



**Preliminary Analysis on the Food Aid response to the tsunami crisis**

Indonesia - Aceh Province

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## Background

On December 26<sup>th</sup> 2004, an earthquake of a magnitude 9 on the Richter scale triggered a tsunami that overwhelmed the coastal area of several countries of Indian Ocean [Sri Lanka, Thailand, Indonesia, India, Maldives, Somalia...]. Epicentre of this major earthquake being located off the Western coast of Northern Sumatra, Indonesia has been undoubtedly the most devastated country and more specifically the Province of Aceh<sup>1</sup> located on the Northern tip of Sumatra. The latest figures indicate that in Aceh Province over 220,000 persons died or are still missing. Although difficult to estimate, the number of displaced people is estimated at about 400,000 persons, living in settlements [under tents in spontaneous camps or in Temporary Living Centres] or host families or under makeshift shelters in their former living area. In addition to the casualties, the tidal wave totally destroyed infrastructures within a strip of 1 to 2 km from the seashore, leading to a complete depletion of peoples' livelihood. The massive destruction of productive assets [agriculture, fisheries, markets, roads...] seriously jeopardises capacities of tsunami-affected population to recover its self-sufficiency.

This tsunami phenomenon was not only unprecedented by the scale of destruction it caused but also by the international mobilisation it provoked. In the immediate aftermath of the disaster, a widespread humanitarian response was addressed to the victims of the tsunami. Facing the tremendous needs of the population and the large mobilisation, the Government of Indonesia declared a three months state of emergency allowing international assistance to enter in freely. Immediate assistance [food, water, medicine, shelters...] was relatively rapidly addressed in order to prevent a major disease outbreak and/or food shortage throughout the Province. Neither epidemic nor worrying malnutrition rates were registered during the three months following the disaster, indicating that the primary needs of the tsunami-affected population have been covered. The phasing out of the emergency phase was officially announced for March 26<sup>th</sup> – ie 3 months after tsunami - and replaced by a mid term phase of reconstruction. The Government of Indonesia defined three stages: i) relief up to June 2005, ii) rehabilitation up to end of 2006 and iii) reconstruction starting from 2007. During such a transitional period, it is of interest to have a step back and to analyse the global food aid response to the tsunami crisis. Interest is first of all to better understand the appropriateness of this answer to the populations' needs and to emphasis on the possible negative impacts of such a response. But interest is also prospective, meaning that it might help the definition of future programmes, as the withdrawal of the emergency phase does not mean that immediate assistance is not anymore relevant for certain zones or certain population groups. Targeting being now a necessity and investments on economic recovery considered as a priority, a general surveillance of the situation should continue during this transitional phase in order to identify any vulnerable population that might not be included.

When assessing this highly affected region, it is worth keeping in mind that previous the disaster, Aceh Province was under Martial Law for about 3 years<sup>2</sup> as a consequence of

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<sup>1</sup> *Nangro Aceh Darussalam [NAD]*

<sup>2</sup> *On May 19<sup>th</sup> 2004, the President Mugawari changed the Martial law to a 'state of civil emergency'.*

the internal insurgency [conflict opposing the Indonesian Army and the so-called GAM – Gerakan Aceh Merdeka – fighting for the independence of its resource-rich Province], meaning that very few international agencies were authorised to implement activities on this territory.

## **Terms of reference**

### **General objective:**

To analyse the global food aid response to the tsunami crisis (taking into account the wide range of governmental, donor and community interests).

### **Specific objectives:**

- to highlight macro figures of food aid flows, level of local production and stock, local food markets and trade pattern;
- to document policies followed by main stakeholders of food aid;
- to analyse the appropriateness of the food distribution compared to cash or food for work responses in regards to population needs and local economy;
- to link with AcF field team to synthesise the real picture from the ground regarding quality and pertinence of the food aid response to the population;
- to link with other partners – SCF, Oxfam – on these issues.

### **Expected results:**

- to determine a technical position and recommendation regarding:
  - local food purchases,
  - the estimation of food aid required,
  - the possible negative impacts of the current food aid response,
  - other possible and more effective food aid alternatives

## **General picture on Food Aid in Indonesia**

Agricultural sector remains predominant in Indonesia on macro as well as on micro-economic level. Since these last decades, the governmental strategy has been to reach staple food self-sufficiency in order to secure household food security. Rice illustrates perfectly this national policy as it dominates agricultural production and consumption of 220 millions people throughout the country. Different measures have been elaborated since the 60's from the production to the commercialisation, ranging from investments to enhance crop yields to establishment of taxation to protect local production. Objective pursued was to help the domestic rice production to reach self-sufficiency. Although this was achieved after all in late 90s<sup>3</sup>, the national policy has been seriously compromised by the multiple crises<sup>4</sup> that hit Indonesia in 1997/98. This period may be considered as a critical turning point for the politic and economic development of the country. Indeed whereas in the past 20 years the country had regular economic growth, those events provoked a serious reverse not only in the national development and sovereignty. One of the significant and long-lasting consequences of these crises is the concessions Indonesia

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<sup>3</sup> In reality, Indonesia has been rice self-sufficient for the first time in 1984, but this was followed by deficit years.

<sup>4</sup> Severe drought caused by El Nino phenomenon, political disruption, financial crisis and civil conflict.

was constrained to do by the international institutions. Although far from exhaustive, decisions hereafter described may illustrate some of the major changes in policymaking which could impact on the agricultural sector.

### **Deregulation of the markets**

To achieve its staple food sovereignty, Indonesia has established different protection measures that are ruled by state or parastatal organisations. The main agency that contributes to the regulation of the markets for the food commodities is Bulog, which is considered as the ‘National Food Logistics Agency’. Created in 1967, its functions are associated to the distributions and marketing of staple food items . Its main goal is to stabilise the market prices by essentially intervening on quantities of food products available on the market. Being country widespread and decentralised<sup>5</sup>, the agency not only contributes to supply the market with rice during the lean period but also redistributes surpluses to regions that encounter staple food deficits. Still widely operational, the mandate of Bulog has been scaled down since the 1997/98 financial turmoil. Indeed, whereas the organisation was traditionally the sole authorised importer for main agricultural commodities, its action was restricted to rice operations since 1998. Indonesia signed in late 90s’ GATT agreements implying to reduce the state intervention that could impede free trade [tariff for imports, restrictions in the nature of food commodities imported, etc]. As a consequence, the country was committed to suppress customs tariffs and to open the national market to international competition. This liberalisation of the international trade encountered some difficulties in its implementation on national level as the Government had to face the growing complaints from local producers, who blamed the low selling prices of rice on the market. The latter argued that the introduction of imported rice contributed to a loss of profitability for the domestic agricultural production as they had to reduce their selling price to remain competitive. From 2002, Indonesian Government decided to restrain rice imports notably by increasing tariffs contributing as such to reduce the attractiveness of such rice and to discourage the would-be importers by reducing economic incentive. Main objective of this measure was naturally to protect the national production. It is not necessary to mention that the decision to reinforce the control of imports contravenes the GATT agreements which are based on free trade.

