



Restoring Households and Businesses (REHAB) from Floods in Serbia
FINAL Report: June, 2014 - January, 2015

Executive Summary

Restoring Households and Businesses from Floods (REHAB) in Serbia is a six-month OFDA-funded program that Mercy Corps implemented in ten municipalities in western, central and eastern Serbia (Ljubovija, Mali Zvornik, Loznica, Krupanj, Koceljeva, Šabac, Ub, Obrenovac, Majdanpek and Kladovo). In response to floods and landslides that hit the region in May 2014, the program targeted households that were significantly affected by the disaster, whose homes and belongings were seriously damaged or who had had medium to complete loss of their primary source of livelihood. The main goals of the program were to provide cash grants to the most severely affected households and in this way enable them to restart shelter or farming/micro-businesses. In Serbia, Mercy Corps implemented the REHAB program with two local partners: Humanitarian association Bread of Life - BoL (Hlebživota) and Micro-finance institution Agroinvest - AI.

After modifications approved by OFDA, the program targeted 1,200 households as recipients of shelter grants and 340 micro-business for livelihood grants, and expanded into two more municipalities—Majdanpek and Kladovo in eastern Serbia—that were hit by floods in September 2014. As result of a high level of commitment and efficiency from the whole project team, Mercy Corps exceeded the targets and by early December delivered in total 1221 shelter and 408 livelihood grants to selected households. In addition, approximately 3,258 suppliers/service providers benefited from these grants through additional sales made to grant recipients. In total, 3,446 individuals benefited directly from shelter grants, with another 1,833 benefiting from livelihood grants.

The methodology that Mercy Corps and partners applied provided for identifying those families that are in most need of external assistance, while the distribution of emergency cash grants allowed grant recipients to immediately undertake rehabilitation of their damaged homes or re-start their livelihood activities. In addition, the infusion of cash in local markets significantly contributed to enhancing the dynamics and revitalization of the local economies. The partnership with strong and reputable organizations familiar with local conditions and stakeholders minimized the operating costs and capitalized on strong relationships built with local communities contributing to high levels of trust and satisfaction. In addition, clear criteria and a participatory approach with strong involvement of local authorities, communities and other partners ensured transparency of the beneficiary identification and application review and approval processes. Throughout implementation of the REHAB project in Serbia, Mercy Corps closely coordinated its activities with implementers of other programs supporting recovery of flood affected households and businesses, and with local authorities in charge of flood response efforts.

Program Overview

During the six month period, Mercy Corps and its partners distributed a total of 1,629 grants across 10 municipalities spanning west, central, and eastern Serbia. The tables below provide an overview of the profile and distribution of the grants that were disbursed. Mercy Corps exceeded the target number of grants for both shelter and livelihoods due to a combination of reallocating WASH funds, increasingly favorable exchange rates, and lower average grant sizes for livelihoods grants.

Table 1. REHAB Serbia Grant Portfolio

Grant type	SHELTER Component		LIVELIHOOD Component	
	# of grants @ \$330	# of grants @ \$750	# of grants @ \$1500	Total # of Livelihood Grants
Obrenovac	494	101	6	107
Ub	140	45	10	55
Koceljeva	47	13	4	17
Sabac	59	26	8	34
Loznica	270	67	13	80
Krupanj	82	38	6	44
Mali Zvornik	13	18	4	22
Ljubovija	27	42	7	49
*Boljetin, Majdanpek	53	0	0	0
*Tekija, Kladovo	36	0	0	0
TOTAL	1,221	350	58	408

Table 2. REHAB Serbia Beneficiary breakdown

Grant type	Shelter		Livelihood	
	Number	%	Number	%
# of indiv.beneficiaries	3,446	65%	1,833	35
Average HH size	2.82		4.40	
Female-led HHs	424	35%	64	16%
Conflict IDPs/Refugees	66	5%	69	17%
Elderly HHs	183	15%	0	0
Single-parent HHs	0	0	18	4%
Single-member HHs	221	18%	14	3%
Two-member HHs	296	24%	54	13%
Large HHs (6+ memb)	62	5%	102	25%

Sector 1: Shelter and Settlements

Objective 1: Provide cash grants to extremely vulnerable households and host families to enable them to meet basic household needs and return to their homes.

