



# After the Angry Sea: co-operatives and the tsunami

*By Stirling Smith*

Stirling Smith is advisor to Co-operatives<sup>UK</sup> Tsunami Reconstruction Fund and an Associate at the Co-operative College.

### **Acknowledgements**

This publication is an account of the projects supported by the Tsunami Reconstruction Fund, set up by Co-operativesUK as a response to the Indian Ocean tsunami of 26 December 2004.

Thanks to Mervyn Wilson, Rachael Vorberg-Rugh and Gillian Lonergan for comments, editorial and proofreading.

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Front cover: Co-operatives in Banda Aceh, Indonesia.

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*Stirling Smith at a tsunami reconstruction project site in Tamil Nadu with Dr R Kannan, Registrar of Co-operatives*

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# Foreword

Co-operators have a long tradition of internationalism. Our values and principles lead us in that direction. One of our principles is:

*Co-operation among co-operatives: co-operatives work together at local, regional, national and international levels to achieve their aims.*

The response by British co-operators to the tsunami disaster of 26 December 2004 was immediate and generous. Customers, members and staff raised more than £1 million through co-operative stores and organisations, which was passed on to the Disasters Emergency Committee.

In the longer term, when the need for emergency shelter, water, food and medicine had passed, we recognised that the reconstruction of devastated communities would take a great deal of time and effort. And we knew that co-operatives, as organisations rooted in their communities, would be a good way to rebuild shattered communities.

That is why Co-operatives<sup>UK</sup> launched its Tsunami Reconstruction Fund, with a target of £500,000. The movement has contributed generously and the target is well on the way to being met. Working with other co-operative development agencies, the ICA, the ILO and most importantly, co-operators on the ground, we have identified practical projects which can be supported. This is a report of work in progress.

Our task is not complete. Later this year, we will seek to use our funds to leverage more resources to scale up our work. In order to 'build back better', we need to maintain our partnership with co-operatives in India and Indonesia for years to come.

That is why our Tsunami Reconstruction Fund is still open for contributions. If you personally, or your co-operative, has given already - thank you. If you can afford to, please give again.

## **Dame Pauline Green**

Chief Executive, Co-operatives<sup>UK</sup>



*Dame Pauline Green*

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*The whole community celebrates when the new "palungs" are completed at Lembah Lhok Seudu in Banda Aceh, Indonesia*

# Author's preface

When the world's attention moved on from the tsunami, the UK co-operative movement did not. In fact the problems of long-term reconstruction are more complex than the immediate crisis. This publication describes the work we have done so far, supported by the contributions made by individuals and co-operatives.

This is not the whole story by any means. Our fellow co operators in other countries – Canada, Italy, Germany, Japan, Singapore and Sweden to name a few – have led similar efforts. The International Labour Organisation (ILO), the United Nations agency that leads on co-operatives, has been very busy as well. By focusing on what the British co-operative movement has supported, we should not forget that other co-operators are also doing their part.

I am particularly grateful to Pauline Green for asking me to advise on the Tsunami Reconstruction Fund.

I am also very grateful to the following people for their support and advice: Ian McDonald and Jan-Eirik Imbsen at International Co-operative Alliance (ICA) headquarters in Switzerland; Shil Kwan Lee and Rajiv Mehta of the ICA office in Delhi; and Robby Tulus, the ICA Special Envoy for the tsunami.

In India, colleagues at National Co-operative Union of India (NCUI), the Nateshan Institute of Co-operative Management, Chennai; Ellen Hinengo Ltd; Gangadeep Singh Bedi, Indian Administrative Service, District Collector, Cuddalore, and his staff; and the Office of the Registrar of the Co-operatives, Government of Tamil Nadu.

In Indonesia, I thank the late Ibnoe Soedjono of the Lembaga Studi Pengembangan Perkoperasian Indonesia (Institute for Indonesian Co-operative Development Studies – LSP2I) and H M Hanafiah, of DEKOPINWIL NAD – the Indonesian Co-operative Council of Nanggroe Aceh Darussalam Province.

And of course, I am indebted to the members and staff of all the co-operatives involved!

Finally, my thanks to colleagues at the Co-operative College, Mervyn Wilson, Gillian Lonergan and Rachael Vorberg-Rugh, for their comments on the first draft and for seeing this publication to print.

Some of the material in this publication previously appeared as articles in *Co-operative News*.

**Stirling Smith**

# Abbreviations

DEKOPIN.....	Indonesian Co-operative Council
DEKOPINWIL NAD.....	Indonesian Co-operative Council of Nanggroe Aceh Darussalam Province
DFID .....	Department for International Development
EHL.....	Ellon Hinego Ltd (a secondary co-operative on Car Nicobar)
GAM .....	Gerakan Aceh Merdeka (Free Aceh Movement)
IAS.....	Indian Administrative Service
ICMIF.....	International Co-operative and Mutual Insurance Federation
ILO.....	International Labour Organisation
ICA .....	International Co-operative Alliance
ICA-ROAP.....	International Co-operative Alliance Regional Office for Asia and Pacific
LSP21 .....	Lembaga Studi Pengembangan Perkoperasian Indonesia (Institute for Indonesian Co-operative Development Studies)
MFI.....	Micro Finance Institution
NCUI.....	National Co-operative Union of India (NCUI)
OCHA.....	United Nations Office for the Coordination of Humanitarian Affairs
TEC.....	Tsunmai Evaluation Coalition
TRF .....	Co-operatives <sup>UK</sup> Tsunami Reconstruction Fund
UN.....	United Nations



*Children in the village of Souankuppam, Tamil Nadu, India, at the site of the new co-operative shop*

# Introduction

At one level, this short publication is an account of the projects supported by the Tsunami Reconstruction Fund, set up by Co-operatives<sup>UK</sup> as a response to the Indian Ocean tsunami of 26 December 2004.

It is also an exercise in accountability. Co-operative societies and individuals have contributed £418,508 for tsunami reconstruction. They deserve a full report on how their money has been used.

But we also have to look at the wider context. Why did we choose some projects and not others? What were other organisations doing? Appeals for the tsunami produced much more money than any other disaster – ever. Why do some disasters attract more support than others? And have we, as a global co-operative movement, co-ordinated and planned our response properly?