In addition to this increase of tariffs, the Government of Indonesia decided in January 2004 to ban the rice imports considering that national production was sufficient to cover populations’ needs. The Ministerial decree initially declared a seasonal ban from two months before the harvest to one month thereafter. The ban was eventually effective throughout the year and even extended to the first months of 2005 as national harvests were expected to be sufficient.

These measures of protectionism are denounced by the international institutions, such as the World Bank, that strongly advised the Government to 1) enhance diversification of staple grains for higher-valued commodities, 2) to strengthen the commercialisation by using large scale diffusion – supermarket.

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<sup>5</sup> 1,506 warehouses with a storage capacity of 3.5 millions of tons.

## Food sovereignty

As above mentioned the recommendations of international institutions are to encourage high-valued commodities in place of rice production to and to authorise imports of staple food without any restrictions. The strategy is to give the preference to the consumers by improving the affordability of food. Risks are to weaken the local producers during the transitional period as small-holders might be unable to invest in such high-valued crops. As previously described rice producers struggled in recent years against the Government to revise tariffs that adversely affected their profitability. Aside from the liberalisation of the markets, it is worth mentioning that these late 90s' corresponded also to an unprecedented food distribution programme. In 1997/98, Indonesia imported about 6 millions of tons of rice (!) as an answer to the harvest disruption caused by the drought and the civil conflict. Different social programmes were launched during this period under the initiative of the Government and with the support of the World Food Programme [WFP]<sup>6</sup>. Amongst those measures, the Social Welfare Market Operation [OPSM]<sup>7</sup>, whose objective was to enable the poorest to access subsidised rice, is maybe the most widespread and voluminous. Beneficiaries of this social programme are offered the possibility to purchase 20 kg of rice per month at 30% of the market price. Although this programme is using the logistic capacity of Bulog [transportation, storage capacity], rice is quasi exclusively imported<sup>8</sup>. In 2000 – 2001, the number of beneficiaries of the OPSM programme reached 2,7 millions of people corresponding to 661,000 tons of rice per year. In 2003, 8.3 millions of families were targeted corresponding to an allocation of rice of 2 million tons. As the economic situation of the country was considered to have improved, the programme of subsidised rice was significantly scaled down in 2004. Quantities were then calculated on the basis of 1 million beneficiaries for the first year, above 200,000 beneficiaries for the second year. The third year [meaning 2007] corresponds to the WFPs' phase out from the programme and to the transfer to the Government. In total, food commodities allocations for the period 2004 – 2007 represent [irrespective of tsunami]:

- Wheat flour = 169,017 mt
- Rice = 99,420 mt
- Vegetable oil = 1,131 mt

It is worth underlying that whereas the ban on rice imports could have seriously constrained the implementation of the programme, WFP received in August 2004 an import authorisation from the Ministry of Industry. In 2004, despite the solicitations from the US Government and institutional institutions, WFP was apparently the only agency allowed to import rice in Indonesia.

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<sup>6</sup> WFP phased out from Indonesia in 1996 but resumed in 1997 consequently to the multiple crises.

<sup>7</sup> Previously Special Market Operation [OPK = Operasi Pasar Khusus] and to be replaced by the Raskin system.

<sup>8</sup> When Bulog rice is distributed it corresponds to an agreement between the Government and WFP allowing to exchange the rice of the latter for Bulgos' rice to reduce transportation costs and/or reactivity.

Is Food Aid an accurate answer to the consequences of the tsunami?

When discussing the accuracy of Food Aid, the first consideration to be taken into account is of course related to peoples' needs. However needs by themselves are not sufficient to justify food relief intervention. Those have to be analysed respecting a dynamic and systemic approach to insure that such an answer is really appropriate in a specific context. When speaking of the appropriateness of a humanitarian food aid intervention, different indicators including the local economy, environment, health and security must be taken into account. If any of these factors is not considered before the implementation phase, possible negative impacts could arise, affecting both the targeted and local populations. As such, accuracy of Food Aid is to be discussed at different levels: As such, accuracy of Food Aid is to be discussed at different levels:

**Geographical discrepancies:**

The impact of the tsunami is not geographically homogeneous, although each district located in the Northern tip of Aceh Province has been somehow affected. As far as accuracy of the food aid is analysed, discrepancies from one place to another will have to be pointed out. The Western coast and especially districts of Aceh Besar, Aceh Jaya and Aceh Barat have been the most seriously hit in terms of casualties, but also in terms of livelihoods disruption compromising the capacity of people to meet their basic needs in the near future. In addition to the destruction of households' belongings [productive and personal assets], infrastructures such as roads or market places collapsed in some area jeopardising a bit more the self-sufficiency of inhabitants living along the coastal area but also inland [people indirectly affected by the tsunami]. To illustrate those geographical specificities and as such to qualify the accuracy of food aid throughout the Province, different case studies will be analysed.

**Planning and duration of distributions:**

Whereas food relief could be justified as an immediate answer, its accuracy needs to be discussed as soon as local economy shows its first signs of resumption. Indeed to mitigate the possible negative impacts of the food aid distribution on local markets and producers, regular follow-up of the evolution of the economy is required.

**Origin and type of item distributed:**

As above described, Indonesia reached staple food self-sufficiency these last 2 years and as a consequence it is worth analysing whereas supplies could be done on local level. Aside from the origin, the quality of the products distributed should also be considered to ensure that it fits with food habits. Local purchases could stimulate the economy helping the economic recovery in the zone.

**Preliminary Assumptions:**

According to the World Food Programme's assessment conducted in January 2005, 790,000 persons directly or indirectly affected by the tsunami will require food aid distributions over the next 6 months<sup>9</sup>. If relying on this assumption, a total of 57,000 tons of rice will be requested to meet the needs of the population during a period of 6 months.

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<sup>9</sup> The appeal of WFP was calculated on the basis of 1,000,000 people for 6 months, corresponding to 95,940 MT, whereas the Government of Indonesia, in the immediate aftermath of the tsunami, counted on 500,000 beneficiaries.

### **Is the country able to meet the rice needs of the population affected by the tsunami?**

In the immediate aftermath of the disaster, various food pipelines [Thailand, Taiwan<sup>10</sup>, Saudi Arabia...] were created to cover basic needs of the victims. WFP, the main agency currently involved in food aid, organised through its implementing partners, monthly distributions throughout Aceh Province. In March 2005, the scope of beneficiaries reached 590,570 people compared to 445,000 in February, corresponding to about 50,000 m3 tons of food since the beginning of operations. Four main criteria of eligibility to the food rations came out: i) Internally displaced persons [IDPs] living in spontaneous camps, ii) Internally displaced persons living in host families including the host family itself, iii) people indirectly affected by the tsunami [for instance, isolated villages due to road collapse]<sup>11</sup>, iv) people who have lost their livelihoods. Rations were composed in order to meet about 2,100 Kcal per day per person and consisted in the following item: rice (0.40kg), noodles (0.033kg), canned fish (0.05kg), cooking oil (0.02kg), fortified biscuits (0.03kg). Canned fish and fortified biscuits are imported from neighbouring countries, whereas noodles and cooking oil are apparently originate from Jakarta. As far as rice is concerned, pipelines are more confusing as the initial one has changed. Although in the first weeks after the tsunami occurred the rice was provided by Bulog, imported rice was then distributed. At this stage, it might be interesting to evaluate whereas Indonesia has the capacity to supply quantities of rice required to meet peoples' needs and as such whereas purchases could be done on national level or provincial level.