After program presentations and initial selection of potential beneficiaries in target communities, Mercy Corps and partners conducted a number of field/site assessment visits to determine if potential

beneficiaries met selection criteria. Beneficiary identification was closely coordinated with local government and municipal social service departments who shared their data with Bread of Life. Evaluation of site assessment findings and final decisions to approve or reject a grant were done by grant committees that consisted of Mercy Corps and Bread of Life staff and at least two representatives of the local communities.

Delivery of cash grants to selected beneficiaries began in early August 2014. By December 5th 2014 a total of 1,221 flood-affected families in Mercy Corps' target area received financial assistance for restoration of their primary residence. The share of female-led households of the total number of awarded shelter grants is 35%.

The monitoring process confirmed that most beneficiaries used the grant funds to purchase home appliances (a fridge, washing machine, electric oven, etc.), building materials (doors/windows, cement, flooring, electrical or plumbing materials, ceramics, etc.) or furniture, as they had indicated during the site visits/verification process. Less than 10% used the grant to pay rent for temporary accommodation, utility bills, or firewood for cooking and heating.

Indicator 1. Number of households in the program area receiving emergency shelter/transitional shelter.

Target: 1200

Actual: 1221 (122% progress towards target)

By the end of the project, a total of 1,418 potential beneficiaries/applications for shelter grants were reviewed, of which **1,221** flood-affected households received financial assistance for immediate repairs to their damaged homes, renting temporary accommodation, or support to their host families. Of those, 424 were female-led households representing 34.7% of shelter grants recipients. In addition, 66 (5.4%) were conflict IDP/refugee households with 213 family members in total.

89 of the grant recipients were from eastern Serbia, in the badly devastated villages Boljetin (53) and Tekija (36), located in the municipalities of Majdanpek and Kladovo respectively.

Indicator 2. Percentage of total affected population in the program area receiving emergency/transition shelter by sex

Target: 2%

Actual: 1% (51% female, 49% male)

By early December 2014 a total of **3,446 individuals** from assisted households have directly benefited from this project component. As result of the project's focus on most vulnerable groups, the share of small and elderly families in the total number of grantees was high. From the total number of assisted families, 221 (18.1%) were single-member families, and 296 (24.2%) two-member families. Elderly households (183 in total) made up 15% of the total number of recipients of shelter grants. The average size of assisted household was 2.82 members which is lower than the national average. Through very extensive field work and the application of strict selection criteria, REHAB teams were able to identify and assist all families qualifying for a grant. Although the target number of shelter grants awarded was exceeded, the percentage of the total affected population (**0.973%**) (354,211 total population of affected municipalities in program) receiving emergency/transition shelter is lower than originally planned (2%) because of smaller average size of assisted family.

Indicator 3. Total USD amount and percentage of approved project budget for emergency/transition shelter spent on goods and services produced in the affected host country economy.

Target: \$414,613

Actual: \$436,828 (49% of total approved budget)

All grant recipients reported spending their grants locally, thus the entire amount disbursed was spent on goods and services produced in the affected host country.

Sector 2: WASH - Removed as per modifications proposed by MC and approved by OFDA

Target: \$86,357

Actual: \$0

In consultation with the donor, grants intended for wells disinfection have been transferred to shelter restoration support. Yet, Mercy Corps and partners used available resources to educate target communities on post-flood hygiene and habitat restoration practices. This was achieved through printing 1,500 copies of a guidebook that was developed in cooperation with Mercy Corps' implementing partner CRP from Tuzla, BiH and distributing it to the target population. The guidebook contains essential information on hazards caused by mold and dampness in houses and basic measures and recommendations on how to remove or prevent adverse effects of flooding in human habitats. Through these guidebooks, up to 4,500 individuals have received direct hygiene promotion (Indicator 2.1).

