

PCR TOOL 6

Integrating Livelihoods

Introduction

Restoring livelihoods is a critical element for the overall recovery of disaster survivors. Immediately after a disaster, and for the first few weeks and months afterwards, survivors are heavily dependent on relief aid for essentials such as food, clothing, shelter and bedding. But the sooner people can begin to earn an income again, the better. It helps reduce future dependence on relief aid, and helps restore people's dignity and sense of purpose. Inevitably, some people will take longer to start to engage in income-earning activities than others, but all need to be supported and encouraged as soon as is feasible.

The ambition of a 'Building Back Better' programme should be to not only rebuild livelihoods to their previous levels, but to use the disaster as an opportunity for actually reducing poverty. There are documented cases where people have ended up with higher incomes and more secure livelihoods after a disaster. There are also examples where people living on the margins of society have emerged and taken active and respected roles in their communities. On the other hand, some approaches to reconstruction do not take into account livelihoods, which has resulted in far less successful recovery programmes.

This tool looks at what adopting a people-centred approach means in the area of rebuilding livelihoods; it considers (1) what a PCR approach to livelihoods means for programming and programme design (2) opportunities offered by housing reconstruction, and (3) opportunities beyond the housing sector.

Opportunities for rebuilding livelihoods in a post-disaster context

Post-disaster contexts offer a set of opportunities which, used wisely, can contribute to long-term improvements in livelihoods, including for the most marginalised. Some of these opportunities include:

- The unprecedented **provision of resources** into an area through aid programmes, some of which is undoubtedly useful in rebuilding livelihoods.
- The large influx of highly motivated aid people and organisations with a **wide range of skills and capacities**, coming from the local area, elsewhere in the country, or from overseas. This can provide a whole set of new ideas and

opportunities, sometimes in areas which were previously neglected with little involvement from government agencies or national or international NGOs.

- The practice of carrying out **needs assessments**, which can identify long-standing barriers which have prevented particular groups from escaping poverty. For example, if security of tenure is found to be one of the barriers, aid agencies sometimes consider using resources to acquire land nearby for people to build their own homes and from which people can run their businesses. Households and community groups can be assisted to link up with economic and municipal infrastructure, and support agencies such as credit providers, in new ways.
- The chance for the **community to work together** towards common goals, such as building new community infrastructure or repairing damaged community equipment. This can be supported (or hindered) by official assistance programmes. Women in particular can be supported to have more active community roles than before.
- A change of **attitude of governments and local authorities**. They may now be more open to changing restrictive legislation, regulations, codes and standards, particularly if it can be shown that these are barriers to effective reconstruction and recovery. This will allow people to develop new initiatives, expand pre-existing ones with less bureaucratic hurdles, and will stimulate growth, innovation, and job creation through community driven approaches.

Adopting a PCR approach to livelihoods

As we saw in PCR Tool 1, adopting a people-centred approach to reconstruction means concentrating on reducing people's vulnerabilities. There are three essential components to that: (1) making sure that all sections of the community are included, which often means empowering the most vulnerable; (2) building back better and more safely against possible future risks; and (3) rebuilding livelihoods to help people recover assets and become more resilient. It calls, therefore, for the reconstruction effort to concentrate on **both** rebuilding **physical assets** (housing, infrastructure etc) and **economic assets** (livelihoods).

Assessing how disasters damage and disrupt livelihoods

One of initial components of a PCR process (as outlined in PCR Tool 4: Assessment of reconstruction needs and resources) is to review the needs and resources available. Suggested methods included:

- **Pillars of survival:** an assessment of people's livelihoods and coping mechanisms; and
- **Defining economic activities:** where people are invited to describe how they earn/ed an income currently and before the disaster.
- **Emergency Market Mapping Analysis (EMMA) and Participatory Market Systems Analysis.** EMMA is used to look at particular market sectors. It could be applied in the first instance to the most important livelihood activities such as fishing or farming. A preliminary assessment aims to draw up, as far as is known, the structure and operation of the market prior to the disaster. A second assessment is carried out to create a diagram of the market map after the disaster. This indicates where the linkages are broken, or particular infrastructure, actors or rules are not functioning. This provides a guide to where the market needs to be rebuilt. Further analysis can include a prognosis on recovering and developing markets and an assessment of potential responses.

For further information on EMMA see <http://practicalaction.org/emma-toolkit> or <http://emma-toolkit.info/>

For an overview of assessing markets and helping them to recover see Adams and Harvey (2006).

Using the Sustainable Livelihoods Framework to assess how livelihoods are damaged

The results of these assessments can also be understood in terms of the Sustainable Livelihoods Framework (SLF), which helps provide a more complete picture of poor people's assets and vulnerabilities (Figure 1). It guides us in terms of understanding the **assets that were critical to people's livelihoods** and identifying those that have been lost. It helps us to understand the sources of vulnerability in the face of future disasters. It can be adapted for use in both urban and rural contexts.