### **In terms of Supplies / Production**

In 2004, the national rice output reached 54.3 millions of tons [equivalent to 33.37 millions tons of husked rice], out of which 4,23% corresponded to the previous year's stock. As the quantity produced was enough in 2004 to cover the national market, decision was taken by the government to extend the ban to import throughout the year. Rice is the national staple food and the annual consumption is expected to reach 31 millions of tons of husked rice in 2005, meaning that the country reaching a rice surplus. Governmental plans were to export 50,000 tons to Western Africa in order to reduce the storage costs. Harvests in 2005 are expected to be as good as in 2004 meaning that the ban could most probably be extended throughout the year.

### **In terms of Logistic / Capacity to organise food distributions**

As previously mentioned, Indonesia has developed a state branch aiming at controlling price fluctuations, the so-called Bulog. Aside from this regulation role, Bulog is used for its logistics capacities. Indeed, this octopus system is country widespread and as such is well established on provincial as well as on district level. Its capacity of storage and its means of transportation allow to quickly answer to the needs of population whenever needed. Recent example linked to the tsunami crisis could be listed as the availability of rice within Bulog's stores throughout the Province helped undoubtedly to prompt timely distributions. For instance, in Meulaboh city, hardly damaged by the tsunami, a quantity of about 800 tons of rice was immediately mobilised to answer to the urgent needs of the population. This network serves also international agencies, WFP, for instance, being

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<sup>10</sup> 30,000 tons of rice throughout a period of three years are planned to be imported from Taiwan.

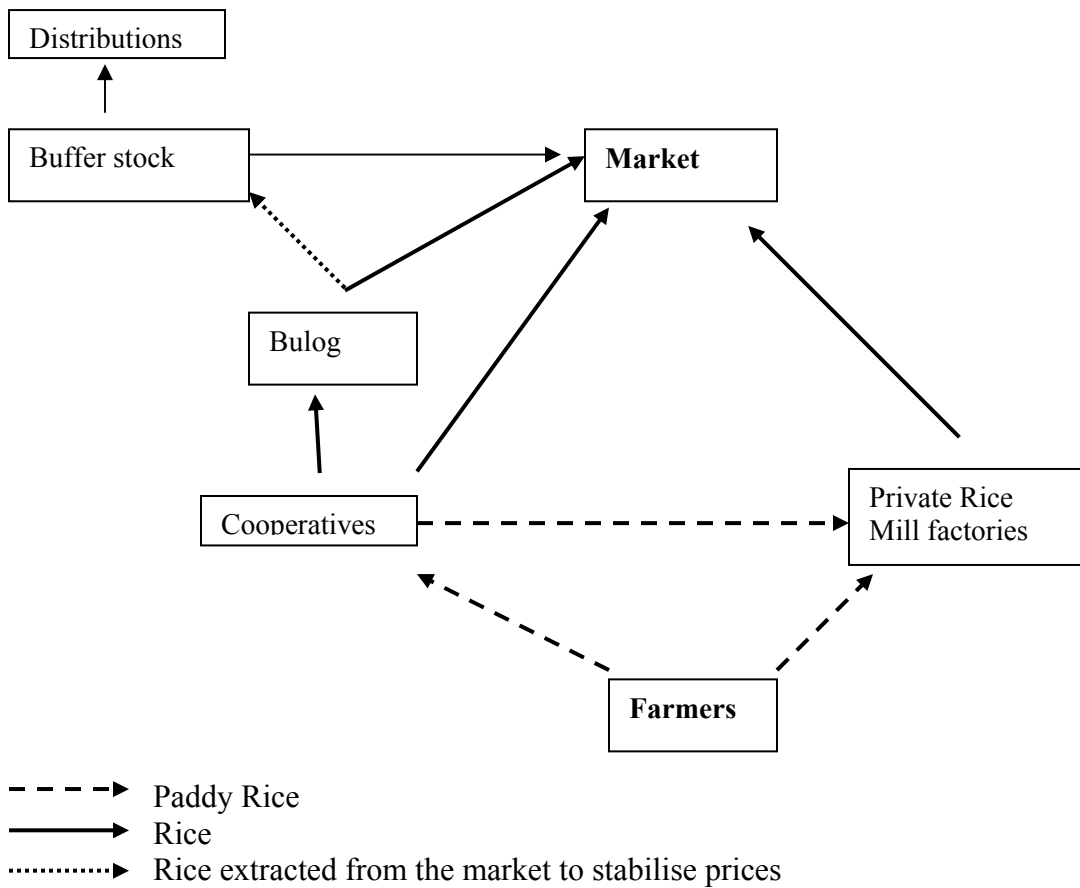
<sup>11</sup> This category consists essentially of people living on the Western Coast as the coastal road between Banda Aceh and Meulaboh was greatly damaged.

used to pass through Bulogs' infrastructure to organise its food distributions. It can be assumed however that whereas the stocks and the logistic capacities of Bulog increased the capacity of the food aid response, the remoteness of some areas – districts located on the Western coast – could have impeded the Governmental structure to properly meet populations' needs without the international resources mobilisation [helicopters, boats, human resources...]. Rehabilitation of the coastal road has reduced the dependency of external means of transportation and should restore the logistic capacity of the Government to organise distributions.

Through the stabilisation of the local market prices, Bulog's objective is to support producers by fixing floor prices but also to protect consumers by establishing ceiling prices. For instance, the Government bought in 2004 2 Millions tons of milled rice with purchasing price set at Rp 2.790 / kg. These buffer stocks are traditionally used for rice rations (military and civil assistance in remote areas), assistance during natural disasters and to conduct market operations for price stabilisation (whenever needed).

The commercial network is theoretically as follows:

Commercial channels for Rice production



**Observations:**

- If compared to the entire population of Indonesia, people directly or indirectly affected by the tsunami represent about 0.4% of the total.
- If considered a scope of 790,000 beneficiaries during a 6 months period, a total of 57,000 tons of rice would be required [400 g/person/day], **what represents 0.17% of the national production and less than 3% of last year's surplus.**
- If considered that Bulog stored 2 millions tons of milled rice, out of which 50,000 tons were expected to be exported to reduce the storage costs, it can be assumed that the country has the capacity to meet the rice requirement of the affected population.
- The quantity requested to meet rice requirement of tsunami-affected population for a 6 months period corresponds to 3% of the quantity requested for OPSM programme in 2003.

