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Did Cash for Work Programs Promote Recovery from the March 2011 Disasters?

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ABSTRACT

This paper draws some lessons based on experiences with cash for work (CFW) programs during the recovery process from the March 2011 earthquake, tsunami and nuclear accident in Japan. The Japanese government allocated as much as 400 billion JPY and hired 65,729 people during the two years following the triple disasters, accounting to as much as 20 percent of the new employment.

Unlike traditional CFW schemes, the CFW programs after the March 2011 disasters offered employment in a wide range of work activities. They also provided a sense of hope for the future to the workers engaged in them.

Targeting of CFW programs to the most needy was not necessarily successful, since a large proportion of workers regarded the salary offer by such programs as a supplementary source of income for their households. However, CFW may have provided earning opportunities for those who lost their houses. Self-targeting would not function well in CFW programs, since lower wages offered by them do not attract the workers and may encourage emigration from the affected areas.

INTRODUCTION

Cash for work (CFW) programs have been common tools in humanitarian assistance. These programs provide cash to affected people in return for their work on various recovery projects, such as debris removal and the repair or reconstruction of damaged infrastructure. They have been used in many disaster situations, including the 2004 Indian Ocean Tsunami, the 2008 Myanmar Cyclone, and the 2010 Haiti earthquake. CFW has been regarded as a disaster recovery policy tools with several advantages: 1) it empowers the disaster affected people (GTZ, 2009), 2) promotes disaster recovery projects (Myanmar Red Cross Society, 2009), 3) encourages people to participate in the recovery process (Mercy Corps, 2007), 4) stimulates local economy (Mercy Corps, 2007; GTZ, 2009) and 5) encourages self-targeting by attracting genuinely needy participants who cannot otherwise afford to cover their subsistence (Mercy Corps, 2007). This paper aims to draw some lessons based on the Japanese experience with CFW programs during the recovery process from the March 2011 disasters.

DISCUSSION

1. Overview of the Emergency Job Creation Program

The Japanese government implemented the three categories of measures to deal with the unemployment resulting

from the March 2011 disasters: 1) employment adjustment subsidies, 2) extending the period of unemployment payments to the affected people who had lost their jobs, and 3) the emergency job creation program. Although the first and second measures were conducted during the recovery process from the 1995 Great Hanshin Awaji Earthquake, it was for the first time that emergency job creation program was implemented from the immediate response phase to a disaster. Similar to traditional CFW programs, the Japanese emergency job creation program was based on national government providing funds for local governments and private businesses to employ disaster victims who had lost their jobs, in work that was related to disaster response, recovery, and reconstruction. The total amount of funds allocated for this program during the 2 year period after the disasters was 400 billion Japanese Yen (3.8 billion \$US).

2. Impact on the Labour Market: Unemployment Reduction

The number of workers employed on emergency job creation schemes in Iwate, Miyagi, and Fukushima prefectures between March 2011 and March 2013 amounted to 59,320 people, which was about 20 percent of the new employment in the three prefectures during the same period, as shown in Figure 1 below.

Figure 1: Ratio of employment sustained by government policy: March 2011 to March 2013. (Source: Compiled by the author, based on the data provided by the Ministry of Health, Labour and Welfare)

