B.2 Bankers and Builders
The coming of age for cash and shelter projects

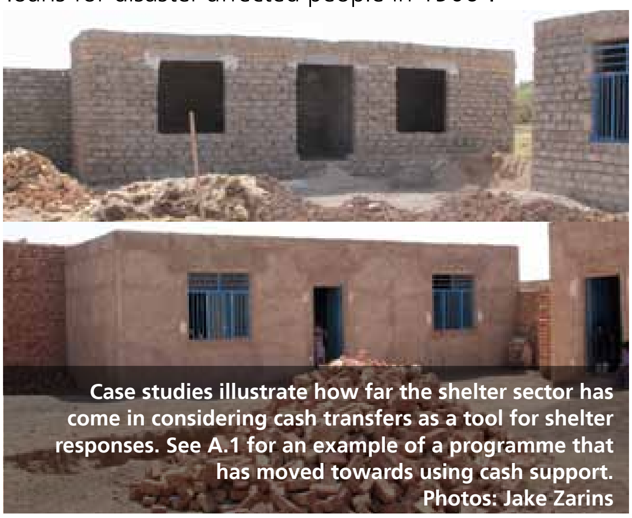
Basic principles

The professionalisation of the shelter sector as a part of humanitarian assistance is often dated to the early 1970s and the work of researchers-cum-practitioners like Fred Cuny and Ian Davis[1]. These grand doyens of shelter after disasters helped establish a number of principles for the sector that remain true today, including:

- The aspirations and capacities of affected populations must be at the heart of all settlement planning and shelter reconstruction activities.
- The majority of people displaced by disasters figure out their own shelter solutions, often through the involvement of other relatives, neighbours, or the host community at large.
- To help regenerate livelihoods and provide income to affected households, preference should be given to the use of local labour and local building materials for construction activities.

In the 40 years since these principles of community driven shelter programmes were first espoused, these ideas have been accepted as axioms by the shelter sector as a whole. Yet many of the current debates about the most appropriate shelter solution for affected population are led by architects and builders, not community mobilisers or anthropologists. The first two editions of these case study reports, *Shelter Projects 2008* and *Shelter Projects 2009*, are heavily weighted towards "expert driven" shelter options. Of the 81 case studies in these two volumes, less than 15 per cent refer to shelter projects that included a component that offered affected people a greater choice and responsibilities: the provision of cash transfers directly to beneficiaries.

The case studies in *Shelter Projects 2010* highlight how far the shelter sector has come in considering cash transfers as a tool for shelter responses – almost 50 per cent of the projects cited have a cash component, including an early use of shelter-related cash grants and loans for disaster affected people in 1906[2].



Case studies illustrate how far the shelter sector has come in considering cash transfers as a tool for shelter responses. See A.1 for an example of a programme that has moved towards using cash support.
Photos: Jake Zarins

Cash transfers for shelter

Across all sectors, the direct provision of goods and services to affected populations – in kind assistance - remains the most common form of delivering humanitarian aid. The drivers for in kind assistance among agencies and donors are the same across all sectors: the need for highly visible relief operations; the desire to reduce suffering and disease through quickly launched humanitarian responses; and achieving economies of scale and value for money. There is a growing recognition within the humanitarian community that direct cash transfers to disaster-affected people can help agencies, donors and governments fulfil their mandates and meet public expectations.

As noted in the shelter case studies in *Shelter Projects 2011-2012* and previous volumes, there are two main types of cash transfer methods used in shelter programmes:

- **Cash for Work:**
  - Direct cash payments to beneficiaries for their labour on debris clearance, shelter construction or other community focused infrastructure projects;
- **Conditional Cash Grants and/or Vouchers:**
  - Direct cash payments to beneficiaries or landlords for services defined by agencies or governments; e.g., participating in training programmes; rebuilding homes according to pre-defined plans or construction stages; or rental support;
  - A paper, token, or debit card voucher that can be exchanged or redeemed at pre-selected vendors for a pre-determined quantity or value of construction materials or services.

A third type of cash transfer mechanisms used in humanitarian responses is **Unconditional Cash Grants**, where direct cash payments are made to selected beneficiaries (usually the highly vulnerable or poorest) without conditions or requirements. While post distribution monitoring of household expenditures suggest that food, health care, or loan repayments are typical purchases made with unconditional cash grants, there is some evidence to suggest that under certain conditions beneficiaries will choose to spend the money on shelter materials. For example, in Pakistan in 2005, over 95% of earthquake affected households who received a small cash grant (US$ 40) spent the funds on shelter construction or material transport[3].