**In conclusion:**

- **As far as food is concerned – not mentioning the cost of the reconstruction<sup>12</sup> -, it can be assumed that the country has largely the capacity in terms of rice availability to meet the food requirement of the population affected for this period of 6 months and as such that rice purchases could be done on national level.**

**Is the Province able to meet the rice needs of the population affected by the tsunami?**

General information

Aceh Province is considered as relatively rich with natural resources [forestry, gas, oil], these products being a significant source of revenue. For instance, oil and gas production represents not less than 40% of the GDP of the Province, whereas the agricultural sector represents about 30% of the GDP, mainly dedicated to food crops and livestock. Although relatively marginal on macro level, cash crops [rubber, patchouli, palm oil...] represent however a significant source of income on household level. As far as food crops are concerned, the total surface area cultivated within Aceh Province in 2004 was equivalent to 440,376 ha, 84% was dedicated to rice cultivation. The total quantity of paddy produced within the Province corresponds to about 3% of the national production. Other crops such as corn, soybean, peanut, bean, cassava and sweet potatoes are also produced but on familial scale. Aceh Province is said to produce, in normal time, between 30 to 40% more than the population required. According to the data from the Department of Agriculture, the Province produced a quantity of paddy equivalent to 1,544,747 tons<sup>13</sup> in 2004 [equivalent to 958,000 tons of husked rice] for a total population corresponding to 4,2 millions equivalent to an annual consumption of about 580,000 tons<sup>14</sup>. As such, if relying on these official statistics, rice production in 2004 exceeded the

<sup>12</sup> Total losses were estimated at 2.2% of Indonesia's GDP

<sup>13</sup> Slightly higher than governmental forecast for 2004

<sup>14</sup> According to the Ministry of Agriculture, the average consumption per capita reaches 138 kg per year.

consumption of the entire population of the Province by 40%. Traditionally, surpluses are partly exported to other Indonesian Provinces – Medan city and towards mega cities within Java – and partly stored by Bulog to regulate prices. The last two years [2004 compared to 2002], rice production increased 17%, following a national trend.

Although rice is produced throughout the year within the Province, period from February to April represents at least 50% of the total production whereas the period from September to November represents about 22% of the annual output. As such these two harvesting seasons cover almost  $\frac{3}{4}$  of the annual production. Paddy harvested during the dry season, meaning from May to July / August, is mainly produced in the districts located on the Eastern part of the Province. Explanations to this specificity might be more correlated to the larger development of irrigation schemes compared to those available on the Western coast more than to specific climatic and/or topographic conditions. Indeed, the Provincial Department of irrigation registered 39,296 ha of irrigated lands throughout the Province<sup>15</sup>, large majority being distributed between the Eastern and South – Western Region [13,563 ha for the latter distributed between Aceh Barat Daya, Aceh Selatan and Aceh Singkil]. Infrastructures on the North - Western coast are poorly developed and reasons enounced for these discrepancies are related to two main factors: 1) the smaller surface area of cultivable lands on the West Coast that might not justify such an investment; 2) the topography as lands might be situated below the sea level and as such constrains the drainage from the irrigation system. To illustrate this low development, the district of Aceh Jaya holds only 569 ha of irrigated lands [one irrigation system officially listed: Panga Pucuk in Teunom sub-district]. As a consequence, paddy lands in Aceh Jaya district are quasi exclusively rain-fed cultivated.

As described above, the Government through BULOG intervenes on the possible fluctuations of prices by regulating rice availability on the market. To achieve this objective, the Ministry of Trade and Agriculture anticipates any seasonal variations in rice quantities that could impact local prices. Forecast of possible deficit detailed by month and by district are established on an annual basis. Logically, if considered the Province as a whole, months with a higher risk to experience a negative ratio between rice production and consumption are May, June, July and December, January. As far as some of the most tsunami affected districts are concerned<sup>16</sup>, the Ministry of Agriculture expected for 2004 the balance between production and consumption to be significantly positive from February through May. It is worth underlying that in those districts – except Simeulue -, the balance remained negative from September up to January<sup>17</sup>, implying that the main agricultural season corresponded to the first months of the year. This aspect is to be seriously considered when analysing the possible impact of food aid on local producers as distributions took place during this supposed ‘main agricultural season’. Although these districts are mainly relying on one major harvest, the annual balance remains largely positive as expectations for 2004 reached 147,000 tons of

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<sup>15</sup> 75,000 ha according to the Ministry of Agriculture

<sup>16</sup> Aceh Besar, Pidie, Aceh Timur, Aceh Jaya, Aceh Barat, Simeulue

<sup>17</sup> slightly positive in November

surplus<sup>18</sup>. If including a net consumer such as Banda Aceh, the balance remains positive as it was estimated at about 113,000 tons.

Although there are significant discrepancies in the prices of rice between some districts, there is no real inflation throughout the year.

### **Tsunami impact**

The tsunami that occurred on December 26<sup>th</sup> 2004 caused severe disruption to lives and livelihood of people in Aceh Province, which is undoubtedly the region most affected. Not only mentioning the casualties [over 200,000 persons died or are still missing] and the psychological conditions of the survivors, the disaster is also unprecedented when considering its geographical scale as hundreds of kilometres of coastal area are left totally or partially destroyed. All economic sectors along the coastal areas have been affected although for intrinsic reasons, some are more severely affected. Fisheries of course that represented 6.5% of the GDP of the Province, before the tsunami, , employing about 100,000 persons [direct employment] have seriously collapsed as casualties amongst this sectorial community are high and productive assets almost totally destroyed. In the immediate aftermath of the tsunami, trade was totally disrupted as the coastal road from Banda Aceh to Meulaboh [about 150km] totally collapsed impeding access to the Western coast. It is worth mentioning at this stage that, although consequences of the tsunami are widespread throughout the Province, differences in the level of destruction are considerable between the Western and the Eastern coast as the latter was undoubtedly less affected.

#### ➤ Markets [Banda Aceh]

The first visible impact of the tsunami on markets is the destruction of a large number of infrastructures. The main fish market located nearby the harbour and in neighbouring districts no longer exist. . In addition to the places washed away by the tidal wave, some buildings were wrecked consequently by the earthquake. It is the case of the main central market that is now 'replaced' by Lambaro market that became the principle place for trade in Banda Aceh. Small market places or shops are opening on a daily basis in the city witnessing the revival of economic activities within the city.

Most of the shopkeepers agreed on the fact that demand has decreased since the tsunami and the 2 main reasons mentioned are the loss in purchasing power of the population and the massive loss of people. According to the traders, prices reached very high levels in the days following the disaster, as markets were severely wrecked, transportation partly collapsed and commercial network dismantled. Nowadays main constraints to the food transactions are as follows:

- Lack of transportation;
- Dramatic decrease of the population;
- Severe decrease of the purchasing power;
- Changes in the place of origin for some products;

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<sup>18</sup> Aceh Barat is the only district to face an annual negative balance.

It is noticeable that if trade has been severely affected days after the tsunami occurred, markets have been relatively quickly and properly supplied. To put into perspective the mentioned decrease of demand in Banda Aceh, it is important to underline that whereas the purchasing power of the affected population has undoubtedly collapsed, the massive arrival of international organisations may have partly compensated the loss of earnings of the traders. By keeping prices artificially higher, this could however adversely impact the local population<sup>19</sup>.