Although Mercy Corps had completed review and selection of relevant material on post-floods health risks and hygiene practices in flood-affected structures that had been produced by the public health institute Batut, it was never used through the REHAB project as the process of obtaining consent for printing additional copies took too long and made its printing and distribution through the project unfeasible.

Sector 3: Economic Recovery and Market Systems

Objective 3: Promote early recovery of microenterprises and small farmers.

This component of the project consisted of several activities including identification and final selection of locations within each of the targeted municipalities; program presentation and call for applications; collection, preliminary review and prioritization of applications; field assessment of preliminary selected applications; selection committee for all applications; grant distribution; and monitoring of cash grants received by the selected beneficiaries. As result of Mercy Corps' practice of a clear division of roles and responsibilities, local partner Agroinvest was in charge of collecting applications, preliminary review of applications for basic eligibility, and the field verification of the applications, while Bread of Life was responsible for scheduling the selection committees, selecting beneficiaries, and distributing the cash cards. Mercy Corps chaired the Grant Committees and was responsible for ensuring the integrity of the process and consistent application of the criteria during the Grant Committees. During the implementation of the program, Agroinvest visited a total of 1,606 applicants, of which 408 agricultural households and micro-businesses were approved for a livelihood grant valued at US\$750 or US\$1500. Grant funds disbursed for Objective 3 during the project totaled US\$349,500.

79% of the livelihood grants were agricultural businesses. Most of them used the grant funds to purchase animals, animal feed, greenhouse materials, or seeds and fertilizers. Non-agricultural beneficiaries typically used the grant to buy raw material or goods, procure or repair equipment, repair their home, or to pay for tools and inventory purchased on credit with the support of suppliers or with assistance from friends or family.

Indicator 1: Number of people assisted through livelihoods restoration activities, by sex

Target: 1,360 direct/ 50% female, 50% male

Actual: 1,833 direct / 48.6% female, 51.4% male

Beneficiary identification, selection and assessment processes began in July, while grant approval processes began in August 2014. By December 5th the field teams and grant committees reviewed a total of 1606 applications and approved 408 grants, directly benefiting 1,833 people. Of this number, 48.6% were female individual beneficiaries, 64 (15.7%) were female-led businesses and 69 of these business owners (16.9%) came from IDP or returnee communities.

Indicator 2: Percent of beneficiaries reporting their livelihoods recovered within three months after receiving support.

Target: 80%

Actual: 96%

To verify that grant funds were spent appropriately and to determine the extent of the recovery of business operations and/or business assets restoration, Mercy Corps, Agroinvest and Bread of Life field teams conducted more than one monitoring visit to each livelihood grantee. Based on collected and processed data, as a direct result of REHAB assistance, which enabled them to purchase tools, materials or other commodities or services specified in grant agreements, over 96% of the grant recipients reported that business restoration exceeds 50% of the pre-flood level. The remaining 3.7% consist of beneficiaries whose business has not yet been restored, due to procurement or market specifics (ordered but not yet received required goods or services, temporary lack of goods they look for, etc.) or their personal inability (illness or similar). There are in total 7 grant recipients (representing 1.7%) whose operations have not been restored at all as of reporting, and 8 (1.96%) grantees whose business were restored to less than 50%. These two groups have been visited several times by REHAB teams and have been instructed to begin with using the grant funds and have received advice how to most efficiently begin their business operations.

However, only 5% of project beneficiaries reported that business recovery (i.e. revenue levels) reached or exceeded 80% of the pre-flood level. There are only 11 (or 2.7%) beneficiaries that have recovered 100% to pre-flood levels of turnover or incomes. The average reported percentage to which the businesses of grant recipients were recovered is 50%. Due to business seasonality or current market deficiencies, most grantees said that business levels have not yet returned to pre-flood levels and they'll need more time to reach full recovery of their businesses. Many farmers said they will not be able to return to pre-flood income levels until after the next harvest. The average time reported to be needed for full restoration of businesses is 14.5 months.