Asking – and trying to answer – these questions is much more uncomfortable than patting ourselves on the back for raising some money for a good cause. But we need to do it.

While we are accountable to those who gave funds to the appeal, we are also accountable to the beneficiaries of our aid. It is not for us in the UK to decide what is best for people in India or Indonesia. Listening and working with local communities is the right approach.

That is the difference between charity and solidarity.

# Background

On 26 December 2004, a massive earthquake off the west coast of Northern Sumatra led to movement along a 1,200 kilometre section of the sea floor. This generated a series of tsunamis that killed people in 14 countries around the Indian Ocean. Indonesia, Sri Lanka, the Maldives, India and Thailand were the hardest hit. Entire coastal zones were destroyed – in some cases, the tsunami caused damage up to 3km inland. Over 227,000 people lost their lives and some 1.7 million were displaced. A massive media-fuelled, global response resulted, producing an estimated US\$13.5 billion in international aid.

The total economic cost of the damage and the consequent losses were estimated at US\$9.9 billion across the affected region, with Indonesia accounting for almost half of the total.

**tsunami** (*noun*): a long high sea wave caused by an earthquake or other disturbance. Origin: Japanese, 'harbour wave'. (Oxford English Dictionary)

# The 'second tsunami'

## The tsunami touched the world

The upsurge of support for the victims, and the financial donations that resulted, came from the best of motives. But we also need to realise that providing the right kind of help is not simple. Good intentions by themselves are not enough. In the aftermath of the tsunami, organisations with little previous experience of post-disaster relief or reconstruction rushed to the region, with serious consequences for the relief effort.

Every foreigner visiting a disaster zone needs an interpreter, transport and a place to stay. They need local people to explain things to them, to prepare damage assessment reports and develop project proposals. All these things take up the time and human resources of local organisations that may have been hard hit themselves – losing records, computers and of course staff. Workers and members may have escaped, but they may have lost family or friends. At such times, it is important to be aware that the help being offered can come at a price.

The Red Cross World Disasters Report, published in September 2005, described a picture of chaos in some regions affected by the tsunami. Reports emerged of donors arriving in a village one day offering sewing machines, which they had decided was what the village needed. The next day, another donor appeared, with a different solution. There were reports that you could not get a seat on a plane to Sri Lanka, so full were they of staff from non-governmental organisations (NGOs) and relief organisations. The wrong aid was often offered – a classic example of donor-led aid that placed a burden on the recipients.

## Too much money?

Writing about Indonesia, an UN report says:

*... given the sheer number of actors (over 500 NGOs at one point), co-ordination was very difficult and not effective. The competition among actors on the ground, in particular competition for 'clients' or affected populations, and the lack of incentive to co-ordinate since funds were abundant, led to duplication and confusion. In addition, actors focused on what was easily reachable, resulting in oversupply in Banda Aceh but under supply in other areas such as Nias.*

In other words, because NGOs had so much money, there was no need for them to co-ordinate their efforts. Two other conclusions were:

1. Local capacity was underestimated, undervalued and possibly undermined.
2. Agencies focused too much on brand promotion and not enough on the needs of affected populations.

## Boats and nets

There was a particular mania for fishing boats. In Indonesia, donors gave fishing boats of the wrong design that are of no use in the local waters. In Nagapattinam, a badly hit district in India, the beaches are still cluttered with unused fishing boats – simply too many were provided.<sup>1</sup>

<sup>1</sup> Personal communication from Mr C M Muralidharan, Fisheries Co ordinator (FAO), UN Team for Recovery Support, Chennai, 11 January 2007.

Early in 2005, the Tsunami Evaluation Coalition (TEC) was formed by 40 key aid agencies, including the United Nations, donor governments and NGOs. The TEC found that there were good aspects of tsunami relief.

*Immediate relief was very effective, and recovery also swift. Within a few months there was palpable evidence of recovery. In all countries, children were back in school quickly and health facilities and services were partly restored and, in some cases, much improved. By month six in Aceh, some 500,000 people had a solid roof over their heads ...*

While acknowledging the positive efforts, however, other aspects of the TEC reports make sobering reading. In some cases, the TEC found that relief agencies were overly concerned with being seen to spend the funds they had raised and building their own capacity.

*However, the pressure to spend money quickly and visibly worked against making the best use of local and national capacities. TEC studies do not find that many international agencies lived up to their own standards with regard to respect and support for local and national ownership: where local and national capacities were recognised, they were often applied in strengthening international agencies more than local responses.*

The TEC evaluation identified other problems, including:

*Brushing aside or misleading authorities, communities and local organisations; inadequate support to host families; displacement of able local staff by poorly prepared internationals; dominance of English as the*

*working language; 'misrecognition' of local capacities resulting in inefficient implementation; applying more demanding conditions to national and local 'partners' than those accepted by international agencies; 'poaching' of staff from national and local entities; and limited participation of the affected population.*

## Deciding priorities

In retrospect, the UK co-operative movement avoided these mistakes by doing something quite difficult – we did nothing. We waited until the co-operative movements in the countries hit by the tsunami presented proposals drawn up by local people, based on their needs.

This is not to say that co-operators did not respond immediately to the tsunami. Our colleagues in Canada and Sweden could swing into action quickly, as they have dedicated co-operative development organisations that have worked in Sri Lanka for several years. With reliable contacts and relationships, they could hit the ground running.

This is one important lesson for co-operators in the UK. We need a specialist organisation, dedicated to leveraging support for co-operatives in the poorest countries in the world, and capable of responding quickly to catastrophic events.

In deciding priorities for its tsunami relief efforts, Co-operatives<sup>UK</sup> developed some guiding principles:

- As we lacked a specialist co-operative aid agency, we would take advice from others.
- The International Co-operative Alliance (ICA) should play a prime role. The ICA has an efficient regional structure for Asia and the Pacific, with an office in Delhi.
- We should not duplicate what others are doing.
- We should not put all our eggs in one basket, but support a portfolio of projects involving different types of co-operatives.
- We should work in partnership with organisations on the ground.
- There would be a mixture of short- and long-term activities.

These principles were presented to Co-operative Congress in 2005.

### Applying the principles

One of the first decisions we made was to stay out of Sri Lanka. As several other co-operative movements were already working there, we kept away. We decided to focus on India, where there were no other co-operative agencies working, and Indonesia, where there were huge needs.