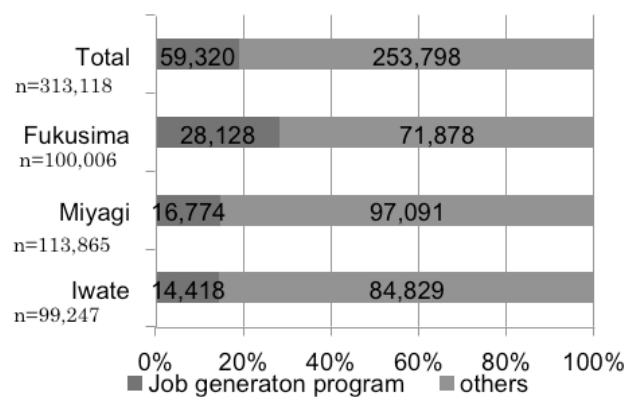
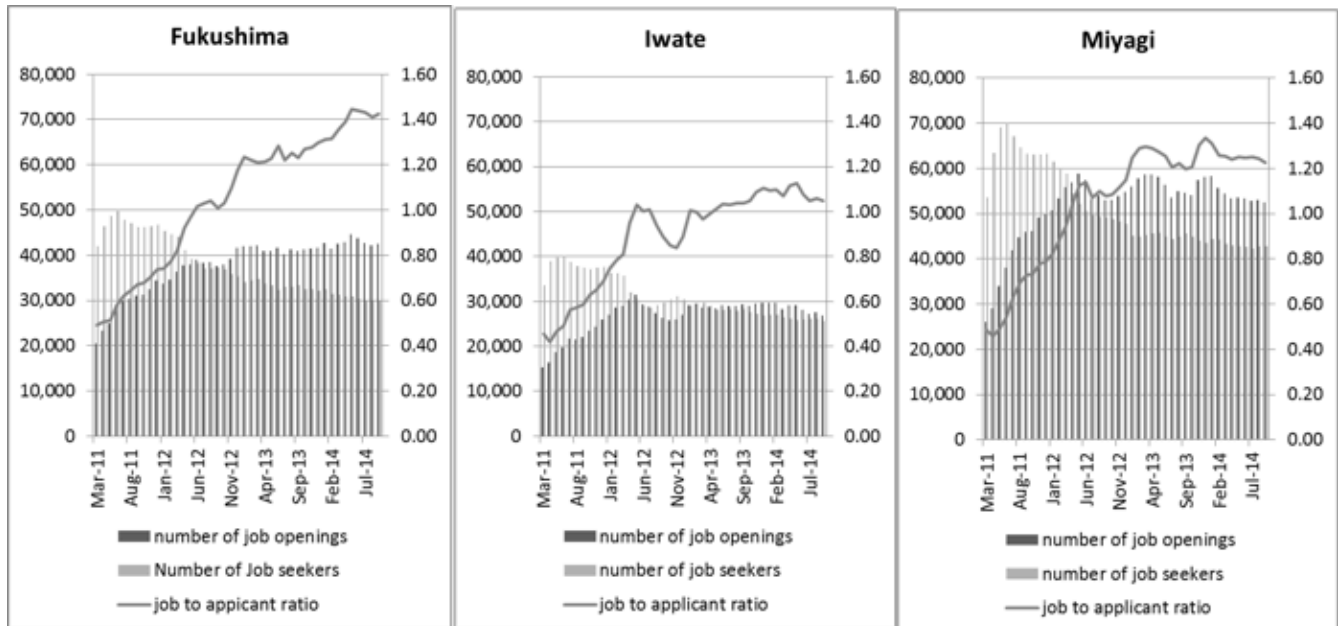


Figure 2 below shows the recovery process of the labour market in the three prefectures. Especially, the job to applicant ratios have sharply recovered to an even higher level than it was several years prior to the disasters. There were two reasons for this: 1) a sharp increase in the number of job openings during the two year period after the disaster, and 2) a steady decline in the number of job seekers starting from several months after the disaster. This implies that

Figure 2: Job to applicant ratio, March 2011 to September 2014.

(Source: Compiled by the author, based on the data provided by the Ministry of Health, Labour and Welfare)



a certain number of people gave up job seeking due to migration from the affected areas or other reasons. Overall, however, the Japanese CFW program has acted as a very important policy tool to attract job seekers to the disaster area.

The emergency job generation program served not only to maintain the employment level among disaster victims but also played an extremely important role for local governments struck by the disaster, and for the civil society organizations and private businesses that were engaged in activities to support reconstruction. In the post-disaster reconstruction process, the demand for various types of victim relief work that had not existed previously started to emerge, and it was no longer possible for the existing administrative bodies and relief groups to handle this work on their own. Examples of such relief work newly created by the March 2011 disasters included providing support to the residents of the evacuation centres and temporary housing facilities, and conducting radiation monitoring.

Although the original emergency job creation scheme was created for absorbing increasing unemployment after the Lehman shock of 2008, the resurgence of this program in the aftermath of the March 2011 disasters was welcomed by the affected employers as subsidies for the salary of their employees. The program has been more used in the municipalities that were heavily damaged by the disasters, rather than in those with the lower job to applicant ratio (Torayashiki, 2014).