The SLF helps us to identify all the ways in which households' assets are disrupted and damaged following a disaster. Examples are listed below. For more guidance see: ELDIS, and Benson (2007).

Physical assets

- Damage or destruction of individual houses inevitably disrupts or terminates home-based business activities (production/selling of food and consumable goods, storage, repair of fishnets etc.)
- Putting out of use of collective *infrastructure and facilities* such as boat jetties, roads, shops and stalls, market buildings, telecommunications installations, energy supplies, storage buildings and water supplies).
- Damage to and loss of *tools and equipment* such as boats, tractors, bicycles, stoves etc.
- Degradation of *land* through, for example, landslides over agricultural land, or land being

Key

H = Human Capital S = Social Capital
N = Natural Capital P = Physical Capital
F = Financial Capital

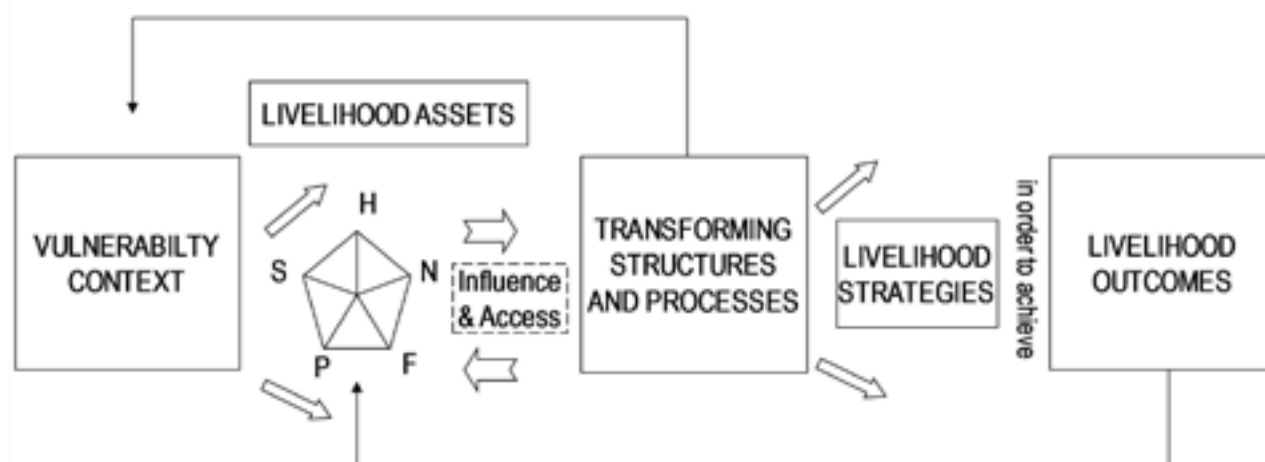


Figure 1. Sustainable Livelihoods Framework. Source: DFID (1999)



photo © Practical Action / Tek Sapkota

Rice crop in Nepal destroyed by flood and deluge of mud

inundated by the sea causing excessive soil salinity

- Damage to and loss of *stock* such as animals, seeds, and preserved food.

Economic assets (in this case, the inputs required for a business or livelihood)

- Shortages and price increases of *inputs*: raw materials, energy supplies and water
- Disrupted *access to cash*, for example, because local banks close for a time or their buildings were destroyed
- *Lack of cash*, so people are unable to pay for some products and services
- *Loss of customers* because people from outside the disaster-affected area go elsewhere. The tourist industry, for example, can be very badly affected.
- *Loss of markets* for products that local people do not consider absolutely essential to their immediate survival
- Disruption to *supply chains*, which are often complex, and any break can disrupt the whole chain. This relates both to infrastructure (such as roads, bridges and harbours) but also to suppliers themselves whose businesses may have been destroyed.

Social / Political assets

- Death, injury or displacement of *key people*: private/public suppliers, customers and employees
- Loss of access to *social networks* due to large-scale displacement of people to emergency camps and transitional settlements
- Changes in *regulatory mechanisms*, or regulation becoming ineffective

A PCR approach should also assess Policies, Processes and Institutions by working with communities to identify where these are restrictive, and planning an advocacy strategy to achieve change. It needs to consider how policies,

processes and institutions are part of what makes people vulnerable. Examples of can include barriers to entry for informal producers to markets; complicated procedures for land registration and allocation of building permits; laws and regulations for environmental protection; policies on children's education and vocational studies for youths and adults; and rules controlling access to formal banking services.

Actions in supporting livelihoods recovery as part of PCR

The points above illustrate the complexity of supporting livelihoods recovery in a post-disaster context. Each of these issues needs to be examined during participatory damage and needs assessment exercises in order to prioritise the problems and the actions needed.