Indicator 3: Total USD amount channeled into the program area through sub-sector activities.

Target: \$340,000

Actual: \$238,207 (26% of the total approved budget)

By the end of the project implementation period, US\$238,207 was disbursed through 408 livelihood cash grants. Depending on the level of damage caused to micro-business activities and number of employees/members of affected households whose main source of income has been affected, grants levels were established at \$750 (RSD 65,000) and \$1500 (RSD 130,000). 350 beneficiaries received grants valued at \$750, and 58 received grants of \$1500. The lower than average sized grant resulted in a lower total disbursed in livelihoods grants despite exceeding the target number of grants. All grant recipients reported spending their grants locally, thus the entire amount disbursed was spent on goods and services produced in the affected host country.

Monitoring and Evaluation

To enable adequate monitoring of program implementation and evaluation of collected data and results, Mercy Corps' Design, Monitoring, & Evaluation (DME) Coordinator worked closely with the REHAB Serbia team. As result, an Indicator Plan was developed. Monitoring forms were adjusted to better suit local conditions, and through training sessions, project partners learned about monitoring procedures and scheduling. As envisioned by the program methodology, monitoring took place one week after delivery of the grant, and was regularly carried out by project partners and Mercy Corps. Data was regularly collected and entered into a database, whereby data processing and analyses were used to determine the success of project implementation and, if needed, to make informed recommendations for potential improvements or further monitoring of particular locations or households.

In addition to monitoring of grantees and utilization of funds, Mercy Corps and its partners also performed an internal evaluation of the process and challenges during the implementation of REHAB. This exercise involved Mercy Corps staff and partners from both Serbia and BiH, namely CRP, Partner MFI, Bread of Life and Agroinvest. Some of the main conclusions of the workshop are:

- **Method of transfer:** there was general consensus that the absolute preferred method of transfer was bank transfer (almost zero risk, fast), though the gift cards worked perfectly well as an alternate. Moreover, beneficiaries unanimously reported that receiving assistance in the form of cash, even with conditions attached, was the best form of assistance. The best example to emphasize the importance of the cash to be delivered versus in-kind support is illustrated from a case encountered in the field during the monitoring visits in Maglaj - BiH, where a grocery shop owner restarted her business, but had to close down soon after. According to the beneficiary, the population of her neighborhood had sufficient supplies of food and hygiene items received through several NGOs for at least four more months, so they had no need to buy anything from her shop. She planned to re-open once the in-kind assistance had been depleted.
- **Selection criteria** needs to have a certain level of flexibility to allow adjustments for specific cases and/or environments. In line with that, the criteria related to the land owned, i.e. disqualification of businesses that own over 5 ha of land proved to be very harsh for areas in Posavina, where most families did own over 5 ha, but could not utilize all of this land or had incomes much lower than other more developed regions. In such cases, certain flexibility was allowed, with modification of criterion to "less than 5 ha of arable land in ownership".
- **Livelihoods-** quality of info in applications: not requiring any proof of income led to poor quality information in the applications (hence the importance of having local reps in the selection process) and led to increased time in the vetting process. Some people thought they would get bigger grants if they stated a bigger size company or greater revenue for example. Because it is not realistic to provide proof of income in these kinds of circumstances, the experience and skills of the MFI officers was critical to the high level of success in beneficiary targeting and selection.
- **Communications:** leaflets about the program were found to be effective and efficient. In some cases too many people heard via word of mouth instead of attending direct presentations which increased the workload because too many ineligible people applied.
- **Disbursement process:** it was challenging to anticipate the pace and timing that applications would be ready for review by the Grant Committee which made it challenging to have advance planning and notice for the stakeholders involved in the selection process. Also, with the gift cards, this added the additional step of planning the distribution events, which then impacted the timing and scheduling of the monitoring.