3. The Variety of Jobs Provided and their Matching under the Japanese CFW Program

While traditional CFW schemes mainly cover the demand for manual labour associated with reconstruction of damaged infrastructure, that type of work was rather rare in the Japanese case. Figure 3 below shows the work type composition of the Kizuna project – an emergency job creation scheme in Fukushima. Office work occupied as much as 44.5%, followed by light manual work at 17.6% and community work at 17%. Radiation monitoring and other work related to the nuclear disaster was unique for Fukushima, and it occupied 16.3%.

It is worth mentioning that 63.8 percent of the respondents to the Survey conducted by the Kizuna project stated that their previous employment experience was useful to some extent in their current work (including those who answered “Very helpful” and “Helpful to some extent” as shows in Figure 4). This high degree of job matching was the result of the successful public private partnership between different actors involved in the CFW program.

Even during the emergency response phase right after the disasters, the Japanese government required the employers to comply with labour laws to protect the workers from exploitation. However, many employers participating in the CFW program did not have enough capacity to complete the burden of related paperwork, such as preparation of employment contracts or subscription to labour accident, employment, and social security insurances. Private staffing agencies and other related industries filled this gap,

since they had the necessary legal knowledge, skills, and manpower.

The CFW program was applied for supporting the fishermen in several cities, by offering mainly debris removal jobs in their fishing ground. Besides being necessary for the recovery of the fishing industry, this helped to sustain the fishermen’s livelihoods.

4. Promoting Emotional Satisfaction

Employment is not only for earning income. It may help those who lose their jobs to regain their self-esteem and look forward to a future (Nagamatsu and Betterncourt, 2012). As shown in the Figure 5 below, more than 60% of the responders to the Kizuna project survey have agreed that the work has given them hope for the future.

Figure 3: Type of work assigned in Kizuna Project (n=845). Source: Nagamatsu (2013)

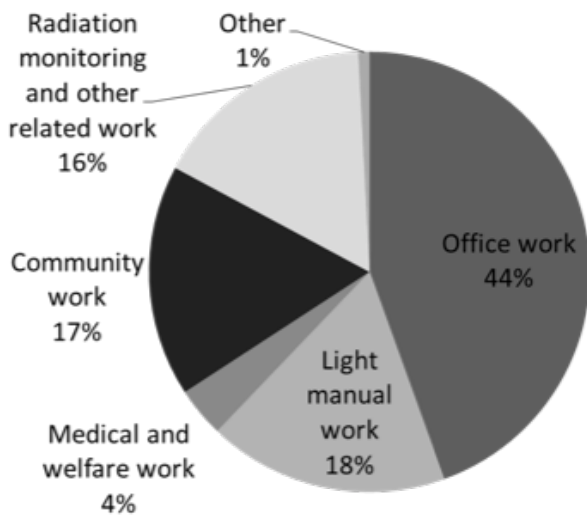


Figure 4: Work experience prior to the disaster (n=868). Source: Nagamatsu (2013)