We took guidance from the ICA, who appointed a special envoy, Robby Tulus, to draw up proposals for Indonesia. The ICA's Delhi office worked up proposals along with the co-operative movement in India.

We discussed the proposals extensively, and tried to support different kinds of co-operatives – consumer, producer, worker, fishing. To get a better picture of the situation in Aceh, Indonesia, we part-funded a detailed study.

The first paper went to the Board of Co-operatives<sup>UK</sup> in April 2005, outlining some proposals, but the first projects were not approved till the summer. Should we have moved faster? Given what we know about the duplication of effort and the chaos in the region, we made the right decision.

The next few chapters describe the projects we DID support.



*The tsunami destroyed warehouses and processing plants, Andaman and Nicobar Islands*

# India

Although not as severely affected by the tsunami as Indonesia and Sri Lanka, the south-east coast of India was badly affected by the disaster. Waves penetrated up to three kilometres inland. More than 150,000 homes were damaged or destroyed in the states of Tamil Nadu, Andhra Pradesh and Kerala, and in Pondicherry. Nearly 9,000 people lost their lives on the mainland – the majority of them in Tamil Nadu.

On the Andaman and Nicobar Islands, a scattered archipelago very close to the earthquake epicentre, almost 2,000 islanders were confirmed dead out of a population of some 400,000. Many more were missing.

There is currently a lot of media attention paid to the booming success of the Indian economy. But the 8% per annum economic growth, the call centres and Tata's takeover of Corus, the former British Steel, hides some sobering facts. There are more under-nourished children in India (57 million) than in the whole of Africa, despite HIV/AIDS and the civil wars that have held that continent back. Approximately 350 million Indians live on under US\$1 a day – absolute poverty.

Such people – concentrated in rural areas and among the scheduled castes and tribes – are surviving on a knife edge. A disaster like the tsunami can tip them into total destitution.

The Indian government declined offers of international support for its immediate relief efforts, which were performed very efficiently by the armed forces and government, as well as local people. In re-constructing co-operatives, the government has welcomed the involvement of outside help.

The co-operative movement in India is well-established. The first Indian co-operatives were set up over a century ago. The National Co-operative Union of India (NCUI), the counterpart of Co-operatives<sup>UK</sup>, carried out assessment of the damage caused to co-operatives in the country. The ICA office in New Delhi used the reports to propose two projects that were approved for our funding. These are their stories.

## The unknown islands

If you open an atlas at the pages showing the Indian Ocean and trace a line with your finger from Chennai towards Singapore, you'll find a few dots. Those specks on the map are the Andaman and Nicobar Islands, an archipelago of 572 islands.<sup>2</sup>

Go just a little further. Your finger will be over the epicentre of the 26 December 2004 earthquake that caused the tsunami which shocked the world.

The Andaman and Nicobar Islands are directly ruled from Delhi, although they are more than 1,000 kilometres from mainland India – much closer to South East Asia. In the days when the British ruled India, the islands were a penal colony. The remains of the prison are now a national monument to those who fought for independence.

Most British readers' only contact with these islands is Conan Doyle's *The Sign of Four*. The Sherlock Holmes novel features an islander shot by Holmes and Watson as he aims at them with a blow pipe after a chase down the River Thames. Dramatic stuff, but far removed from the reality of the islands today.

<sup>2</sup> Chennai was previously known as Madras.

The main Andaman islands are separated from the southern Nicobar group by the 'Ten Degree Channel' (on the 10 degree latitude line). The rough channel crossing takes about 12 hours to reach Car Nicobar, the most northerly island in the Nicobars, and capital of the group. Of the nearly 3,500 people reported dead and missing in the entire islands, nearly 3,000 were in the Nicobars, which has only about 10 per cent of the Andaman and Nicobar Islands' estimated population of 400,000.

## A co-operative economy

Here, in one of the most remote parts of the world, is a model co-operative economy. Or rather, was, because all fifteen villages on Car Nicobar were wiped out by the tsunami.

Each village has a primary co-operative society (called a *panam hinengo* in the Nicobarese language that was only written down in the twentieth century by a Church of England missionary). They are actually multi-purpose societies. Members sell to the society the produce they collect and cultivate – coconut and areca nut, which is used in preparing *paan*. This is a mixture of tobacco and spice, wrapped in a green leaf found throughout India as a digestive aid and mild way of taking tobacco. Each society has a small warehouse to keep the produce.



*The new truck moves produce around Car Nicobar*

## Ellon Hinego Ltd

The societies in turn sell the produce to a secondary co-operative society, Ellon Hinego Ltd (EHL), which means 'central co-operative'. Each village society also runs a consumer shop, providing all daily requirements. Throughout India there is a public distribution system (PDS) that provides basic necessities (rice, pulses, cooking oil, kerosene etc) at subsidised prices. This is done through a network of 'ration shops' or 'fair price shops' as they are commonly called in India. The co-operative shops are the outlets of the PDS on Car Nicobar. As many of these items have to be imported, they would be more costly without the EHL and PDS system working together. The EHL has a central warehouse for collecting the produce before it is sold on the Indian mainland, which also serves as a warehouse for goods to be distributed to primary societies.

The EHL runs several other businesses. It is the main construction contractor on Car Nicobar, and runs two flour mills and the petrol pumps. It also has a fleet of five boats that sail between the islands and connect the group with Calcutta and Chennai. Car Nicobar is a co-operative economy, and the EHL a lifeline, not only for the islanders, but also for other islands in the Nicobar group.

## An island altered forever

Nearly all the assets of the primary societies and the EHL were destroyed in the tsunami. The vehicles, shops and stock were washed away. The warehouse where imported goods and the produce collected by members were stored, was wrecked.

But that was not all. The tsunami has permanently altered the topography of the island. The tectonic activity that caused the tsunami also caused a significant shift in the lay of the islands. The northern parts of the Andaman group of islands experienced a permanent average uplift of four to six feet (1.2 metres to 1.8 metres) while most parts of the Nicobars were lowered significantly – four feet in Car Nicobar. The result has changed the face of the island permanently, as the coastline has moved inland.<sup>3</sup> Every village has had to be re-settled.

Coconut trees need re-planting, but the co-operative has refused to plant new fast-growing trees that require fertiliser and excessive amounts of water. They have insisted on indigenous, organic coconut tree varieties that require less water and no fertiliser or pesticide. But these trees will take longer to fruit.