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[1] See *C.1 Shelter Projects 2009*, and *D.1, Shelter Projects 2008*

[2] See case study *B.2, Shelter Projects 2010*

[3] See Humanitarian Exchange Magazine, Issue 34, "Responding to shelter needs in post-earthquake Pakistan: a self-help approach"

Scepticism on cash and shelter

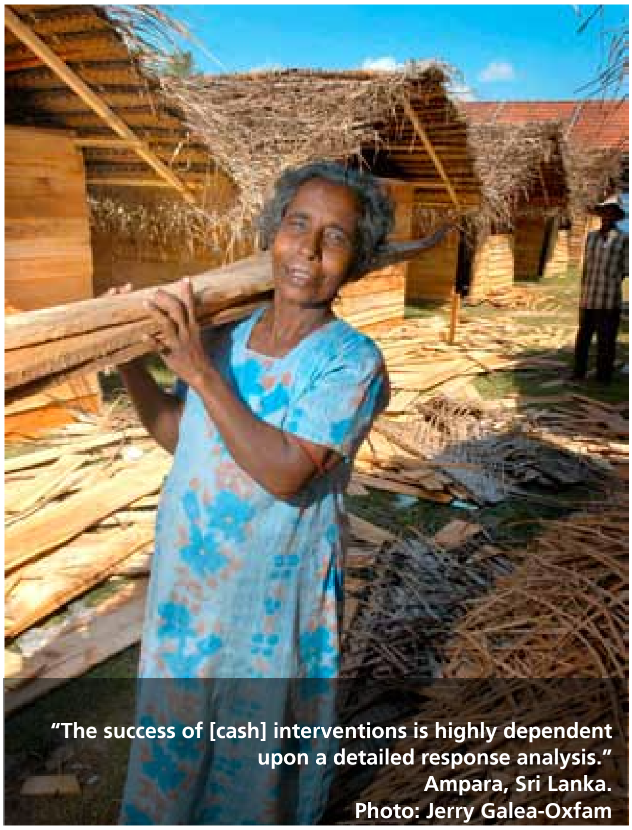
Accompanying the increase in interest by agencies and donors in cash transfers for shelter support programmes is scepticism from some shelter specialists on what is seen as "cash evangelism". Many of the doubts focus on concerns and perceived risks around unconditional cash transfers and self built reconstruction. How can we ensure, ask the sceptics, that people won't rebuild using inappropriate designs, poor quality materials and unsafe construction techniques if we just give them cash? Fortunately, most mainstream agencies and shelter professionals recognize that cash transfers for shelter projects must be accompanied by technical advice and support, or given in tranches based on a phased approach. Like all humanitarian assistance, however, post distribution monitoring of cash or in-kind assistance is essential to ensure that project goals are met and that the aid given "does no harm" to its recipients.

A second set of concerns on cash transfers for shelter relates to the high cost of safe or safer shelter after disaster. By restricting the number of families who receive cash and shelter assistance, isn't there a risk that social tensions within or between communities will be exacerbated? Does the liquidity of cash potentially increase conflicts between neighbours? While the answers to these questions are possibly yes, humanitarian assistance in all sectors grapple with these questions in each and every response. To date, the best way to avoid these potential conflicts is through coordination, ongoing consultation, and robust accountability mechanisms in place to address community and beneficiary concerns.

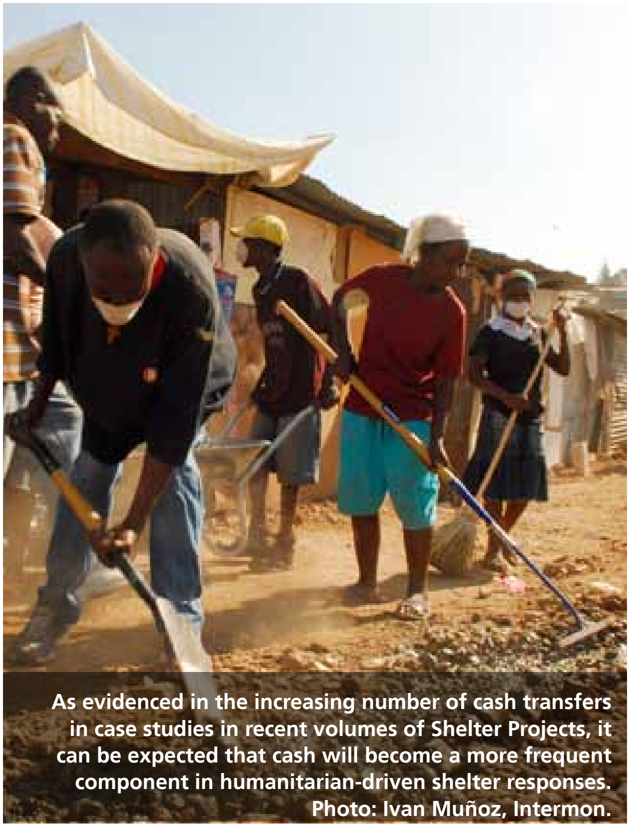
Strengths and weaknesses of cash for shelter

