



CARE International Indonesia

"Why can't CARE just give us money so we can buy what we want?" (IDP in Aceh):

The story in pictures and words of CARE's Market-Based Food Assistance Pilot Project in Banda Aceh, Indonesia, December 2005



CARE and others distribute WFP food (rice, noodles, cooking oil, biscuits and tinned fish) to more than 400,000 people affected by the earthquake and tsunami.

However, in areas close to some distribution points, shops are open and vendors are ready for business. Food is abundant, prices stable, supply chains assured.



Assessments by WFP and others note an opportunity for a market-based approach using the local private sector. CARE takes on the challenge of doing the research and designing a strategy.



CARE held discussions with beneficiaries, vendors, food wholesalers and local leaders. The decision was made to conduct a pilot project in the Ulee Kareng sub-district of Banda Aceh.



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An important initial task was to assemble a qualified team. Most team members had prior experience with CARE food assistance programs.



An entitlement was designed based on beneficiary feedback, the value and content of the WFP food basket, and studies of typical food consumption and expenditures. Ultimately, three items were provided via vouchers: rice, sugar and oil. A cash supplement (worth approximately \$5US) was added to help cover other food costs, fuel, transport, etc.



The CARE team orient beneficiaries to the new approach. CARE staff lead community meetings, respond to questions and distribute informational leaflets.





The team contact and negotiate contracts with suitable vendors throughout Ulee Kareng. Vendors then acquire adequate stock of rice, oil and sugar and prepare to receive their new customers.



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Some staff members feel that handling cash could be risky. So a contract is signed with the local police department to provide security during distributions. No private security companies exist in Banda Aceh.

On November 21, 2005, Ibu Syaripah Mazipah, of the Jawa Deah IDP camp, becomes the MBFA's first project beneficiary.



(That this came nine months after a food voucher initiative was first suggested for Banda Aceh is a matter of concern. Emergencies obviously require quicker responses.)



Distribution to many more beneficiaries follow. In November, about 2,500 people (including 548 children) receive vouchers/cash at 10 distribution points in Ulee Kareng.

Beneficiaries generally go straight to participating vendors and cash in all their vouchers at once. In November, only two beneficiaries failed to redeem their vouchers on time.



In many cases, the cash complement is used to purchase other foods and toiletries in the same shop.

Beneficiaries sometimes transport their food home themselves.



In many cases, however, local *becak* drivers are hired. These men charge up to 10,000 rupiah per trip. Business is brisk on distribution days.



CARE staff collect the redeemed vouchers from vendors one week after distribution. The vendors are issued an I.O.U. for the retail value of the food provided plus a small commission. CARE staff process and submit the paperwork the same day. Vendors are paid within 4 days.



WFP-Banda Aceh representatives paid a visit to a distribution site and interviewed staff, beneficiaries, and vendors. They had many positive things to say about the system but had concerns about nutritional outcomes and the potential diversion of cash to non-food purchases. WFP is also usually compelled to distribute food (rather than cash) as food is what its donors provide.



Ultimately, CARE hopes that WFP and its donors will give due consideration to market-based approaches to providing food assistance, when circumstances dictate.



Beneficiaries, vendors and other merchants, CARE staff and local officials are pleased with the system. In Ulee Kareng, at least, a market-based approach is much preferred over direct food delivery. CARE is looking to expand into new areas.



The Market-based Food Assistance Pilot Project is an initiative of CARE International Indonesia, Banda Aceh. Major financial support for the pilot was provided by CARE Canada. Additional support was provided by WFP-Indonesia.

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