## UK help

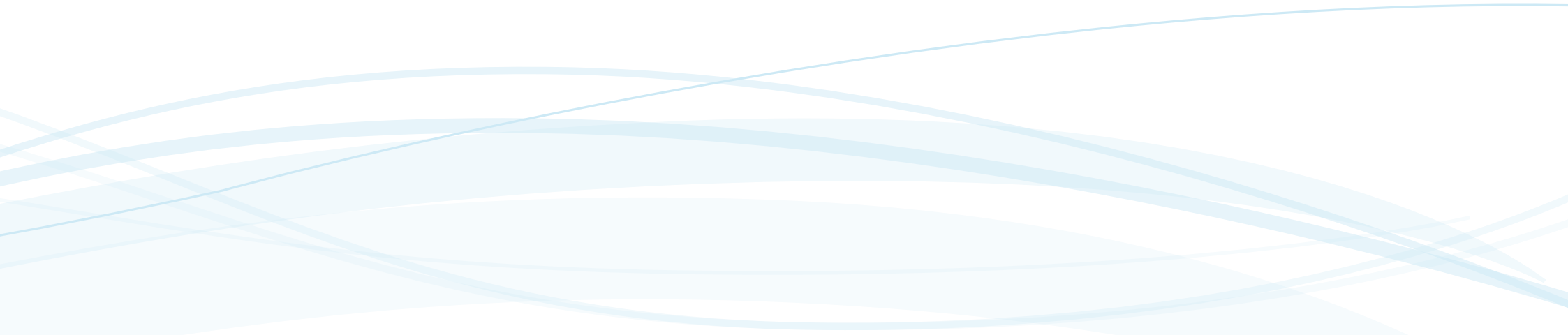
The Tsunami Reconstruction Fund (TRF) initially supported the reconstruction of EHL's central warehouse and the purchase of two large trucks to move supplies and produce to the 15 primary societies.

Ellon Hinego Ltd did so well, that a second phase was agreed. Support was given to build new local warehouses and stores.

<sup>3</sup> Pankaj Sekhsaria "Tilt and turmoil in the Andamans" Frontline, Volume 23 - Issue 16: August 12-25, 2006. Frontline is published in Chennai: <http://www.flonnet.com/>



*The central warehouse at Car Nicobar*



# Where Clive of India lived

On the south eastern coastline of India, the state of Tamil Nadu took the brunt of the tsunami. Nearly 8,000 people died and more than 300,000 had to be housed in camps because of the destruction to their homes.<sup>4</sup>

We concentrated our support in the district of Cuddalore, where Robert Clive lived before achieving fame by capturing and then defending the fort at Arcot in the mid-eighteenth century. His base is still the office of the chief civil servant of the District (known as the Collector). Cuddalore is around four hours drive from Chennai. It is also susceptible to cyclones and in the 2005 monsoon season, two-thirds of the district was flooded. We also provided some assistance in one other district, Vellupuram.

## Ration shops

Just as in the Andaman and Nicobar Islands, the public distribution system and 'fair price shops' are run as part of the co-operative system in Tamil Nadu.

Funds raised by British co-operatives helped to fund the reconstruction of fair price shops, warehouses and offices in village-level co-operatives in Cuddalore.

A team effort made the work possible. A group of organisations came together including the office of the Registrar of Co-operatives, Tamil Nadu; the Collector of Cuddalore District; the Institute of Co-operative Management in Chennai, as well as the ICA Delhi office and NCUI.



*Stagnant sea water remains, and kills the coconut trees*

<sup>4</sup> Government of India, Ministry of Home Affairs, Special Situation report 15.01.2005.

# The fight against ‘untouchability’ in India



*The vision of Gandhi lives on  
in a co-operative*

## When salt rocked the Raj

There is a scene in Richard Attenborough’s 1982 film *Gandhi*, which re-creates the famous salt march, an event that re-kindled the then moribund movement for Indian independence.

We are told now that we should reduce our salt intake – indeed the co-operative movement in the UK is at the forefront of reducing hidden salt in the food we sell. But salt has always been seen as an essential in India, and Gandhi realised that the salt tax levied by the British rulers of India could be a popular way of mobilising opposition to the Raj. In March 1930, Gandhi and supporters set out, on foot, for the coastal village of Dandi. The journey of some 240 miles from their starting point in Gandhi’s ashram, took 23 days. Once at the coast, he boiled sea water to make salt. Congress Party activists followed Gandhi’s call and began to make and sell untaxed salt. Some 60,000 activists were sent to jail.

## From untouchables to dalits

Another of Gandhi’s campaigns – much less successful – was against the discrimination faced by the ‘untouchables’. These Hindus are deemed to be outside the four great castes by virtue of the unclean work they carry out. Handling dead bodies, working with leather, cleaning toilets – even the shadow of one of the untouchables performing these tasks is said to be polluting if it falls on a high caste Brahmin.

Untouchability was prohibited by the Indian constitution – indeed, the man who drafted the constitution, Ambedkar, was an untouchable – but it continues in practice. Dalits (as they call themselves) are still denied entry to temples, are forbidden to use the same wells as high caste families, and many are still stuck in unpleasant jobs. According to a government report, in 2005, there were 26,127 cases of ‘atrocities’ against scheduled castes, including 1,172 cases of rape of dalit women, 669 cases of murder and 258 cases of kidnapping and abduction.<sup>5</sup>

Indeed more than one million dalits – still called ‘scavengers’ – have the job of cleaning communal dry toilets, scooping up and carrying human excrement, despite central government legislation passed in 1993 that was supposed to end this humiliating occupation.<sup>6</sup> A mass movement of dalits is now taking direct action, demolishing the dry latrines and demanding that municipalities enforce the law.

<sup>5</sup> 2005 Annual Report of the National Crime Records Bureau (NCRB) under the Union Ministry of Home Affairs. The cases were recorded under the specific legislation, the Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act, 1989. Untouchables are known as Scheduled Castes because this term was used in the Government of India Act, 1935.

<sup>6</sup> Gita Ramaswamy, *India Stinking*, Navayan Publishing, Chennai, 2005.

