

# INDONESIA

## Cash-Based Solutions in Shelter and Settlements



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## PROJECT DESCRIPTION

**Country:** Indonesia

**Project location:** West Sumatra

**Disaster/Conflict:** 7.6 magnitude earthquake

**Disaster/Conflict date:** September 30, 2009

**Project timescale:** 6 months

**Houses damaged:** 135,000 severely damaged

**Affected population:** More than 1.25 million affected, 1,115 fatalities

**CRS target population:** 20,030 households

**Material cost per shelter:** US\$ 270 grant per household

**Project budget:** US\$ 4.7 million from Action Contra le Faime (ACF), Office of Foreign Disaster Assistance (OFDA), United Nations Office for Coordination of Humanitarian Affairs (UN-OCHA), Caritas Australia, Caritas New Zealand, Trocaire/ Irish Aid, PLAN International and a number of private donors.



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

– Arlenawati, 35 years old, lives with her husband and four small children in Labu Pacah sub-village, in Agam District

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## Cash-Based Solutions for Shelter

When responding to emergencies, CRS staff and partners conduct a rapid analysis of the context to determine the most appropriate means for response. By assessing markets before and immediately following a disaster, we can determine whether we need to distribute goods and services that are not available or accessible locally, or whether we can provide people with access to local goods and services through cash or vouchers. If markets are healthy enough, we provide people with cash or vouchers so they can purchase materials and hire laborers locally. When direct distributions are necessary, we strive to purchase locally available goods and services. Under certain circumstances (availability of local market, cultural acceptability, etc.), cash grants can be an innovative intervention that caters to program participants’ individual needs. Additionally, it contributes to the local economy and maintains the dignity of families, as well as freeing up agency resources to invest into providing targeted assistance and training that increase the sustainability of the response.

## Cash Loans in West Sumatra

In the immediate aftermath of a devastating earthquake that struck Indonesia’s West Sumatra region in 2009, CRS conducted a rapid assessment and focused our program on the construction of transitional shelters. The initial plan was for CRS to procure and distribute construction materials. CRS staff foresaw a challenge in supplying a standard shelter packet when people’s individual needs varied greatly. Upon in-depth market research, it became apparent that construction

materials were available within the local market. Based on this finding, CRS adapted the method of intervention from material distribution to a cash-based solution using vouchers. This enabled CRS, working together with WALHI (a partner NGO), to provide a rapid and flexible method of assistance to support the families as they reconstructed their homes. CRS/partner teams ensured program quality through technical assistance and monitoring and, alongside communities, built strong relationships with the post office, which became the key to the success of this project.



Over 1.25 million people were affected by the earthquake and over 135,000 homes were severely damaged

Photo credit: CRS

## What did CRS do?

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

## Background

On September 30, 2009, a 7.6-magnitude earthquake struck West Sumatra, devastating five districts and claiming the lives of 1,117 people. At least 3,000 people were injured and 249,833 homes were damaged - including 114,797 that were severely damaged. In response, CRS' emergency response team deployed staff to the region to work with local environmental NGO WALHI in conducting rapid assessments in Agam and Pasaman Barat districts and surrounding areas. They subsequently distributed emergency shelter kits to 8,700 families, and further went on to provide transitional shelter assistance to the most vulnerable.

## Project Principles

In this program, CRS' priority was to provide assistance to the greatest number of affected community members as quickly as possible. The most efficient way of doing so in this context was to provide them with cash grants to program participants to construct their own homes. Through the use of cash vouchers, they had the dignity of being put in the driver's seat, and given a degree of flexibility and choice as to what they needed and where to buy it.

*" We completed this pondok [shelter] in three days and we already live in it. We plan for it to be our house. We will use the remaining money to buy timber for the walling and we will demolish our old house when the pondok is ready. We are happy. We are now safe from the rain and the heat."*

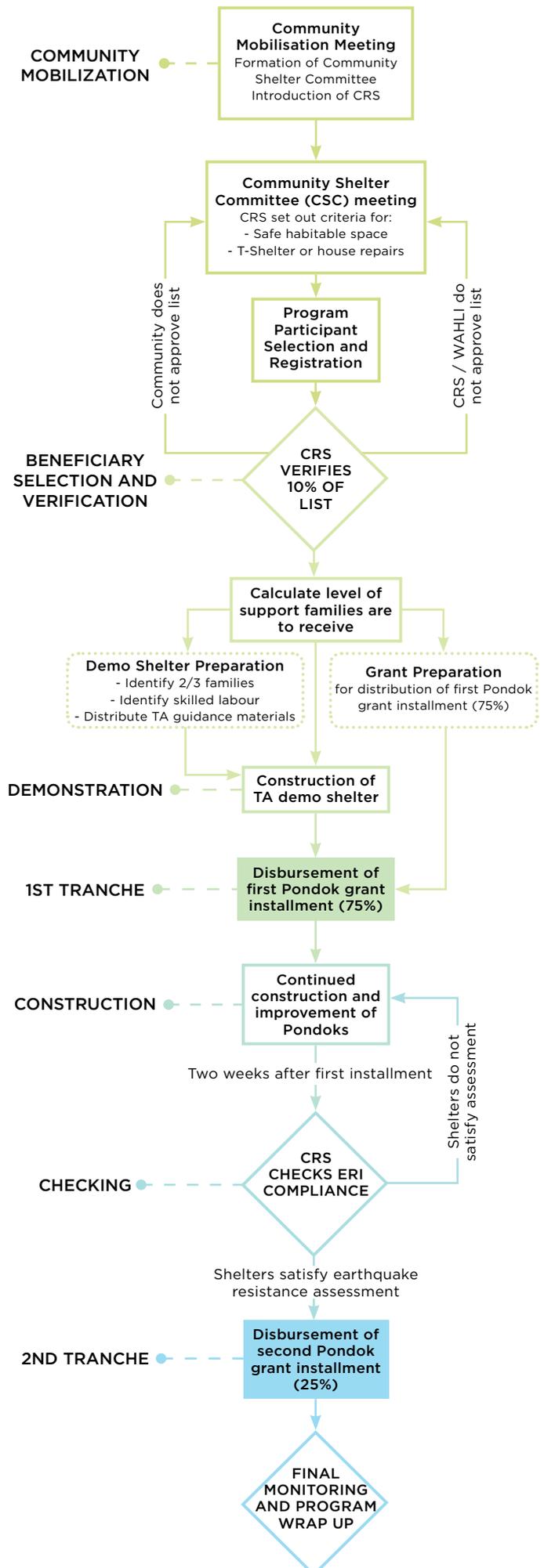
- Project Participant

## Delivery Mechanism

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

Diagram of stages involved in cash distribution program and mechanisms that ensure grants are distributed in accordance to achieving certain construction standards.

Credit: CRS





Project participant family and their newly constructed home.  
Photo credit: I. Boyd / CRS

## Partnership, Procurement and Payment

### Cash transfers

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

### Procurement

The default option for most agencies is to centrally procure materials and distribute standard shelter packets to program participants, which requires a large amount of organization and managerial resources. CRS discovered that the local markets had recovered quickly after the disaster, and were able to supply construction materials. The benefits of this cash-based solution were two-fold: The response stimulated the recovery of the local market and also offered the families flexibility and dignity of choice to purchase materials that they specifically needed.

### Targeted technical assistance

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

## Program Participants

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

## Challenges

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



Locals checking if they had been chosen to receive shelter support by the CSC and CRS.

Photo credit: CRS

## Acknowledgements

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