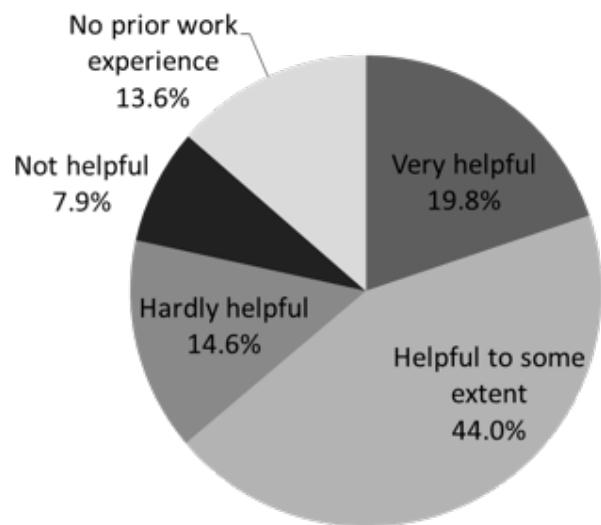
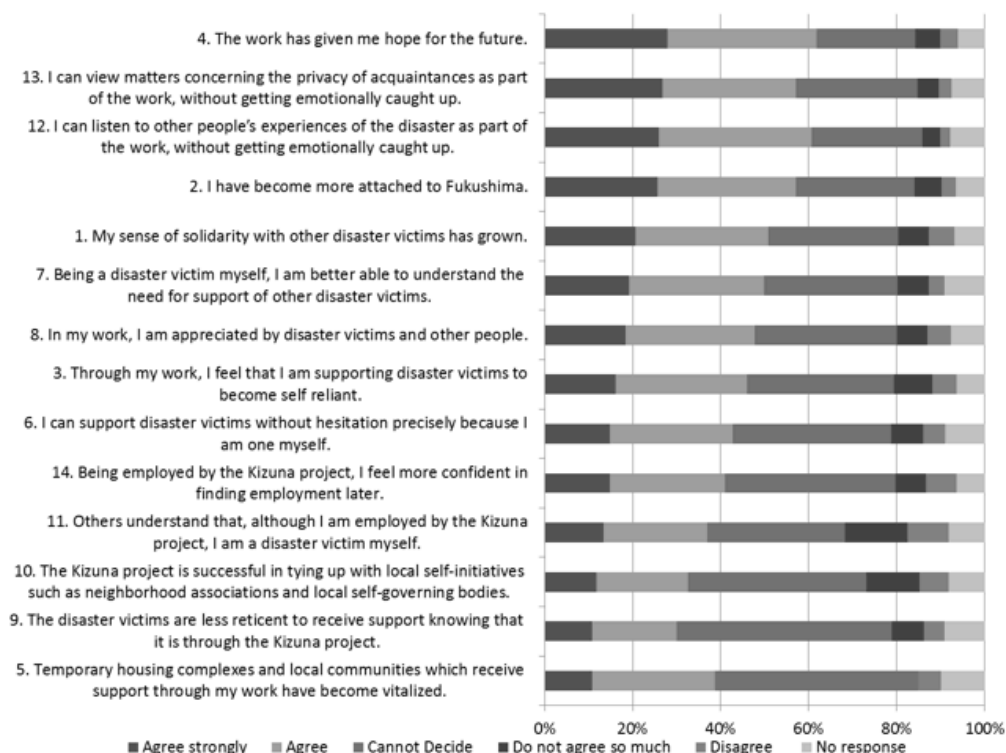


Figure 5: Workers’ emotional satisfaction with the Kizuna project (N = 894). Source: Nagamatsu (2013)



5. Targeting of CFW Programs

One of the major challenges facing CFW programs concerns the efficiency of targeting. CFW has been traditionally regarded as an efficient tool for providing assistance by utilizing self-targeting that helps to ensure that the program reaches the economically disadvantaged, since only those who have no other means of income will accept the lower wages offered by the CFW program. Yet, in practice, self-targeting is often impossible because it entails setting very low wages (so that the scheme attracts only the poorest), with the result that participants may not be able to earn enough to meet their basic needs (Harvey, 2007). In Haiti, CFW programs did not seem to be successful in targeting as they appeared to benefit less female-headed households and households with disabled members (Echevin et.al., 2011).

Targeting of CFW programs in Japan was also problematic. Figure 6 shows that 40% of the workers engaged in employment under the Kizuna project answered that he/she was the highest income earner in the household. At the same time, attention should be drawn to the 34% who answered that his/her spouse was the highest income earner. For this latter group, earnings from CFW provided supplementary, not the main source of income. Furthermore, Figure 7 below shows that about 80% of the workers engaged in CFW programs in the four other disaster-stricken municipalities of Tohoku did not have any dependent family members. This implies that the wages provided by the CFW were not enough to raise dependent family members.

Wages offered by the Japanese CFW programs were set with reference to the wages of part-time workers employed by local government authorities, which may have been higher than the average wages of part-time workers in the private sector. According to Mercy Corps (2007), wages offered by CFW programs should be 20-30% lower than the average market level for self-targeting, in order to function well. However, doing so would have been almost impossible in Japanese circumstances. This partly is due to the existence of minimum wages. Also, lowering wages in the CFW programs would not attract workers. If the wages offered by CFW programs are insufficient to cover workers' subsistence, they will migrate to urban areas for work, or rely on public assistance instead of trying to find work.

On the other hand, CFW was successful to encourage the affected population who lost their houses to (re-)enter the workforce. Figure 8 shows the average period of being unemployed among workers engaged in CFW programs in four disaster-stricken municipalities of Tohoku by their current type of dwelling. In all four municipalities, temporary housing dwellers had been unemployed for longer periods than the others. This suggests that CFW provided earning opportunities for those who lost their houses to recover their lives.