## Salt workers' co-operative

But some untouchables have escaped their ages old degradation – thanks to a co-operative inspired by Gandhi. It is this workers' co-operative, supported by Co-operativesUK Tsunami Reconstruction Fund, that brings together two themes of Gandhi's life – salt and untouchability.

The Marakanam Adi Dravidar Salt Workers Co-operative and Sale Society Ltd, to give it its full name, is located in the Villuparam District of Tamil Nadu. It is to the north of Pondicherry, a tiny enclave of India ruled by France until 1954.

The society was set up in 1937, inspired by the Gandhian movement against untouchability. All members are from the 'Harijan community' - Harijan, or 'children of God', being Gandhi's preferred term for untouchables. Marakanam has about 90 active members. As the price of salt in India has fallen, the co-operative has struggled to turn in a profit.



*Workers holding iodised salt at Marakanam*

## From co-op to co-op

The co-operative is situated on more than 100 acres of 'backwaters' – large low lying areas separated from the sea by spits of land. Sea water is pumped into the salt pans and the sun evaporates the water, leaving salt. Salt produced by the co-operative is sold through the consumer co-operatives in the Public Distribution System (PDS).

Naturally, the tsunami overwhelmed the salt pans, damaged the co-operative's warehouse and destroyed the pumping stations. The Tsunami Reconstruction Fund has supported the reconstruction of the warehouse and pumping stations and the rehabilitation of the salt pans.

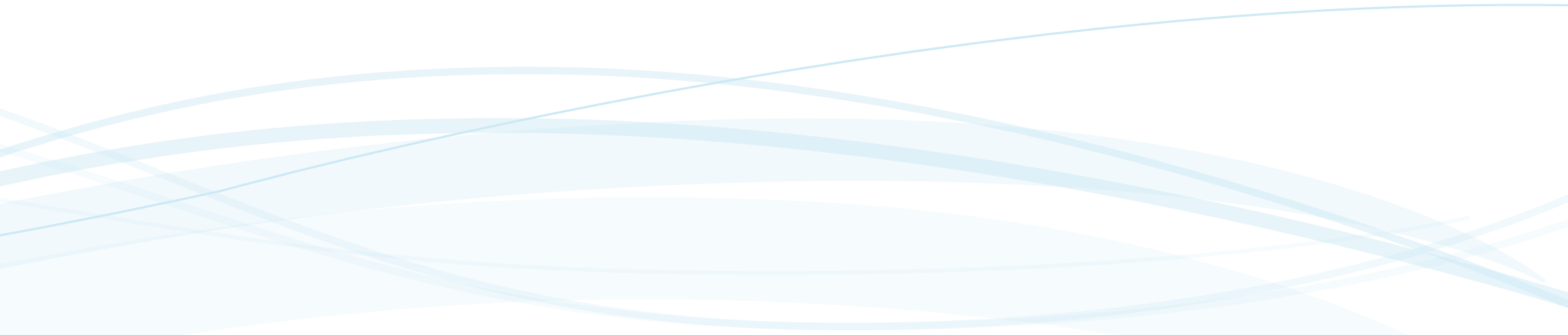
Making salt this way is hard work but it does provide an independent livelihood for the Harijan community. The co-operative has more than 300 members, but only enough work for ninety of them.

These days Gandhi is in many ways honoured more in official observance than in reality. His ideal of the village co-operative economy has been lost in India's rush to globalisation, while age old discrimination and poverty remain. The India we now hear about is far removed from Gandhi's ideals of simplicity and village co-operatives (he was inspired by John Ruskin, a source of inspiration to many co-operators in the nineteenth century as well).

Is the Marakanam Co-operative the future of India or is it the past? For now, at least, it remains as an example of the Gandhian ideal in practice, and of the practical, grass roots support we provide to co-operators affected by the tsunami.



*Clearing mud out of salt pans after monsoon rain*



# Indonesia

Indonesia suffered the most from the tsunami. More than two-thirds of the total number killed by the tsunami were in Indonesia. More than 130,000 people died, while at least 37,000 others remain missing. The exact number of victims will probably never be known. About 500,000 people were made homeless.

The destruction was concentrated in Aceh, at the western tip of the island of Sumatra. Some coastal villages are thought to have lost more than 70% of their inhabitants. Most of the fishing and agricultural sectors in Aceh province were heavily damaged and 44% of people lost their livelihoods, according to the Asian Development Bank.

Adding to the difficulties, the tsunami came on top of a conflict that has cost over 9,000 lives since 1976. The Free Aceh Movement (Gerakan Aceh Merdeka, or GAM) has fought for Aceh's autonomy from Indonesia. One consequence was very tight control by the Indonesian military of the area.<sup>7</sup>

We knew that Indonesia would be a much more difficult country to work in than India or Sri Lanka, the two other countries most affected by the tsunami. Apart from the level of destruction and the prolonged insurgency, the Indonesian co-operative movement is far closer to the government than we would find acceptable. It is also well known that corruption is endemic in Indonesia – the army expects a piece of every pie. Until the late 1990s, Indonesia was a US-backed dictatorship, notorious for oppression and human rights abuses. And because of the remoteness of Aceh, the language barriers, and the lack of democracy in the country, reliable information is a rare commodity.



*"Palungs" under construction*

<sup>7</sup> A peace accord between the Indonesian government and GAM was signed on 15 August 2005 and has held so far.

## Information – essential for action

A small sum was made available to support a baseline survey in Aceh, which was co-financed with the Singapore National Trades Union Congress (NTUC) which has a network of co-operatives. This provided the basis for a comprehensive set of proposals. Robby Tulus, an Indonesian and a former Regional Director of the ICA Asia & Pacific Region, was asked by the ICA to undertake an assessment of the situation. He identified a number of areas where support was needed. We selected some of these as being very practical, on-the-ground initiatives.

## Finding reliable partners

Given that we knew little about Aceh, it was important to identify trustworthy project partners. The two we worked with were the Institute of Co-operative Development Studies of Indonesia (LSP2I) and DEKOPINWIL NAD, the co-operative umbrella organisation in the province.<sup>8</sup>

As already mentioned DEKOPIN, the national co-operative council, is subordinated to the government. But DEKOPINWIL NAD has greater independence and its leadership are drawn from a new generation of co-operators.

## Fishing co-operatives

The ICA circulated a 'menu' of co-operatives that needed support, drawn up after the research study by its special envoy. We decided to support two fishing co-operatives, because the needs were clearly identified by the co-operatives themselves.