Availability / Accessibility of some basic food items<sup>20</sup>:

*Rice* prices are said to have returned to their 'normal' level, meaning ranging between Rps 2,500 to 3,300 / kg depending on the quality. In the main market place – Lamboro market -, rice is sold in 15 kg bags in nearby shops. Rice comes from the neighbouring areas – except high quality rice - and is bought by the traders from local cooperatives. The commercial network for the rice appear to be quite well structured, as farmers sell the whole quantity of their paddy output to cooperatives, that are sharing the husked rice between Bulog and the shops. The changes in rice prices do not reflect the real changes neither in supplies nor in demand as long as the rice market is controlled by the government.

No imported rice nor 'humanitarian' rice have been found on the market.

*Vegetables* [tomatoes, carrots, cabbages, cucumber...] are broadly available on the market, although prices are a bit higher than before tsunami [increase ranging between 10 and 30%]. As for the rice, most of the shopkeepers are supplied with vegetables by the cooperatives<sup>21</sup> and origin of the supplies does not seem to have changed. Prices were said to return progressively to their 'normal' level, but the main constraint still remains the transport [numerous vehicles being destroyed].

*Fresh fish* can hardly be found on the market, as the fishing sector has been severely affected by the tsunami. Fish is rarely available and comes from Sigli or Medan and surprisingly, prices are said to have returned to 'normal'. Main species sold on the market are tuna as trawlers have been less affected than coastal fishing boats.

*Meat* prices are said not to have changed. It is still coming from the surrounding areas of Banda Aceh – mainly beef has been found on the market – and meat seems to have substituted the consumption of fish.

- **Impact on the markets:** It is difficult to measure the impact of food distributions – and even whether there is any impact - in a city such as Banda Aceh, as underlying reasons for the decreasing demand are linked to different factors such as 1) reduced purchasing power, 2) dramatic loss of population, 3) impact of the food distributions. It is more suitable to consider the question by balancing the accuracy of these food distributions and the possible impact on the local market.

<sup>19</sup> For instance, rent in Banda Aceh has increased by 10 to 20% since January 2004 !

<sup>20</sup> Information collected in February 2005

<sup>21</sup> Most of them mentioned Takengon that is about 350 km far from Banda Aceh.

Indeed, as far as availability of food does not any longer seem to be an acute problem in Banda Aceh, and the loss of income remains a large constraint, it would be more appropriate to inject cash within the economy than food.

➤ Agricultural sector

Although as above described consequences of the tsunami on the agricultural sector are relatively marginal when compared to the national production, impact at the Provincial level are not negligible. According to Ministry of Trade and Agriculture data, 37,500 ha of the rice lands have been damaged by the tsunami, what corresponds to about 10% of the total rice cultivation. Loss of rice is estimated to amount to 157,000 tons, corresponding as well to 10% of the Provincial production<sup>22</sup>. In terms of damages, Aceh Jaya would have been the most seriously hit as it represents almost one quarter of the volume of rice destroyed [8,820 ha out of 37,500 have been affected]. Aside from the rice production and probably more worrying as it might jeopardise the capacity of farmers to recover self-sufficiency, a rough estimation of 15,000 ha would require rehabilitation as this surface area is partially or completely covered by sediment. It is worth mentioning that coastal areas are more rain-fed specialised, leading to the hypothesis that irrigated land may have only been slightly affected.

Observations

- As above, if considered a scope of 790,000 beneficiaries during a 6 month period and a total of 57,000 tons to meet population needs, about 6% of the 2004 Provincial production would be required ;
- If relying on Ministry of Trade and Agriculture data, population needs for 6 months would correspond to about 14% of the Provincial surplus;

**Are the local markets able to meet the rice needs of the population?**

When the situation is analysed on micro level, damages seem almost insurmountable as villages – or cities such as Calang - located on the coastal area are all, without any exception, damaged. To better understand the situation on micro level and as such the accuracy of the food aid interventions, case studies have been analysed. The cases are based in Aceh Jaya district as this area is one of the most severely hit [directly and indirectly as the road was cut] and as it is the main area of intervention of AcF. The total population of Aceh Jaya was estimated before the tsunami at 100,039 inhabitants and not less than 70% of the local economy was said to be agriculture focused. The paddy fields comprised up to 18,293 ha out of which 8,820 ha have been damaged by the tsunami [in terms of production, 3,525 ha in terms of land damaged]. The two sub-districts selected are: Teunom and Krueng Sabee. The latter, Calang, was considered as an important administrative and commercial centre and had a highly developed trade system.

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<sup>22</sup> These data might be revised as no extensive evaluation on the damages on crops and lands have been yet finalised.

## Case study= TEUNOM Sub-district

### Zone economically developed in agricultural production and as such characterised by income diversity

Before tsunami

- Economic specificities<sup>23</sup>: 3 main agro-economic zones can roughly be distinguished within Teunom sub-district:

*Zone 1 – Coastal area:*

- households were involved in both fishing and farming activities. Fishing activities were seasonal corresponding to a period of 6 months [From October / November up to April], the rest of the year was dedicated to farming. Shrimp fishing was much more developed and produced higher revenues in the zone. Traditionally, women were involved in agricultural activities while men were practising fishing activities
- Full time farmers were as well installed along the coastal area. Main productions were rice, apparently mainly used for own consumption, peanuts, vegetables and coconut as cash crops [cooking oil or copra = dry coconut]. As far as the rice is concerned, farmers used to cultivate two types of rice: short term rice planted in March / April and mature about 3 to 3.5 months later and long term rice planted in September and mature 6 months later.

*Zone 2 – Administrative and commercial centre:*

- The coastal area was characterised by a relative high population density compared to the other places throughout the sub-district. Administrative and commercial centre were located in Teunom city where many shops, restaurant and offices were concentrated. This area was situated on the main road linking Meulaboh [1 hour drive by this coastal road] and Banda Aceh, and next to the seaport.

*Zone 3 – Inland area [about 15 km from seashore up to the hills]:*

- Density in inland area is low and is decreasing going up stream, villages are concentrated along the main road. As such, the stress on cultivable land can be considered as limited. Main agricultural activities developed inland are staple food and cash crops [patchouli, rubber, palm oil, peanuts...]. Rice production is self-consumption oriented and that only surplus are sold.

### After tsunami

- 14 villages out of 41 have been totally destroyed by the tsunami whereas 4 are partially damaged. Teunom city has severely collapsed, public infrastructures,

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<sup>23</sup> The objective of this evaluation was not to draw an agro-economic typology of the region as this should be included within the current food security assessment. For this reason, such specificities have been roughly studied and mainly under the scope of peoples' capacity to insure their self-sufficiency.

market places and shops are totally destroyed. Reconstruction of shops is currently in process.