The section below on *Housing reconstruction* outlines how this sector can contribute to rebuilding livelihoods, and how it can also contribute to rebuilding livelihoods in other sectors. In terms of the SLF, these would be classified in terms of *economic* and *physical assets*. Adopting a PCR approach can also contribute to strengthening other assets by:

- *Social*: Supporting people to keep their communities intact, even if they have to be moved to emergency camps and transitional settlements. *Social capital* can be strengthened by linking community groups together, especially for community-based saving; and by linking communities to organisations and institutions that can support them in their recovery.
- *Human*: Providing training and capacity building to enable people to rebuild and recover better; supporting communities to participate effectively in Community Action Planning; helping people to learn as they discuss reconstruction within their communities and with external agencies; helping communities to take control of their own information, of how it is collected, compiled and used.
- *Natural*: Working together with communities to recover natural assets damaged in the disaster; implementing protective measures for natural assets against future disasters; protecting the community's access to and ownership of natural resources; and considering long term issues of sustainability and environmental protection.

IFRC's guidelines on owner-driven housing reconstruction also offer a model for ways of supporting livelihoods in post-disaster reconstruction which incorporate some of these issues in a simplified framework. We explore the issues around resources (in particular around cash payments) in the section headed *Rebuilding livelihoods beyond housing*.

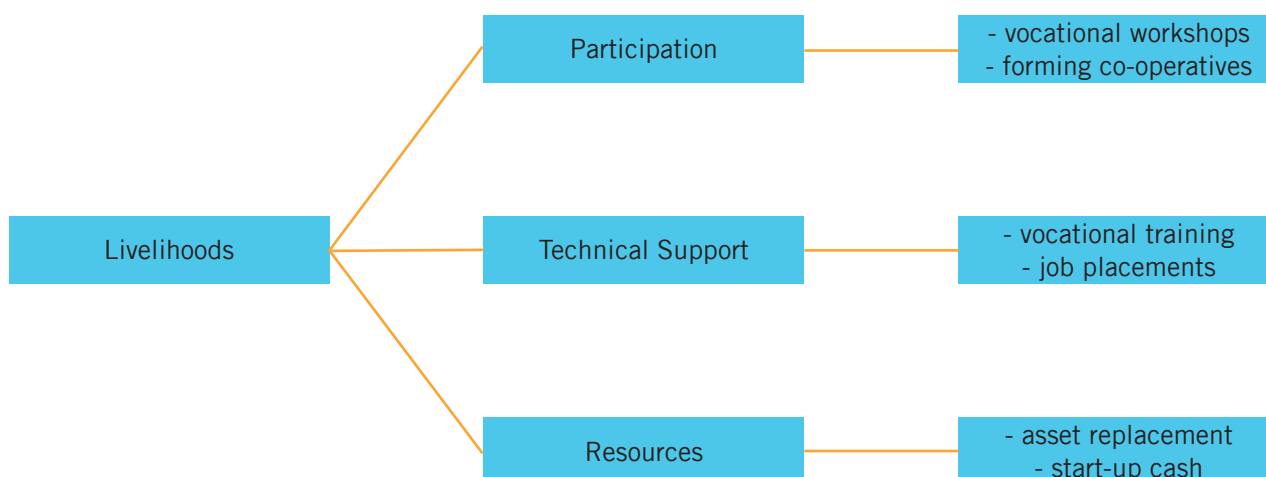


Figure 2. Different ways to support livelihoods in post-disaster reconstruction.
(From: IFRC Owner-driven Housing Reconstruction Guidelines, August 2010)

Looking at the entire community - prioritising the most vulnerable

Adopting a PCR approach means making sure that all sections of the community are included. This often means identifying and empowering the most vulnerable as part of the process. In terms of livelihoods reconstruction, a number of steps can be taken in ensuring the needs of all are catered for.

A first step is to identify the most vulnerable (see box). People from these groups tend to survive on very insecure and temporary work. They may be reached in an equitable way during the relief phase, but often lose out when it comes to reconstruction. For these groups, it is often their social capital which is their most important asset. Any reconstruction effort targeting these groups needs to be careful to make sure these social assets are built up. Participatory needs assessment should identify the groups, their needs and priorities. The support they need may be different from that required by the rest of the population.

Ideas for how vulnerable groups can be included and prioritised include:

- Prioritising the allocation of transitional shelters to the most vulnerable, and supporting these settlements until people are ready to build permanent housing or can find rental accommodation. This includes ensuring adequate access to safe water and sanitation in the transitional settlements. It also includes providing incentives for homeowners to rebuild rental rooms as well as their own house.