## The global importance of fisheries

Fish are the main source of animal protein for nearly one billion people. Production and access to this vital food source is under increasing threat. One problem is that the people engaged in fishing are under-valued in decision-making processes that impact them. Policy makers allow irrigation projects that reduce water flow, permit pollution, grant fishing licenses for factory fishing and other risks to the livelihoods of the poor. Fishing co-operatives provide a voice for those who rely on fish for their livelihood.

## Bahari Karya Fishery Co-operative

This co-operative is in the Pante Raja area of Pidie, an administrative area of Aceh. The business of the co-operative is catching anchovies and processing them – by drying and smoking. It also provided a consumer kiosk, as well as a savings and loans function.

<sup>8</sup> Dewan Koperasi Indonesia (The Indonesia Co-operative Council), in short DEKOPIN is the national organisation. At the provincial level, DEKOPIN Wilayah (DEKOPINWIL) So the provincial organisation for Aceh is DEKOPINWIL NAD – Indonesian Co-operative Council of Nanggroe Aceh Darussalam Province.

The tsunami washed away all the property of the co-operative – the boats, kiosk, fish processing plant, and offices.

Originally we agreed to support a cold storage plant. But the members of the co-operative then saw what was happening around them – in a nearby area, a cold store built by an Italian NGO was not being used to capacity, for example.

They also realised that the volume of the fish and anchovies caught is still less than that caught during the pre-Tsunami era. It may take a long time for the fishermen to produce the same volume. As H Nazar, Chairperson of Bahari Karya Co-operative, noted:

*Production capacity at this point is one ton of Dencish Fish and one ton of anchovies per day. Based on the current volume of production, a Cold Storage would be negligible so we do not need it, as all the catch could be readily absorbed by the markets in Medan.*

Members of the co-operative also worked out that the construction of a cold storage facility without the availability of adequate capital would only benefit the already rich buyers in Medan, because they could transfer the storage risks to the co-operative. Instead, the co-operative decided to supply the immediate needs of their members in a different way. The co-operative provides its members with a constant supply of ice in order to keep their catch fresh and so maintain both the high quality and market price of their fish.

This is an excellent example of how working with co-operatives at the local level leads to long-term, sustainable reconstruction. It was the membership that took the decision that a cold storage facility was not needed given the level of production they now have and the business would not sustain it.

The Bahari Karya Co-operative has also been able to reopen its consumer store and sell equipment as well as meeting the daily needs of fishermen. It had a turnover of Indonesian Rupiah 200 million within the first two weeks of start-up, a huge increase in revenue.

## Lembah Lhok Seudu

The other fishing co-operative we supported was in a different part of Aceh, even closer to the epicentre of the earthquake and the tsunami.

Members of the Lembah Lhok Seudu co-operative in Aceh Besar catch fish from large boats called *palungs*. These are towed out to sea for about four miles and stay in one area for up to a week. The catch is mainly auctioned in Medan, the centre of the neighbouring province of Sumatra Utara (North Sumatra).

Work has so far focused on three main activities: the construction of a *palung*, the construction of a storage facility; and the construction of a drying facility. The co-operative took responsibility themselves for constructing the boat.



*Women members enjoying training*

Two special types of wood are required for the construction of a *palung* – there was no question of giving the co-operative a fibre glass boat that we decided was what they needed! One type – *mengkiring* – is resistant to salt water. Another type – *semantu* – is especially flexible and suitable for use as poles that the *palung* needs.

## Women's empowerment

An issue recognised by ourselves and the ICA is the gender imbalance in the co-operatives. Men go fishing – they are the members. Women do the processing and selling and are not usually members. Often, these women cannot read and write. Aceh is a conservative area and the co-operatives are not at all unusual in this gender discrimination.

We raised these issues with the ICA. As part of the total co-operative package of support to Aceh, ICA has promoted the revival of the women's co-operative 'Kami Sepakat' – basically a credit union – which has helped to revive and improve savings and loan activities following intensive training and education provided by DEKOPINWIL. The women have been able to set up micro-enterprises. Most important, they run their own affairs.

We took a risk supporting DEKOPONWIL; it was an unknown partner. But it seems to be effective and has the capacity to receive, absorb, use and account for aid.

# Protecting against future shocks

In the longer term, the vulnerable people of Aceh, India and other developing countries need insurance to help them meet future shocks. Insurance is a way to do this, but development agencies have tended to neglect it and concentrate instead on micro-credit.

One factor of particular importance in Aceh is that it is an area of devout Muslims and the provision of financial products that are halal – acceptable to Muslims – is vital. The International Co-operative and Mutual Insurance Federation (ICMIF) has played a leading role in developing *Takaful* – a form of halal insurance. In 2007, Co-operatives<sup>UK</sup> sponsored a mission by ICMIF to Aceh to undertake a feasibility study into a viable low-cost Takaful micro-insurance product. Inevitably, this is a longer-term project.

## What is ICMIF?

The ICMIF is a long-established and unique global organisation representing co-operative and mutual insurers from around the world. Based in the UK, it is a global centre of expertise on developing insurance for the most vulnerable people, through a range of products.

The ICMIF has 174 members (in turn making up more than 400 distinct organisations) in 68 countries. It is one of the sectoral organisations of the ICA. For more information, visit the website: <http://www.icmif.org/>

## What is Takaful?

Takaful is an Islamic insurance concept which is grounded in Islamic *muamalat* (banking transactions), observing the rules and regulations of Islamic law. The concept has been practised in various forms for over 1,400 years.

It originates from the Arabic word *Kafalah*, which means ‘guaranteeing each other’ or ‘joint guarantee’. In principle, the Takaful system is based on mutual co-operation, responsibility, assurance, protection and assistance between groups of participants. It is a form of mutual insurance.

Theoretically, Takaful is perceived as co-operative insurance, where members contribute a certain sum of money to a common pool. The purpose of this system is not profits but to uphold the principle of ‘bear ye one another’s burden.’ According to the European Council for Fatwa and Research:

*Commercial insurance is originally haram as agreed upon by most contemporary scholars. It is well known that in most non-Islamic countries there are co-operative and mutual insurance companies. There is no harm from the Shari’ah point of view to participate in these services.*



Gareth Thomas, MP, Parliamentary Under Secretary of State at DFID, and Chair of the Co-operative Party, speaking at a May 2006 seminar in London on Takaful, organised by the Department for International Development and the Co-operative College.