Figure 6: Highest income earner of the household engaged in the Kizuna Project (N=894). Source: Nagamatsu (2013)

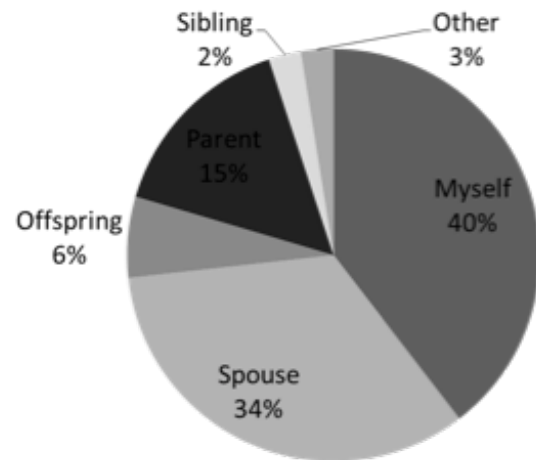


Figure 7: Number of CFW workers' dependent family members. Source: Nagamatsu (2014)

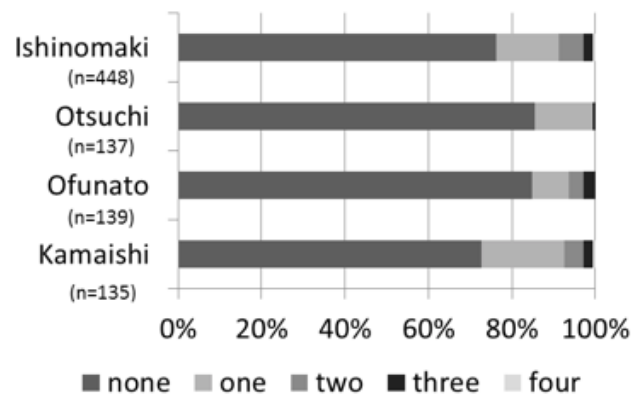
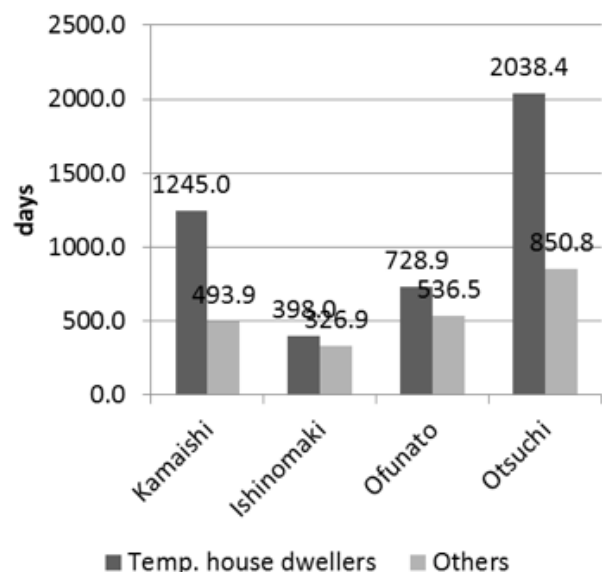


Figure 8. Average days of being unemployed prior to current job, by dwelling. Source: Nagamatsu (2014)



CONCLUSION

Existing data shows that CFW can be a powerful tool for promoting disaster recovery. However, targeting of CFW was necessarily successful in Japan. Since very few workers engaged in CFW programs had dependent family members, CFW wages might not be enough for disaster victims with dependent family members. The fact that the number of job seekers in the disaster-affected areas has been steadily decreasing may suggest that workers with young dependents have emigrated from these areas. This provides ground to say that self-targeting in Japanese CFW schemes was not fully functioning, and this was inevitable since lowering the wages further would not have attracted workers to join the CFW schemes to start with.

POLICY RECOMMENDATIONS

- CFW is regarded as a humanitarian assistance tool during emergencies. The Japanese experiences discussed here show that having CFW as a built-in policy mechanism can also make it a universal tool for disaster recovery.
- The Japanese experiences also show that successful public private partnerships (PPPs) is important for making CFW programs more effective and efficient. Compliance with employment laws even during emergencies is necessary to protect workers. PPPs could help to alleviate the employers' burden associated with related administrative procedures during this phase to ensure that issues such as issuance of employment contracts are not omitted.
- Self-targeting approach is not advisable as it may cause emigration of the affected people from the disaster-affected area.

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