Vulnerable groups to look out for

- Squatters in unauthorised settlements
- Tenants
- Women-headed households with young children
- Elderly people, especially where there is little or no family support
- Unemployed youth with little or no literacy
- Long-term displaced people and refugees
- Landless rural labourers
- Disabled people, or those coping with long-term illnesses or injuries
- Those addicted to alcohol or drugs

- Identifying suitable pieces of land with vulnerable groups, where they can build their own houses and have access to market places and economic centres; extending the relief period for certain groups, but balancing this with the need to ensure they are not caught in a cycle of dependency.
- Prioritising employing the most vulnerable in cash for work activities
- Ensuring training opportunities are open to vulnerable groups e.g. in building materials production, as a means of generating new employment opportunities.
- Ensuring a minimum quota for women's participation in trainings

- Ensuring that people from vulnerable groups are eligible to receive cash grants for their livelihoods, and supporting the development of savings and lending groups, and their links to larger microfinance institutions.
- Setting up a crisis fund managed by the community to provide limited support for those who experience a sudden crisis e.g. the death or serious illness of a family member.
- Supporting the development of group activities and the emergence of local leadership, especially promoting the active participation of vulnerable groups in community action planning, and in disaster mitigation and disaster preparedness planning.
- Extending cash for work activities to include the construction of infrastructure for disaster protection e.g. embankments and flood barriers, slope stabilisation, and restoration of forests and mangrove swamps. This could be combined with education campaigns about the causes of natural disasters and their mitigation.

What does a PCR approach mean for programming?

In the emergency response phase following a disaster, agencies have begun to work in clusters. As part of this, emergency shelter is separated from agriculture. Other livelihoods do not have their own cluster. The early recovery cluster is meant to focus on bridging the gap between emergency response and long-term development across a wide range of areas including the restoration of basic services, livelihoods, shelter, governance, security and rule of law, environment and social dimensions.

In the initial emergency relief phase, it will be important to use tools such as EMMA to make sure that livelihoods are considered within each of the clusters. Joint damage and loss assessments should be carried out and coordinated by the Early Recovery Cluster.

Some agencies involved in reconstruction are specialised in particular areas. Does adopting a PCR approach mean that an agency specialising in housing also needs to become an expert in livelihoods programmes? Probably not. All agencies should be able to carry out a broad assessment of needs. Housing reconstruction agencies should seek to maximise the opportunities for reconstructing livelihoods within their own programmes. They should also, then, seek partnerships with other agencies more specialised in rebuilding livelihoods beyond housing. It is possible that the residual effect of the clusters may make this sort of partnership more difficult.

Other agencies work across a broad spectrum of areas which can encompass both physical and economic reconstruction. In these cases, there will be a need to develop a cross-programme

Clusters for humanitarian response

1. Agriculture
2. Camp Coordination and Camp Management
3. Early Recovery
4. Education
5. Emergency Shelter
6. Health
7. Nutrition
8. Protection
9. Water, Sanitation, Hygiene

approach to development in the disaster-hit area, blending their expertise in reconstructing housing, infrastructure and livelihoods.

Housing reconstruction: its contribution to rebuilding livelihoods

The construction of houses and infrastructure following a disaster can be one of the most important livelihood opportunities for people, even if they were not previously involved in the construction industry. This is particularly the case where large numbers of houses have been destroyed or damaged beyond repair (Sheppard and Hill 2005). Houses themselves are also important livelihood assets which people, providing cover or storage for tools, equipment, seeds, animals, and saleable goods or produce. Others use their homes as workshops, sell produce directly from their home, or rent out rooms to lodgers.

Initially people can be employed to assist with clearing away rubble and pulling down dangerous buildings. In urban areas where densely-built multi-storey buildings have collapsed, demolition machinery will probably be needed, in particular where there is a risk of further collapse. However, there is still a lot of work that people can do by hand, provided that their health and safety is well looked after.

Once house owners are ready to start rebuilding, or carrying out extensive repairs, local people can assist them, and earn a livelihood at the same time, in two ways:

1. as producers and suppliers of building materials and components
2. as skilled builders, to assist house owners with construction of the whole house or just for more difficult, specialised tasks

Under donor-driven reconstruction models, we need to be cautious of two potential problems which may limit the extent to which people can earn a livelihood. First, contracts may be given to large building contractors from outside the area

Coffee growers rebuilding houses and livelihoods infrastructure in Colombia

In January 1999, a moderate earthquake struck the coffee growing region in the west of Colombia. The quake caused considerable damage to houses and coffee infrastructure, highlighting the underlying vulnerabilities of the community. This case study demonstrates how a reconstruction programme led by the coffee growers themselves successfully combined reconstruction of livelihoods and housing.

In their favour, the community were well-organised and self-reliant through the Coffee Growers' Federation and its many local branches. These already provided social, welfare, marketing and material support to its members. The Federation were part of the relief effort, and later, the government's reconstruction agency FOREC invited them to become official partners in rural reconstruction.

The Federation's first step was to carry out an assessment of damage and needs. It then set up a reconstruction fund (FORECAFE) which combined a contribution from the government, savings from members, and donations from within Colombia and abroad. The fund offered a basic grant of US\$4,000 for rebuilding a house, and an optional loan of a further US\$1,000. For infrastructure, grants of US\$2,000 and further loans of up to US\$3,000 were available.