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# Build back better

Not long after the tsunami, reports began appearing about the misuse of aid meant for the victims. A survey by Oxfam found that aid had tended to go to businesses and landowners, exacerbating the divide between rich and poor. The poor were likely to spend much longer in refugee camps where it is harder to find work or rebuild their lives.<sup>9</sup>

What was the record of the co-operative movement? Were we part of the 'second tsunami'? Or did our help go to the poorest and those most in need?

The global co-operative movement met in January 2005 in Berlin, to plan a co-ordinated response to the tsunami.

## Working together: Sri Lanka

Sri Lanka provides a good illustration of how the global co-operative movement has worked together to provide assistance. An assessment of the situation in the stricken areas was jointly carried out by the ICA's regional office for Asia/Pacific and Negev Institute for Strategies of Peace and Development, Israel. It was decided to focus on co-operatives in southern Sri Lanka where the worst devastation had taken place. The ICA brought together its four member organisations in Sri Lanka to develop a common framework that was discussed with the government.

A movement of savings and thrift co-operatives called SANASA – the largest of the co-operative organisations in the country – is a good case study of how overseas co-operatives and other donors have co-ordinated on the ground.



*The sea is calm now at Port Blair in the Andaman Islands*

<sup>9</sup> BBC News website 25 June 2005 [http://news.bbc.co.uk/1/hi/world/south\\_asia/4621365.stm](http://news.bbc.co.uk/1/hi/world/south_asia/4621365.stm)

A group of organisations is now working directly with SANASA, contributing \$20 million in project funds. Participants include the Canadian Co-operative Association; Rabobank Foundation of the Netherlands; Deutsche Bank; Etimos, an Italian micro-finance organisation; GTZ, the German Development Agency; Desjardins International Development (the Canadian Francophone Credit Union organisation); the World Council of Credit Unions (WOCCU); the Canadian Red Cross; and NTUC Income.

SANASA is dealing with 26 foreign organisations including several co-operative agencies. So many partners *could* create huge co-ordination and reporting problems – imagine every donor wanting reports in a different format. This could create very high ‘transaction costs’ for SANASA. Instead, it has organised the donors into a consortium committee and got them to harmonise inputs and reporting requirements. There is joint planning with the goal of revising strategy and eliminating redundant activities.

SANASA has dealt very well with the offers of help they have received. It has actually declined some projects that it thought were not suitable.<sup>10</sup>

## Lessons for the future

The global co-operative movement met in Colombo in January 2006 to share their experiences of tsunami reconstruction.

The meeting agreed that there was a need to develop a protocol amongst the agencies on how to deal with future disasters, both man-made and natural,

and some principles were agreed. The next time disaster strikes, the global movement will be able to do an even better job.

The generous impulse that moved the world to help the tsunami victims shows that people do feel connected to others in the world. Human beings are not selfish. Margaret Thatcher may have said ‘there is no such thing as society’, but the international response to the tsunami proves her wrong.

A basic principle to remember for anybody offering help in disaster situations is to first **do no harm**. The new global co-operative protocol will be closely aligned to global principles.

## International standards

Every humanitarian agency should provide aid according to the internationally accepted ‘Sphere standards’ and Code of Conduct of the International Red Cross/Red Crescent movement and NGOs.

These commit humanitarian agencies, among other things, to:

- Give aid impartiality and proportionality according to need.
- Remain independent of governments.
- Build disaster responses on local capacities where possible and appropriate, including the local purchase of goods.
- Involve beneficiaries in the management of aid.
- Strive to use aid to reduce future vulnerability to disasters.
- Ensure accountability to beneficiaries and donors.

<sup>10</sup> Information from SANASA, at the meeting of co-operative agencies on tsunami reconstruction, Colombo, January 2006 and a Presentation at European Microfinance Week ‘Strengthening MFIs in developing countries’ 29 November – 1 December 2006, Luxembourg; and communications from ICA and Canadian Co-operative Association.

# Disasters on the rise

According to Oxfam International, 2005 was a year of disasters. Apart from the Tsunami, there was a major earthquake in South Asia, disastrous hurricanes in Central America and the USA, and slow-motion disasters in many parts of Africa, through droughts and famines. There were also violent conflicts in a number of regions, including the Democratic Republic of Congo and Dafur, Sudan.<sup>11</sup>

A recent World Bank report stated that the number of natural disasters had risen from fewer than 100 in 1975 to more than 400 in 2005. The cost of dealing with natural disasters has also risen. During the 1990s disaster responses cost an estimated \$652 billion – 15 times more than in the 1950s.

- In the decade 1985-1995, 1.6 billion people were affected by natural disasters.
- In the next decade, 1995-2005, 2.6 billion people were affected by natural disasters.

As a report by the House of Commons Select Committee on International Development has remarked:

*The effects of natural disasters are particularly severe in Least Developed Countries (LDCs) where early warning systems are often inadequate, infrastructure is frequently poor and social protection mechanisms are usually absent. If the impact of natural disasters continues to increase, there is potential for progress towards the Millennium Development Goals (MDGs) to be halted, and indeed for all the progress which LDCs have made over the past half-century to be wiped out.*<sup>12</sup>

## Fair shares?

Some troubling questions remain. Why has Sri Lanka attracted so much more assistance than Indonesia, although the impact of the tsunami in the latter country was much greater? And why did the tsunami appeals get so much more money than the South Asia earthquake?

Aid per beneficiary for the tsunami was US\$1,241. For the South Asian earthquake, it was \$310. For victims in the Democratic Republic of the Congo, it was US\$213. Other appeals have raised much less.<sup>13</sup>

Clearly, the role of the media is central to highlighting some disasters and these receive more support from the public and governments.

As co-operators, we need to take a long view and focus on the actual needs of people in disaster situations, rather than what is fashionable. That means working with our colleagues in the ICA and on the ground co-operators. It means planning for future disasters.

<sup>11</sup> Oxfam, 2005: *Year of Disasters*.

<sup>12</sup> House of Commons International Development Committee *Humanitarian response to natural disasters* Seventh Report of Session 2005–06.

