retain some control over expenditure by attaching conditions to grants, or by providing the grants in tranches in line with the progress of the building work. As well as increasing an agency's control over the project, a staged approach to cash support is sometimes seen as necessary to ensure that buildings meet quality, safety and disaster-resistance standards. However, providing cash in tranches dependent on progress considerably increases the administrative burden for aid agencies, and this should be balanced against the need for control. There may be other means of ensuring quality and safety, for instance through inspections of the work or complementary activities to enhance beneficiaries' building skills or to increase the capacity of government institutions responsible for developing and enforcing building codes.

Cash and shelter responses after the tsunami

Several agencies developed cash-based responses to the provision of temporary and permanent shelter in the wake of the tsunami. However, as in other emergencies most assistance was provided in-kind, with typically problematic results. The evaluation of the tsunami response carried out by the Disasters Emergency Committee (DEC) found that many temporary shelters were built by contractors whose primary aim was cutting costs, resulting in poor-quality, unsafe, badly sited and insanitary structures (Vaux, 2005). A review of permanent housing assistance in Tamil Nadu found that homes were being built to standardised designs in grid-patterned rows, an approach unsuited to the climate and out of step with the social and cultural patterns of affected communities (Duyne Barenstein, 2006).

Temporary shelter responses

Typically, international aid agencies respond to displacement by setting up camps, where people are provided with temporary housing, food aid and

household items. It has long been known, however, that many people prefer to take refuge with friends, relatives or neighbours.

A year after the tsunami, only around one-fifth of the 1.8 million people who were displaced were in permanent homes. Most of the NGO assistance for people needing temporary shelter was provided in camps through in-kind aid. However, significant numbers of people found shelter in host families. At the end of 2005, for example, some 300,000 people in Aceh – out of a displaced population of about 430,000 – were living with host families (Oxfam, 2005). These people were more likely to be left out of assistance programmes: one survey found that over half of host families had received no assistance to support displaced people (UNORC, 2006). Hosting places a significant economic burden on families in terms of space and household expenses. A Swiss Development Corporation (SDC) project in Aceh noted that each host family was sheltering and feeding an average of six displaced people.

Where markets are functioning, helping host families by giving them cash is an obvious option. Support for hosting is particularly appropriate because host families often provide a safer environment than temporary settlement. Hosting is also often a relatively long-term option because of delays in permanent resettlement. Concerns have been raised that providing cash to host families undermines the traditional community obligation to help extended families and neighbours in times of disaster. It is also possible, of course, that the reverse is true: that supporting hosting arrangements allows community solidarity to continue by easing the burden of hosting. As far as is known, host families have not objected to receiving cash

Cash for host families: SDC Aceh and Helvetas in Sri Lanka

In Aceh, SDC distributed cash to 7,000 families hosting displaced people in Banda Aceh and Aceh Besar, giving them a one-off cash payment of IDR900,000 (around \$100) in April or May 2005. Payments were made through an Indonesian bank, and were collected by beneficiaries at their local branch. Helvetas implemented a similar project in Sri Lanka's Ampara District. Over 4,000 beneficiaries received two payments of about LKR9,900 (\$100). The grant was intended to provide economic support for a six-month period. Payments were made directly into beneficiaries' bank accounts. Half of the beneficiary families shared the contribution with the guest family. The most common purchases among host families were electricity and food; guest families spent most on food.

Source: SDC (2005), Sewalanka Foundation (2005).

help; in Sri Lanka, the Swiss aid agency Helvetas found that cash payments had not clashed with cultural norms, nor had they undermined people's sense of duty to support needy relatives.

Permanent shelter responses

Support to permanent shelter following disasters is always challenging, and the post-tsunami response was no exception. The disaster was on a massive scale, some areas were left submerged or uninhabitable and proposals for buffer zones against future disaster significantly delayed rebuilding (Oxfam, 2006).

Evaluations of cash-based approaches to permanent shelter have been largely positive, and cash is seen as avoiding many of the well-documented pitfalls of more conventional, in-kind approaches (Save the Children USA, 2006). A study of different approaches to shelter following the earthquake in Gujarat in 2001 concluded that involving people in building their own dwellings results in houses that are more likely to respond to their needs and preferences (Duyne Barenstein, 2006).

Several governments and agencies developed cash responses to permanent housing. In Sri Lanka, for example, the government provided a cash grant to fund a self-build programme. The grant was fixed at \$2,500 for a new house, and \$1,000 for repairs to a damaged house. For full rebuilding, grants were released in four instalments over six months, as the foundations, walls, roof and finally windows were completed; for damaged homes, the money was released in two instalments of \$500, again over six months. One of the donors supporting the project, a consortium of four Swiss agencies, provided technical help in two districts, Trincomalee and Matara, for the reconstruction or repair of over 7,000 homes. The value set by the government proved to be inadequate due to the considerable price increase in building costs (a three- or four-fold increase), a result of the increased demand for construction materials, skilled labour and land. To

deal with the issue of rising prices, NGOs provided additional support, either through top-up payments or as in-kind assistance so that people could complete construction.

In Aceh, UN-Habitat provided cash support for permanent housing in collaboration with the Indonesian government, amounting to \$4,468 per house. Funds were transferred in four instalments, with each subsequent payment contingent on satisfactory completion of the previous tranche's work. Households were responsible for selecting contractors, and market assessments were carried out to help beneficiaries decide between competing bids. Also in Aceh, the British Red Cross (BRCS) developed a project that enabled beneficiaries to choose between self-built and contractor-built housing. Despite offering what was at the time thought to be a generous cash grant, no households opted to do the building work themselves. In the end, BRCS withdrew the option to self-build in the belief that engaging contractors promised better-quality results, beneficiaries were probably not best placed to manage the construction project and that excluding beneficiaries from the actual building work did not necessarily imply their exclusion from the reconstruction process as a whole.

The process by which BRCS developed, implemented and adapted its Aceh programme underscores one of the fundamental aspects of any cash-based shelter response: that the provision of cash as against in-kind assistance will always be context-specific, and dependent on a range of factors, including the degree of participation and choice the agency wants to achieve, the level of risk it is prepared to accept, the skills and materials available, logistics and the state of the market. It also points to the range of options open to an agency considering a shelter response, from cash support for individual self-building, perhaps with the assistance of neighbours, friends and relatives, to the hiring of contractors, community construction and direct reconstruction by the agency itself.

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