Households themselves were given responsibility for planning and construction of their houses and infrastructure. A team of engineers hired by the Federation helped householders to draft individual house plans and specifications. The Federation also provided lots of information on e.g. earthquake resistant construction and building maintenance. Households could choose whether to build the house themselves, hire a contractor, or combine these two approaches. Money was paid in instalments with engineers controlling quality. The coffee growers were very resourceful in salvaging components from damaged houses, devising designs that combined traditional building methods with modern ones, and in using their social networks to help negotiate down materials prices. This helped stretch the grants, so they were not only able to fully rebuild their houses, but also rebuild related services and the coffee infrastructure upon which their livelihoods depended.

For more information see: Lizerralde (2010)

who bring in their own labourers and materials. Secondly, people may be resettled away from their original homes which can make it more difficult for them to restart their original livelihood. Owner-



photo © Gonzalo Lizarralde

Rebuilding in Columbia: house with a coffee processing plant at the back

driven reconstruction tends not to suffer so much from these problems. In this model, home owners are often paid cash sums to rebuild their homes which represent a significant injection to the local economy.

Despite these opportunities, recent reconstruction experiences suggest that the linkages between housing reconstruction and livelihoods have not yet been fully explored. They are usually limited to local building materials production, the use of local labour and contractors, and people's participation in drawing up house designs. This is the case even where owner-driven reconstruction has been implemented extensively for example following the Gujarat earthquake, India (2001); the Indian Ocean tsunami (2004) especially in Aceh, Indonesia, and in Sri Lanka; and the earthquake in Pakistan (Azad Jammu, Kashmir, North-West Frontier Province) in 2005.

Further measures to support livelihoods in reconstruction that have been tried less widely include:



photo © Practical Action / Lucy Stevens

House being built by local artisans trained in new construction methods after the tsunami, Matara, Sri Lanka

In building materials:

- Deliberate selection of materials and components that can be produced locally. For example in roofing materials, it might be better to use micro-concrete roofing tiles which can be produced locally, rather than corrugated iron sheets industrially produced at a factory miles away.
- Establishing building yards to ease problems in the supply of materials. The high demand for building materials can create shortages and high prices. The problem can be eased for small contractors if agencies set up building yards stocked with commonly-required materials (cement, timber, nails and screws, window glass etc). The agency should be able to procure the materials at a cheaper price because they are buying bulk. For examples of how this has worked see Kreutner et al (2003) and the case study from Orissa below.
- Establishing Housing Resource Centers where both material production and improvement of quality are developed, along with training and capacity building of craftsmen, artisans and skilled labour.

For entrepreneurs:

- Making information resources for builders and materials producers more widely available.
- Diversification and development of skills. Where people are trained in a building trade as part of the reconstruction effort, further training can help them diversify their skills for other types of business once the bulk of the rebuilding has been completed. For example carpenters could later be trained in making furniture.
- Training in business management as well as technical skills. The aim is give people the capacity to manage and adapt their business to the changing market conditions, rather than to leave them with just with a fixed set of technical skills.
- Linking cash payments (transfers or cash for work) to microfinance for business development.
- Where people are eligible for grants to rebuild both their livelihood and their home, it would be better to allow flexibility in how they divide up the funds.
- Opportunities for entrepreneurs in services associated with housing, such as in community-based solid waste and water management. For example, there are business opportunities in the safe collection, composting, re-use and recycling of waste, and marketing opportunities for compost if links can be facilitated with local farmers.



photo © Practical Action / Lucy Stevens

Local production of building materials can generate incomes. Women's groups in Zimbabwe produce bricks and roofing tiles using stabilised soil block and micro-concrete technologies which reduce the cost. These materials were used extensively during rebuilding after Operation Murumbatsvina in 2005

For vulnerable groups:

- Considering the needs of tenants as well as homeowners. Reconstruction grants usually only provide the funds to rebuild a small core house, so rooms and structures that were rented out to tenants usually take far longer to be rebuilt. Incentives need to be provided to encourage homeowners to also rebuild their rental rooms, and to rebuild in such a way that tenants can continue with their home-based enterprises.
- Helping those who do not have secure tenure or official proof of residence. Even where it is apparent that someone lived in the area and that their house has been destroyed, if they were settled illegally they are often excluded from grants for reconstruction.
- Helping families to use their house and land to address food security e.g. by seeds distribution for planting in home-gardens, and through incentives to start small shops to sell or store goods.

The needs of vulnerable groups like these are one of the reasons for the move towards people-centred reconstruction. A people-centre approach also involves greater levels of community participation which can avoid problems of false claims about the prior ownership of land or assets. Communities can also, successfully, be put at the heart of decision-making on the distribution of grants. A number of examples have shown how this can be effective with communities themselves monitoring entitlements to cash payments and ensuring fair distribution (see for example the case study of the Coffee Growers' Association of Colombia).