<sup>13</sup> International Federation of Red Cross and Red Crescent Societies, *World Disasters Report: Focus on neglected disasters*, 2006.

## Preparing for disasters

Planning for disasters is a good investment. The World Bank estimates that US\$1 billion spent in planning and preparing for disasters saves \$5-10 billion in reduced damage. We are gradually coming to realise that the distinction between 'natural' disasters and 'man-made' disasters is false. Climate change will inevitably mean more deaths, more people displaced, more land submerged, eroded or degraded, more schools, hospitals and roads destroyed, more livelihoods lost.

There will be more appeals, for funds. The UK co-operative movement needs to make the case for greater understanding of the role that co-operatives can play in disaster situations. Once the cameras have gone away and the dead are buried, and people move back from makeshift camps, the greatest need is to help people rebuild their livelihoods. When people have their own income, they can begin to regain some dignity and pride. This is enormously important psychologically, in situations when people feel powerless in the face of catastrophe.

We know that co-operatives can be crucial in post-disaster recovery. We come back again to the definition of a co-operative:

*An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.*

All studies agree that the most important source of support when disaster strikes is local people and local organisations.



*Children swimming around a new boat built by a co-operative in Aceh*

# What did it cost?

One issue that bothers people who contribute to appeals is: how much really goes to those in need? Is too much spent on administration? We feel that accountability to donors is a key responsibility for all aid organisations. Judge our effectiveness for yourself.

As of January 2007, the Co-operatives<sup>UK</sup> appeal has raised £418,508.

- £140,863 was distributed to the projects in India. This has all been spent.
- £3,261 was spent on the baseline survey in Indonesia.
- On the basis of the survey, we have sent £78,353 to the two fisheries co-operatives there. Not all of this has been spent, because of the decision to build an ice plant, instead of a cold store – a sensible decision, reflecting members' involvement in the business. Consultations are taking place on how the savings can be used.

Currently, there is a balance of £195,286 in the fund. We are keeping this back to await more proposals. In particular, ICMIF will be producing a feasibility study on setting up a microinsurance scheme in Aceh. Co-operatives<sup>UK</sup> has not deducted anything for any costs it has incurred – such as bank transfers and accounting.

Monitoring of projects in India was conducted by the author. Since the visits to India were for other organisations, the Tsunami Reconstruction Fund has covered local travel within India and accommodation, for a total of £745. Time spent on preparing project documents and reports was covered by the Strategic Grant Agreement between the co-operative movement and Department for International Development (DFID). The SGA is led by the Co-operative College.

Our spending on overheads has therefore been very low indeed. This may change in 2007, as we develop new projects and spend more time monitoring activities in Indonesia.

## Summing up

This booklet has provided a snapshot of the work funded by co-operatives in the UK to support communities hit by the tsunami in 2004. We have spent donations properly and prudently. We have kept spending on overheads low.

We may have made mistakes, but we have tried to listen to our fellow co-operators, and give them the support *they* needed – not what we *thought* they needed. We have not crowded in where there were already many others, more skilled than us, but gone where needs were not being met.

We have co-operated with other co-operatives, through the International Co-operative Alliance. We have tried to 'build back better'.

But we do need more.

Imagine losing relatives and friends, your home and your livelihood. Whether it is the result of an act of God like the tsunami, or the folly of man like the droughts in Africa caused by climate change, imagine the trauma, the shattered lives.

Imagine the helping hand of international co-operation, rebuilding not just the physical assets – the boats the warehouses, the shops – but knitting together the weft and warp of human and social relationships.

That is what solidarity is about. The realisation that we are all human beings and that we can help each other – that we can co-operate.

## Further reading and information

Telford, J, J Cosgrave and R Houghton (2006), Joint Evaluation of the international response to the Indian Ocean tsunami: Synthesis Report. London: Tsunami Evaluation Coalition.  
<http://www.tsunami-evaluation.org>

United Nations Office for the Coordination of Humanitarian Affairs (OCHA), Annual Report for 2005.  
<http://ochaonline.un.org/DocView.asp?DocID=4624>

The Sphere Project: Humanitarian Charter and Minimum Standards in Disaster Response.  
<http://www.sphereproject.org/>

## Thank you

To all those societies and individuals that have contributed to tsunami reconstruction.

Co-operatives<sup>UK</sup> Tsunami Reconstruction Fund (TRF) is still open for donations. Please consider making a contribution, or, if you've already donated, providing additional support.

# Tsunami appeal receipts

The Co-operative Group .....	100,000.00
East of England Co-operative Society .....	64,800.00
United Co-operatives .....	56,002.69
Midlands Co-operative Society .....	45,000.00
Midcounties Co-operative Society .....	40,000.00
Lothian Borders & Angus Co-operative Society .....	20,000.00
Scottish Midland Co-operative Society .....	20,000.00
Lincolnshire Co-operative Society .....	20,000.00
Southern Co-operatives .....	21,000.00
Anglia Co-operative Society .....	15,000.00
Unicorn Grocery .....	3,000.00
Radstock Co-operative Society .....	2,000.00
Co-operatives <sup>UK</sup> Blandford Memorial Fund .....	2,000.00
Nith Valley Co-operative Society .....	1,110.00
Sunderland Common Ownership Enterprise .....	500.00
Penrith Co-operative Society .....	500.00
Raunds Co-operative Society .....	500.00
The Phone Co-op .....	500.00
Co-operative Solutions .....	500.00
Other Co-operative Societies .....	2,331.00
Individual Donations .....	3,764.09
<b>Total .....</b>	<b>418,507.78</b>

- The Co-operative Group includes a donation from the former Nith Valley Co-operative Society.
- East of England Co-operative Society refers to donations by the former Ipswich and Norwich Co-operative Society and the former Colchester and East Essex Co-operative Society.
- United Co-operatives includes donations from the former Leeds Co-operative Society.
- Midlands Co-operative Society includes a donation from the former Ilkeston Co-operative Society.
- Midcounties Co-operative Society refers to donations by the former West Midlands Co-operative Society.

On 26 December 2004, the world was horrified as the full scale of the Indian Ocean tsunami became apparent.

Unprecedented amounts were raised in appeals to help the victims.

In the UK, the co-operative movement set up a dedicated Tsunami Reconstruction Fund to support co-operators in rebuilding their communities.

This is a report on our progress.