- As the coastal area was the most densely populated, the proportion of IDPs is very high within Teunom sub-district, reaching about 43% of the total population<sup>24</sup>. This will certainly affect the capacity of absorption of the area.
- The most seriously tsunami-affected sector is the fisheries in terms of human loss as well as material destruction. Out of a total of 120 boats, only 5 are said to remain and around 40% of the fishermen have died. Besides these direct consequences, the sector is as well affected by the psychological repulse of people to consume marine products as they might have been fed by human corpses.

### **Population categories / Typology**

If relying on the demographic data of the civil Authority of Teunom sub-district, population reached 17,163 inhabitants. An estimation of 2,125 people have been killed by the tsunami, leading to a current population of 15,038 persons. Data used by AcF are slightly different as the actual population has been estimated to 14,381 inhabitants [local population and IDPs]. When considering consequences of the tsunami on the population of Teunom sub-district, two main categories can roughly be identified:

**A – Local population / residents** [AcF estimation: 8,165 inhabitants corresponding to about 2,279 households<sup>25</sup>] = Have not been directly affected by the tsunami neither for their working capital nor for their personal assets. They have been however indirectly affected by the tsunami in different manners:

- *A1 – Availability of food and non food items on the market* - Although shops are re-opening on daily basis, the sub-district is still obviously suffering from a lack of diversity of products. The main market place was located on the coastal area – in Teunom city – where very few buildings remained. As a consequence, there is no proper place for trade activities. Moreover, as above mentioned, access to Teunom is a major constraint as the coastal road is highly damaged and supplies by sea possible only using small capacity boats. Rice is said to be hardly found on the market, but as often mentioned this is as much due to the difficult access to Teunom area than to low demand consecutive to large coverage of peoples' needs by food aid distributions. As far as availability of food is concerned, it is to be underlined that amongst items available on the market places, some come from humanitarian aid – biscuits, noodles, oil but in relatively low. Besides poor availability of food items, local population often expressed their concern on their incapacity to provide with seeds as markets are hardly supplied.
- *A2 – Accessibility of food and non food items* - Difficulties to access to Teunom lead to an increase of prices in the local market. It is said that prices have dramatically increased since the tsunami occurred. Often mentioned, sugar prices have been in some remote area doubled: from Rps

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<sup>24</sup> Proportion of people who were killed by the tsunami reached 12%

<sup>25</sup> Estimation from the local Chamat [civil Authority of the sub-district] = 6,988 people for local population.

6,000 / kg before tsunami to Rps 12,000 / kg after tsunami<sup>26</sup>. [Fire oil reaches today Rps 3,500 / l against Rps 1,800 / l before tsunami; Fuel Rps 5,000 / l against Rps 2,000 / l].

- *A3 – Decrease of income* – Farmers relying on cash crops, such as rubber, patchouli [nylam<sup>27</sup>], palm oil or coconut, encountered serious difficulties to find external market for their output and whenever trade remained possible, prices have at any rate noticeably decreased [ex: sold Rps 1,2 millions / kg before tsunami<sup>28</sup>, patchouli is nowadays sold Rps 200,000]. Patchouli is not seasonal dependant and as such can provide regular income throughout the year [7 months after plantation]. Purchasing price for rubber has also strongly decreased from Rps 4,200 / kg to Rps 2,000 / kg. As far as copra is concerned, prices have decreased from Rps 2,500 / kg to Rps 1,000 / kg.
- *A4 – IDPs presence* – Although difficult to be measured, solidarity between residents and IDPs has been very strong since the tsunami. Impact on the local resources of this solidarity has not been evaluated.

### **Factors that could favourably influence the living conditions of the local population<sup>29</sup>:**

- Road Accessibility: Accessibility to Teunom is undoubtedly the main factor that could favourably impact on local resources. Major constraining factor for local income being road access, peoples' economic situation may get better consecutively to road rehabilitation. Indeed, it can be assumed that possibilities to retail cash crops production [coconut, patchouli, rubber, palm oil...] will increase as accessibility is improved. At the same time, prices of food and non food items available on the market may decrease and diversity of product availability will increase.
- Rice harvest: Harvest is supposed to start in the coming days and should lead to a decreased dependency of local population on food aid distributions.

### **B – IDPs category can be sub-divided into 4 groups [AcF estimation: 6,216 persons corresponding to 1,755 households]:**

IDPs comprise persons forced to move due to the destruction of their houses. People who resettled in their places of origin are also included in this category. Although in the immediate after tsunami differences in the living conditions amongst IDPs were difficult to distinguish as they all have been highly affected by the tsunami, it is now necessary to adopt an approach in terms of capabilities. Situation may indeed change in the close future amongst IDPs as their possibilities to access an income are variable. Following this 'dynamic' approach, four groups can be designed:

- *Category B1 – IDPs having lost their personal assets + their working capital, and living in camps or host families* [Rpugh estimation of 1300 households]. As far as

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<sup>26</sup> 1 Euro = 12,000 Rps

<sup>27</sup> Patchouli is produced using 'nylam' leaves from which oil is extracted

<sup>28</sup> In some places, the selling price of 1 Million corresponds to the pre-war level, prices having dramatically decreased after the conflict breakaway.

<sup>29</sup> and as such to be followed

this group is concerned, perspectives are particularly difficult to design. Indeed, whereas IDPs are still living in spontaneous camps or host families, a Governmental programme of resettlement is currently developed within Teunom sub-district. One relocation camp located in Pasi Teubee – about 20 kms from the seashore – is already well advanced and is supposed to be completed within 2-3 weeks. If relying on the information received from the Chamat<sup>30</sup>, 4 camps are to be constructed in the coming weeks aiming at resettling 2,447 households – meaning the whole IDPs population:

- Some questions to be followed throughout the process of relocation:
  - Choice offered to IDPs in their resettlement area and possible alternatives;
  - Government is said to allocate Rps 3,000 / persons / day for a 6 months period [to be confirmed];
  - What are the economic opportunities offered to IDPs?
  - Position of UN that recently expressed their concern on the respect of humanitarian norms in the Governmental camps and stressed the necessity to supply IDPs with food and to insure proper sanitary conditions. INGOs are as such requested to be operationally involved in this relocation process to guarantee that basic humanitarian conditions are respected.

Alternatives to food aid distribution are tricky to define for this group as they are still fully dependant on humanitarian assistance and as their access to their former working capital is compromised. It can be assumed that some of them will benefit from the general economic revival, but sustainable solutions are hardly foreseen until Governmental plans are not clarified.