The Building Materials Services Bank – The Ashraya Reconstruction Project, Orissa, CARE India

During October 1999 the Indian state of Orissa was struck by two severe cyclones. The second one was particularly damaging, destroying about 800,000 houses. CARE India was one of the agencies active in reconstruction and supporting people to recover their livelihoods. It developed a broad programme covering restoration of livelihoods, multi-purpose shelter provision, food for work, and disaster preparedness. Another element was the construction of 1,400 core houses facilitated through a **Building Material Services Bank (BMSB)** known as the Ashraya project.

The core houses used cyclone resistant designs which would provide a safe retreat during future cyclones. The Indian NGO, Development Alternatives, developed the designs of the core houses and provided the specifications for the building materials and construction techniques. Priority for getting a core house was given to the most vulnerable people whose homes had been destroyed: among them were women-headed households, the landless and disabled people. The project gave priority to community management and capacity building of community groups and their NGO partners. This included training in building materials production, construction techniques and construction management, providing livelihoods opportunities for local people.

As a support service three Buildings Materials and Service Banks were set up. Here building materials and components production units were set up employing local people. NGOs and community groups building the core houses could go to the BMSBs to obtain building materials and components or hire a skilled builder trained by the project. Later on the outreach of the BMSBs was extended by setting up mobile building centres that offered training at the construction sites.

For the longer-term the project considered how to make the BMSBs more sustainable and able to support themselves so that they can continue to supply building materials and raise the skill levels of local building artisans. Their activities would also focus on awareness raising and mitigation for reducing the disaster risks of cyclones. They have therefore been linked more closely with the Indian Government's Building Materials and Technology Promotion Council, and the potential of BMSBs to support provision of other infrastructure and services such as water, sanitation and energy has also been investigated. These they could provide, alongside building materials, on the commercial market.

For more information see Development Alternatives (reference below)

Post-tsunami reconstruction with a fishing community in Cuddalore District, Tamil Nadu

The small village of Pillamedu was located on the coast of Tamil Nadu between a mangrove forest and the sea. The tsunami of 26th December 2004 completely destroyed the hamlet including all 82 houses, as well as fishing boats and nets. The villagers were helped to rebuild by an NGO 'Centre for Rural Education and Economic Development' (CREED). As well as being the implementing agency, they acted as an intermediary between the community and various other stakeholders including funding bodies and the Government.

The reconstruction effort was highly participatory. The community were involved in all matters such as the selection of land for relocation and the choice and adaptation of house designs. Community members provided both paid and unpaid labour. The reconstruction effort involved rebuilding not only houses, but also providing better roads and drainage, sanitation, and an over-head tank for community water supply. The houses are "jointly owned" by both husband and wife, or by the women where they lost their husbands in the disaster.

In terms of their livelihood in fishing, the site they chose was along a backwater which allowed them access to both the sea and the local market where they sell their fish. The project also included components to help replace fishery technology, infrastructure and poultry.

Source: Case Study in UNDP India (2008) p.67-70

Rebuilding livelihoods beyond housing

Involvement in building activities can be important in the first few years after a disaster, but the amount of work available will tail off after that. In the longer term, in moving from reconstruction to development, other sources of livelihood will be needed. This can mean strengthening existing livelihoods, or exploring new opportunities. Enabling people to have secure livelihoods can contribute to significantly reducing vulnerability and disaster risk.

Secure livelihoods are linked to reduced vulnerability through:

- Increased incomes
- Increased savings and access to credit
- Increased skills and capacities enabling people to take up new opportunities as market conditions change

If, as a result, people are wealthier, they are:

- Able to afford to repair, maintain and improve their home
- Able to demand better quality, higher value products and services
- Likely to be more interested in the mitigation of future risks (so avoid losing what they have now gained)

There has been an evolution in approaches to rebuilding livelihoods over time as agencies have moved from livelihoods handouts to different kinds of cash payments. In each approach, there are a number of important considerations to ensure that the aid is used effectively.

Livelihoods handouts

In the last decades of the 20th, when natural disasters hit rural populations (as most did, due to the more rural nature of populations at the time), aid agencies often gave survivors assets to help restore their ability to provide for their own food supply. So farmers were supplied with tools and seeds or livestock; and on the coast, people engaged in fishing were given boats and nets. The lessons that can be learned from some of the unsuccessful attempts to rebuild livelihoods in this way include:

- **Making sure that the aid proposed is appropriate.** For instance, the seeds distributed need to match the crops grown in the area. Likewise, fishing nets or boats need to reflect the fishing techniques and types of fish found in the area.
- **Targetting the right people for assistance:** identifying people who are directly interested and would most benefit from the aid
- **Differentiating** between those who have experienced few losses, and those with more serious losses.