Regardless of the sector, the success of cash transfer interventions is highly dependent upon assessments and a thorough response analysis. Key elements to be considered in shelter programme design using cash as tool are:

- clarity on the programme objectives, and what the shelter programme is trying to achieve within the limits of budgets and time frames
- proper targeting of affected households who are both most likely to benefit from and take advantage of cash transfers programming
- an understanding of household and community economic activity that help inform how cash injections can complement and enhance recovery after disasters
- a market analysis with a sufficient level of detail to know how the disaster or conflict has affected building material supplies, skilled labour, and rental markets, and what might be the negative (inflationary) impact of injecting cash into local economies
- a robust monitoring and evaluation system in place to measure impact and gauge the effectiveness of cash transfers as a programme tool.



"The success of [cash] interventions is highly dependent upon a detailed response analysis."
Ampara, Sri Lanka.
Photo: Jerry Galea-Oxfam



As evidenced in the increasing number of cash transfers in case studies in recent volumes of Shelter Projects, it can be expected that cash will become a more frequent component in humanitarian-driven shelter responses.
Photo: Ivan Muñoz, Intermon.

	Strengths	Weaknesses
Cash for Work  Cash for Work programme at Tapis Rouge camp, in Port au Prince, Haiti Phot: Ivan Muñoz, Intermon	• Provides a temporary income to affected people, especially vulnerable groups who may not have other sources of income; • Motivates people to participate in relief and recovery operations; • Generally high level of acceptance by authorities.	• Physical labour projects might exclude women and less able-bodied persons; • May create expectations that NGOs will pay people for participation in all relief work; • Could compete with private sector labour; • Cash for Work activities selected may not have strong coherence with shelter activities.
	Opportunities	**Threats**
	• Can help address disaster waste management concerns; • Can link with training programmes to improve building skills and livelihoods.	• Potential health and safety issues; • Quality of work might be poor; • If too high, the wages might discourage normal livelihood activities; if too low, participation may be reduced.
	Strengths	**Weaknesses**
Conditional Cash Grants (including vouchers)  Conditional cash grant used in housing reconstruction. Deah Baro village, Banda Aceh, Sumatra Indonesia. Photo: Jim Holmes, Oxfam	• Contributes to economic recovery of local markets; • Cash grants can support access to rental accommodations; • Generally high level of acceptance by authorities.	• Less able bodied and more vulnerable groups may not be able to meet conditions, and will require additional support; • Time commitment by beneficiaries to meet conditions may conflict with seasonal livelihood activities.
	Opportunities	**Threats**
	• Voucher based programmes require close contact with local suppliers, which can help ensure quality in shelter materials; • Setting targets and transferring cash in tranches can support safe onstruction practices • Cash grants to host families can reduce their financial burden and facilitate camp decongestion.	• Increased demand for shelter materials may outstrip local supplies; • Possible inflationary impact on prices by creating high demands for shelter materials.

The Future of Cash and Shelter

As evidenced in the increasing number of cash transfers in case studies in recent volumes of Shelter Projects, it can be expected that cash will become a more frequent component in humanitarian-driven shelter responses. With the proliferation of mobile phone access throughout the world and the increase in security of mobile banking transactions, future cash and shelter programmes are likely to be more digitally oriented than what we see now. In other humanitarian sectors such as Water, Sanitation and Hygiene Promotion (WASH), mobile phones are increasingly used to reach wider audiences with key messages and as project monitoring tools. For a sector such as shelter, where hazard reduction principles and "building back better" are the new axioms, the potential of combining mobile phone technology and cash programming are yet to be explored.

While bankers may not have the skill set that agencies and donors look for to help guide cash and shelter programmes, the architects, engineers and builders of the shelter community would be wise to include cash transfers as a potential instrument in their tool box. As with all innovations, however, care must be taken to avoid cash transfers as the default option for all shelter programmes. Builders and bankers alike know the truth to the old adage: if the only tool you have is a hammer, all problems look like nails.

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