- *Category B2 – IDPs having lost their personal assets + their working capital, but who have returned to their place of origin* [Estimation: about 200 households when including Teunom city].. Teunom city almost totally destroyed by the tsunami, rehabilitation of shops is following an accelerate trend. It would be of high interest to support households in their reestablishment by strengthening economic initiatives [income generating projects], re-launching agricultural activities where lands are still usable [seeds of short term rice, vegetable seeds to be considered through women groups...] and/or re-starting fisheries activities
- *Category B3 – IDPs having lost their personal belongings + their working capital, but who have access to farming land nearby their camps* [Estimation: 100 to 150 households?]. Some IDPs living in spontaneous camps in villages upstream have access to farming land. Local agreements can be found between head of villages and IDPs to increase access to other land, but questions on access to these lands will remain until no master plan is designed to redefine land distributions.
- *Category B4 – IDPs having lost their personal assets, but not their working capital* [Estimation: 50 to 100 households?]. People included in this category are, for instance, those whose lands are located upstream [about 10 km from the seashore] and as such have been preserved. Their housing and belongings have been totally destroyed, but their capacity to face their basic needs have been

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<sup>30</sup> Official document presented by the Sekcham, but quite different than from Satkorlak information obtained in Meulaboh.

saved. As such, they are currently harvesting paddy and consequently will be less dependent on food aid distributions.

### **Accuracy of food aid distribution in Teunom sub-district**

#### In the immediate after tsunami (up to 2 months after the tsunami):

As stressed, the whole population of Teunom sub-district has been affected, directly or indirectly, by the tsunami. Difficult accessibility contributed to the total disruption of local market and to the loss of income and job opportunities. As a result, inhabitants – IDPs and local population – were, mostly if not exclusively, dependant on food aid distributions. The coming rice harvest that will benefit the local population and some IDPs will reduce this dependency and allow considering alternatives to this direct assistance.

Concerns on possible negative impacts of the food aid distributions on local producers and markets need to be minimized for different reasons. First of all as above mentioned, in the immediate after tsunami and up to now, there were no proper markets existing that risked to be disorganised. Although increasing, supplies are still erratic, meaning that the flow of products is limited. In such a context, food aid distributions could hardly affect markets and even may constraint competition on the low quantities available and consequently reduce risks of inflation.

As far as local producers are concerned, it can be assumed that food aid distributions were as well of limited consequences. As described, farmers are traditionally selling their rice surplus, but this is usually only an additional income. Main resources are indeed obtained through cash crops productions, rice being self-consumption oriented. However it could be interesting to closely follow whether farmers would diversify their sources of income, as prices of cash crops have dramatically decreased, by selling higher quantities of rice [simple assumption as not being observed]. In such a case, food aid may adversely impact rice producers by reducing products outlet as well as prices. This might be a present concern as harvesting season is soon starting.

Other items such as can-fish do not disrupt markets as marine products are hardly found locally. However, in ‘close’ future, such distributions may encounter contradictions with programmes enhancing fisheries activities, by reducing possible outlets. Considering fisheries conditions at present, this is a risk but not yet a reality.

As far as oil is concerned, possible impact is not as clear. Indeed, two main points need to be underlined. First of all, food habits seem to give preference to coconut oil. Second of all, in normal time, coconut oil is sold on the local market and provides alternative sources of income to local producers – especially those located on coastal area. Large distributions of oil are probably entering in competition with this locally produced oil. This is to be seriously considered as purchasing power will undoubtedly increase in the future and consequently, peoples’ capacities to buy food and non food items.

To summarise, the agricultural practices - cash crop oriented – and above all the difficult access to Teunom sub-district leading to lack of availability and accessibility of food and

non food items, to low purchasing power, to total depletion of income opportunities, are the main elements that permit an assumption that food aid distributions in the immediate after tsunami were not only accurate and that the negative impacts were quite limited.

In the close future [two to three months after the tsunami]:

General food aid distributions will no longer be justified in the coming weeks, as local population and some IDPs are able to harvest. In addition, better road access will contribute to increase income generated through cash crops. In total, the whole population would have received the equivalent of 2 month-rations. Beneficiary targeting is now absolutely necessary, as peoples' capabilities to meet their own requirement are varied. The following categories and approaches can be considered:

Summary of Recommendations by Population Type						
	Food distributions	Aid	Agricultural support	Income generating activities	Cash / food for work or voucher	Indicators to follow
1 - Local population	Up to the end of March		<ul style="list-style-type: none"> <li>- Distributions of short term rice seeds [to those used to cultivate this variety];</li> <li>- Distributions of vegetable and/or peanuts seeds</li> </ul>	No	No	<ul style="list-style-type: none"> <li>- Access by road;</li> <li>- Selling prices of cash crops products [patchouli, palm oil, rubber, peanuts...];</li> <li>- Availability and accessibility of food [as well as seeds] and non food items;</li> <li>- Access to farming land in conflict-affected area.</li> </ul>
2 - IDPs – Category B1: IDPs having lost their personal assets + their working capital, and living in camps or host families	Duration of food aid assistance is not yet quantifiable.		- Depending on access to land [ref. to Governmental plans]	- Yes, cf with Food Security Department [limit: people living far from their former working place + no clarity on the duration they will fix within an area.	- Yes, as priority groups if any possibilities of cash or food for work.	<ul style="list-style-type: none"> <li>- Governmental plans [cash distributions, resettlement, food distributions, lands attribution...];</li> <li>- IDPs attitude, willing</li> <li>- Job opportunities on the local market;</li> <li>- Availability of food products on the local market allowing switching to voucher or cash system.</li> </ul>
3 - IDPs – Category B2: IDPs having lost their personal assets + their working	Minimum 2 months more, depending on their capacity to restart activities		<b>If land cultivable:</b> <ul style="list-style-type: none"> <li>- Distributions of short term rice seeds;</li> </ul>	- Yes, cf with Food Security Department – To be considered as the	- Yes, access to Voucher system for housing materials [see	<ul style="list-style-type: none"> <li>- Governmental plans [resettlement, impediment to return to places of origin...];</li> </ul>

capital, but who have returned to their place of origin		<ul style="list-style-type: none"> <li>- Distributions of vegetable seeds and/or peanuts seeds;</li> <li>- Distributions of tools [hoe]</li> </ul>	priority group for any income generating activities	below].	<ul style="list-style-type: none"> <li>- Salinity, sediments =&gt; possibility to cultivate, land fertility;</li> <li>- Capacity to sell coconut [copra and/or oil] and as such to generate income;</li> <li>- Availability of food products on the local market allowing switching to voucher or cash system</li> </ul>
4 - IDPs – Category B3: IDPs having lost their personal belongings + their working capital, but who have access to farming land nearby their camps	Minimum 3-4 months more, depending on their capacity to cultivate nearby lands	<ul style="list-style-type: none"> <li>- Distributions of vegetable seeds [short cycle, limited surface area].</li> </ul>	- Yes, cf with Food Security Department [limit: people living far from their former working place + no clarity on the duration they will fix within an area.	- Difficult to imagine any food or cash for work in the villages where they are now located as not damaged by tsunami.	- Governmental plans [resettlement, authorisation to cultivate nearby land.
5 - IDPs – Category B4: IDPs having lost their personal assets, but not their working capital	Complete ration up to the end of March? Reduction of the ration after March [rice harvest] – feasible?	<ul style="list-style-type: none"> <li>- Distributions of short term rice seeds;</li> <li>- Distributions of vegetables seeds and/or peanuts seeds;</li> <li>- Distributions of tools [hoe]</li> </ul>	- If any opportunities	Subsidised prices for housing materials [planks, zinc?...] through voucher system	<ul style="list-style-type: none"> <li>- Availability and accessibility of food and non food items;</li> <li>- Possibilities to reinstall in their places of origin and rebuilt housing;</li> <li>- Income opportunities.</li> </ul>

## Recommendations / positioning

### **Recommendation 1: General food distributions are to give way to targeted assistance.**

Emergency food aid distribution should not be deemed as a systematic answer after a natural disaster or a conflict. Its accuracy has to be balanced between at least three main components: 1) people's immediate needs, 2) possible negative impact of food dumping on local producers and markets, and 3) potential alternatives to meet basic requirement of the affected population.