- **Never overlooking local power relations** as this can result in manipulation of aid resources by the most powerful, who could use the opportunity to 'muscle in' on particular livelihood activities and markets. This elite capture of aid resources can result in strengthening of the most powerful people, and further marginalising the vulnerable.
- **Addressing gender relations** in terms of the ownership of the assets, and also understanding the importance of the home for women as a base not only for household activities, but for running a business or undertaking paid work.
- **Giving attention to seasonality.** Adults in farming families often get other jobs during quiet periods of the farming year. Landless labourers, in particular, rely not only on agricultural work during the planting and harvesting seasons, but on other paid work in the rest of the year.
- **Avoiding showcase projects** that only benefit a few people but are not relevant to the vast majority of the population and are not replicable.
- **Ensuring good follow-up.** Assets (tools, seeds etc.) need to be provided in a timely manner and not when the aid agency is pulling out.

Cash payments

In more recent years, there has been a shift to cash payments for livelihood recovery. This helps to address some of the issues identified above, as people can use the money in differing and flexible ways according to their needs; and the cash injection helps to stimulate local businesses and markets. The increasingly urbanised nature of the developing world and therefore of the communities affected by disasters, makes cash payments by far the most appropriate way to support people to recover their livelihoods because urban livelihoods are so diverse. Providing tools, equipment and materials can be useful, but only if it is based on a thorough needs assessment. It is rarely enough by itself, and needs to be supplemented by a cash grant, and later on, access to loans and other measures.

As soon as the cash economy appears ready to pick up, instead of handing out food, clothing and other items, people need to start to be supported by cash transfers, initially so they can buy these items for themselves, and later on to assist them to rebuild livelihoods. Cash transfers can be paid in a number of instalments over the recovery period. Some examples of cash payments for livelihood recovery include:

- Grants of about US\$500, paid in 4 monthly instalments, to 140,000 families in Sri Lanka affected by the 2004 Indian Ocean tsunami

- Grants of US\$1,000 paid to tsunami affected households in Aceh Province, Indonesia, through the British Red Cross Society (Adams, 2007)
- Grants of up to US\$3,000 for women's group enterprises in Afghanistan, through UN-Habitat (UN-Habitat, 2007)

The distribution of cash needs to be done competently after a thorough needs assessment to ensure that it is well targeted. Care needs to be taken to ensure that female-headed households qualify for and receive payments. Community organisations may be best placed, following some capacity building and support, to manage the distribution of cash in their local areas. It should be linked to larger-scale community-based savings and credit schemes that can continue into the future.

Agencies will also need to take account of the likely role of remittances. Some people affected by a disaster will probably be in the advantageous position of having relatives living outside the area who help by sending money. This supplements the official cash transfers, and is also helpful in boosting the local economy generally.

Cash for work

In addition to cash transfers, it is also possible to pay local people for work in reconstruction. Initially they might be paid to clear rubble and debris, and later to repair and rebuild damaged infrastructure such as roads, drainage channels, bridges, sea and river defences, sanitation and sewerage, pathways, and community or market buildings. Opportunity

needs to be taken to employ people who are still some way from recovering their economic livelihoods, because they are the most in need of a boost to their incomes. Some women may need additional support to ensure they can participate in the work teams. The work can provide training opportunities for all, which they could use in rebuilding their houses later on.

Better still are *community contracts* in which communities manage the rebuilding themselves and receive negotiated lump sum payments from the government reconstruction agency, international agency or NGO for carrying out the work. Community contracting is described in **PCR Tool 5: Learning from the Housing Sector**.

Rural infrastructure is usually more basic than in urban areas, so its reinstatement can probably be handled almost entirely by rural communities themselves. In urban areas, rebuilding is likely to be more complicated and require some supervision and inspection by a qualified engineer.

Timeline of cash payments

In its reconstruction strategy following the tsunami in Sri Lanka, the Task Force for Rebuilding the Nation (TAFREN) tried to illustrate the Government's overall strategic plan for the economic recovery of those affected. The emphasis would shift between three approaches over time. The first phase would involve mostly emergency cash assistance (cash transfers), moving on to cash for work, with a final stage involving loans for businesses ('economic activities'). The diagram