- **Support and flexibility from Unicredit Bank was critical to success.**

Coordination

Mercy Corps closely coordinated its work with partner organizations, implementers of other programs supporting recovery of flood affected households and businesses, and with local authorities in charge of flood response efforts. Above all, coordination took place with the Government of Serbia Office for Flood Response, Serbia Red Cross, CRS, Caritas and European Union IPA-funded programs implementers. With these partners a direct exchange of beneficiary data has been established to avoid overlapping of activities and duplication of grants as well as to increase coverage. Mercy Corps also actively participated in NGOs flood response coordination meetings that were occasionally held in Belgrade.

Challenges

One of the key challenges that the project implementers dealt with was time needed to organize purchase and distribution of gift cards, as well as availability of ATMs where grant recipients could withdraw cash. On several occasions when grantees were unable to travel, project implementers delivered gift cards to grant recipients, or even cash, to their homes. Mercy Corps and partners took all other measures to maintain a flow to the grant distribution process (planning in advance, keeping cards on stock) as well as to keep potential risks as low as possible (distribution held at public premises, with police or municipal security present). Consequently, no single issue or accident occurred during handling of gift cards. On the other side, public grant distribution events contributed to increased transparency and visibility of the project activities.

Another challenge was the need to balance between sufficient verification of potential beneficiaries' eligibility and rapid implementation of the project. To be able to respond as quickly as possible, project implementers agreed not to require any written proof from applicants but ID, except where really necessary. Thus room was left for unfair behavior or potential cheating by applicants who sought to increase their chances to be awarded. This risk was minimized in two ways: (1) as part of regular implementation methodology every applicant had to be visited by project staff in the field, at his or her home or business site, and all relevant inputs collected there, and (b) to cross-check inputs received from applicants, the implementers used all other information available from local partners (municipal/local community representatives), neighbors, business partners, other (I)NGOs, internet etc.

As local community representatives were almost constantly involved in the process, sometimes working long hours, future projects should plan and budget ways to motivate and reward them for their contribution to the overall success of the project.

Conclusions

Responding just a week after floods and torrents had hit several settlements in three municipalities of eastern Serbia in mid-September 2014, Mercy Corps conducted a rapid assessment of affected population needs. Based on the assessment findings it was concluded that the most devastated villages of Tekija and Boljetin had households that would fit into the program criteria and Mercy Corps submitted a request to OFDA to expand the project to include these two locations. Thanks to OFDA and the REHAB team's flexibility and proven capacities to rapidly and jointly respond to disasters, a total of 89 vulnerable households received cash grants for shelter restoration in these two new locations. As a result, this project was the only to provide cash assistance for these purposes in eastern Serbia.

"You are the first one to provide help to the people after this disaster!" - This was the most common statement said both by our beneficiaries and local stakeholders during project implementation. As already elaborated above, almost all beneficiaries (over 99% in shelter and over 96% in livelihood component) used grant funds within the agreed timeframe and for its intended purpose, and all grant recipients reported that the grants contributed to improving their life and recovering local economies. On the other

hand, it was evident that grant funds were insufficient to provide for complete restoration of damaged shelters or business operations/assets, and on average more than a year will be required to return to the pre-flood levels of business activity and restoration of homes.

There were also several indirect benefits of this effort. Almost all the beneficiaries reported that in addition to financial help, the grants carried a lot of sentimental value for beneficiaries as proof that they were not forgotten by the wider community and gave them encouragement to proceed with the recovery process. On the other hand, local partners highlighted how the REHAB project served as a model for a quick, just and transparent response to disasters. As officials of Obrenovac municipality said, the project has enabled them to address the most immediate needs of their fellow citizens, brought a sense of calm, and provided an example and time to get organized for a well-coordinated recovery process on a larger scale that followed implementation of the REHAB project.