As far as the Western coast is concerned, necessity and accuracy of general distributions could not be questioned as livelihoods of the majority of the population were totally disrupted and trade was completely stopped due to the collapse of the commercial network. However such an answer could be justified only in the two months immediate aftermath of this disaster.

While in December 2004 the Government of Indonesia claimed a state of emergency for Aceh Province for a three months period, meaning up to March, the phasing out of emergency assistance towards recovery was already programmed, for example moving from a general food distribution towards targeted support. Several factors such as paddy harvests, road rehabilitation or revival of local economy, could obviously justify target assistance. As Action Contre la Faim<sup>31</sup> directly implemented general food aid distribution throughout the west coast from Meulaboh to Lamno, concern must be given to the phasing out of the general distributions to targeted distribution implemented by the WFP and local NGO partners. According to United Nations press release, assistance is to 'target 350,000 primary school children, 55,000 pregnant women and nursing mothers and 130,000 children under 5 years of age'. Total caseload represents **535,000 beneficiaries**, meaning almost the equivalent to March distributions [590,570 BNF] and more than in February [445,000 BNF]! In addition, WFP may plan to support food for work programmes.

**It is important to underline that criteria of targeting should be based on the evaluation of people's capabilities and needs, meaning their capacity to generate income and to meet autonomously their households' basic needs. Criteria based on the persons' status [IDPs living in camps or sex or age-based criteria] might not be appropriate to such a rapidly evolving context [losses of shelters, livelihoods, belongings, social network] and cannot be anyhow exclusive.**

### **Recommendation 2: Local purchases are to be given preference whenever possible.**

The preliminary objective of a food aid programme is to answer to the immediate needs of the population, but it should also and as much as possible contribute to enhance local economy. Giving the preference to locally purchased food commodities will allow not only mitigating the possible negative impacts of food distributions for local producers and traders but also stimulating economic opportunities. When considering local purchases, constraining factors such as food commodities availability are however to be seriously evaluated to avoid risks of inflation. A demand in excess compared to supplies may be translated into an increase of the prices reducing as a consequence purchasing power of part of the local population. Necessity and possibility to purchase locally have as such to be studied simultaneously. Local food habits should be respected at all times with the food aid programmes.

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<sup>31</sup> ACF

As demonstrated above, Indonesia and more specifically the Aceh Province produces a sufficient quantity of rice to cover the needs created by the tsunami. It can be assumed that there is **no** availability constraint to purchase the rice requested for food aid programme within Indonesia [National or Provincial level]. Nuances are however recommended when focusing on district level as capacities to meet peoples' needs are various from one place to another. The tsunami severely washed out the coastal area, but when going upstream, people's capacity to produce is safe. Main impacts for those living inland are first of all related to their capacity of absorption of victims [host communities], but also to find outlets to their production. Several constraining factors hamper retailing of food commodities locally produced:

- Failure in peoples' purchasing power
- Dumping of food commodities covering populations' food requirement
- Accessibility of the area

**At least three solutions may be suggested to avoid competition with local production and to boost local economy: i) to purchase part or all food commodities on local markets or as locally as possible, ii) to implement a voucher system giving possibilities to beneficiaries to access to food commodities free of charge or with subsidised prices by sustaining local economic networks, 3) to inject money in the economy through cash programmes [cash grant / cash for work]. It is worth mentioning that those solutions are not necessary exclusive and can be developed simultaneously.**

**Recommendation 3: Food aid should not be an exclusive answer**, but is to be associated to programmes that help people to recover their autonomy.

Food Aid is a non sustainable answer and necessity to reduce peoples' dependence upon emergency assistance should remain an objective. Indeed people not only lost their personal belongings but also their productive assets, jeopardising their capacity to recover their autonomy.

**As such, Food aid should not be considered as an exclusive answer but is to accompany economic rehabilitation on household and village level. In addition to food distributions, programmes such as agricultural rehabilitation, Income generating activities, cash-based projects have to be considered to restrain the damageable consequences of direct assistance and to strengthen local economy, thus allowing the population to gain their auto sufficiency.** These activities take more time to implement and should be linked to the phasing out of food aid.

**Recommendation 4: Food aid is to be regularly questioned as humanitarian and economic situation is continuously evolving.**

In such a quickly evolving context, the availability and/or accessibility of food and non food items might change dramatically within a short period, influenced by external and/or inherent factors. Geographical discrepancies were for instance soon emphasised between Western and Eastern coast, the latter benefiting from a rapid recovery of commercial networks. Difficulties in the east appeared to be more correlated to outlets [loss of purchasing power...] than to supplies. In such a context, dumping of food can slow down the revival of the economy as it enters into competition with local production and with trade network.

On the Western coast, the recent rehabilitation of the road has already significantly impacted the local market illustrated by better supplies [impact on the accessibility and availability of commodities + increasing job opportunities]. The road along the Western coast has already

been rehabilitated<sup>32</sup> and this should lead to an improvement of peoples' food security and enhance local economy. In addition to these external factors, inherent elements can also positively influence living conditions. For instance, rice harvested in late February in most of the places contributed to improve the food security of the region.

**To better appreciate geographical and temporal evolution in the food security situation of tsunami affected population and consequently to better question the appropriateness of the food aid answer, the setting up of a surveillance system is of great interest and is currently being established on the west with Action Contre la Faim. This will allow to emphasise on local discrepancies and as such to better adapt the answer to the specific context.**

**Recommendation 5: Cash-based programmes are to be preferred whenever possible as markets are now redeveloping.**

There are risks that Food Aid can demonetise the economy and contribute to the development of a barter system [exchange of food against other item...].this could have great consequences in a context such as Aceh, where the economy is highly monetised. In a context where the commercial networks are in the process of being restored, injection of cash amongst the community is an absolute necessity as it might stimulate the local economy. On the other hand, food aid distribution, especially if implemented as an exclusive answer, may discourage the might-be traders as it can affect product outlets.

To restore the local economy as previous to the tsunami, cash should be an entire part of the programmes and, as long as the conditions allow, it should now be favoured over food-based programmes. Throughout all phases of cash based programs, specific attention should be given to the market prices in order to avoid negative consequences such as rapid inflation rates. Through the monitoring of the programs, certain indicators should also be observed to prevent the cash activities from interfering with the reactivation of pre tsunami activities.

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<sup>32</sup> *although in some places, rehabilitation is done using temporary structures [notably bridges]*