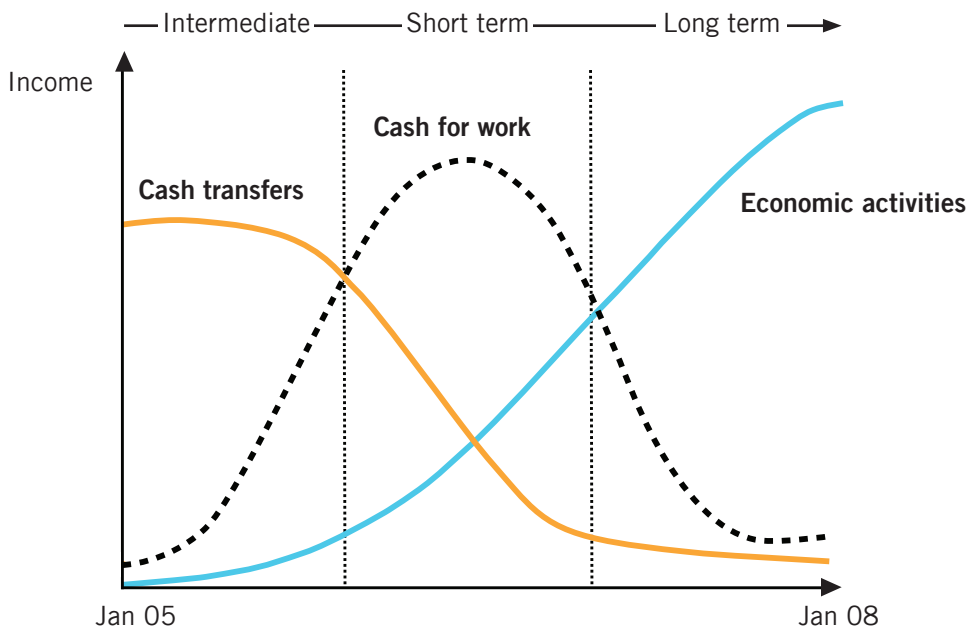


Figure 3. The Government of Sri Lanka's conceptualization of recovery assistance under the Rapid Income Recovery Programme.

Source: TAFREN (2005) taken from Adams (2007) p.47

A flexible approach to livelihoods recovery in the Maldives

The Government of the Republic of the Maldives has collaborated with various United Nations organisations and Red Cross and Red Crescent Societies, the World Bank and the Asian Development Bank on rehabilitation and reconstruction on the islands following the 2004 Indian Ocean tsunami. Before the tsunami the Maldives were by no means a poor country and were on the threshold of joining the group of the world's middle income countries. However, the economic losses from the tsunami were severe, damaging or destroying many houses and much of the infrastructure and stopping many livelihood activities. Although the livelihoods of many people depended on only three types of activity – farming, fishing, or tourism, other factors such as severe damage to infrastructure and loss of physical assets and environmental damage (including salination of agricultural land due to inundation by the sea), meant that rebuilding peoples' livelihoods would not be easy.

The course the livelihood recovery followed was to use a small cash grant (about US\$ 425) together with replacement of the physical assets that were lost, determined by a thorough needs assessment. Additionally, cash for work programmes were organised so that people could earn an income until they could resume their normal livelihood. Additional small grants and seed money was provided and microfinance projects were organised. Women's livelihoods were prioritised and additional livelihood opportunities, for example in waste management were identified. Community-based organisations were recognised as important actors in supporting peoples' livelihood activities and training for CBOs was organised. CBOs arise out of the voluntary and self-help support usually found on the Maldives and these were encouraged.

This approach is illustrated in the fishing sector where, rather than just donating boats for fishing, CBOs were trained in their construction. This strengthened the linkages between boat building and fishing, so that both sources of livelihood could be made more sustainable. Some people were assisted to resume home-based processing enterprises such as in fish drying. The recovery of the fisheries sector was further assisted by the repair and reconstruction of infrastructure such as jetties, harbours, breakwaters and sea walls; as well as navigational aids and rescue services.

For more information see: Government of Maldives and others (2005)

aims to show the transition between these three approaches, and that more than one type of intervention might operate at the same time.

Further information on cash payments

This issue has been studied extensively by the Overseas Development Institute (ODI) and they have a resource library on 'Cash and Vouchers in Emergencies' (see: <http://www.odi.org.uk/resources/libraries/details.asp?id=2&title=cash-vouchers-emergencies>). Within these, Adams (2007) provides a useful starting point for further information and case studies.

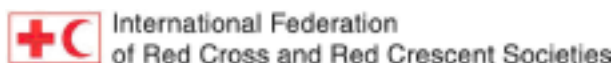
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For further information, contact

Graham Saunders,
Head of Shelter & Settlements Department
International Federation of
Red Cross and Red Crescent Societies
17, chemin des Crêts, Petit-Saconnex,
Geneva, Switzerland
Tel: +41 (0)22 730 4222
E-mail: secretariat@ifrc.org
Website: www.ifrc.org
Postal address: Case postal 372, CH-1211 Geneva 19,
Switzerland

Theo Schilderman,
Head of International Infrastructure Programme
Practical Action
The Schumacher Centre for Technology and Development
Bourton-on-Dunsmore
Rugby, Warwickshire, CV23 9QZ
United Kingdom
Tel: +44 (0)1926 634400
E-mail: theos@practicalaction.org.uk
Website: <http://practicalaction.org/buildingbackbetter>